

## KNR TIRUMALA INFRA PRIVATE LIMITED<sup>1</sup>

(a private company limited by shares incorporated under the Companies Act, 2013)

**CIN:** U45500TG2018PTC123857, **Website:** [www.ktipl.co.in](http://www.ktipl.co.in), **E-mail address:** Compliance@ktipl.co.in; **Registered Office:** KNR House, 4<sup>th</sup> Floor, Plot No. 114, Phase- I, Kavuri Hills, Hyderabad-500033, Telangana, **Permanent Account Number:** AAHCK0615K; **Date of Incorporation:** 13 April 2018 ; **Place of Incorporation:** Hyderabad;; **Corporate Office:** No – 1901, Tower B, 19<sup>th</sup> Floor, Plot No-C -1, World Trade Tower, Sector -16, Noida 201301 (UP), **Telephone Number:** 011-48986010 , **Contact Person:** Sanjay Kumar;

**Name of Chief Financial Officer:** NA; **Telephone number of Chief Financial Officer:** NA; **Email address of Chief Financial Officer:** NA;

**Name of the Compliance Officer:** Sanjay Kumar; **Telephone number of Compliance Officer:** 9643983770; **Email address of Compliance Officer:** sanjay.kumar@ktipl.co.in

**Name of the Company Secretary:** Sanjay Kumar; **Telephone number of Company Secretary:** 9643983770; **Email address of Company Secretary:** sanjay.kumar@ktipl.co.in

Placement Memorandum for issue of upto 5210 (Five Thousand Two Hundred and Ten) ("Debentures" or "NCDs") senior, listed, secured, redeemable, non-convertible debentures of a face value of ₹ 10,00,000 (Indian Rupees Ten Lakhs only) each aggregating upto ₹ 521,00,00,000 (Indian Rupees Five Hundred and Twenty One Crores only) ("Issue Size") (Base Issue Size) by KNR Tirumala Infra Private Limited (the "Issuer" or "Company") on a private placement basis ("Issue") in the following 2 (two) series to be issued simultaneously (collectively the "Series"):

- |      |  |
|------|--|
| (i)  | Series A: 4840 (Four Thousand Eight Hundred and Forty) NCDs of face value INR 10,00,000 (Indian Rupees Ten Lakhs only) each aggregating up to INR 484,00,00,000 (Indian Rupees Four Hundred and Eighty Four Crores only) ("Series A Debentures") |
| (ii) | Series B: 370 (Three Hundred and Seventy) NCDs of face value INR 10,00,000 (Indian Rupees Ten Lakhs only) each aggregating up to INR 37,00,00,000 (Indian Rupees Thirty Seven Crores only) ("Series B Debentures")                               |

### PROMOTER(s)

Name: KNR Constructions Limited; Telephone number: 040 4026 8759; Email address: [info@knrcl.com](mailto:info@knrcl.com)

### PRIVATE & CONFIDENTIAL

This Placement Memorandum dated \_\_\_\_\_ 2022 ("Placement Memorandum") is prepared in conformity with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, and the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended from time to time.

### CREDIT RATING

The NCDs are rated AAA; Outlook: Stable by CRISIL vide letter dated 16<sup>th</sup> March 2022. Please refer to Section III read with Annexure 9 of this Placement Memorandum for rationale for the above rating along with the detailed press release in relation to the same. The rating is not a recommendation to buy, sell or hold the NCDs and investors should take their own decision. The rating may be subject to revision or withdrawal in accordance with Applicable Laws.

### ELIGIBLE INVESTORS

Only those Investors, who have been addressed through a communication directly, are eligible to apply. No other investor can apply. The categories of the Investors, to whom the communication has been directed, are qualified institutional buyers QIBs (as defined in the Operational Circular), specifically being scheduled Banks, Mutual Funds, Non-Banking Finance Companies, Financial Institutions, Insurance Corporations, Provident & Pension Funds, Corporate Investors, Foreign Portfolio Investors and any other person eligible to invest in listed debentures in accordance with the Applicable Laws.

### LISTING AND IN-PRINCIPLE LISTING APPROVAL

The NCDs are proposed to be listed on the Wholesale Debt Market Segment of National Stock Exchange of India Limited ("NSE"). Please refer to Exhibit F to this Placement Memorandum for the 'in-principle' listing approval from the NSE. The Issue would be under the electronic book mechanism for issuance of debt securities on private placement basis as per the Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper bearing reference SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021 thereto read with the Operational Guidelines for issuance of securities on private placement basis through an Electronic Book Mechanism issued by BSE vide their circular no. 20180328-53 dated 28 March 2018 and any amendments thereto ("BSE EBP Guidelines"), together with the Operational Circular referred to as the ("Operational Guidelines"). The Company intends to use the BSE Bond – EBP platform for the Issue. This Placement Memorandum is being uploaded on the BSE Bond-EBP Platform to comply with the Operational Guidelines and an offer will be made by issue of the Placement Memorandum along with the signed private placement offer cum application letter after completion of the bidding process on issue, to successful bidder in accordance with the provisions of the Companies Act, 2013 and related rules.

ARRANGER	DEBENTURE TRUSTEE	REGISTRAR TO THE ISSUE	CREDIT RATING AGENCY	
 <b>Name:</b> SBI Capital Markets Limited <b>Address:</b> 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005, Maharashtra, India <b>Contact Person:</b> Mr. Nirav Acharya <b>Tel:</b> +91 22 2217 8300 <b>Fax:</b> +91 22 2218 8332 <b>Website:</b> <a href="http://www.sbicap.com">www.sbicap.com</a> <b>Email:</b> <a href="mailto:dcm@sbicap.com">dcm@sbicap.com</a>	 <b>Name:</b> HDFC Bank <b>Address:</b> Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 <b>Contact person:</b> Ritesh Sampat <b>Telephone number:</b> 022 - 3395 8150 <b>Email address:</b> <a href="mailto:investmentbanking@hdfcbank.com">investmentbanking@hdfcbank.com</a> <b>Website:</b> <a href="http://www.hdfcbank.com">www.hdfcbank.com</a>	 <b>Name:</b> Catalyst Trusteeship Limited; <b>Address:</b> Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098; <b>Contact person:</b> Kind attention- Mr. Umesh Salvi, Business Head; <b>Telephone number:</b> 022-49220555; <b>Fax number:</b> 022-49220505; <b>Email address:</b> ; ComplianceCTL-Mumbai@ctltrustee.com <b>Website:</b> <a href="https://catalysttrustee.com/">https://catalysttrustee.com/</a>	 <b>Name:</b> Bigshare Services Pvt. Ltd.; <b>Address:</b> 306, Right Wing, 3rd Floor, Amrutha Ville, Opposite Yashoda Hospital, Rajbhavan Road Somajiguda; <b>Contact person:</b> Vinayak Morbale <b>Telephone number:</b> 022-62638269 <b>Fax number:</b> 022-62638299 <b>Email address:</b> <a href="mailto:vinayak@bigshareonline.com">vinayak@bigshareonline.com</a> ; <b>Website:</b> <a href="https://www.bigshareonline.com/">https://www.bigshareonline.com/</a>	 <b>Name:</b> CRISIL; <b>Address:</b> CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076 <b>Contact person:</b> Saina S Kathawala; <b>Telephone number:</b> 022 33423000; <b>Fax number:</b> 022 33423001; <b>Email address:</b> <a href="mailto:saina.kathawala@crisil.com">saina.kathawala@crisil.com</a> <b>Website:</b> <a href="http://www.crisilratings.com">www.crisilratings.com</a>

### ISSUE SCHEDULE FOR ALL SERIES

Issue Opening Date	Issue Closing Date and the Date of earliest closing of Issue, if any	Pay-In Date	Min. Bid Lot	Manner of bidding in the Issue	Deemed Date of Allotment
11 April 2022	11 April 2022	12 April 2022	INR 10,00,000 per Debenture	Open	12 April 2022
Coupon Rate	Coupon Payment Frequency	Redemption Date	Redemption Amount		
6.02% p.a. for 1 year following the Deemed Date of Allotment, and 6.30% p.a. thereafter	Semi Annual	As per redemption schedule	₹ 10,00,000 per Debenture plus accrued Coupon, Default Interest (if any), Additional Interest (if any), upfront fee (if any) and any other Debt.		

The present issue of Debentures is not underwritten.

The Company, its directors and Promoter have not been declared as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

<sup>1</sup> The Issuer does not have a logo.

<b>General Risks</b>	<p>For the purposes of taking an investment decision, Investors must rely on their own examination of the Issuer and the risk associated with the investment. Investment in debt and debt related securities involves a degree of risk and the Investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached with such investments. The Issue of NCDs has not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum.</p>
<b>General Disclaimer</b>	<p>This Placement Memorandum is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the NCDs to be issued by Issuer. This Placement Memorandum is for the exclusive use of the intended recipient(s) to whom it is addressed and delivered, and it should not be circulated or distributed to third parties. It cannot be acted upon by any person other than to whom it has been specifically addressed. Multiple copies hereof given to the same person / entity shall be deemed to be offered to the same person.</p> <p>This Placement Memorandum has been prepared to give general information regarding the Issuer to the parties proposing to invest in this Issue of NCDs and it does not purport to contain all the information that any such party may require. The Issuer does not undertake to update this Placement Memorandum to reflect subsequent events and thus potential Investors must confirm about the accuracy and relevancy of any information contained herein with the Issuer. However, the Issuer reserves its right for providing the information at its absolute discretion.</p> <p>The Issuer reserves the right to withdraw the Issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in Applicable Law.</p>
<b>SEBI Disclaimer</b>	<p>It is clarified that this Placement Memorandum should not in any way be deemed/construed to have been approved or vetted by SEBI and this issue is not recommended or approved by SEBI.</p>
<b>NSE Disclaimer</b>	<p>As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref.: NSE/LIST/4470 dated January 06, 2022 or hosting the same on the website of NSE in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.</p>

	<p>Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.</p>
<p><b>Wilful Defaulter</b></p>	<p>The Company, its directors and Promoter have not been declared as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.</p>
<p><b>Arrangers to Issue</b></p>	<div data-bbox="553 575 621 674" data-label="Image"> </div> <p><b>Name:</b> SBI Capital Markets Limited  <b>Address:</b> 202, Maker Tower E, Cuff Parade. Mumbai - 400005  <b>Contact person:</b> Nirav Acharya  <b>Telephone number:</b> +91 22 22178300  <b>Email address:</b> dcm@sbicaps.com  <b>Website:</b> <a href="http://www.sbicaps.com">www.sbicaps.com</a></p> <div data-bbox="467 989 784 1041" data-label="Image"> </div> <p>We understand your world  <b>Name:</b> HDFC Bank  <b>Address:</b> Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013  <b>Contact person:</b> Ritesh Sampat  <b>Telephone number:</b> 022 - 3395 8150  <b>Email address:</b> investmentbanking@hdfcbank.com  <b>Website:</b> www.hdfcbank.com</p>
<p><b>Statutory Auditors of the Issue</b></p>	<p><b>M.K. Dandekar &amp; Co.</b></p> <p><b>Name:</b> M.K. Dandekar &amp; Co.  <b>Address:</b> No.185 (Old No.100) 2<sup>nd</sup> Floor, Poonamallee High Road, Kilpauk, Cheenai - 600010  <b>Contact person:</b> S.Poosaidurai  <b>Telephone number:</b> +91-44- 43514233  <b>Email address:</b> admin@mkdandekar.com  <b>Website:</b> www.mkdandekar.com</p>
<p><b>Legal Counsel to the Issuer</b></p>	<div data-bbox="467 1724 711 1814" data-label="Image"> </div> <p><b>Name:</b> Trilegal</p>

	<p><b>Address:</b> Peninsula Business Park, 17th Floor, Tower B, Ganpat Rao Kadam Marg, Lower Parel (West), Mumbai, Maharashtra 400013</p> <p><b>Contact person:</b> Kannan S. Rahul</p> <p><b>Telephone number:</b> +91 2240791020</p> <p><b>E-mail address:</b> kannan.rahul@trilegal.com</p> <p><b>Website URL:</b> www.trilegal.com</p>
<p><b>Legal Counsel to the Debenture Trustee</b></p>	 <p><b>KHAITAN &amp; CO</b> <i>Advocates since 1911</i></p> <p><b>Name:</b> Khaitan &amp; Co</p> <p><b>Address:</b> One World Centre, 13th Floor, Tower 1, 841 Senapati Bapat Marg, Mumbai 400 013</p> <p>Contact person: Rajeev Vidhani</p> <p>E-mail address: Rajeev.Vidhani@khaitanco.com</p> <p><b>Telephone Number:</b> +91 22 66365000</p> <p><b>Website:</b> www.khaitanco.com</p>

# The subscription list for the Issue shall remain open for subscription during market hours for the period indicated above. The Company reserves the right to change the Issue closing date and in such an event, the Pay-in Date and Deemed Date of Allotment for the NCDs may also be revised by the Company at its sole and absolute discretion. In the event of any change in the above issue programme, the Company will intimate the Investors about the revised issue programme in accordance with the Operational Guidelines.

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## EXHIBITS

EXHIBITS	PARTICULARS (As uploaded on NSE Listing portal)
A.	CREDIT RATING LETTER DATED 16 <sup>TH</sup> MARCH 2022 ISSUED BY CRISIL, which can be accessed from <a href="https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/KNRTirumalaInfraPrivateLimited_March%2016,%202022_RR_289851.html">https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/KNRTirumalaInfraPrivateLimited_March%2016,%202022_RR_289851.html</a>
B.	DECLARATION BY DIRECTORS IN TERMS OF FORM PAS-4
C.	CONSENT LETTER OF DEBENTURE TRUSTEE
D.	CONSENT LETTER FROM REGISTRAR / SHARE TRANSFER AGENT
E.	DUE DILIGENCE CERTIFICATE
F.	IN-PRINCIPLE APPROVAL OF STOCK EXCHANGE
G.	DECLARATION OF ISSUER
H.	AUDITED FINANCIAL STATEMENTS / ANNUAL REPORT FOR LAST 3 YEARS
I.	COPY OF RESOLUTIONS APPROVED FOR ISSUE OF NCDS
J.	MEMORANDUM AND ARTICLES OF COMPANY
K.	FINANCIAL STATEMENTS OF COMPANY ALONG WITH AUDITORS REPORTS

## SECTION I – DEFINITIONS

Sr. No.	Term	Definition
1.	<b>Account Bank</b>	has the meaning ascribed to it under sub-clause (e) of Clause 2.5 ( <i>Covenant to pay Redemption Amount and the Coupon</i> ) of the Debenture Trust Deed.
2.	<b>Act/Companies Act</b>	the Companies Act, 1956 or the Companies Act, 2013, to the extent notified (including all rules and regulations made thereunder), as applicable.
3.	<b>AD Bank</b>	shall mean the category I authorised dealer bank of the Issuer.
4.	<b>Additional Interest</b>	shall mean additional interest over and above the Coupon and Redemption Amount payable by the Issuer on the occurrence of such events and at such rates as are more particularly set out under clause 2.8 b. ( <i>Additional Interest</i> ) of the Debenture Trust Deed, which shall be immediately payable by the Issuer on demand by the Debenture Trustee in writing in addition to any other amounts payable under the Transaction Documents.
5.	<b>Additional Security</b>	shall mean an exclusive pledge over up to 51% of the Shares on a fully diluted basis and the Issuer Securities issued by the Issuer, created in favour of the Debenture Trustee (acting on behalf of the Debenture Holders) in accordance with the terms of the Pledge Agreement.
6.	<b>Annuity(ies)</b>	shall mean each Annuity Payment (as such term is defined under the Concession Agreement) received by the Issuer from the Concessing Authority in relation to the Project under the terms of the Concession Agreement.
7.	<b>Applicable Laws</b>	shall mean any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-laws, authorizations, approvals, directives, guidelines, policy requirement, or any other governmental restrictions or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing, by any Government Authority having jurisdiction over the subject matter in question, whether in effect as of the date of the Debenture Trust Deed or thereafter and in each case as amended.
8.	<b>Application Form</b>	means the application form for subscribing to the Debentures, as set out in <b>Annexure 16</b> .
9.	<b>Arrangers</b>	SBI Capital Markets Limited and HDFC Bank Limited
10.	<b>Articles</b>	means the articles of association of the Issuer
11.	<b>Base Case Business Plan</b>	shall mean the projection of the total operations (including expenditure and revenues) of the Issuer with respect to the Project, agreed to between the Issuer and the Debenture Trustee and as set out in Schedule IX of the the Debenture Trust Deed and as reviewed and updated by the Issuer, with the prior consent of the Debenture Trustee.
12.	<b>Board/ Board of Directors</b>	shall mean the board of directors of the Issuer for the time being and from time to time.
13.	<b>Business Day(s)</b>	means a day (other than a Sunday or a bank holiday) on which banks are open for general business in New Delhi and Mumbai.
14.	<b>CDSL</b>	Central Depository Services Limited
15.	<b>CERSAI</b>	Central Registry of Securitization Asset Reconstruction and Security Interest.



16.	<b>Charter Documents</b>	shall mean, with respect to a company, its memorandum and Articles
17.	<b>CIN</b>	Corporate Identification Number
18.	<b>Clearances</b>	shall mean any consent, license, approval (including the approval from the NHAI dated 21 March 2022, bearing reference no. NHAI/11033/GM(F)/RFC/Chitt-Malla/Refin/2021-22), registration, permit or other authorisation of any nature which is granted or is to be granted by any statutory or regulatory authority: (i) for the incorporation of the Obligor; (ii) for fulfilling its obligations under the Transaction Documents, and the making of the payments by them as contemplated under the Transaction Documents; (iii) for the enforceability of any Transaction Document; (iv) for the construction, operation and maintenance of the Project; and (v) for all such other matters as may be necessary in connection with the Project or the performance of any Person's obligations under any Transaction Document.
19.	<b>Company / Issuer</b>	KNR Tirumala Infra Private Limited
20.	<b>Concession</b>	shall have the meaning given to such term in the Concession Agreement.
21.	<b>Concession Agreement</b>	shall mean the concession agreement dated 9 May 2018 executed between the Concessing Authority and the Issuer.
22.	<b>Concessing Authority / NHAI</b>	shall mean the National Highways Authority of India.
23.	<b>Conditions Precedent</b>	Kindly refer <b>Annexure 12</b> Part A.
24.	<b>Conditions Subsequent</b>	Kindly refer <b>Annexure 12</b> Part B.
25.	<b>Contractual Damages</b>	shall mean damages or penalties, whether liquidated or otherwise, due or payable to the Issuer by the Project Participants or any other Person, pursuant to the terms of the Project Documents, and shall include any Termination Payments, buyout payments, forfeiture by the Issuer of any advance/booking amount paid by any Project Participant.
26.	<b>Coupon</b>	means interest on the Debentures calculated at a rate of: (I) 6.02% per annum for a period of 1 (one) year following the Deemed Date of Allotment, and (II) 6.30% per annum thereafter, and as may be further adjusted for the Step Up Coupon or Step Down Coupon (as the case may be), and payable on each Coupon Payment Date.
27.	<b>Coupon Payment Date</b>	shall mean 31 July and 31 January of every Financial Year.
28.	<b>Credit Rating Agency</b>	mean CRISIL Ratings Limited, India Ratings and Research Private Limited and ICRA Limited, or any accredited credit rating agencies as may be notified by the Debenture Trustee (acting for and behalf of the Debenture Holders).
29.	<b>Debentures / NCDs</b>	5210 (five thousand two hundred and ten) senior, listed, rated, secured, redeemable, non-Convertible Debentures of the face value of INR 10,00,000 (Indian Rupees Ten Lakhs only) each aggregating to INR 521,00,00,000 (Indian Rupees Five Hundred and Twenty One Crores only) which will be in the following 2 (two) Series to be issued simultaneously:

		<p><u>Series A:</u> 4840 (Four Thousand Eight Hundred and Forty) NCDs of Face Value aggregating up to INR 484,00,00,000 (Indian Rupees Four Hundred and Eighty Four Crore only) being the Series A Debentures; and</p> <p><u>Series B:</u> 370 (Three Hundred and Seventy) NCDs of Face Value aggregating up to INR 37,00,00,000 (Indian Rupees Thirty Seven Crore only) being the Series B Debentures.</p> <p>(using the electronic bidding platform of BSE) (<b>EBP</b>) to the eligible investors identified on the EBP in accordance with the Applicable Law and on the terms and conditions set out hereinafter</p>
30.	<b>Debenture Documents</b>	<p>means and includes:</p> <ul style="list-style-type: none"> <li>(a) the Debenture Trust Deed;</li> <li>(b) the Offer Documents;</li> <li>(c) the Debenture Trustee Appointment Agreement;</li> <li>(d) the Sponsor Support Undertaking;</li> <li>(e) the Escrow Agreement;</li> <li>(f) the Supplementary Escrow Agreement;</li> <li>(g) the Power of Attorney in relation to the Supplementary Escrow Agreement;</li> <li>(h) the Substitution Agreement;</li> <li>(i) the letters issued by the Debenture Trustee and the Credit Rating Agencies;</li> <li>(j) the letters appointing the Registrar and Transfer Agent with respect to the issuance of the Debentures;</li> <li>(k) the agreement entered into between the Registrar and Transfer Agent and the Issuer with respect to the issuance of the Debentures;</li> <li>(l) the Tripartite Agreements;</li> <li>(m) the board and shareholders resolutions and any other corporate authorizations from the Issuer as may be applicable as per the provisions of the Act;</li> <li>(n) the agreement entered into by the Issuer with the EBP Bond Platform;</li> <li>(o) the credit rating letters and credit rating rationale from the Credit Rating Agency;</li> <li>(p) the listing agreement between the Issuer and the Stock Exchange for listing of the Debentures;</li> <li>(q) the Security Documents, as applicable; and</li> <li>(r) any and all other documents executed or issued in relation to the issuance of the Debentures including any amendments thereto and any other document designated as a Transaction Document by the Debenture Trustee or the Debenture Holders or required in accordance with Applicable Laws;</li> </ul> <p>and "<b>Debenture Document</b>" shall mean any of them.</p>
31.	<b>Debenture Holder(s) / NCD Holder(s)</b>	<p>means the persons who are, for the time being and from time to time, the holders of the Debentures and whose names are registered as the holder of a Debenture in the register of Debenture Holders maintained pursuant</p>

		to Clause 2.14 ( <i>Register of Debenture Holders</i> ), of the Debenture Trust Deed and “ <b>Debenture Holder</b> ” means each such person.
32.	<b>Debenture Trustee</b>	Trustee for the Debenture Holders, in this case being CATALYST TRUSTEESHIP LIMITED, who has given its consent to the Company as per the consent, as set out under Exhibit C.
33.	<b>Debenture Trustee Appointment Agreement</b>	means the debenture trustee appointment agreement dated 31 December 2021 executed between the Debenture Trustee and the Issuer for the appointment of the Debenture Trustee as trustee for the Debenture Holders as may be amended and modified from time to time.
34.	<b>Debenture Trust Deed</b>	The Debenture Trust Deed executed/to be executed between the Company and the Debenture Trustee inter alia laying down the terms and conditions governing the NCDs
35.	<b>Debt</b>	means the aggregate of the Nominal Value, the Coupon, the Default Interest, the Additional Interest, costs, charges, expenses and all present and future moneys, debts and liabilities due, owing or incurred from time to time to any Finance Party under or in connection with the Debentures, the Debenture Trust Deed or any other Transaction Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).
36.	<b>Debt Service Reserve Account</b>	means the account of the Issuer bearing reference number 50200037525868 opened with HDFC Bank Limited.
37.	<b>Deed of Hypothecation</b>	means the deed executed / to be executed by the Issuer in favour of the Debenture Trustee for creating: (i) a first ranking pari passu charge over the Primary Security as security for the Series A Debentures, and (ii) a second ranking pari passu charge over the Primary Security as security for the Series B Debentures, in favour of the Debenture Trustee acting on behalf of the Debenture Holders.
38.	<b>Deemed Date of Allotment</b>	means in relation to the in respect of both the Series A Debentures and the Series B Debentures, the date set out as the “Deemed Date of Allotment” on the front page of this Placement Memorandum under the heading ‘Issue Schedule for all Series’.
39.	<b>Default</b>	means an Event of Default or any event or circumstance specified in Clause 6 ( <i>Events of Default and Remedies</i> ) of the Debenture Trust Deed other than Clause 6.2 ( <i>Consequences of Event of Default</i> ) of the Debenture Trust Deed and Clause 6.3 ( <i>Rights to disclose and publish the names of the Issuer and its directors as defaulters</i> ) of the Debenture Trust Deed which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Transaction Documents or any combination of any of the foregoing, if applicable) be an Event of Default.
40.	<b>Default Interest</b>	means, upon the occurrence of a Payment Default, an additional interest payable on the overdue amounts in respect of the Debentures, which shall accrue at the Default Rate over and above the normal Coupon and Redemption Amount payable by the Issuer, and shall be immediately payable by the Issuer on demand by the Debenture Trustee in writing (acting pursuant to Relevant Instructions) in addition to any other amounts payable under the Transaction Documents.

41.	<b>Default Rate</b>	Shall have the meaning ascribed to it Clause 2.8 ( <i>Default Interest and other payments</i> ) of the Debenture Trust Deed.
42.	<b>Depository / Depositories</b>	means NSDL and CDSL, as the context requires, and the term “ <b>Depositories</b> ” shall be construed accordingly.
43.	<b>Depository Participant</b>	means the depository participant of the Pledgor, being ICICI Bank.
44.	<b>Designated Early Redemption Event Dates</b>	means the date falling 2 (two) years from the Deemed Date of Allotment, and at the end of every 1 (one) year thereafter, or such other date as may be mutually agreed between the Debenture Holders and the Issuer in accordance with Applicable Laws.
45.	<b>EBP</b>	Electronic Bidding Platform
46.	<b>EBP Bond Platform or Bond Platform</b>	means the platform for issuance of debt securities on private placement basis required and established in accordance with Chapter VI of the Operational Circular and any further amendments thereto.
47.	<b>Effective Date</b>	shall have the meaning as ascribed to such term in Clause 15(a) of Schedule V of the Debenture Trust Deed.
48.	<b>EPC Agreement</b>	shall mean the engineering, procurement and construction agreement dated 9 June 2018 entered into between the Issuer and KNR Constructions Limited.
49.	<b>Escrow Account</b>	shall have the meaning ascribed to such term in the Escrow Agreement and the Supplementary Escrow Agreement.
50.	<b>Escrow Agreement</b>	shall mean the agreement executed or to be executed between the Issuer, the Lenders’ Representative, the Escrow Bank and the Concessional Authority for the operation of the Escrow Account, in the form prescribed under the Concession Agreement.
51.	<b>Escrow Bank</b>	shall mean HDFC Bank Limited, a company existing within the meaning of the Companies Act, 2013 and having its registered office at HDFC Bank Limited, HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 and shall, unless repugnant to the subject or context thereof, be deemed to mean and include its successors, transferees, novatees and assigns.
52.	<b>Event of Default</b>	has the meaning ascribed to it in Clause 6.1 ( <i>Events of Default</i> ) of the Debenture Trust Deed.
53.	<b>Existing Account</b>	shall mean the account bearing reference no 50200033864173 and maintained with HDFC bank
54.	<b>Exiting Sponsor</b>	shall mean KNR Constructions Limited, a company registered under the Companies Act, 2013 with CIN number L74210TG1995PLC130199.
55.	<b>Face Value</b>	INR 10,00,000 (Indian Rupees Ten Lakhs only) each
56.	<b>Final Redemption Date</b>	shall mean the earlier of either: (i) 31 July 2035, being the date on which all the Debentures are scheduled to be redeemed in full; or (ii) the date on which all the Debt have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Debenture Holders in accordance with the terms of the Debenture Documents.
57.	<b>Final Settlement Date</b>	shall mean the date on which all the obligations due, owing or payable to the Debenture Holders / Debenture Trustee by the Issuer have been

		irrevocably and unconditionally paid, discharged or performed in full to their satisfaction.
58.	<b>Finance Parties</b>	means collectively: (a) the Debenture Holders; and (b) the Debenture Trustee, and “Finance Party” means any of them.
59.	<b>Financial Year/ FY</b>	means the accounting year of the Issuer commencing each year on April 1st and ending on the following March 31st, or such other period as the Issuer, with the Debenture Trustee’s consent (acting in accordance with Relevant Instructions), from time to time designates as its accounting year.
60.	<b>GOI</b>	shall mean the Government of India
61.	<b>Government Authority</b>	shall mean the GOI or the government of any state of India or any ministry, department, local authority, board, statutory or regulatory authority, instrumentality, agency, corporation (to the extent acting in a legislative, judicial or administrative capacity and not as a contracting party with the Issuer) or commission under the direct or indirect control of the GOI or the government of any state of India or any political subdivision of any of them or owned or controlled by the GOI or the government of any state of India or any of their subdivisions, or any court, tribunal or judicial body within India.
62.	<b>GST Notice</b>	means the notice received by the Issuer from the Office of the Assistant Commissioner (ST) of the “Department of State Tax” of the Government of Andhra Pradesh, dated December 4, 2021, in relation to payment of goods and services tax.
63.	<b>ICCL</b>	means the Indian Clearing Corporation Limited.
64.	<b>Indian Rupees/INR</b>	means the lawful currency for the time being of India.
65.	<b>Initial RBI Approval</b>	shall mean the consent of the RBI for pledging 49% (forty nine percent) of the Shares of the Issuer and the Issuer Securities in favour of the Debenture Trustee as collateral for the Secured Obligations.
66.	<b>Insurance Contracts</b>	shall mean the insurance contracts and policies required to be obtained or maintained by the Issuer or any other Person in relation to the Project pursuant to any Transaction Document or Project Document, any substitutes therefor and any additional insurance contracts or policies required, by the Debenture Trustee, to be obtained for the Project or any other insurance obtained by the Issuer or any other Person in relation to the Project.
67.	<b>Investor(s) / Applicant(s)</b>	Persons who fall under the category of eligibility to whom this Information Memorandum may be sent with a view to offering the Debentures on Private Placement basis. Kindly refer ‘Eligible Investors’ section of this Placement Memorandum
68.	<b>InvIT</b>	shall mean an infrastructure investment trust incorporated / to be incorporated in accordance with the rules and regulations issued by SEBI, which may acquire Shares of the Borrower and in which the Sponsor Group directly or indirectly holds at least 51% (fifty one percent) of its units and

		holds at-least 51% (fifty one percent) shareholding in the Investment Manager of the InvIT.
69.	<b>ISIN</b>	International Securities Identification Number
70.	<b>Issue Proceeds Account</b>	means current account of the Issuer maintained with the Issue Proceeds Account Bank, bearing account number 50200033864173.
71.	<b>Issue Proceeds Account Bank</b>	means <b>HDFC Bank Limited</b> or any other replacement branch or scheduled commercial bank acceptable to the Finance Parties
72.	<b>Issuer Securities</b>	shall have the meaning as ascribed to such term in the Debenture Trust Deed.
73.	<b>Lenders' Representative</b>	shall mean the Debenture Trustee.
74.	<b>Majority Debenture Holders</b>	means such number of Debenture Holders as comprise at least 60% (sixty percent) of the total Debenture Holders by number at the ISIN level and holding an aggregate amount representing not less than 75% (seventy five percent) of the value of the outstanding Debt of the Debentures under the present Issue, excluding any further issuance of the Debentures under the same ISIN.
75.	<b>Majority Resolution</b>	has the meaning ascribed to it in Clause 23 of Schedule I ( <i>Provisions for the meetings of the Debenture Holders</i> ) of the Debenture Trust Deed.
76.	<b>Material Adverse Effect</b>	shall mean, as of any date of determination by the Debenture Trustee (acting on the instructions of the Debenture Holders holding Debentures, representing not less than 15% (fifteen percent) of the value of the outstanding Debt), any event or circumstance that has or is likely to have a material and adverse effect on: <ul style="list-style-type: none"> <li>(a) the financial condition, carrying of business or operation of the Issuer;</li> <li>(b) the ability of the Issuer or any Obligor to perform and comply with its obligations under any Debenture Document; or</li> <li>(c) the legality, validity or enforceability of any of the Debenture Documents (including the ability of any Secured Party to enforce any of its remedies under the Debenture Documents or priority of the Security) and Project Documents.</li> </ul>
77.	<b>Memorandum</b>	Memorandum of Association of Company
78.	<b>Minimum Security Cover</b>	Shall mean a security cover of at least a value equal to 1.0 times the aggregate of the Nominal Value of the Debentures, Coupon and interest payable thereon, at all times, to be maintained by the Primary Security.
79.	<b>NHAI</b>	National Highways Authority of India
80.	<b>Nominal Value</b>	means INR 10,00,000/- (Indian Rupees Ten Lakhs only) being the nominal value of each Debenture.
81.	<b>NRI</b>	Non-resident Indian
82.	<b>NSDL</b>	National Securities Depository Limited
83.	<b>NSE</b>	National Stock Exchange of India Limited
84.	<b>BSE</b>	BSE Limited
85.	<b>O&amp;M Contract</b>	shall mean the operations and maintenance contract executed or to be executed between the Issuer and the O&M Contractor for performance of the O&M obligations.

86.	<b>O&amp;M Contractor</b>	shall mean the person with whom the Issuer has entered into the O&M Contract, which shall be a person satisfactory to the Debenture Trustee
87.	<b>Obligors</b>	shall mean the Issuer, the Sponsor, the Pledgor or any other Person providing Security or comfort in relation to the Debentures.
88.	<b>Offer Documents</b>	means the Offer Letter and this Placement Memorandum
89.	<b>Offer Letter / PAS-4</b>	means the private placement offer cum application letter in the form specified pursuant to sub-rule (3) of Rule 14 of the Prospectus and Allotment of Securities Rules offering, by way of private placement to the Original Debenture Holders, the Debentures
90.	<b>Operational Circular</b>	shall mean the SEBI Operational Circular for issue and listing of Non-Convertible Securities (NCS), Securitised Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP) dated 10 August 2021 bearing reference number SEBI/HO/DDHS/P/CIR/2021/613 (including any subsequent amendments thereto)
91.	<b>Operational Guidelines</b>	shall mean the Operational Circular together with the BSE EBP Guidelines.
92.	<b>Payment Default</b>	an event the Issuer fails to pay Coupon and/or Redemption Amount payable by it under a Transaction Document on its Due Date.
93.	<b>PCOD</b>	shall mean the date of issuance of a provisional certificate for completion of the Project, in accordance with Clause 14.3 ( <i>Provisional Certificate</i> ) of the Concession Agreement.
94.	<b>Permitted Investments</b>	shall mean any of the following: (a) treasury bills or debt instruments issued by the Government of India; (b) short term and liquid bonds or certificates of deposits issued by Public Financial Institutions (as defined under the Companies Act, 2013) having not less than an AAA rating; (c) deposits with or certificates of deposits issued by scheduled commercial banks having not less than an AAA rating; (d) money market and debt-based mutual funds having not less than an AAA rating; (e) debt mutual funds having not less than an AAA rating; (f) such other investments as may be permitted by the Debenture Trustee; and in each case which can be liquidated at not more than 2 (two) Business Days' notice without any reduction in principal amount invested.
95.	<b>Permitted Shareholding Transfer</b>	shall mean the transfer of balance 51% (fifty-one percent) shareholding in the Issuer (on a fully diluted basis) from the Exiting Sponsor to the Sponsor.
96.	<b>Person</b>	shall mean any individual, corporation, partnership, association of persons, joint venture, joint stock company, trust or Government Authority.
97.	<b>Private Placement Memorandum/</b>	this Placement Memorandum

	<b>Placement Memorandum</b>	
98.	<b>Pledge Agreement</b>	shall mean the pledge agreement to be executed by and between the Sponsor, the Issuer and the Debenture Trustee, in relation to creation of an exclusive pledge over the Additional Security in favour of the Debenture Trustee acting on behalf of the Debenture Holders.
99.	<b>Pledgor</b>	Cube Highways and Infrastructure III Pte Ltd
100.	<b>Power of Attorney in relation to the Supplementary Escrow Agreement</b>	shall mean the power of attorney executed and/or to be executed by the Issuer in relation to the Supplementary Escrow Agreement.
101.	<b>Previous Facility</b>	shall mean the outstanding amounts of facilities as detailed in Schedule VIII ( <i>Details of Previous Lenders and Previous Facilities</i> ) of the Debenture Trust Deed.
102.	<b>Previous Lender(s)</b>	shall mean the existing creditors of the Issuer as more detailed in Schedule VIII of the Debenture Trust Deed.
103.	<b>Primary Security</b>	<p>means (A) a first ranking charge in respect of the Series A Debentures, and (B) a second ranking charge in respect of the Series B Debentures, over:</p> <ul style="list-style-type: none"> <li>(i) all the Issuer's fixed assets and tangible movable assets, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future (except the Project Assets);</li> <li>(ii) all bank accounts of the Issuer, including the Existing Account, the Escrow Account and its sub-accounts , the Debt Service Reserve Account (or any account in substitution thereof) that may be opened in accordance with this Agreement, the Escrow Agreement, the Supplementary Escrow Agreement or any of the other Transaction Documents and all funds from time to time deposited therein and all funds arising from the Project, the proceeds from the Project (including, without limitation, all Annuities received) and all Permitted Investments or other securities, both present and future (except the Project Assets);</li> <li>(iii) the current and non-current assets of the Issuer, both present and future (except the Project Assets);</li> <li>(iv) all revenues and receivables of the Issuer whether or not deposited in the Existing Account or the Escrow Account, the book debts of the Issuer, the operating cash flows of the Issuer, uncalled capital of the Issuer, Sponsor Contribution received by the Issuer and all other commissions and revenues and cash of the Issuer (including Termination Payments), both present and future (except the Project Assets);</li> </ul>



		<p>(v) all intangible assets, goodwill, rights, Intellectual Property rights and undertaking of the Issuer, both present and future (except the Project Assets);</p> <p>(vi) all the rights, title, interests, benefits, claims and demands whatsoever of the Issuer in the Project Documents (except the Project Assets);</p> <p>(vii) the rights, title, interests and benefits of the Issuer in, to and under all the Clearances, to the extent permissible by Applicable Law (except the Project Assets);</p> <p>(viii) all the rights, title, interests, benefits, claims and demands whatsoever of the Issuer in any letter of credit and guarantee (including contractor guarantees) and liquidated damages (including Contractual Damages) and performance bond provided by any Project Participant (except the Project Assets);</p> <p>(ix) all the rights, title, interests, benefits, claims and demands whatsoever of the Issuer under all Insurance Contracts, policies and insurance proceeds;</p> <p>(x) the Issuer's rights, title and interest in the Concession pursuant to the execution of the Substitution Agreement,</p> <p style="padding-left: 40px;">so as to provide a Minimum Security Cover, in accordance with the terms of the Deed of Hypothecation.</p>
104.	<b>Private Placement</b>	Offer or invitation to subscribe or issue of securities to a select group of persons by a company (other than by way of public offer) through private placement offer-cum-application, which satisfies the conditions specified in section 42 of the Act
105.	<b>Project</b>	shall mean the construction, operation and maintenance of the six lane road of the 61 km section from Chittor to Mallavaram in in the State of Andhra Pradesh developed under Bharatmala Pariyojna on hybrid annuity model by NHAI and includes all works, services and equipment relating to or in respect of the Project and Project assets, and its subsequent development and augmentation in accordance with the provisions of the Concession Agreement.
106.	<b>Project Assets</b>	shall have the meaning ascribed to such term in the Concession Agreement.
107.	<b>Project Documents</b>	<p>shall mean the following:</p> <p>a) the Insurance Contracts;</p> <p>b) the Clearances;</p> <p>c) the O&amp;M Contracts;</p> <p>d) the EPC Agreement;</p> <p>e) the Concession Agreement;</p>

		<p>f) any bonds, guarantees, letters of credit or other security issued pursuant to any of the Project Documents;</p> <p>g) any contracts or agreements entered into by the Issuer with any Government Authority in relation to the Project;</p> <p>h) any other agreements, documents or instruments entered into by the Issuer in respect of the development, construction, design, procurement, operation, maintenance and ownership of the Project;</p> <p>i) any contracts or agreements entered into by the Issuer evidencing or enabling the effective exercise of the rights granted to the Issuer and discharge by the Issuer of its obligations under any of the documents mentioned in (a) to (h) above; and</p> <p>j) any other agreement designated as a 'Project Document' by the Debenture Trustee in consultation with the Issuer (which consultation shall be non-binding).</p>
108.	<b>Project Participant(s)</b>	shall mean each of the parties to any Project Document, or collectively all of them, as the case may be, other than the Issuer or any Finance Party.
109.	<b>Promoter</b>	KNR Constructions Limited.
110.	<b>QIB(s)</b>	Qualified Institutional Buyer(s)
111.	<b>RBI</b>	Reserve Bank of India
112.	<b>Recovery Expense Fund</b>	<p>shall mean fund referred to in Regulation 11 of the NCS and created in the manner as specified by SEBI in the SEBI REF Circular.</p> <p>The Company shall maintain the recovery expense fund with the NSE.</p>
113.	<b>Redemption Schedule</b>	shall mean the schedule for redemption of the Debentures as provided under <b>Annexure 21</b> of this Placement Memorandum.
114.	<b>Registrar and Transfer Agent</b>	shall mean Bigshare Services Pvt Ltd, a company incorporated under the Companies Act, 1956 and validly existing under the Companies Act 2013 with corporate identification number U99999MH1994PTC076534 and having its registered office at 306, Right wing, 3 <sup>rd</sup> Floor, Amrutha Ville, Opp Yashodha Hospital, Somajiguda Rajbhavan Road, Hyderabad 500082.
115.	<b>Relevant Instructions</b>	shall mean the written consent obtained from the Debenture Holders pursuant to a Majority Resolution duly passed at the meeting of the Debenture Holders convened in accordance with the provisions set out in Schedule I ( <i>Provisions for the meetings of the Debenture Holders</i> ) of the Debenture Trust Deed.
116.	<b>Registrar of Companies/ ROC</b>	shall mean the 'Registrar of Companies' as provided under the Act.
117.	<b>Revised Coupon</b>	has the meaning ascribed to it in sub-clause (f) ( <i>Revision to Coupon</i> ) of Clause 2.5 ( <i>Covenant to pay Redemption Amount and the Coupon</i> ) of the Debenture Trust Deed.
118.	<b>SEBI</b>	means the Securities and Exchange Board of India
119.	<b>SEBI NCS Regulations</b>	SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended, modified or supplemented from time to time.
120.	<b>SEBI REF Circular</b>	shall mean the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22 October 2020 on 'Contribution by Issuers of listed or proposed to be

		listed debt securities towards creation of ‘Recovery Expense Fund’ issued by SEBI.
121.	<b>SEBI Regulations</b>	means the SEBI NCS Regulations, the Operational Circular and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended, varied or modified from time to time and such other applicable rules, circulars, directions, regulations, notifications and circulars issued by SEBI from time to time.
122.	<b>Secured Obligations</b>	shall mean all obligations at any time due, owing or incurred by the Issuer to the Debenture Trustee on behalf of the Debenture Holders, as the case may be, in respect of the Debentures and shall include (i) the obligation to redeem the Debentures in full terms thereof including payment of Coupon, Default Interest, Additional Interest, any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee/Debenture Holder(s) and other monies payable by the Issuer in respect of the Debentures under the Transaction Documents; (ii) any and all sums advanced by the Debenture Trustee in order to preserve the Security to be created by the Issuer in relation to the Debentures; (iii) in the event of any proceedings for the collection and/or enforcement of the obligations of the Issuer in respect of the Debentures, after an Event of Default shall have occurred, the expenses of retaking, holding, preparing for sale, selling or otherwise disposing of or realizing the Security or any part thereof, created / to be created by the Issuer, and/ or of any exercise of the Debenture Trustee of its rights under the relevant Transaction Documents, together with legal fees and court costs in relation thereto.
123.	<b>Security</b>	shall include the Primary Security and the Additional Security.
124.	<b>Security Documents</b>	shall mean all documents creating or evidencing creation of Security in favour of the Debenture Trustee, for securing the Secured Obligations in relation to the Debentures, and shall mean and include, collectively the Deed of Hypothecation and the Pledge Agreement (along with the power of attorney in relation thereto)
125.	<b>Security Interest</b>	shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever including, without limitation, (i) any conditional sale or other title retention agreement, any financing or similar statement or notice filed under any recording or notice statute, and any lease having substantially the same effect as any of the foregoing, and (ii) any designation of loss payees or beneficiaries or any similar arrangement under any Insurance Contract
126.	<b>Shares</b>	shall mean all fully paid-up equity shares of the Issuer, including equity share capital and preference shares on a fully diluted basis.
127.	<b>Share Purchase Agreement</b>	means the share purchase agreement dated 11 February 2019 entered into between the Sponsor and the Exiting Sponsor and as amended and supplemented from time to time.
128.	<b>Sponsor</b>	shall mean Cube Highways and Infrastructure III Pte Ltd. (Company Registration No. 201727089Z), a private company limited by shares, incorporated under the laws of Singapore and having its registered office at 65 Chulia Street, #47-04 OCBC Centre, Singapore 049513.

129.	<b>Sponsor Contribution</b>	shall mean any amounts infused by the Sponsor into the Issuer as equity or subordinated debt, subject to the conditions that (i) any amounts payable by the Issuer to the Sponsor in respect of such infusion (whether by way of principal, interest, dividend or otherwise) shall be subordinated to the claims of the Debenture Holders / Debenture Trustee and shall only be repaid in compliance with the terms of the Debenture Documents.
130.	<b>Sponsor Group</b>	shall mean the Sponsor and/or any of its Affiliates and Cube Highways and Infrastructure Pte. Ltd., Cube Highways and Infrastructure I-D Pte. Ltd., Cube Highways and Infrastructure II Pte. Ltd., Cube Mobility Investment Pte. Ltd., Cube Highways Holdings Pte. Limited, Cube Highways Advisory Pte. Limited or any of the funds over which I Squared Capital LLC (and/or any of its Affiliates) has Control. It is clarified that any limited partners investing in any of the funds managed by I Squared Capital LLC (and/or any of its Affiliates) shall not be included as part of the Sponsor Group
131.	<b>Sponsor Support Undertaking</b>	shall mean the agreement, inter alia, among the Sponsor, the Issuer and the Debenture Trustee pursuant to which the Sponsor agrees to provide financial and other support to the Project and the Issuer.
132.	<b>Step Down Coupon</b>	As stipulated under 'Step Up / Step Down Coupon rates' in the summary Term Sheet.
133.	<b>Step Up Coupon</b>	As stipulated under 'Step Up / Step Down Coupon rates' in the summary Term Sheet.
134.	<b>Stock Exchange</b>	NSE
135.	<b>Subsequent RBI Approval</b>	shall mean the consent of the RBI for pledging an additional 2% of the Shares (i.e., for the overall pledge over an aggregate of 51% Shares) of the Issuer and the Issuer Securities in favour of the Debenture Trustee as collateral for the Secured Obligations.
136.	<b>Substitution Agreement</b>	shall mean the substitution agreement executed and/or to be executed between the Issuer, the Concessing Authority and the Lenders' Representative in relation to inter alia substitution of the Issuer.
137.	<b>Super Majority Debenture Holders</b>	means such number of Debenture Holders holding an aggregate amount representing not less than 85% (eighty five percent) of the value of the outstanding Debt of the Debentures under the present Issue.
138.	<b>Supplementary Escrow Agreement</b>	shall mean the agreement executed or to be executed between, inter alia, the Issuer, the Debenture Trustee and the Escrow Bank for the operation of the Escrow Account and in relation to detailing the Escrow Agreement for the collection and application of monies and revenues of the Issuer.
139.	<b>Tax</b>	shall mean any and all present and future taxes on, including gross receipts, sales, turn-over, value-add, use, consumption, property, income, interest, franchise, capital, occupational, license, excise and documentary stamps and include customs and other duties, assessments, or fees, howsoever imposed, withheld, levied, or assessed by any country or government subdivision thereof or any other taxing authority and "Taxes" shall be construed accordingly.
140.	<b>Termination Payments</b>	shall mean the payments required to be made by the Concessing Authority pursuant to Article 31.3 of the Concession Agreement or any other termination payments required to be made by the Concessing Authority to the Issuer.

141.	<b>Term Sheet</b>	Shall mean the summary term sheet stipulating the details of Issue as set out under <b>Annexure 7</b> of this Placement Memorandum
142.	<b>Transaction Documents</b>	shall mean, collectively, the Debenture Documents and the Project Documents.
143.	<b>Tripartite Agreements</b>	means the agreements entered into by the Issuer and Registrar and Transfer Agent with NSDL & CDSL, respectively.
144.	<b>“we”, “us” or “our”</b>	Unless the context requires otherwise, the Company and its subsidiaries
145.	<b>Wilful Defaulter</b>	Wilful defaulter means a Person who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under the Act) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI.

**\*\* In addition to the above definitions, all capitalised terms used but not defined herein shall, unless repugnant to the subject or context thereof, have the meaning given to such term in the Debenture Trust Deed. Notwithstanding anything contained in this Placement Memorandum, in case of any inconsistency or repugnancy between this Placement Memorandum and the Debenture Trust Deed, the Debenture Trust Deed shall prevail.**

## SECTION II – DISCLAIMERS

### 1. Disclaimer of Company:

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus under the Companies Act. The issue of NCDs is being made strictly on a private placement basis in accordance with Applicable Laws. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the NCDs to the public in general. This Placement Memorandum should not be construed to be a prospectus or a statement in lieu of prospectus under the Act.

Further, since the Issue is being made on a private placement basis, this Placement Memorandum has been prepared in accordance with the provisions of SEBI NCS Regulations and applicable provisions of the Companies Act and the rules thereunder. The provisions of Part I of Chapter III of the Companies Act shall not be applicable and accordingly, a copy of this Placement Memorandum has not been filed with the ROC or the SEBI.

This Placement Memorandum has been prepared to provide general information about the Company to potential investors to whom it is addressed and who are willing and eligible to subscribe to the NCDs. This Placement Memorandum does not purport to contain all the information that any potential Investor may require. Neither this Placement Memorandum nor any other information supplied in connection with the NCDs is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt a recommendation to purchase any NCDs. Each Investor contemplating purchasing any NCDs should make its own independent investigation of the financial condition and affairs of the Company, and its own appraisal of the creditworthiness of the Company. Potential Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the NCDs and should possess the appropriate resources to analyse such investment and the suitability of such investment to such investor's particular circumstances.

The Company reserves the right to withdraw the Issue at any time prior to the closing date thereof in the event of any unforeseen development adversely affecting the economic and/or regulatory environment or otherwise. In such an event, the Company will refund the application money, if any, collected in respect of the NCDs without assigning any reason.

The Company confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all information that is material in the context of the Issue, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading.

This Placement Memorandum and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly and specifically through a communication by the Company and only such recipients are eligible to apply for the NCDs. All Investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue. The contents of this Placement Memorandum are intended to be used only by those Investors to whom

it is distributed. It is not intended for distribution to any other Person and should not be reproduced by the recipient.

The Person who is in receipt of this Placement Memorandum shall maintain utmost confidentiality regarding the contents of this Placement Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents without the consent of the Company.

The Company does not undertake to update the Placement Memorandum to reflect subsequent events after the date of the Placement Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Company.

This Placement Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the NCDs or the distribution of this Placement Memorandum in any jurisdiction where such action is required. The distribution of this Placement Memorandum and the offering may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Memorandum comes are required to inform them about and to observe any such restrictions. The Placement Memorandum is made available to Investors in the Issue on the strict understanding that the contents hereof are strictly confidential.

**This Placement Memorandum and the contents hereof are restricted to providing information under the SEBI NCS Regulations for the purpose of inviting bids on the Bond Platform only for the Eligible Investors. An offer of private placement shall be made by the Issuer by way of issue of the signed Placement Memorandum to the successful bidders who have been addressed through a communication by the Issuer, and only such recipients are eligible to comply with the relevant regulations/guidelines applicable to them, including but not limited to Operational Guidelines for investing in this issue. The contents of this Placement Memorandum and any other information supplied in connection with this Placement Memorandum or the Debentures are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced or disseminated by the recipient**

All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this issue of Debentures.

All Eligible Investors will have to register themselves with the Bond Platform offered by the BSE for participating in electronic book building mechanism. Investors should refer the operating guidelines for issuance of debt securities on private placement basis through an electronic book mechanism as available on web site of the BSE.

Post completion of bidding process, the Company will upload the provisional allocation on the Bond Platform. Post receipt of investor details, the Company will upload the final allocation file on the Bond Platform.

## **2. Cautionary Note**

Each invited potential Investor acknowledges and agrees that each of them, (i) are knowledgeable and experienced in financial and business matters, have expertise in assessing credit, market and

all other relevant risk and are capable of evaluating, and have evaluated, independently the merits, risks and suitability of subscribing to or purchasing the NCDs; (ii) understand that the Company has not provided, and will not provide, any material or other information regarding the NCDs, except as required under Applicable Laws, (iii) have not requested the Company to provide it with any such material or other information, (iv) have not relied on any investigation that any person acting on their behalf may have conducted with respect to the NCDs, (v) have made their own investment decision regarding the NCDs based on their own knowledge (and information they have or which is publicly available) with respect to the NCDs or the Company (vi) have had access to such information as deemed necessary or appropriate in connection with purchase of the NCDs, and (vii) understand that, by purchase or holding of the NCDs, they are assuming and are capable of bearing the risk of loss that may occur with respect to the NCDs, including the possibility that they may lose all or a substantial portion of their investment in the NCDs.

It is the responsibility of each potential Investor to also ensure that they will sell these NCDs in strict accordance with this Placement Memorandum, the Transaction Documents and all other Applicable Laws, so that the sale does not constitute an offer to the public, within the meaning of the Act, as amended. The potential investors shall at all times be responsible for ensuring that it shall not do any act deed or thing which would result this Placement Memorandum being released to any third party (where such party is not an intended recipient from the Company) and in turn constitutes an offer to the public howsoever.

The distribution of this Placement Memorandum or the Application Form and the offer, sale, pledge or disposal of the NCDs may be restricted by law in certain jurisdictions. The sale or transfer of these NCDs outside India may require regulatory approvals in India, including without limitation, the approval of SEBI or RBI.

### **3. Disclaimer of Stock Exchange**

As required, a copy of this Placement Memorandum has been submitted to the Stock Exchange for seeking in principle approval for listing of the NCDs. It is to be distinctly understood that such submission of this Placement Memorandum with the Stock Exchange or hosting the same on the website of the Stock Exchange should not in any way be deemed or construed that the Placement Memorandum has been cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum; nor does it warrant that this Company's NCDs will be listed or continue to be listed on the Stock Exchange; nor does it take responsibility for the financial or other soundness of this Company, its management or any scheme or project of the Company. Every Person who desires to apply for or otherwise acquire any NCDs of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchange or any agency whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### **4. Disclaimer of Debenture Trustee**

The Debenture Trustee does not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Placement Memorandum and does not have any responsibility to advise any Investor or prospective Investor in the Debentures of any



information available with or subsequently coming to the attention of the Debenture Trustee, its agents or advisors except as specifically provided for in the Debenture Trust Deed.

The Debenture Trustee has not separately verified the information contained in this Placement Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by Debenture Trustee as to the accuracy or any other information provided by the Issuer. Accordingly, the Debenture Trustee shall have no liability in relation to the information contained in this Placement Memorandum or any other information provided by the Issuer in connection with the Issue.

The Debenture Trustee is neither a principal debtor nor a guarantor of the Debentures.

#### **5. Disclaimer in respect of jurisdiction**

This Issue is made in India to Investors as specified under in the section “Issue Procedure” on Page 89 of this Placement Memorandum, who shall be specifically approached by the Issuer. This Placement Memorandum does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person other than the Investors. Any disputes arising out of this Issue will be subject to the non-exclusive jurisdiction of the courts and tribunals of New Delhi, India. This Placement Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

#### **6. Disclaimer of Credit Rating Agency**

CRISIL’s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRISIL’s ratings do not convey suitability or price for the investor. CRISIL’s ratings do not constitute an audit on the rated entity. CRISIL has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRISIL does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRISIL have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRISIL or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CRISIL is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRISIL is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRISIL’s rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

#### **7. Disclaimer of Arranger**

The role of the Arranger in the assignment is confined to marketing and placement of the Debentures on the basis of this Placement Memorandum as prepared by the Issuer. The Arranger has neither scrutinized nor vetted nor reviewed nor has it done any due-diligence for verification of the contents of this Placement Memorandum. The Arranger shall use this Placement Memorandum for the purpose of soliciting subscription(s) from Eligible Investors in the Debentures to be issued by the Issuer on a private placement basis. It is to be distinctly understood that the aforesaid use of this Placement Memorandum by the Arranger should not in any way be deemed or construed to mean that the Placement Memorandum has been prepared, cleared, approved, reviewed or vetted by the Arranger; nor should the contents to this Placement Memorandum in any manner be deemed to have been warranted, certified or endorsed by the Arranger so as to the correctness or completeness thereof.

Nothing in this Placement Memorandum constitutes an offer of securities for sale in the United States of America or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation. No action is being taken to permit an offering of the bonds in the nature of debentures or the distribution of this Placement Memorandum in any jurisdiction where such action is required. The distribution/taking/sending/dispatching/transmitting of this Placement Memorandum and the offering and sale of the Debentures may be restricted by law in certain jurisdictions, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The Issuer has prepared this Placement Memorandum and the Issuer is solely responsible and liable for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental, corporate and other necessary approvals for the issuance of the Debentures. The Issuer confirms that all the information contained in this Placement Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or their affiliates for the accuracy, completeness, reliability, correctness or fairness of this Placement Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaims any responsibility or liability to the fullest extent for the contents of this Placement Memorandum, whether arising in tort or contract or otherwise, relating to or resulting from this Placement Memorandum or any information or errors contained therein or any omissions therefrom. Neither Arranger and its affiliates, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of this document. By accepting this Placement Memorandum, the Eligible Investor accepts terms of this Disclaimer Clause of Arranger, which forms an integral part of this Placement Memorandum and agrees that the Arranger will not have any such liability.

The Eligible Investors should carefully read this Placement Memorandum. This Placement Memorandum is for general information purposes only, without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation and the Eligible Investors are not to construe the contents of this Placement Memorandum as investment, legal, accounting, regulatory or Tax advice, and the Eligible Investors should consult with their own advisors as to all legal, accounting, regulatory, Tax, financial and related matters concerning an investment in the Debentures. This Placement Memorandum should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein, and neither this document nor anything

contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

This Placement Memorandum is confidential and is made available to potential investors in the Debentures on the understanding that it is confidential. Recipients are not entitled to use any of the information contained in this Placement Memorandum for any purpose other than in assisting to decide whether or not to participate in the Debentures. This document and information contained herein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted, sold, distributed or published by the recipient without the prior written approval from the Arranger and the Issuer. This Placement Memorandum has not been approved and will or may not be reviewed or approved by any statutory or regulatory authority in India or by any stock exchange in India. This document may not be all inclusive and may not contain all of the information that the recipient may consider material.

Each person receiving this Placement Memorandum acknowledges that:

1. Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein; and
2. Has not relied on the Arranger and/or its affiliates that may be associated with the Debentures in connection with its investigation of the accuracy of such information or its investment decision.

Issuer hereby declares that the Issuer has exercised due-diligence to ensure complete compliance of applicable disclosure norms in this Placement Memorandum. The Arranger: (a) is not acting as trustee or fiduciary for the investors or any other person; and (b) is under no obligation to conduct any "know your customer" or other procedures in relation to any person. The Arranger is not responsible for (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Issuer or any other person in or in connection with this Placement Memorandum; or (b) the legality, validity, effectiveness, adequacy or enforceability of this Placement Memorandum or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Placement Memorandum; or (c) any determination as to whether any information provided or to be provided to any investor is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

The Arranger or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document. By accepting this Placement Memorandum, investor(s) agree(s) that the Arranger will not have any such liability.

Please note that:

- (a) The Arranger and/or their affiliates may, now and/or in the future, have other investment and commercial banking, trust and other relationships with the Issuer and with other persons ("**Other Persons**");

(b) As a result of those other relationships, the Arranger and/or their affiliates may get information about Other Persons, the Issuer and/or the Issue or that may be relevant to any of them. Despite this, the Arranger and/or their affiliates will not be required to disclose such information, or the fact that it is in possession of such information, to any recipient of this Placement Memorandum;

(c) The Arranger and/or their affiliates may, now and in the future, have fiduciary or other relationships under which it, or they, may exercise voting power over securities of various persons. Those securities may, from time to time, include securities of the Issuer; and

(d) The Arranger and/or their affiliates may exercise such voting powers, and otherwise perform its functions in connection with such fiduciary or other relationships, without regard to its relationship to the Issuer and/or the securities.

## **8. Forward looking statements**

Certain statements in this Placement Memorandum are not historical facts but are “forward-looking” in nature. Forward-looking statements appear throughout this Placement Memorandum, including, without limitation, under the section titled “Risk Factors”. Forward-looking statements may include statements concerning the Issuer’s plans, financial performance, the Issuer’s competitive strengths and weaknesses, and the trends the Issuer anticipates in the industry, along with the political and legal environment, and geographical locations, in which the Issuer operates, and other information that is not historical information.

The forward-looking statements contained in this Placement Memorandum are based on the beliefs of the management of the Company, as well as the assumptions made by and information available to management as at the date of this Placement Memorandum. There can be no assurance that the expectations will prove to be correct. The Company expressly disclaims any obligation or undertaking to release any updated information or revisions to any forward-looking statements contained herein to reflect any changes in the expectations or assumptions with regard thereto or any change in the events, conditions or circumstances on which such statements are based. Given these uncertainties, recipients are cautioned not to place undue reliance on such forward- looking statements. All subsequent written and oral forward- looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

### **SECTION III – RATIONALE FOR CREDIT RATING**

*Kindly refer Annexure 9*

## SECTION IV – GENERAL RISKS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Debentures. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

These risks may include, *among others*, business aspects, equity market, bond market, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. More than one risk factor may have simultaneous effect with regard to the Debentures such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Debentures.

Eligible Investors should also carefully consider risks of guarantors, if any, before making an investment in the Debentures.

To obtain a complete understanding, prospective Investors should read this section in conjunction with the remaining sections of this Placement Memorandum, as well as the other financial and statistical information contained in this Placement Memorandum.

The inability of the Issuer to pay interest, principal or other amounts on or in connection with the Debentures may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to them or which they may not currently be able to anticipate. You must rely on your own examination of the Issuer and this Issue, including the risks and uncertainties involved.

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operation may suffer, and the trading price of, and the value of your investment in, the Debentures may decline and you may lose all or part of your investment. Prospective investors should carefully consider the risk factors relating to the business and the industry described below, together with all other information contained in this document before making any investment decision relating to the Debentures. These risks and uncertainties are not the only issues that the Company faces; additional risks and uncertainties not presently known to the Company or that are currently believed to be immaterial may also have an adverse effect on the business, results of operations, financial condition or prospects and cause the market price of the Debentures to fluctuate and consequently adversely impact the investment by investors, upon a sale of the Debentures. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Audited financial statements not older than 6 (six) months from the date of filing this Placement Memorandum are not available with the Company. The Company has procured limited reviewed financials for the stub period ending on 31 December 2021 and the same along with the audited financial statements for the period ending on 31 March 2021 are disclosed in Exhibit H and K. Further, information regarding profits of the Company, before and after making provisions for tax, dividends declared, and interest coverage ratio (cash profit tax plus interest paid/interest paid), each for the latest financial year ended on 31 March 2022 is not immediately available and hasn't been included in the Placement

Memorandum, since the financial year has ended only very recently, and the Company has accordingly made disclosures in respect of these points for the period ending on 31 December 2021. Similarly, information regarding related party transactions (including with regard to loans made or guarantees given or securities provided), for the latest financial year ended on 31 March 2022 is not immediately available and hasn't been included in the Placement Memorandum, since the financial year has ended only very recently, and the Company has accordingly made disclosures in respect of this point for the period ending on 30 September 2021.

The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Investors should also read the detailed information set out elsewhere in this Placement Memorandum and reach their own views prior to making any investment decision.

## **RISKS RELATING TO DEBENTURES / ISSUE**

### **1. REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER**

Potential investors should be aware that receipt of the principal amount and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

### **2. LIMITED OR SPORADIC TRADING OF THE DEBENTURES OF THE ISSUER ON THE STOCK EXCHANGES**

The Company intends to list the Debentures on the whole-sale debt market segment of the Stock Exchange. The Company cannot provide any guarantee that the Debentures will be frequently traded on the stock exchange and that there would be any market for the Debentures. It is not possible to predict if and to what extent a secondary market may develop for the Debentures or at what price the Debentures will trade in the secondary market or whether such market will be liquid or illiquid. The fact that the Debentures may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading. Further, the Company may not be able to issue any further Debentures, in case of any disruptions in the securities market.

### **3. CREDIT RISK & RATING DOWNGRADE RISK**

The Rating Agency has assigned such credit ratings to the Debentures as specified on the front page of this Placement Memorandum. In the event of deterioration in the financial health of the Company, there is a possibility that the Rating Agency may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on re-valuation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms. The rating is not a recommendation to purchase, hold or sell the Debentures in as much as the ratings do not comment on the market price of the Debentures or its suitability to a particular investor. There is no assurance either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the Rating Agency. In the event of

deterioration in the rating of the Debentures, the investors may have to take loss on revaluation of their investment.

## **OTHER RISKS**

### **4. RISK IN RELATION TO ISSUANCE OF DEBENTURES**

Investors should note that they will be required to submit application forms and deposit application monies being an amount equal to Rs. 10,00,000 (Indian Rupees Ten Lakhs Only) per Debenture in relation to the Debentures during the Pay-in Date on the basis of this Placement Memorandum and may not have access to the final Debenture Trust Deed to be entered into between the Issuer and the Debenture Trustee.

### **5. THERE IS NO GUARANTEE THAT THE DEBENTURES WILL BE LISTED ON THE STOCK EXCHANGE(S) IN A TIMELY MANNER OR AT ALL, OR THAT MONIES REFUNDABLE TO ELIGIBLE INVESTORS WILL BE REFUNDED IN A TIMELY MANNER**

In accordance with Indian law and practice, approval for listing and trading of the Debentures will not be granted until after the Debentures have been allotted. While Issuer will use best efforts to ensure that all steps for completion of the necessary formalities for allotment, listing and commencement of trading on the stock exchange(s) are taken within the time prescribed by SEBI or applicable law, there may be a failure or delay in listing the Debentures on the stock exchange(s). Issuer cannot assure you that any monies refundable on account of (a) withdrawal of the Issue, or (b) failure to obtain final approval from the stock exchange(s) for listing of the Debentures, will be refunded in a timely manner. The Issuer shall, however, refund any such monies, with interest due and payable thereon, as prescribed under applicable law.

### **6. THE DEBENTURES MAY NOT BE A SUITABLE INVESTMENT FOR ALL PURCHASERS**

Potential Investors should ensure that they understand the nature of the Debentures and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Debentures and that they consider the suitability of the Debentures as an investment in the light of their own circumstances and financial condition.

### **7. TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS**

Special tax considerations and legal considerations may apply to certain types of potential investors. Potential investors are urged to consult with their own financial, legal, tax and other professional advisors to determine any financial, legal, tax and other implications of this investment.

### **8. ACCOUNTING CONSIDERATIONS**

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

### **9. RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES, IF ANY**

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security Interest as per the terms of Security Documents and other related documents. The Investor's recovery in relation to the Debentures will be subject to (i) the market value of such secured property, and (ii) finding willing buyers for the Security Interest at a price sufficient to repay the potential Investors amounts outstanding under the Debentures. The value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

**10. MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS**

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

**11. LEGALITY OF PURCHASE**

Potential investors of the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates or for compliance by that potential investor with any law, regulation or regulatory policy applicable to it.

**12. LITIGATIONS AND CLAIMS AGAINST THE COMPANY**

In the event there are any legal claims that are made against the Company that involve prolonged legal battle and any temporary proscriptions on the Company, the same may adversely affect the Company's ability to run its business.

**13. FORCE MAJEURE EVENTS**

War or terrorist attacks breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, accidents, operational problems, transportation interruptions, epidemics/ pandemics, disruptions due to lockdowns imposed on account of pandemic or any unforeseen development adversely affecting the economic and regulatory environment disrupting logistics in the market in which the Company conducts its business will affect the Company's operations.

**14. RESIGNATION OF KEY PERSONNEL**

Resignation of key employees and/ or key management personnel may affect the Company's operations.

**15. MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT**



As the Debentures will be subordinated to certain liabilities preferred by law, in the event of bankruptcy, liquidation or winding-up, there may not be sufficient security cover remaining to pay amounts due to the Debenture Holders, which could expose the Debenture Holders to a potential loss.

- 16. IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE**

Not Applicable

- 17. REFUSAL OF LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD**

Not Applicable

**SECTION V – DISCLOSURES IN TERMS OF SEBI CIRCULAR DATED 3 NOVEMBER 2020, BEARING  
REFERENCE NO. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218**

- 1. The Debentures shall be considered as secured only if the charged asset is registered with Sub-Registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by Debenture Trustee.**
  
- 2. Terms and conditions of the Debenture Trustee Appointment Agreement:**
  - (a) Fees charged:** The Debenture Trustee has agreed for remuneration as below, in terms of the Letter dated 30 November 2021:
    - (A) Acceptance Fee: 5,75,000/- plus applicable taxes ,
    - (B) Review Fee: NA,
    - (C) Annual Fee: INR 8,62,500/-, and
    - (D) Additional Fee\* (if applicable): NA.
  
  - (b) Terms for carrying out due diligence:**
    - (A) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Offer Documents and the Applicable Laws, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Applicable Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Issuer and to have the Issuer’s assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.
  
    - (B) The Issuer shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets of the Issuer or any third party security provider for securing the Debentures, are registered / disclosed.
  
    - (C) Further, in the event that existing charge holders, or the concerned trustee on behalf of the existing charge holders, have provided conditional consent / permissions to the Issuer to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Issuer. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.
  
    - (D) Without prejudice to the aforesaid, the Issuer shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Applicable Laws.

(E) The Debenture Trustee shall have the power to either independently appoint, or direct the Issuer to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Issuer.

(c) **Other confirmations:** The Debenture Trustee confirms that it has undertaken the necessary due diligence in accordance with Applicable Law including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI Circular titled "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated 03 November 2020.

**3. Due Diligence certificate** is annexed in **Annexure 17**.

**4. The Issuer undertakes that it shall provide the Debenture Trustee with a holding statement from the Depository Participant and that the Additional Security shall be pledged in favour of the Debenture Trustee in the depository system, within the timelines specified under the Debenture Trust Deed. It is clarified that, failure to create Additional Security shall not result in an Event of Default, so long as the Issuer redeems the Debentures in compliance with sub-clause (b) (v) (Mandatory Early Redemption) of Clause 2.7 (Early Redemption) of the Debenture Trust Deed.**

**5. Declaration of the Debenture Trustee:**

(a) It is hereby declared that this Placement Memorandum contains full disclosure in accordance with SEBI NCS Regulations issued vide SEBI Notification No. No. SEBI/LAD-NRO/GN/2021/39 dated 09 August 2021 and amendments made thereto.

(b) The Company also confirms that this Placement Memorandum does not omit disclosure of any material fact, which may make the statements made therein, in the light of the circumstances under which they are made, misleading. The Placement Memorandum also does not contain any false or misleading statement.

(c) The Company accepts no responsibility for the statements made otherwise than in this Placement Memorandum or in any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his own risk.

**SECTION VI – DISCLOSURES AS PER FORM PAS-4**

<b>Sr. No.</b>	<b>Disclosure</b>	<b>Particulars</b>
1.	General Information	Refer <b>Annexure 1</b>
2.	Particulars of Offer	Refer <b>Annexure 2</b>
3.	Mode of payment for subscription cheque / demand draft / other banking channels / Indian Clearing Corporation Limited	Refer <b>Annexure 2</b>
4.	Disclosures with regard to interest of Directors, Litigation, etc.,	Refer <b>Annexure 3</b>
5.	Financial Position of the Company	Refer <b>Annexure 4</b>
6.	Application Form	Refer <b>Annexure 16</b>
7.	Declaration by Directors of the Company	Attached <b>Exhibit B</b>

**SECTION VII – DISCLOSURES AS PER SEBI NCS REGULATIONS**

<b>Sr. No.</b>	<b>Disclosure</b>	<b>Particulars</b>
1.	Memorandum and Articles of Association of the Company	Attached <b>Exhibit J</b>
2.	Necessary resolution(s) for the allotment of the NCDs	Attached <b>Exhibit I</b>
3.	Copy of last three years audited Annual Reports	Attached <b>Exhibit H</b>
4.	Statement containing particulars of, dates of, and parties to all material contracts and agreements	Refer <b>Annexure 5</b>
5.	Copy of the Board Resolution authorizing the borrowing and list of authorized signatories	Attached <b>Exhibit I</b>
6.	An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules, etc., and the same would be uploaded on the website of the Designated Stock exchange, where the debt securities have been proposed to be listed, within five working days of execution of the same	Attached <b>Exhibit G</b>
7.	An undertaking from the Issuer that permission / consent from the prior creditor for a second or pari passu charge created, wherever applicable, in favour of the Debenture Trustee to the proposed Issue has been obtained.	Annexed as <b>Annexure 18</b> hereto.
8.	About the Issuer  A brief summary of the business/ activities of the Issuer with the details of branches or units if any and its line of business	Refer <b>Annexure 6</b>
9.	Issue details	Refer <b>Annexure 7</b>
10.	Disclosures pertaining to wilful default	Refer <b>Annexure 8</b>

## SECTION VIII – DOCUMENTS SUBMITTED TO STOCK EXCHANGE AND DEBENTURE TRUSTEE

### 1. Following documents are submitted to the Stock Exchange:

- (a) This Placement Memorandum;
- (b) Memorandum and Articles of the Company
- (c) Copy of the requisite board/committee resolutions (as the case may be) authorizing the borrowing and list of authorised signatories for the allotment of the NCDs;
- (d) Copy of last 3 (Three) years audited annual reports of the Company;
- (e) Statement containing particulars of, dates of, and parties to all material contracts and agreements of the Company;
- (f) An undertaking from the Company stating that the necessary documents for the creation of the charge, where applicable, including the Debenture Trust Deed, has been executed within the time frame prescribed in the relevant regulations/Act/rules, etc. and the same would be uploaded on the website of the Stock Exchange, where the NCDs will be listed;
- (g) An undertaking that permission/ consent from the prior creditor for a second or *pari-passu* charge being created, wherever applicable, in favour of the Debenture Trustee to the proposed Issue has been obtained – **Annexure 18**; and
- (h) Any other particulars or documents that the Stock Exchange may call for as it deems fit.

### 2. Following documents are submitted to Debenture Trustee:

- (a) This Placement Memorandum;
- (b) Memorandum and Articles of the Company
- (c) Copy of the requisite board/committee resolutions (as the case may be) authorizing the borrowing and list of authorised signatories for the allotment of the NCDs;
- (d) Copy of last 3 (Three) years audited annual reports of the Company;
- (e) Statement containing particulars of, dates of, and parties to all material contracts and agreements of the Company;
- (f) An undertaking from the Company stating that the necessary documents for the creation of the charge, where applicable, including the Debenture Trust Deed, has been executed within the time frame prescribed in the relevant regulations/Act/rules, etc. and the same would be uploaded on the website of the Stock Exchange, where the NCDs will be listed;
- (g) An undertaking that permission/ consent from the prior creditor for a second or *pari-passu* charge being created, wherever applicable, in favour of the Debenture Trustee to the proposed Issue has been obtained – Refer **Annexure 18**;
- (h) Any other particulars or documents that the Stock Exchange may call for as it deems fit Documents as specified under the Conditions Precedent (to be submitted prior to Issue opening date); and
- (i) Such other documents as specified in Debenture Trustee Agreement as required by the Debenture Trustee.

## SECTION IX – ANNEXURES

### ANNEXURE 1 – GENERAL INFORMATION

1. **Details of Company:** Please refer to the table below:

<b>Name</b>	:	KNR Tirumala Infra Private Limited
<b>Registered Office of Issuer</b>	:	KNR House, 4 <sup>th</sup> Floor, Plot No. 114, Phase- I, Kavuri Hills, Hyderabad-500033, Telangana
<b>Corporate Office of Issuer</b>	:	No – 1901, Tower B, 19 <sup>th</sup> Floor, Plot No-C -1,World Trade Tower, Sector -16, Noida 201301 (UP)
<b>Corporate Identification Number</b>	:	U45500TG2018PTC123857
<b>Phone No.</b>	:	011-48986010
<b>Contact Person</b>	:	Sanjay Kumar
<b>Email</b>	:	Compliance@ktypl.co.in
<b>Website</b>	:	<a href="http://www.ktypl.co.in">www.ktypl.co.in</a>

2. **Date of Incorporation:** 13 April 2018

3. **Business carried on by the Company and its subsidiaries with the details of branches or units, if any:**

The Issuer is a special purpose vehicle (SPV) that has been set up for the purpose of construction, operation and maintenance (including works, services and equipment) relating to six laning of the NH-140 highway from Chittor (design km 0.000 / existing km 158.000 of NH-4) to Mallavaram (design km 61.128 / existing km 41.800 of NH-140) in Andhra Pradesh, on hybrid annuity model by NHAI.

The Issuer does not have any subsidiaries.

4. **Brief particulars of the management of the Company:**

Sr. No.	Name	Address	Director Identification Number (DIN)	Occupation
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4.1.	Kamidi Narsimha Reddy	Plot No 84, Womens Cooperative society,Road No 7, Jubilee Hills	00382412	Business
4.2.	Kamidi Jalandhar Reddy	Plot No 84, Womens Cooperative society,Road No 7, Jubilee Hills	00434911	Business
4.3.	Gaurav Malhotra	C-149, Block C, Surajmal Vihar, East Delhi - 110092	0009422131	Service
4.4.	Jayesh Ramnikal Desai	1001 Desai Oceanic, V B Worlikar Marg Belani Nagar, Mumbai - 400030	000381123	Professional
4.5.	Kapil Nayyar	B-9 G F, Green park main, South west delhi - 110016	00004058	Professional

**5. Issuer's Absolute Responsibility:**

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Placement Memorandum is true and correct in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

**6. Details of Promoter of the Issuer Company:**

6.1. **Name of Promoter:** KNR Constructions Limited

6.2. **Date of Birth:** NA

6.3. **Age:** NA

6.4. **Permanent account number:** AAACK8316L

6.5. **Personal address(s):** NA

6.6. **Educational qualifications:** NA

6.7. **Business/employment experience:** NA

6.8. **Positions/posts/directorships held in the past:** not applicable:

6.9. **Business and financial activities of the Promoter:** The Promoter is a multi-domain infrastructure development organization with more than 2 decades of experience and executes the construction of technically complex and high value projects across segments such as Expressways, National Highways, Flyovers, Bridges, Viaducts, Irrigation Projects, Urban Development – Civic Amenities, Commercial and Residential Projects.



6.10. **Other ventures of the Promoter:** Expressways, National Highways, Flyovers, Bridges, Viaducts, Irrigation Projects, Urban Development – Civic Amenities, Commercial and Residential Projects.

6.11. **Special achievements:** NA

6.12. **Photograph:** NA

6.13. **Declaration confirming that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters and Permanent Account Number of directors have been submitted to the stock exchanges on which the non-convertible securities are proposed to be listed, at the time of filing the draft offer document:**

We hereby declare confirming that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters and Permanent Account Number of directors have been submitted to the Stock Exchange on which the non-convertible securities are proposed to be listed, at the time of filing the draft Placement Memorandum.

6.14. **Details:**

Name of Promoter	Total No. of Equity Shares held	No. of Equity Shares in dematerialised form	Total shareholding as a % of total number of Equity Shares	No. of Equity Shares pledged	% of Equity Shares Pledged with respect to Equity Shares owned
KNR Constructions Limited	365288	365288	51%	365288	51%

7. **Details of the Directors of the Company:**

Sr. No.	Name	Address	Director Identification Number (DIN)	Occupation
7.1.	Kamidi Narsimha Reddy	Plot No 84, Womens Cooperative society, Road No 7, Jubilee Hills	00382412	Business
7.2.	Kamidi Jalandhar Reddy	Plot No 84, Womens Cooperative society, Road No 7,	00434911	Business

		Jubilee Hills		
7.3.	Gaurav Malhotra	C-149, Block C, Surajmal Vihar, East Delhi -110092	0009422131	Service
7.4.	Jayesh Ramnikal Desai	1001 Desai Oceanic, V B Worlikar Marg Belani Nagar, Mumbai - 400030	000381123	Professional
7.5.	Kapil Nayyar	B-9 G F, Green park main, South west delhi -110016	00004058	Professional

**8. Management's perception of risk factors:** Refer Section IV – General Risks of this Placement Memorandum.

**9. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –**

Sr. No.	Particulars	Particulars
9.1.	Statutory dues	There is no default in payment of statutory dues
9.2.	Debentures and interest thereon	Not Applicable
9.3.	Deposits and interest thereon	Not Applicable
9.4.	Loan from any bank or financial institutions and interest thereon	There is no default in payment of interest

**10. Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for private placement offer process:**

**Name of the Compliance Officer:** Sanjay Kumar;  
**Telephone number of Compliance Officer:** 9643983770;  
**Email address of Compliance Officer:** sanjay.kumar@ktypl.co.in

**11. Any default in annual filing of the Company under the Companies Act or the rules made thereunder:** Not Applicable

**12. Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters:** Please refer to Cover Page of this Placement Memorandum.

## ANNEXURE 2 – PARTICULARS OF OFFER

1. **Financial Position of the Company for the last 3 financial years:** Refer clause 4, 5 and 6 of Annexure 4.
2. **Date of passing of board resolution:** 23 December 2021
3. **Date of passing of resolution in the General Meeting, authorizing the offer of securities:** 27 December 2021
4. **Kinds of securities offered (i.e. whether share or debenture) and class of security, the total number of shares or other securities to be issued:** Please refer to Cover Page of this Placement Memorandum.
5. **Price at which the security is being offered including the premium, if any, along with justification of the price:** INR 10,00,000 (Indian Rupees Ten Lakhs only) per debenture (at Face Value)
6. **Name and address of the valuer who performed valuation of the security offered and basis on which price has been arrived at along with report of registered valuer:** M/s RS Valuation Services Private Limited
7. **Relevant date with reference to which price has been arrived at:** Not applicable
8. **Class or classes of persons to whom the allotment is proposed to be made:** Kindly refer to the 'Eligible Investors' section of this Placement Memorandum.
9. **Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) required:** Not Applicable.
10. **Change in control, if any, in the Company that would occur consequent to the private placement:** Not Applicable
11. **The number of persons to whom allotment on preferential basis/private placement/ rights issue has already been made during the year, in terms of number of securities as well as price:** Not Applicable
12. **Justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:** Not Applicable
13. **Amount which the Company intends to raise by way of proposed offer of securities:** INR 521,00,00,000 (*Indian Rupees Five Hundred and Twenty One Crores only*)
14. **Terms of raising of securities :** Refer to Annexure 7
  - 14.1. **Duration, if applicable:** 13 (thirteen) years 3 (three) months and 19 (nineteen) days

- 14.2. Rate of Dividend:** Not applicable
- 14.3. Rate of Interest / Coupon:** Refer **Annexure 7**
- 14.4. Mode of payment:** The pay-in of subscription monies for the Debentures shall be made by way of transfer of funds from the bank account(s) of the Eligible Investors (whose bids have been accepted) as registered with the Electronic Book Provider into the account of the relevant clearing corporation.
- 14.5. Mode of Repayment:** For amounts payable by the Issuer to any Debenture Holder pursuant to the terms of the Transaction Documents, cheque(s)/ electronic clearing services /credit through RTGS system/funds transfer to the specified bank account of the Debenture Holder shall be the mode of settlement.
- 15. Proposed time within which allotment shall be completed:** the Debentures are proposed to be allotted on the Deemed Date of Allotment
- 16. Proposed time schedule for which the private placement offer cum application letter is valid:** Please refer to Cover Page of this Placement Memorandum.
- 17. Purposes and objects of the offer:** Kindly refer **Annexure 7**
- 18. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects:** Not applicable
- 19. Principle terms of assets charged as security, if applicable:** Kindly refer **Annexure 7**
- 20. Details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of Company and its future operations:** Attached as **Annexure 19**
- 21. Pre-issue and post-issue shareholding pattern of the Company in the following format:**

Sr. No.	Category	Pre-Issue		Post-Issue	
		No. of shares held	% of shareholding	No. of shares held	% of shareholding
<b>A</b>	<b>Promoters' holding</b>				
<b>1</b>	<b>Indian</b>	<b>365288</b>	<b>51%</b>	<b>365288</b>	<b>51%</b>
	Individuals				
	Body Corporate				
	Sub-total				
<b>2</b>	<b>Foreign Promoters</b>				
	<b>Sub-total (A)</b>	<b>365288</b>	<b>51%</b>	<b>365288</b>	<b>51%</b>
<b>B</b>	<b>Non-Promoters' holding</b>				
<b>1</b>	<b>Institutional Investors*</b>	<b>350962</b>	<b>49%</b>	<b>350962</b>	<b>49%</b>

<b>2</b>	<b>Non-Institutional Investors</b>				
	Private corporate bodies				
	Directors and relatives				
	Indian public				
	Others (including Non-resident Indians (NRIs))				
	<b>Sub-total (B)</b>	<b>350962</b>	<b>49%</b>	<b>350962</b>	<b>49%</b>
	<b>GRAND TOTAL</b>		<b>100%</b>		<b>100%</b>

\* This includes one share held by Mr. Gaurav Malhotra as nominee of Cube Highways Infrastructure III Pte. Ltd.

**22. Mode of payment for subscription:**

- (a) Cheque
- (b) Demand Draft
- (c) Other Banking Channels
- (d) Indian Clearing Corporation Limited

### **ANNEXURE 3 – DISCLOSURES FOR INTEREST OF DIRECTORS, LITIGATION, ETC.,**

- 1. Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interest of other persons: Not Applicable**
- 2. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory body or authority against any promoter of the Company during the last three years immediately preceding the year of the issue of the private placement offer-cum-application letter and any direction issued by the Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed: Nil**
- 3. Remuneration of directors (during the current year and last three financial years): Nil for the last 3 financial years. Current financial year INR 40,000/- per board meeting and INR 20,000 per committee meeting to the Independent Directors**
- 4. Related party transactions entered during the last three financial years immediately preceding the year of issue of the private placement offer-cum-application letter including with regard to loans made or guarantees given or securities provided: As per Annual report attached as Exhibit H. Since the Placement Memorandum is being filed in April 2022, the details regarding the related party transactions entered into by the Company are not available for the latest financial year ending on 31 March 2022. The relevant details as available on 30 September 2021, have been disclosed in Exhibit H.**
- 5. Summary of reservation or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of issue of the private placement offer-cum-application letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservation or qualifications or adverse remarks: No**
- 6. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of issue of the private placement offer-cum-application letter in the case of company and all its subsidiaries and, if there were any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of the private placement offer-cum-application letter and if so, section – wise details thereof for the company and all of its subsidiaries: No**
- 7. Details of acts of material frauds committed against the Company in the last three years, if any, and if so, the action may be taken by the Company: No**

**ANNEXURE 4 – FINANCIAL POSITION OF THE COMPANY**

**1. The capital structure of the Company:**

(i) Authorised, Issued, Subscribed and Paid-up Capital:

Authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	Size of the present offer	Paid-up Capital		Share premium account	
		After the Offer	After conversion of convertible instruments (if applicable)	Before the offer	After the offer
<p><b>Authorised</b> – 716300 equity shares of 1000 each totalling to 716300000</p> <p><b>Issued</b> – 716250 equity shares of 1000 each totalling to 716250000</p> <p><b>Subscribed</b> – 716250 equity shares of 1000 each totalling to 716250000</p> <p><b>Paid up</b> – 716250 equity shares of 1000 each totalling to 716250000</p>	NA	NA	NA	NA	NA

(ii) The details of the existing share capital of the Company, indicating therein, with regard to each allotment, the following:

Date of the allotment	Number of shares allotted	Face value of the shares allotted	Price	Form of consideration
22 March 2018	1000	1000	1000	Cash
19 March 2019	715250	1000	1000	Conversion of Unsecured loan

\*Note: Cube Highways and Infrastructure III Pte. Ltd has acquired 350,962 equity shares from KNR Constructions Limited on 30<sup>th</sup> Dec 2021.

2. **The number and price at which each of the allotments were made in the last one year preceding the date of the private placement offer cum application letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case:**

No allotments made in the last 1 year.

3. **Profits of the Company, before and after making provisions for tax, for the three financial years immediately preceding the date of issue of private placement offer-cum-application letter**

Relevant Time Period*	Profit Before Tax (INR Lakhs)	Profit After Tax (INR Lakhs)
For the period ending on 31 December 2021	(3156.90)	(3156.90)
Financial Year	Profit Before Tax	Profit After Tax
2021	3649.95	3649.95
2020	1872.80	1872.80
2019	Nil	Nil

*\*Since the Placement Memorandum is being filed in April 2022, the details regarding the profits of the Company are not available for the latest financial year ending on 31 March 2022. However, based on the limited review carried out for the period ending on 31 December 2021, we have made the requisite disclosures above.*

4. **Dividends declared by the Company in respect of the said three financial years; interest coverage ratio for last three years (cash profit tax plus interest paid/interest paid):**

Not Applicable\*

*\*Since the Placement Memorandum is being filed in April 2022, the details regarding the dividends declared by the Company are not available for the latest financial year ending on 31 March 2022. However, based on the limited review carried out for the period ending on 31 December 2021, we have made the requisite disclosures above.*



5. A summary of the financial position of the Company as in the three audited balance sheets immediately preceding the date of issue of private placement offer-cum-application letter:

Particulars (INR in lakhs)	As on 30 September 2021	As on 31 March 2021	As on 31 March 2020	As on 31 March 2019
<b>Equity and Liabilities</b>				
<b>Shareholders' funds</b>				
Share capital	7162.5	7162.5	7162.5	7162.5
Reserves and surplus	12340.8	10,503.8	1962.8	90.0
Trade payables	2639.4	20,737.8	21,297.4	13838.8
Other current liabilities	1643.4	1637.2	4706.8	486.9
<b>Total</b>	<b>23786.1</b>	<b>40041.3</b>	<b>35129.5</b>	21578.2
<b>Current assets</b>	<b>2297.9</b>	<b>1608.2</b>	<b>3577.2</b>	5836.11
Cash and bank balances	172.7	786.14	57.47	38
<b>Total</b>	<b>2297.9</b>	<b>1608.2</b>	<b>3577.2</b>	5836.11

6. Audited Cash Flow Statement for the three years immediately preceding the date of issue of private placement offer-cum-application letter:

Particulars (INR in lakhs)	As on 30 September 2021	As on 31 March 2021	As on 31 March 2020	As on 31 March 2019
Loss before and tax	2242.9	3649.9	1872.8	0
Changes in working capital	(28381)	(23097)	(991.3)	(13,142.7)
Taxes Paid (net of refunds)	(187.5)	386.5	(991.8)	0
Total revenue from operations	21648.4	42544.3	54110.7	13,142.7
Other income	57.23	1466.9	497.0	0
Total Expenses	23948.6	40,361.3	52734.9	13,142.7
Total comprehensive income	(2242.9)	3649.9	1872.8	0
Profit / loss				
Other comprehensive income				
Profit / loss after tax	(2242.9)	3649.9	1872.8	0
Earnings per equity share: (a) basic; and (b) diluted	(313.15)	509.6	261.5	0
	(313.15)	509.6	261.5	0

Continuing operations				
Discontinued operations				
Continuing and discontinued operations				
Net cash generated in operating activities	(28,123.8)	(22,671.4)	0.5	5928.2
Net cash flow used in/generated from investing activities	0	0	18.9	(13,142.7)
Net cash flow used financing activities	(27,510.3)	23,400.1	0	7252.5
Net increase decrease in cash and cash equivalents	(613.5)	728.7	19.5	38.0
Cash and cash equivalents at the beginning of the year	786.1	57.5	38	0
Cash and cash equivalents at the end of the year	172.7	786.1	57.5	38.0
Balance as per statement of cash flows				

**7. Audited Profit and Loss Statement for the three years immediately preceding the date of issue of private placement offer-cum-application letter:**

Particulars ( INR lakhs)	As on 30 September 2021	As on 31 March 2021	As on 31 March 2020	As on 31 March 2019
<b>Revenue</b>				
Revenue from operations	21648.4	42,544.3	54,110.7	13142.7
Other income	57.2	1466.9	497.0	0
<b>Total Revenue</b>	<b>21705.6</b>	<b>44,011.2</b>	<b>54,607.7</b>	<b>13142.7</b>
<b>Expenses</b>				
Operating Expense	17323.9	39,016.2	52,184.2	13142.7
Employee benefits expense	0	0	0	0
Finance costs	1593.9	1345.1	550.7	0
Depreciation and amortization expense		0	0	0
Other expenses	5030.8	0	0	0
<b>Total expenses</b>	<b>23,948.6</b>	<b>40361.3</b>	<b>52,734.9</b>	<b>13142.7</b>
<b>Loss before tax</b>	<b>2242.9</b>	<b>(3649.9)</b>	<b>(1872.8)</b>	<b>0</b>
Income Tax	0	0	0	0
<b>Loss for the year</b>	<b>2242.9</b>	<b>(3649.9)</b>	<b>(1872.8)</b>	<b>0</b>

**8. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the Company: Not Applicable**

9. **Declaration of Directors:** Refer to **Annexure 11**.
10. **Auditor's report along with the requisite schedules, footnotes, summary etc.:** Refer to **Annexure 20**
11. **Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:** Refer to **Exhibit H**

**ANNEXURE 5 – STATEMENT CONTAINING PARTICULARS OF, DATES OF, AND PARTIES TO ALL  
MATERIAL CONTRACTS AND AGREEMENTS**

**A. MATERIAL CONTRACTS**

- (i) Letter appointing Registrar and Transfer Agents and Trustee;
- (ii) Concession Agreement; and
- (iii) The O&M Contracts, provided that contracts for O&M which have an annual individual value of less than INR 2,00,00,000 (Indian Rupees Two crore) shall not be considered a Material Contract.

**B. DOCUMENTS**

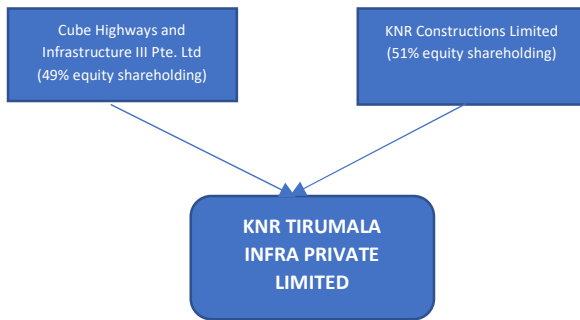
- (i) The Memorandum and Articles of Association of the Company, as amended from time to time.
- (ii) Certificate of Incorporation of the Company.
- (iii) Credit Rating Attached Separately
- (iv) Board Resolution approving the proposed private placement.
- (v) Consent letters of the Trustees to the Debenture holders.
- (vi) Annual Reports of the Company for the FY 2020-2021
- (vii) Signed Financials of the Company for the FY 2020-2021

## ANNEXURE 6 – ABOUT THE ISSUER

### 1. Overview of the business of the Issuer:

The Issuer is a special purpose vehicle (SPV) that has been set up for the purpose of construction, operation and maintenance (including works, services and equipment) relating to six laning of the NH-140 highway from Chittor (design km 0.000 / existing km 158.000 of NH-4) to Mallavaram (design km 61.128 / existing km 41.800 of NH-140) in Andhra Pradesh, on hybrid annuity model by NHAI.

### 2. Corporate structure of the Issuer:



### 3. Project cost and means of financing, in case of funding of new projects: Not Applicable

### 4. Key operational and financial parameters for last 3 audited years on consolidated and standalone basis:

Parameters (INR Lakhs)	Upto latest half year	FY 2021	FY 2020	FY 2019
<b>For Non-Financial Sector Entities</b>				
Net Fixed Assets				
Current Assets	2297.9	1608.2	3577.2	117.5
Non-current Assets	66929.5	58,243.0	32,389.5	21491.1
<b>Total assets</b>	<b>69227.5</b>	<b>59,851.1</b>	<b>35,966.7</b>	<b>21608.6</b>
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	43,348.4	18,759.8	0	0
Current Liabilities	6374.8	23,425.0	26,841.0	14356.1

(including maturities of long-term borrowings)				
Financial (borrowings, trade payables, and other financial liabilities)				
Provisions				
Current tax liabilities (net)				
Other current liabilities				
<b>Total Liabilities</b>	<b>49724.2</b>	<b>42,184.9</b>	<b>26,841.4</b>	<b>14356.1</b>
<b>Equity (equity and other equity)</b>	<b>19503.3</b>	<b>17,666.3</b>	<b>9125.3</b>	<b>7252.3</b>
<b>Total equity and liabilities</b>	<b>69227.5</b>	<b>59,851.1</b>	<b>35,966.7</b>	<b>21608.6</b>
<b>Profit and Loss</b>				
Total revenue from operations	21648.4	42,544.3	54,110.7	13142.7
Other income	57.2	1466.9	497.0	
Total Expenses	23,948.6	40361.3	52,734.9	13142.7
Total comprehensive income	<b>2242.9</b>	<b>(3649.9)</b>	<b>(1872.8)</b>	0
Profit / loss				
Other comprehensive income				
Profit / loss after tax	<b>2242.9</b>	<b>(3649.9)</b>	<b>(1872.8)</b>	0
Earnings per equity share: (a) basic; and (b) diluted	(313.15)	509.6	261.5	0
	(313.15)	509.6	261.5	
Continuing operations				
Discontinued operations				
Continuing and discontinued operations				
<b>Cash flow</b>				
Net cash generated from operating activities	(28,123.8)	(22,671.4)	0.5	5928.2
Net cash used in/ generated from investing activities	0	0	18.9	(13142.7)
Net cash used in financing activities	(27,510.3)	23,400.1	0	7252.5
Cash and cash equivalents	172.7	786.1	57.5	38
Balance as per statement of cash flows				
<b>Additional information</b>				
Net worth				
Cash and cash equivalents	172.7	786.1	57.5	38
Current investments				
Net sales	21648.4	42,544.3	54,110.7	13142.7
EBITDA	(2243.0)	3649.9	1872.8	0
EBIT	(2243.0)	3649.9	1872.8	0
Dividend amounts	0	0	0	0
Long term debt to working capital	NA	NA	NA	NA
Current liability ratio – current liabilities / non-current liabilities	0.15	1.25	NA	NA
Total Debts to Total assets	0.62	0.31	NA	NA
Interest service coverage ratio	NA	NA	NA	NA
Debt Service Coverage Ratios	NA	NA	NA	NA



22/03/2018	1000	1000	1000	Cash	Subscription	1000	10,00,000		
19/03/2019	715250	1000	1000	Conversion of Unsecured loan	Conversion of Unsecured loan	716250	71,62,50,000		

\*Cube Highways and Infrastructure III Pte. Ltd has acquired 350,962 equity shares from KNR Constructions Limited on 30<sup>th</sup> Dec 2021.

6.4. **Details of any Acquisition or Amalgamation with any entity in the last 1 year:**

Not applicable.

6.5. **Details of any Reorganization or Reconstruction in the last 1 year:** Not Applicable

6.6. **Details of the shareholding of the Company as on the latest quarter end i.e. 31 March 2022, as per the format specified under the listing regulations:**

Particulars	Total No. of equity shares	No. of equity shares in demat form	Total Shareholding as % of total no of equity shares
<b>KNR Construction and its nominees</b>	<b>365288</b>	<b>365288</b>	<b>51%</b>
<b>Cube Highways and Infrastructure III Pte. Ltd.*</b>	<b>350962</b>	<b>350962</b>	<b>49%</b>

**Notes:** Shares pledged or encumbered by promoters – 51% of the shares are currently pledged in favour of the Previous Lenders.

\* This includes one share held by Mr. Gaurav Malhotra as nominee of Cube Highways Infrastructure III Pte. Ltd.

6.7. **List of top 10 holders of equity shares of the Company as on the latest quarter end 31 March 2022:**

S. No.	Name of shareholder	Total No. of equity shares	No. of equity shares in demat form	Total Shareholding as % of total no of equity shares
1	<b>KNR Construction and its nominees</b>	<b>365,288</b>	<b>51%</b>	<b>51%</b>
2	<b>Cube Highways and Infrastructure III Pte. Ltd.*</b>	<b>350,962</b>	<b>49%</b>	<b>49%</b>

\* This includes one share held by Mr. Gaurav Malhotra as nominee of Cube Highways Infrastructure III Pte. Ltd.

6.8. **Following details regarding the directors of the Company: As on date**



(a) Details of the current directors of the Company

Name, designation and DIN	Age	Address	Date of appointment	Details of other directorships	Whether willful defaulter (Yes/No)
Kamidi Narsimha Reddy	73	Plot No 84, Womens Cooperative society, Road No 7, Jubilee Hills	4/13/2018	Attached as Annexure 22	No
Kamidi Jalandhar Reddy	50	Plot No 84, Womens Cooperative society, Road No 7, Jubilee Hills	4/13/2018	Attached as Annexure 22	No
Gaurav Malhotra	36	C-149, Block C, Surajmal Vihar, East Delhi -110092	30/12/2021	Attached as Annexure 22	No
Jayesh Ramnikal Desai	55	1001 Desai Oceanic, V B Worlikar Marg Belani Nagar, Mumbai - 400030	30/12/2021	Attached as Annexure 22	No
Kapil Nayyar	43	B-9 G F, Green park main, South west delhi -110016	30/12/2021	Attached as Annexure 22	No

Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: Not Applicable

(b) Details of change in directors since last three years:

Name, Designation and DIN	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable	Remarks
Gaurav Malhotra (Director) (DIN: 09422131)	30/12/2021	N.A.	N.A.	N.A.

Kapil Nayyar (Director) (DIN: 00004058)	30/12/2021	N.A.	N.A.	N.A.
Jayesh Ramniklal Desai (Director) (DIN: 00038123)	30/12/2021	N.A.	N.A.	N.A.
Kamidi Narsimha Reddy (Director) (DIN: 00382412)	13/04/2018	N.A.	N.A.	N.A.
Jalandhar Reddy Kamidi (Director) (DIN: 00434911)	13/04/2018	N.A.	N.A.	N.A.

6.9. **Following details regarding the auditors of the Company:**

(a) Details of auditors of the Company:

Name of the Auditor	Address	Auditor since
M.K. Dandekar & Co	No 185 (Old No 100), 2 <sup>nd</sup> floor; Poonamalle High road, Kilpauk, Chennai	04.01.2019

(b) Details of change in auditor since last three years: Not applicable



Details of list of top 10 (ten) holders of non-convertible securities in terms of value (in cumulative basis (as on 31 March 2022):

S. No.	Name of holders of Non-convertible Securities	Amount	% of total NCS outstanding
NA	NA	NA	NA

Details of outstanding Commercial Paper as at the end of the last quarter ending on 31 March 2022 in the following format:

S. No.	ISIN of Commercial Paper	Maturity Date	Amount Outstanding
NA	NA	NA	NA

(d) Details of Rest of the borrowing (if any including hybrid debt like FCCB, optionally convertible debentures / preference Shares) as on 31 March 2022:

Name of Party (in case of facility)/ Name of Instrument	Type of facility / Instrument	Amount sanctioned/ issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured/ Unsecured	Security
Cube Highways and Infrastructure III pte. Ltd.	Optionally convertible debentures	885,950,000	885,950,000	Payable once RPC conditions of the senior debt has been met, in accordance with the terms of the per OCD agreement dated 27 <sup>th</sup> December 2021executed by and	NA	Unsecured	NA

				between Cube Highways and Infrastructu re III Pte. Ltd and KNR Tirumala Infra Private Limited			
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(e) Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 3 years including the current financial year: Not Applicable

(f) Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash (This information shall be disclosed whether such borrowing/debt securities have been taken/issued (i) in whole or part; (ii) at a premium or discount; or (iii) in pursuance of an option or not): Not Applicable

6.11. **The names of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with the copy of the consent letter from the debenture trustee:** Catalyst Trusteeship Limited has given its consent to act as the Debenture Trustee in relation to the Debentures, a copy of which is annexed as **Exhibit C**.

6.12. **Details of Promoters of the Company:**

(a) Details of Promoter Holding in the Company as on the latest quarter end i.e. 31 March 2022:

Name of shareholder	Total no. of equity shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of shares pledged	% of shares pledged with respect to shares owned
KNR Construction Limited and its nominees	365,288	365,288	51%	365,288	51%

- (b) Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/Promoters, litigations resulting in material liabilities, corporate restructuring event, etc.,) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the non-convertible securities: Not Applicable
- (c) The name of the Debenture Trustee(s) with statement to the effect that the Debenture Trustee(s) has given his consent to the Issuer for his appointment. The Company has appointed Catalyst Trusteeship Limited, a SEBI registered debenture trustee as the debenture trustee for and on behalf of the Debenture Holders. The address and contact details of the Debenture Trustee are as under:

Name: Catalyst Trusteeship Limited

Address: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400098

Website: <https://catalysttrustee.com/>

The Debenture Trustee has by way of letter dated 30 November 2021 given its consent to the Company under Paragraph 2.3.20 of Schedule II of SEBI NCS to be appointed as the Debenture Trustee to this Issue, attached as **Exhibit C**.

- (d) The detailed rating rationale (s) adopted (not older than one year on the date of opening of the Issue)/ credit rating letter issued (not older than one month on the date of opening of the Issue) by the rating agencies: **Refer Section III**.
- (e) If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the Investor along with timelines), the same shall be disclosed in the offer document:

The NCDs are not proposed to be secured by any guarantees.

- (f) Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention:
- A. The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made: **Refer Annexure 14**
  - B. Procedure and time schedule for allotment and issue of securities: **please refer to the Cover Page of this Placement Memorandum**.
  - C. Cash flows emanating from the non-convertible securities shall be mentioned in the offer document, by way of an illustration: **Refer Annexure 14 (Illustration of Cash Flows)**.
- (g) Names of all the recognised stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange: **NSE**.

- (h) Details of the in-principle approval for listing obtained from these stock exchange(s): in principle approval dated 06 January 2022 obtained from the Stock Exchange, annexed herewith as **Exhibit F**.

6.13. **Other details of the Issue:**

<b>Details of creation of debenture redemption reserve, relevant legislations and applicability</b>	The Company shall create a debenture redemption reserve for the purpose of redemption of the Debentures, as and to the extent required under Applicable Law. To the extent permitted under the applicable laws, the Issuer may utilize the DSRA Amount for the maintenance of the debenture redemption reserve.
<b>Issue/instrument specific regulations - relevant details (Companies Act, RBI guidelines, etc).</b>	The Issue of Debentures shall be in conformity with the applicable provisions of the Act and SEBI NCS Regulations and Applicable Law.
<b>Default in Payment</b>	As agreed in the Debenture Trust Deed
<b>Delay in Listing</b>	The Issuer shall list the NCDs on the wholesale debt market segment of the Stock Exchange within 4 (four) trading days from closure of issue of the NCDs as stated in the Offer Documents. If there is a delay in listing of the NCDs beyond the said 4 (four) trading days, then the Issuer will, notwithstanding the right of the Debenture Trustee to treat this as an Event of Default, pay penal interest of 1% (one per cent) per annum for the period of delay (i.e. from the Deeded Date of Allotment to the date of listing of the NCDs) to the NCD Holders.
<b>Delay in allotment of securities and unblocking of application money in case of refund</b>	The allotment of securities shall be made within the timelines stipulated under Operational Circular issued by SEBI.
<b>Issue Details</b>	5210 (five thousand two hundred and ten) senior, listed, rated, secured, redeemable, non-convertible Debentures of the face value of INR 10,00,000 (Indian Rupees Ten Lakhs only) each, aggregating to INR 521,00,00,000 (Indian Rupees Five Hundred and Twenty One Crores only)
<b>Application process</b>	As per <b>Annexure 15</b>

<b>Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project</b>	NA, the project has achieved PCOD
<b>Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any.</b>	As per Section VI – DISCLOSURES AS PER FORM PAS-4



## ANNEXURE 7 – ISSUE DETAILS

### 1. Summary term sheet with following information (where relevant) pertaining to the Secured Non-Convertible debt securities (or a series thereof):

Security Name (Name of the debt securities/non-convertible redeemable preference shares which includes (Coupon/dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	For Series A Debentures: KNR Tirumala Infra Private Limited <b>6.02% Series A Debentures 2035</b>  For Series B Debentures: KNR Tirumala Infra Private Limited <b>6.02% Series B Debentures 2035</b>
Issuer	KNR Tirumala Infra Private Limited
Type of Instrument / Instrument	Senior, listed, rated, secured, redeemable non-convertible debentures (“NCDs” or “Debentures”)
Nature of Instrument (Secured or Unsecured)	Secured
Seniority (Senior or Subordinated)	Senior
Eligible Investors	All QIBs (As entailed in the EBP guidelines issued by SEBI) Specifically as below: Banks, Mutual Funds, Non-Banking Finance Companies, Financial Institutions, Insurance Corporations, Provident & Pension Funds, Corporate Investors, Foreign Portfolio Investors and any other participant eligible to invest in accordance with the relevant regulations/ guidelines applicable to them for investing in this Issue
Listing (name of Stock Exchange(s) where it will be listed and timeline for listing)	The Debentures are proposed to be listed on the WDM segment of the NSE, within 4 trading days from the closure of issue.
Rating of the instrument	AAA by CRISIL
Issue size	The aggregate value of the Debentures shall be up to INR 521,00,00,000 (Indian Rupees Five Hundred and Twenty One Crores only), in 2 (two) series as mentioned below:  Series A: INR 484,00,00,000 (Indian Rupees Four Hundred and Eighty Four Crores only)  Series B: INR 37,00,00,000 (Indian Rupees Thirty Seven Crores only)
Minimum subscription	1 (One) Debenture for INR 10,00,000 (Indian Rupees Ten Lakhs only) each
Option to retain oversubscription (Amount)	Not applicable
Object of the Issue / Purpose for which there is requirement of funds	(a) The Issuer will use the proceeds from the Issue of the Series A Debentures towards the following purposes:

In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	<p>(i) refinancing the Previous Lenders in full;</p> <p>(ii) repayment of the balance costs in relation to the EPC Agreement; and</p> <p>(iii) towards capital expenditure or towards any other cost relating to the Project as permitted by the NHAI.</p> <p>(b) The Issuer will use the proceeds from the Issue of the Series B Debentures towards the creation and maintenance of the Debt Service Reserve Amount</p> <p>The Issuer is not an NBFC.</p>
Details of utilization of the proceeds	Same as above
Coupon rate	means interest on the Debentures calculated at a rate of: (I) 6.02% per annum for a period of 1 (one) year following the Deemed Date of Allotment, and (II) 6.30% per annum thereafter, and as may be further adjusted for the Step Up Coupon or Step Down Coupon (as the case may be), and payable on each Coupon Payment Date.
Step Up / Step Down Coupon Rate	<p>In the event of a credit rating downgrade of the Debentures For each notch downgrade in the credit rating of the Debentures from AAA up to AA-, the Spread shall be increased by 25 (twenty five) basis points for each notch downgrade ("<b>Step Up Coupon</b>"). It is clarified that lowest rating of the Credit Rating Agency shall be considered for the purpose of determining the Step Up Coupon.</p> <p>In the event of an upgrade in the prevailing credit rating of the Debentures up to AAA, the Spread shall be reduced by 25 (twenty five) basis points for each notch upgrade ("<b>Step Down Coupon</b>").</p> <p>Such Step Up Coupon / Step Down Coupon shall be applicable from the date of corresponding upgrade / downgrade of the credit rating in respect of the Debentures.</p> <p>Company to have a prepayment right without any penalty if rating goes to AA or below, by giving not less than 30 days prior written notice regarding such early redemption to Debenture holders</p>
Depository	NSDL and CDSL
Face Value	INR 10,00,000/- (Indian Rupees Ten Lakh only) per Debenture.
Minimum application and in multiples of thereafter	1 (One) Debentures and in multiples of 1 (One) Debenture thereafter.
Issue Price	Face Value i.e. INR 10,00,000/- (Indian Rupees Ten Lakh only) per Debenture.
Discount at which security is issued and the effective yield as a result of such discount	Not applicable.

Creation of recovery expense fund	The Company shall create a recovery expense fund (REF) in the manner specified by SEBI from time to time and inform the Debenture Trustee about the same. The Company proposing to list debt securities shall deposit an amount equal to 0.01% of the issue size subject to maximum of Rs. 25 lakhs per issuer towards REF with the NSE to cover cost and expenses in relation to enforcement in the Event of Default as specified in SEBI circular having reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 and dated October 22, 2020, as amended or modified from time to time.
Issue Timing	As mentioned in Annexure 15 of the Private Placement Memorandum.
Issue Opening Date	As mentioned on the first page of the Private Placement Memorandum.
Issue Closing Date	As mentioned on the first page of the Private Placement Memorandum.
Date of earliest closing of Issue, if any	As mentioned on the first page of the Private Placement Memorandum
Pay-IN Date	As mentioned on the first page of the Private Placement Memorandum
Deemed Date of Allotment	As mentioned on the first page of the Private Placement Memorandum.
Record date	The day falling 15 (fifteen) days before any Coupon Payment Date or Redemption Date, as the case may be for the purposes of actual calculation.
Tenor	Door to Door tenor of about 13 (thirteen) years 3 (three) months and 19 (nineteen) days from the Deemed Date of Allotment.
Redemption Date / Repayment Schedule and Redemption Amounts	means each of the dates set out in <b>Annexure 21</b> of this Placement Memorandum, being the dates on which the Debentures are scheduled for redemption in accordance with the Redemption Schedule.
Put Date/Call Date	The Designated Early Redemption Event Dates
Put Price	As per the terms of the Debenture Trust Deed
Call Price	As per the terms of the Debenture Trust Deed
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	each Debenture Holder shall have the right to require the Issuer to redeem all of the Debentures at par held by such Debenture Holders on the Designated Early Redemption Event Dates by issuing a notice to the Issuer, within the period beginning from 105 (one hundred five) days prior to the Designated Early Redemption Event Dates and ending on 90 (ninety) days prior to the Designated Early Redemption Event Dates, calling upon the Issuer to redeem the Debentures in full.  Detailed process set out in Debenture Trust Deed

Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	<p>The Issuer shall, between each period starting from 105 (one hundred five) days prior to any Designated Early Redemption Event Date and ending on 75 (seventy five) days prior to such Designated Early Redemption Event Dates, have the option of delivering a notice to the Debenture Trustee ("<b>Call Option Notice</b>"), intimating the Debenture Trustee of its desire to redeem all Debentures at par, in full. The Issuer shall upon issuance of such Call Option Notice be entitled to redeem all the Debentures at par, in full, provided that such Call Option Notice shall be issued at least 30 (thirty) days prior to the date proposed for early redemption as specified in the Call Option Notice.</p> <p>Detailed process as set out in Debenture Trust Deed</p>
Settlement mode of Instrument	RTGS / NEFT / ECS / Indian Clearing Corporation Limited
Coupon/ Dividend payment dates	31 July and 31 January of every Financial Year
Disclosure of Interest/Dividend/redemption dates	<p>Coupon Payment Dates: 31 July and 31 January of every Financial Year</p> <p>Redemption Dates: As specified in Annexure 21</p>
Coupon /Dividend Payment Frequency	Semi-annual
Cumulative / non-cumulative, in case of dividend	Not Applicable
Coupon Type (Fixed, floating or other structure) / Interest Type	Fixed, subject to the terms of the Debenture Trust Deed whereby upon the occurrence of certain events, the Coupon can be increased or reduced (as the case may be).
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	During the period falling at least 120 (one hundred and twenty) days prior to the Designated Early Redemption Event Dates and no later than 105 (one hundred five) days prior to the Designated Early Redemption Event Dates, each Debenture Holder shall have the right to specify a revised Coupon, the highest of which shall replace the then existing Coupon as the revised Coupon (" <b>Revised Coupon</b> ") from the earliest Designated Early Redemption Event Date.
Day count basis	Actual / Actual
Interest on Application	Not Applicable

Money	
Default Interest rate	<p><b><u>Part A - Default Interest:</u></b></p> <p>In case of default in payment of any monies accruing due on the respective due dates, or upon occurrence of any other Event of Default, the Debentures shall carry additional interest, which shall be a rate of 2% per annum over and above the Coupon Rate for the period of default or delay.</p> <p><b><u>Part B - Additional Interest:</u></b></p> <p>Upon the occurrence of the following events and upon the receipt of notice from the Debenture Trustee (acting on the instructions of the Debenture Holders holding Debentures, representing not less than 15% (fifteen per cent) of the value of the outstanding Debt), the Issuer shall pay an additional interest in the following manner:</p> <ol style="list-style-type: none"> <li>a. In case of delay in listing beyond 4 trading days from the Issue Closure Date, an Additional Interest of 1% p.a. per annum shall be payable on the Debentures, over and above the Coupon Rate for the period of delay in the listing of Debentures i.e., from the Deemed Date of Allotment until the date of listing of the Debentures.</li> <li>b. in the event: (a) the Issuer fails to issue the appropriate corporate authorisations required by the NSE for securing the Debentures in a form and manner satisfactory to the NSE and the Debenture Trustee, or (b) the Issuer fails to obtain the requisite regulatory authorisations for securing the Debentures, or (c) the Primary Security is not created and perfected (d) execution of debenture trust deed prior to listing , in each case within the timelines as stipulated in the Debenture Trust Deed or other Debenture Documents, Additional Interest of 2% (two percent) per annum (or such higher rate as may be prescribed under Applicable Laws) shall be payable on the Debentures, from the end of the stipulated timeline and until the date of creation and perfection of the Primary Security to the satisfaction of the Debenture Holders</li> <li>c. in the event the Issuer and the Sponsor fail to obtain the Initial RBI Approval or the Subsequent RBI Approval within the timelines specified under the Debenture Documents, or the Additional Security is not created and perfected by the Issuer within the timelines as stipulated in the Debenture Trust Deed or other Debenture Documents, or the Escrow Agreement or the Substitution Agreement are not executed, or the</li> </ol>

	<p>Supplementary Escrow Agreement is not executed, within the 180 days from the Deemed Date of Allotment, Additional Interest of 1% per annum shall be payable on the Debentures, from the end of the stipulated timeline and until the date of creation and perfection of the Security / execution of Escrow Agreement or Substitution Agreement by the Authority to the satisfaction of the Debenture Holders.</p> <p>Notwithstanding anything above, the maximum additional interest payable is 2% p.a. for any default under the Debenture Documents from the expiry of the cure period, till the time such default is cured/waived.</p> <p>All this is without prejudice to the right of Debenture Holders to call an Event of Default</p>
Redemption Amount	shall mean, in respect of a Debenture, the sum of the Nominal Value, the accrued Coupon, Default Interest (if any), Additional Interest (if any), upfront fee (if any) and any other Debt.
Redemption Premium /Discount	Not applicable as the Debentures will be redeemed at par.
All Covenants of the issue (including side letters, accelerated payment clause, etc.)	<p><u>Financial Covenants</u></p> <p>The Issuer shall ensure that the DSCR is maintained at the following levels:</p> <ul style="list-style-type: none"> <li>(i) not be below 1.15 for the first 2 (two) Financial Years following the Deemed Date of Allotment; and</li> <li>(ii) not below 1.10 for every Financial Year thereafter.</li> </ul> <p>The Financial Covenants for each Financial Year in which the Issuer is required to meet the Financial Covenant shall be tested semi-annually, as on the last date of each Financial Year and as on the date falling 6 (six) months thereafter. The testing of the Financial Covenants shall take place no later than 60 (sixty) days from the completion of the relevant Financial Year or the date falling 6 (six) months thereafter, as the case may be. Provided that the first testing of the Financial Covenants shall be done for the period commencing on the Deemed Date of Allotment and ending on 31 March 2023.</p> <p>The <b>Debt Service Coverage Ratio</b> or <b>DSCR</b> shall mean, on any date, the ratio of A to B, where</p> <p>A = cash flow available for debt service for (I) the period from the Deemed Date of Allotment till 30 September 2022 for the first calculation date, and thereafter, (II) the trailing twelve month period ending on any given calculation date (other than the first calculation date); wherein cash flow available for debt service to be</p>

computed as cash revenue plus other income less operating expenditure on cash basis, NHA1 premium (if any), cash taxes (including actual tax outgo and any goods and service tax), contribution required to be made to the Major Maintenance Reserve Account plus additional expenses towards major maintenance incurred over and above withdrawals from the Major Maintenance Reserve Account over and above the major maintenance expenses incurred as per the Base Case Business Plan, as specified in the Schedule IX of the Debenture Trust Deed, as per Base Case Business Plan and including any Sponsor Infusion;

and

B = Debt service for (I) the period from the Deemed Date of Allotment till 30 September 2022 for the first calculation date, and thereafter, (II) the trailing twelve month period ending on any given calculation date (other than the first calculation date); wherein debt service to be computed as sum of repayment amount of the total debt and interest payable on such total debt.

**“Sponsor Infusion”** shall mean the funds lying to the credit of the Distribution Account or any other funds infused by the Sponsor or the Sponsor Group.

Further details as mentioned the Debenture Trust Deed.

#### Information Covenants

- (i) Issuer shall submit copies of audited standalone and consolidated financial statements for each Financial Year withing 60 (sixty) days after the end of such Financial Years;
- (ii) Issuer shall submit copies quarterly financial statements and reserves details for each financial quarter within 45 (forty five) days from the end of such financial quarter;
- (iii) Such other information covenants as specified under the Debenture Trust Deed.

#### Other Covenants

Confirmation that the Issuer is not ineligible to issue the Debentures under the terms of Regulation 5 of the SEBI NCS Regulations.

Issuer shall not undertake any scheme of arrangement / amalgamation / merger / reconstruction / reduction of capital, etc except with the prior written no-objection certificates from the Debenture Trustee (acting on the specific instructions of the Majority Debenture Holders), or such higher threshold as may be prescribed under Applicable Law.

	Such other covenants and undertakings as detailed out in the Debenture Trust Deed.
<p>Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the placement memorandum</p>	<p>The Debentures and all interest, fees, commission and other monies in respect thereof shall be secured by such security as specified under <b>Annexure 13</b> of this Placement Memorandum and shall be created within such timeline as specified under <b>Annexure 13</b> of this Placement Memorandum.</p> <p>The aforesaid charges shall rank pari-passu amongst with the security interest created / subsisting in favour of the Previous Lender and their agent / trustee and the Debenture Holders and their agent / Debenture Trustee, until the release of the Security Interest created to secure the Previous Facility, which shall be released within 15 (fifteen) days from the issue of the no dues certificate by the Previous Lender.</p> <p>The Escrow Agreement, the Supplementary Escrow Agreement and Substitution Agreement shall be executed within 180 days from the Deemed Date of Allotment.</p> <p>While the Debentures are secured in favour of the Debenture Trustee as per the terms of this Placement Memorandum, it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security. Further, the Debentures shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the Debenture Trustee.</p>
Transaction Documents	<ul style="list-style-type: none"> <li>(a) the Debenture Trust Deed;</li> <li>(b) the Offer Documents;</li> <li>(c) the Debenture Trustee Appointment Agreement;</li> <li>(d) the Sponsor Support Undertaking;</li> <li>(e) the Escrow Agreement;</li> <li>(f) the Supplementary Escrow Agreement;</li> <li>(g) the Power of Attorney in relation to the Supplementary</li> </ul>



	<p>Escrow Agreement;</p> <p>(h) the Substitution Agreement;</p> <p>(i) the letters issued by the Debenture Trustee and the Credit Rating Agencies;</p> <p>(j) the letters appointing the Registrar and Transfer Agent with respect to the issuance of the Debentures;</p> <p>(k) the agreement entered into between the Registrar and Transfer Agent and the Issuer with respect to the issuance of the Debentures;</p> <p>(l) the Tripartite Agreements;</p> <p>(m) the board and shareholders resolutions and any other corporate authorizations from the Issuer as may be applicable as per the provisions of the Act;</p> <p>(n) the agreement entered into by the Issuer with the EBP Bond Platform;</p> <p>(o) the credit rating letters and credit rating rationale from the Credit Rating Agency;</p> <p>(p) the listing agreement between the Issuer and the Stock Exchange for listing of the Debentures;</p> <p>(q) the Security Documents, as applicable;</p> <p>(r) any and all other documents executed or issued in relation to the issuance of the Debentures including any amendments thereto and any other document designated as a Transaction Document by the Debenture Trustee or the Debenture Holders or required in accordance with Applicable Laws; and</p> <p>(s) Project Documents.</p>
Condition Precedent to Disbursement	As stipulated in <b>Part A</b> of <b>Annexure 12</b> of this Placement Memorandum.
Condition Subsequent to Disbursement	As stipulated in <b>Part B</b> of <b>Annexure 12</b> of this Placement Memorandum.
Event of Default (including manner of voting /conditions of	The following shall constitute Events of Default subject to the cure periods and carve outs as specified under the Debenture Trust Deed:

joining Agreement)	Inter	Creditor	
			<ul style="list-style-type: none"> <li>(i) Default in payment of any amounts payable pursuant to the Debenture Documents, on the respective due dates;</li> <li>(ii) non utilization of proceeds of the Issue for the Purpose;</li> <li>(iii) Breach of covenants and representations</li> <li>(iv) If security is not created or perfected within the timelines specified under the Debenture Documents</li> <li>(v) Insolvency, bankruptcy or similar proceedings of the Issuer / Sponsor or financial difficulties;</li> <li>(vi) Material adverse effect;</li> <li>(vii) Delisting of the Debentures;</li> <li>(viii) Cessation of business</li> <li>(ix) Invalidity, illegality or unenforceability of any Transaction Document or termination, suspension or repudiation thereof;</li> <li>(x) Failure to obtain, renew, maintain or comply with Clearances in relation to the Debenture Documents or the Concession Agreement;</li> <li>(xi) It becomes unlawful for the Issuer or the Sponsor to carry out the Project to perform their obligations under the Transaction Documents;</li> <li>(xii) Cross default of the Issuer or the Sponsor;</li> <li>(xiii) If the Issuer or the Concessing Authority Abandons the Project or threatens (in writing) to do so;</li> <li>(xiv) Failure to maintain insurance, or the insurance ceases to be in full force and effect as per the terms of the Debenture Documents or, the Escrow Bank is not endorsed as a beneficiary in all insurance contracts and such non-endorsement if capable of remedy is not remedied within 15 (fifteen) days from the date of occurrence of such breach;</li> <li>(xv) Misrepresentation;</li> <li>(xvi) Expropriation;</li> <li>(xvii) Wilful defaulter;</li> <li>(xviii) Credit rating;</li> <li>(xix) Destruction of the Project or a material part thereof;</li> <li>(xx) Change in control as specified in the Debenture Trust Deed;</li> <li>(xxi) Environmental compliances;</li> <li>(xxii) Failure to achieve COD within the timeframes contemplated under and in accordance with the terms of the Concession Agreement;</li> <li>(xxiii) Disposal of assets and shareholder payments;</li> <li>(xxiv) Force majeure;</li> <li>(xxv) Commencement of any litigation / arbitration / legal proceedings against the Issuer (other than any proceedings under the IBC) which may have a Material Adverse Effect, unless such proceedings disposed of within 45 (forty five) days of initiation;</li> </ul>

	<p>(xxvi) Any breach of the Financial Covenant, unless, if capable of being cured, is not cured within 15 (fifteen) days;</p> <p>(xxvii) Escrow default; and</p> <p>(xxviii) such other events as specified under the Debenture Trust Deed.</p> <p>Upon occurrence of an Event of Default, the Debenture Trustee shall have the right to take all steps/actions as prescribed under applicable laws and specified under the offer letter/information memorandum/debenture trust deed including steps prescribed under the SEBI circular on “Standardisation of procedure to be followed by Debenture Trustee(s) in case of ‘Default’ by Issuer of listed debt securities” dated October 13, 2020 having reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/203.</p> <p>Manner of voting and conditions of joining the inter-creditor agreements shall be compliance with applicable laws including SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/203 dated 13 October 2020 and more particularly detailed in the Debenture Trust Deed.</p>
<p>Conditions for breach of Covenants (as specified in the debenture trust deed)</p>	<p>Failure by the Issuer or the Sponsor to comply with provisions of the Debenture Documents / or breach of any undertakings or covenants under the Debenture Documents, which breach, if capable of being cured, is not cured within 15 (fifteen) days from the date of such breach (other than for specific Events of Default for which no cure period is prescribed under the Debenture Trust Deed), shall be construed as an Event of Default in accordance with the provisions of the Debenture Documents.</p>
<p>Provisions related to Cross Default Clause</p>	<p>(i) The Issuer or the Sponsor defaults in the payment either of principal, or interest or any other money due or payable on any of its Financial Indebtedness (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) under any loan agreement, facility agreement or similar agreements, and such payment default is not rectified within the cure period (if any) provided by the relevant lenders.</p> <p>(ii) Occurrence of an event defined or otherwise described as an event of default of the Issuer or Sponsor under any loan agreements, facility agreements or similar agreements entered into by the Issuer or the Sponsor.</p> <p>(iii) Failure by the Issuer to pay one or more amounts due to any creditor under any non-appealable judgments or decrees which shall have been executed against the Issuer.</p>

<p>Role and Responsibilities of Debenture Trustee</p>	<p>The Issuer has executed the Debenture Trustee Appointment Agreement and the Debenture Trust Deed shall be executed by the Issuer prior to making the final listing application with the Stock Exchange.</p> <p>Service charges of Debenture Trustee are as mentioned in their consent letter bearing reference no. 3901/CL/MUM/21-22/DEB/734 and dated 30 November 2021.</p> <p>The Debenture Trustee shall have the roles and responsibilities as set forth in Debenture Trust Agreement.</p>
<p>Due Diligence</p>	<p>Due diligence certificate as per the format specified in Schedule IV of the SEBI (Issue and Listing of Non Convertible Securities) Regulations, 2021 and Annexure A of the SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 03, 2020 has been appended to this Placement Memorandum and will be submitted to Stock Exchange along with the draft Placement Memorandum.</p> <p>Process of due diligence carried out by the Debenture Trustee due diligence will be carried out as per SEBI (Debenture Trustee) Regulations, 1993 and circulars issued by SEBI from time to time, which broadly includes following:</p> <ul style="list-style-type: none"> <li>• Practicing Chartered Accountant (CA) / firm of CA appointed by the Debenture Trustee will undertake independent due diligence at the Debenture Trustee's behest as per scope provided, regarding Security given for the issue by the Company.</li> <li>• CA will verify and ensure that the asset provided by the Issuer for creation of security are free from any encumbrances or necessary permission or consent has been obtained from existing charge holders.</li> <li>• CA will be doing independent due diligence as per information provided by the Issuer company.</li> <li>• Periodical due diligence will be carried out as per SEBI circulars from time to time as per nature of security provided.</li> <li>• Necessary due diligence certificate will be issued and will be available on Stock Exchanges from time to time for information of Debenture Holders.</li> <li>• As mentioned in the Placement Memorandum, the Debentures are secured to the extent of 100% of the principal and interest amount or as per the terms of Placement Memorandum and the Debenture Trust Deed.</li> </ul>

Risk factors pertaining to the issue	Please refer to Section IV of this placement Memorandum.
Governing Law	Transaction documents shall be governed by the Laws of India
Jurisdiction	New Delhi
Incentive Fee to be paid to Original Debenture Holders	In the event of successful completion of the issue, the Issuer may at its absolute discretion pay to the Original Debenture Holders a fee equal to 0.2068% of the aggregate Face Value of Debentures allotted, within 7 (seven) days from the Deemed Date of Allotment. Notwithstanding anything contained in the Debenture Documents and this Private Placement Memorandum, the Debenture Holders and the Debenture Trustee acknowledge and agree that such fee to be paid by the Issuer shall be at its sole discretion and the Issuer shall have no obligation to pay such fee. Such fees shall be paid to all the Original Debenture Holders in proportion to the aggregate Face Value of the Debentures subscribed by them.

**Notes:**

1. If there is any change in Coupon Rate pursuant to any event including elapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.
2. The list of documents which has been executed in connection with the Issue and subscription of debt securities shall be annexed.
3. While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of the Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained.
4. The Issuer shall provide granular disclosures in their placement memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

## **ANNEXURE 8 – DISCLOSURE PERTAINING TO WILFUL DEFAULTER**

**The following disclosures shall be made if the Issuer or its promoter or director is declared wilful defaulter:**

- (a) Name of the bank declaring as a wilful defaulter: Not Applicable
- (b) The year in which it was declared as a wilful defaulter: Not Applicable
- (c) Outstanding amount when declared as a wilful defaulter: Not Applicable
- (d) Name of the entity declared as a wilful defaulter: Not Applicable
- (e) Steps taken, if any, for the removal from the list of wilful defaulters: Not Applicable
- (f) Other disclosures, as deemed fit by the issuer in order to enable Investors to take informed decisions: Not Applicable
- (g) Any other disclosure as specified by the Board: Not Applicable

**ANNEXURE 9 – CREDIT RATING LETTER AND RATING RATIONALE**

*Separately attached*

## **ANNEXURE 10 – UNDERTAKING BY ISSUER**

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' provided under the Section IV (*General Risks*).

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the issue, that the information contained in the offer document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the offer document/placement memorandum. Any covenants later added shall be disclosed on the website of the Stock Exchange where the debt is listed.



## ANNEXURE 11 – DIRECTOR ATTESTATION

We, as directors of the Issuer, hereby attest that:

- a) the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder;
- b) the compliance with the said Acts and the rules made thereunder does not imply that payment of dividend or interest or repayment of non-convertible securities, is guaranteed by the Central Government;
- c) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Memorandum;
- d) whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section IV of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the Board of Directors of the Company vide resolution passed on 23 December 2021 to sign this Placement Memorandum and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of Placement Memorandum and matters incidental thereto have been complied with. Whatever is stated in Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the Promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to Placement Memorandum.

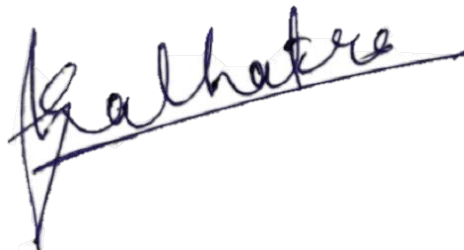
**For KNR TIRUMALA INFRA PRIVATE LIMITED**

Name: Gaurav Malhotra

Designation: **Director**

Date: 11/04/2022

Place: New Delhi



**Attachments:-**

- **Copy of Board resolution**
- **Copy of shareholders resolution**
- **Optional attachments, if any**

## ANNEXURE 12 – CONDITIONS PRECEDENT AND CONDITIONS SUBSEQUENT

The Issuer shall have undertaken the following actions and/or provided to the Debenture Trustee the following documents:

### PART A - CONDITIONS PRECEDENT

The Issuer shall have submitted the following conditions precedent documents for each Series A Debentures and Series B Debentures as follows:

#### Prior to signing of the Debenture Trust Deed:

##### 1. Charter Documents

- (a) A certified true copy of the certificate of incorporation of the Issuer with the Charter Documents.
- (b) Certified true copies of the Charter Documents of the Sponsor.

##### 2. Resolutions

- (a) A certified true copy of a resolution of the board of directors of the Issuer under Section 42, 71, 179 of the Act:
  - (i) approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party and resolving that it can execute the Transaction Documents to which it is a party, including the issuance of the Offer Letter for the allotment of the Debentures on a private placement basis to the Debenture Holder;
  - (ii) authorising a specified Person or Persons to execute the Transaction Documents to which it is a mentioned in (a) above on its behalf; and
  - (iii) a specified Person or Persons, on its behalf, to sign and/or dispatch all documents and notices to be signed or dispatched by it under or in connection with the Transaction Documents mentioned in (i) above.
- (b) Certified true copies of the resolution of the shareholders of the Issuer under Sections 180(1)(a) and Section 180(1)(c) of the Companies Act, 2013 for the execution of the Transaction Documents.
- (c) A certified true copy of the resolutions of the Board of Directors of the Sponsor *inter alia* approving undertaking of obligations and execution of the Debenture Documents to which it is a party.
- (d) Consent letters from ISQ Asia Infrastructure Holdings II Pte. Ltd., Green Rock B 2014 Limited as trustee of the Green Stone A 2014 Trust, and such other entities as may be required by the Debenture Trustee in respect of the entry of the Sponsor into the Debenture Documents to which it is a party.

**3. Intimations/ Third Party Agreements**

- (a) Receipt of consent from the registrar to act as the Registrar and Transfer Agent for the issue of Debentures along with a copy of the agreement entered with the Registrar.
- (b) Appointment of Debenture Trustee and submission of consent letter of the Debenture Trustee to act as the trustee for the Issue.
- (c) Execution and receipt of the Debenture Trustee Appointment Agreement.
- (d) Execution of the Deed of Hypothecation.
- (e) Receipt of credit rating for the Debentures from Credit Rating Agencies (which shall be no older than a period of 30 days prior to the Deemed Date of Allotment) together with the rating rationale (which shall be no older than 180 days prior to the Deemed Date of Allotment).
- (f) Receipt of the Tripartite Agreements.
- (g) Execution and receipt of the simplified debt listing agreement between the Issuer and the Stock Exchange.
- (h) Execution and receipt of the agreement entered into by the Issuer with the EBP Bond Platform.
- (i) Payment of all regulatory fees as may be required under Applicable Laws in connection with the issuance and listing of the Debentures.

**4. Others**

- (a) Certified true copy of the specimen signature certificate setting out the specimen signature of each person authorized by the Issuer's board of directors/committee of directors and shareholders' resolutions.
- (b) Certificate from a director/authorised officer of the Issuer certifying that:
  - (i) each copy of the conditions precedent documents is correct, complete and in full force and effect as on the date of the certificate;
  - (ii) there are no restrictions on the borrowing powers of the Issuer as per its constitutional documents, the Transaction Documents and corporate authorizations and it is authorized to raise debt in accordance with the provisions of the Companies Act, 2013, as amended;
  - (iii) no Default has occurred and is continuing and no such event or circumstance will result as a consequence of the Issuer performing any obligation contemplated under the Debenture Documents has occurred and/or is continuing as of the date of the certificate;
  - (iv) no event has occurred which has or could reasonably be expected to have a Material Adverse Effect;

- (v) the representations and warranties made are true and correct in all material respects on and as of the date of the transaction documents and the date of such certificate;
  - (vi) the Issuer is and will be, after issuance of the Debentures, in full compliance with all provisions of the Debenture Documents, its constitutional documents, any document to which it is a party or by which it is bound, and any laws and regulations applicable to it;
  - (vii) there is no pending or threatened litigation, investigation or proceeding that may have a Material Adverse Effect;
  - (viii) all authorisations or other documents, opinion or assurance which the Debenture Trustee considers to be necessary or desirable (in connection with the entry into and performance of the transactions) contemplated by any Debenture Document for the validity and enforceability of any Debenture Documents has been obtained including the authorisations or other documents authorizing a committee of directors duly constituted by the board to *inter alia* identify investors and approve the terms of the Issue, including the persons authorized for undertaking all actions in relation to the Debentures; and authorising specified Persons for the filing of the forms, issuing the certificates and undertaking all actions in connection with the issuance of the Debentures; and
  - (ix) all taxes, statutory dues, including without limitation, statutory dues have been duly paid by the Issuer save and except taxes disputed in good faith and for which adequate provisions have been made.
- (c) A certified copy of the most recent annual financial statements of the Issuer (which shall be dated no later than 6 (six) months before the Issue Opening Date). Provided that the Issuer shall submit limited reviewed financials for the period ending on 31 December 2021.
- (d) Any other documents requested by the Debenture Trustee as per the SEBI Regulations.
- (e) Acknowledgement for creation of Recovery Expense Fund.
- (f) The Obligors (as may be applicable) shall have obtained all consents, waivers, approvals, permissions and authorizations from other lenders and any other Persons which are required in connection with the execution and delivery of the Transaction Documents, creation of Security and the consummation of the transactions / obligations contemplated under the Transaction Documents, and shall have submitted a copy of the same to the Debenture Trustee. If no such consent is required by the Issuer and/or the Obligor (as may be applicable), the directors of the Issuer and the Obligors (as may be applicable) shall confirm the same.
- (g) Completion of all '**Know Your Customer**' compliances of the Issuer and each of the Obligors (as may be applicable) to the satisfaction of the Debenture Trustee and the Debenture Holders and submission of all documents relating to the Issuer and each of the Obligors (as may be applicable) as required by the Debenture Trustee or Debenture Holders for completion of '**Know Your Customer**' checks.

- (h) Disclosure Letter submitted by, *inter alios*, the Issuer/Sponsor to the Debenture Trustee in a form and manner satisfactory to the Debenture Trustee.

**5. Prior to Deemed Date of Allotment:**

- (a) Certified true copy of the resolution of the Board or any duly constituted committee of the Board approving the allotment of the Debentures to the identified investors.
- (b) Uploading the Private Placement Memorandum on the EBP Bond Platform at least 5 Business Days before the Issue Opening Date.
- (c) An original of each of the following Transaction Documents duly executed by all parties thereto and appropriately stamped, in form and substance satisfactory to the Original Debenture Holders:
  - (i) each Offer Document;
  - (ii) the Debenture Trustee Appointment Agreement;
  - (iii) the Debenture Trust Deed; and
  - (iv) the deed of undertaking to be issued by the Issuer in favour of the Debenture Trustee.
- (c) Certified true copy of the in-principle approval of the Stock Exchange for listing of the Debentures.
- (d) Submission of the signed Offer Letter and delivered to each identified investor (serially numbered and addressed specifically to each identified investor) as required under the Companies Act 2013.
- (e) Receipt of the ISIN from the Depository for the issuance of the Series A Debentures and Series B Debentures in dematerialized form.
- (f) Receipt of a letter from the Concessing Authority certifying the achievement of PCOD.
- (g) A copy of the Legal Entity Identifier Code obtained by the Issuer in line with RBI circular DBR.No.BP.BC.92/21.04.048/2017-18 dated 02 November 2017.
- (h) Copies of all Clearances obtained.

**6. Appointment of Consultants and Resolution of Issues**

- (a) The Lenders' Independent Engineer shall have been appointed for such scope of work as decided by the Debenture Trustee. The Issuer shall have undertaken to pay all fees, expenses and other charges payable to the Lenders' Independent Engineer and to provide all information as may be required by it for undertaking its scope of work.
- (b) The Lender' Representative shall have appointed the Lenders' Insurance Advisor and such other consultants as may be required by it, in consultation with the Issuer, on the terms and scope of work to be decided by the Debenture Trustee. The Issuer shall have undertaken to pay or arrange the payment of all fees, expenses and other charges payable to such consultants and

to provide all information as may be required by them for undertaking their respective scope of work.

**7. Project Documents**

- (a) The Issuer shall have entered into all Project Documents, required to be executed as of the Deemed Date of Allotment, for the successful completion and for the operations of the Project. The Issuer shall carry out changes in such documents as may be required by the Debenture Trustee or their consultants. The Issuer shall provide a certificate that the Issuer and all Project Participants shall have complied with all the condition precedents (excluding the waived conditions) mentioned in the Project Documents and the Project Documents should be in full force and effect. The Issuer shall have delivered a certified copy of such Project Documents to the Debenture Trustee.

**8. Opinions and Reports**

- (a) The Lenders' Independent Engineer, the Lenders' Insurance Advisor, and other consultants shall have provided to the Debenture Trustee, in a form and manner satisfactory to the Debenture Trustee, due diligence reports as applicable, in relation to their respective scope of work in relation to the Project, as decided by the Debenture Trustee. The report of the Lenders' Independent Engineer shall *inter alia* cover vetting of the Project costs, O&M expenses and major maintenance expenses in relation to the Project. The Lenders' Independent Engineer shall have examined the reasonability of the O&M cost estimates and major maintenance cost estimates forming part of the Base Case Business Plan. In case of any adverse observations by the Lenders' Independent Engineer, the Issuer shall have made suitable arrangements for maintaining the levels of O&M costs and major maintenance costs as indicated by the Lenders' Independent Engineer to the satisfaction of the Debenture Trustee / Debenture Holders. The report of the Lenders' Insurance Advisor shall *inter alia* certify that the Issuer has obtained insurances in relation to the Project in accordance with best industry practices.
- (b) The Issuer shall have agreed to resolve all issues raised by the Debenture Trustee and its consultants, including the Lenders' Independent Engineer, the Lenders' Legal Counsel, Lenders' Insurance Advisor pursuant to the due diligence undertaken by each of them and shall incorporate necessary changes to the satisfaction of the Debenture Trustee in the Project Documents.
- (c) A letter of confirmation from the Debenture Trustee that all conditions precedent for allotment of the Debentures have been satisfied.

**9. Concessions Authority Approval**

The Issuer shall have obtained the approval from the Concessions Authority for issuing the Debentures, refinancing the Previous Lenders, change in the lenders. The Issuer shall have complied with all the conditions stipulated in such approval granted by the Concessions Authority and shall have also provided an undertaking that it shall make necessary changes to the Transaction Documents as may be required by the Concessions Authority.

**10. Section 281 Compliance**

- (a) The Issuer shall have furnished to the Debenture Trustee with the certified true copy of the application submitted by it with Deputy Commissioner of Income Tax or any other appropriate Government Authority requesting for permission under Section 281 of the Income Tax Act, 1961.
- (b) The Issuer shall have furnished a certificate from an independent chartered accountant stating that there are no Taxes or statutory dues pending to be paid by it, no proceedings have been initiated or are pending against the Issuer under the Income Tax Act, 1961, no notice has been served on the Issuer in terms of Rule 2 of the Second Schedule to the Income Tax Act, 1961 and that no claims have been received in respect of any Tax or any other sum payable by the Issuer as a result of completion of any proceedings under the Income Tax Act, 1961, in a form and manner satisfactory to the Debenture Trustee.
- (c) The Issuer shall have provided to the Debenture Trustee with a certificate from an independent chartered accountant certifying that there are no Taxes or statutory dues pending to be paid by the Sponsor, in a form and manner satisfactory to the Debenture Trustee.

11. **Credit Rating**

- (a) The Issuer shall have obtained, at its own cost, a credit rating for the Debentures from a Credit Rating Agency, acceptable to the Debenture Trustee. The minimum credit rating required for the issuance of the Debentures shall be AAA.

12. **Previous Lenders**

The Issuer shall have furnished to the Debenture Trustee, a balance confirmation statement from each Previous Lender reflecting all outstanding monies due and payable to such Previous Lender in relation to the Project, along with their conditional no-objection for refinancing the Previous Facilities.



## **PART B - CONDITIONS SUBSEQUENT**

### **Conditions Subsequent for both the Series A Debentures and the Series B Debentures**

The Issuer shall undertake the following actions and/or provided to the Debenture Trustee the following documents:

1. Certified true copy of the resolution of the Board or any duly constituted committee of the Board under Section 42, Section 71 and Section 179 of the Companies Act, inter-alia approving the identified investors from the successful bidders, to whom the Offer Letter is to be issued to, to be passed on the Deemed Date of Allotment.
2. Issue of Letter of Allotment for Series A Debentures and Series B Debentures on the Deemed Date of Allotment.
3. Credit into the dematerialised accounts of the Debenture Holders of the Debentures within 2 (two) days from the Deemed Date of Allotment.
4. Maintain a record in Form PAS-5 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of the Debentures with the prescribed fee within 30 (thirty) days from the date of the Offer Letter.
5. Within 4 (four) trading days of the issue closure date, provide confirmation of listing of the Debentures on the wholesale debt market segment of the Stock Exchange.
6. The Issuer shall, from time to time, in accordance with the terms of the Debenture Trust Deed, furnish any information or documents as may be required by the Debenture Trustee.
7. Filing of a return of allotment of securities under Form PAS-3 under Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 15 (fifteen) days of the Deemed Date of Allotment along with a list of the Debenture Holders and with the prescribed fee.
8. The Issuer shall ensure that the Escrow Agreement, the Supplementary Escrow Agreement, the Substitution Agreement are executed within 180 (one hundred eighty) days from the Deemed Date of Allotment.
9. The Issuer shall ensure that the Existing Account is closed / subsumed under / replaced with the Escrow Account under the terms of the Escrow Agreement and the Supplementary Escrow Agreement within 180 (one hundred eighty) days from the Deemed Date of Allotment.
10. Filing of Form CHG-9 with the Registrar of Companies by no later than 10 (ten) Business Days from the Charge Effective Date (as defined in the Deed of Hypothecation).
11. The Issuer shall submit a copy of the application for the Initial RBI Approval in relation to the pledge over the Issuer Securities and 49% of the Shares (in a form and manner satisfactory to the Debenture Trustee, and duly acknowledged as having been received by the Issuer's authorised

dealer bank) to the Debenture Trustee by no later than 7 (seven) days from the Deemed Date of Allotment, or such extended time period as may be approved by the Debenture Trustee.

12. Creation and perfection of pledge over the Issuer Securities and 49% of the Shares and, in this regard, inter alia (a) execution of the Pledge Agreement by the Sponsor in favour of the Debenture Trustee, filing of the Form 28/Annexure W with the Depositories and issue of appropriate instructions to the Depository and Depository Participants, within 30 (thirty) days from the date of receipt of the Initial RBI Approval and in any event within 270 (Two Hundred and Seventy) days from the Deemed Date of Allotment, whichever is earlier; (b) filing the statement containing particulars of charge of the Pledge Agreement with the Accounting and Corporate Regulatory Authority of Singapore within 30 days of the date of the Pledge Agreement; and (c) stamping the Pledge Agreement with the Inland Revenue Authority of Singapore within 14 days of the date of the Pledge Agreement. Provided that, notwithstanding anything contained in the Debenture Documents, failure to create and perfect the pledge over the Additional Security within the timelines specified above, shall not result in an Event of Default so long as the Issuer redeems the Debentures in accordance with sub-clause (b) (v) (Mandatory Early Redemption) of Clause 2.7 (Early Redemption).
13. Within 7 (seven) days of the Effective Date or such other extended time period as may be approved by the Debenture Trustee in writing, the Issuer shall submit a copy of the application for the Subsequent RBI Approval in relation to the pledge for an additional 2% (two percent) of the fully paid up equity share capital and preference share capital of the Issuer (if the Issuer has issued any preference shares) (such that on an aggregate basis 51% of the total equity share capital and preference share capital (if the Issuer has issued any preference shares) of the Issuer shall be pledged in favour of the Debenture Trustee). The said pledge shall be created and perfected (including but not limited filing of the Form 28/Annexure W with the Depositories and issue of appropriate instructions to the Depository and Depository Participants within 15 (fifteen) days of receipt of said Subsequent RBI Approval.
14. The Issuer shall procure the no-dues certificate from the Previous Lenders and submit a copy of the same to the Debenture Trustee by no later than 180 (one hundred and eighty) days from the Deemed Date of Allotment or such other extended period as may be mutually agreed by the Debenture Trustee and the Issuer.
15. The Issuer shall deliver to the Debenture Trustee, a certificate from an independent chartered accountant, stating the end-use of the proceeds of the Debentures, substantially in the form and manner satisfactory to the Debenture Trustee, within 30 days from the Deemed Date of Allotment, which shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised have been fully utilised, as per the requirements of Regulation 52 (7) of LODR.
16. Any additional insurance coverage (as may be required under the report of the Lenders' Insurance Advisor) within 90 days from the Deemed Date of Allotment.
17. The Issuer shall promptly upon receipt, furnish to the Debenture Trustee the permission required under Section 281 of the Income Tax Act, 1961 in respect of the Security created by the Issuer.
18. The Issuer shall create the Debt Service Reserve Account and maintain the Debt Service Reserve Amount thereunder is being maintained as required under Clause 20 (*Debt Service Reserve*

*Amount and Major Maintenance Reserve*) under Section A (*General Undertakings*) of Schedule V (*Issuer's Covenants*) of the Debenture Trust Deed by no later than 3 (three) Business Days from the Deemed Date of Allotment.

19. Certificate(s) from a director/compliance officer of the Sponsor certifying the specimen signature of each person authorized by the Sponsor's board of directors and shareholders' resolutions on or prior to the date of execution of the Sponsor Support Undertaking.
20. Execution of the Sponsor Support Undertaking within 15 (fifteen) days from the Deemed Date of Allotment.
21. A legal opinion from Khaitan & Co. and Shook Lin & Bok LLP in a form and manner satisfactory to the Debenture Trustee to be issued within 15 (fifteen) days from the Deemed Date of Allotment.

## ANNEXURE 13 – SECURITY

1. The NCDs and the Secured Obligations shall be secured in favour of the Debenture Trustee by:
  - (i) An exclusive pledge over Shares representing 49% (forty nine percent) of the fully paid up equity share capital and preference share capital of the Issuer (if the Issuer has issued any preference shares) (on fully diluted basis) held by the Pledgor (“**Pledged Shares I**”);
  - (ii) An exclusive pledge created over Shares representing additional 2% (two percent) of the fully paid up equity share capital and preference share capital of the Issuer (if the Issuer has issued any preference shares) (on fully diluted basis) held by the Pledgor (“**Pledged Shares II**”) (i.e., up to an aggregate of 51% (fifty one percent) of the total equity share capital and preference share capital of the Issuer);
  - (iii) An exclusive pledge created over the optionally convertible debentures / compulsorily convertible debentures / non-convertible debentures of the Issuer issued or to be issued by the Issuer to the Sponsor from time to time (“**Issuer Securities**”);
  - (iv) (i) A first ranking pari passu charge over the Primary Security for the Series A Debentures, and (ii) a second ranking pari passu charge over the Primary Security for the Series B Debentures, so as to provide a Minimum Security Cover.
2. The Issuer shall create and shall ensure that the other Obligors create the Security Interests referred to above within the following timelines:
  - (i) Creation and perfection of pledge over the Pledged Shares I, in favour of the Debenture Trustee within 30 (thirty) days from the date of the receipt of the Initial RBI Approval and within a maximum period of 270 (two hundred and seventy) days from the Deemed Date of Allotment, whichever is earlier;
  - (ii) Creation and perfection of pledge over the Pledged Shares II, in favour of the Debenture Trustee within 15 (fifteen) days of receipt of the Subsequent RBI Approval or 270 (two hundred and seventy) days from the Effective Date, whichever is earlier;
  - (iii) Creation and perfection of pledge over the Issuer Securities in favour of the Debenture Trustee within 30 (thirty) days from the date of the receipt of the Initial RBI Approval and within a maximum period of 270 (two hundred and seventy) days from the Deemed Date of Allotment, whichever is earlier;
  - (iv) Creation of charge over the Primary Security, in favour of the Debenture Trustee prior to the Deemed Date of Allotment and filing of Form CHG-9 in respect of such charge within 10 (ten) Business Days from the Charge Effective Date (as defined in the Deed of Hypothecation).

**ANNEXURE 14 – ILLUSTRATION OF CASH FLOWS**

<b>Company</b>	<b>KNR TIRUMALA INFRA PRIVATE LIMITED</b>
<b>Face Value</b>	INR 10,00,000 per Debenture
<b>Issue Size</b>	Indian Rupees Five Hundred and Twenty One Crores only
<b>Final Maturity Date</b>	31 July 2035
<b>Coupon Rate</b>	6.02% p.a. for 1 year following the Deemed Date of Allotment, and 6.30% p.a. thereafter
<b>Additional Interest</b>	As per terms of the Debenture Trust Deed
<b>Upfront Interest</b>	NA
<b>Frequency of payment of Coupon and Additional Interest</b>	Coupon payable on a bi-annual basis.; Additional interest to be paid as per terms of DTD
<b>Day Count Convention</b>	Actual /Actual

**Cash flows per NCD**

Date	Opening Balance	Repayment	Closing	Number of Days	Coupon	Netcash flows
31-07-2022	10,00,000	5000	9,95,000	110	18,142.5	23,142.5
31-01-2023	9,95,000	5000	9,90,000	184	30,195.7	35,195.7
31-07-2023	9,90,000	30000	9,60,000	181	30,389.5	60,389.5
31-01-2024	9,60,000	60000	9,00,000	184	30,488.5	90,488.5
31-07-2024	9,00,000	34500	8,65,500	182	28,195.1	62,695.1
31-01-2025	8,65,500	34500	8,31,000	184	27,412.2	61,912.2
31-07-2025	8,31,000	36000	7,95,000	181	25,961.4	61,961.4
31-01-2026	7,95,000	36500	7,58,500	184	25,248.3	61,748.3
31-07-2026	7,58,500	37000	7,21,500	181	23,696.4	60,696.4
31-01-2027	7,21,500	39000	6,82,500	184	22,914.0	61,914.0
31-07-2027	6,82,500	40000	6,42,500	181	21,322.0	61,322.0
31-01-2028	6,42,500	42500	6,00,000	184	20,405.1	62,905.1
31-07-2028	6,00,000	43500	5,56,500	182	18,796.7	62,296.7
31-01-2029	5,56,500	43000	5,13,500	184	17,625.5	60,625.5
31-07-2029	5,13,500	50000	4,63,500	181	16,042.3	66,042.3
31-01-2030	4,63,500	52500	4,11,000	184	14,720.3	67,220.3
31-07-2030	4,11,000	46500	3,64,500	181	12,840.1	59,340.1
31-01-2031	3,64,500	49000	3,15,500	184	11,576.1	60,576.1
31-07-2031	3,15,500	30500	2,85,000	181	9,856.6	40,356.6
31-01-2032	2,85,000	33000	2,52,000	184	9,051.3	42,051.3
31-07-2032	2,52,000	32500	2,19,500	182	7,894.6	40,394.6
31-01-2033	2,19,500	31500	1,88,000	184	6,952.0	38,452.0
31-07-2033	1,88,000	32000	1,56,000	181	5,873.3	37,873.3
31-01-2034	1,56,000	32000	1,24,000	184	4,954.4	36,954.4
31-07-2034	1,24,000	34500	89,500	181	3,873.9	38,373.9
31-01-2035	89,500	47000	42,500	184	2,842.4	49,842.4
31-07-2035	42,500	42500	0	181	1,327.7	43,827.7



## ANNEXURE 15 – APPLICATION PROCESS

The Debentures being offered as part of the issue are subject to the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, the terms of this Placement Memorandum, the Application Form (**Annexure 16**) and other terms and conditions as may be incorporated in the Transaction Documents.

### 1. Issue procedure

- (a) All Eligible Investors should refer the operating guidelines for issuance of debt securities on private placement basis through an electronic book mechanism as available on the website of the BSE. Investors will also have to complete the mandatory know your customer verification process. Investors should refer to the BSE EBP Guidelines in this respect. Only eligible Investors may apply for the Debentures by completing the Application Form in the prescribed format in BLOCK LETTERS in English as per the instructions contained therein. No application can be made for fraction of a Debenture. Application forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.
- (b) Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the Issue. Prior to making any investment in these Debentures, each investor should satisfy and assure herself/ himself/itself that it is authorized and eligible to invest in Debentures. The issuer shall be under no obligation to verify the eligibility /authority of the investor to invest in these Debentures.

### 2. Application procedure

Since the aggregate issue size is more than INR 100 crores, the Issuer shall abide by the Securities and Exchange Board of India circular number SEBI/HO/DDHS/P/CIR/2021/613 on 'Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper' dated 10 August 2021 along with operational guidelines issued by the BSE providing Operational Guidelines for issuance of Securities on Private Placement basis through an Electronic book Mechanism. We have enumerated below the bidding process in brief for your ready reference:

- (a) Issuer to register themselves on the Bond Platform from the below URL:  
[https://bond.bseindia.com/Issuer\\_Registration.aspx](https://bond.bseindia.com/Issuer_Registration.aspx)
- (b) Investor(s) can register themselves on the Bond Platform from the below URL:  
[https://bond.bseindia.com/Investor\\_Registration.aspx](https://bond.bseindia.com/Investor_Registration.aspx)
- (c) Timeline for issue setup and bidding window:

Activity	Timeline
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Uploading Placement Memorandum	At least 5 (five) working days prior to the Issue Opening Date.
Bidding announcement on the Bond Platform along with details of bid opening and closing time	At least 1 (one) working day before initiating the bidding process
Minimum time frame for Bidding window	The Issue shall be open for at least one hour

- (d) The bidding window shall be open for the period between 9:15 AM to 10:15 AM for Series A Debentures and 9:00 AM to 10:00 AM for Series B Debentures
- (e) Bid shall be made by way of entering bid amount in Indian Rupees (INR) and coupon /yield in basis points i.e. up to four decimal points.
- (f) Multiple bids by a bidder is not permitted.

### 3. Settlement

Pay in towards the allotment of securities shall be done from the account of the bidder to whom allocation is to be made. Pay in shall be done through clearing corporation of the BSE, Indian Clearing Corporation Limited (**ICCL**).

Subscription should be as per the final allocation made to the successful bidder as notified by the Issuer.

Successful bidders should do the funds pay-in to the following bank accounts of ICCL ("**ICCL Bank Account**"):

ICICI Bank

Beneficiary Name	: INDIAN CLEARING CORPORATION LTD
Account Number	: ICCLEB
IFSC Code	: ICIC0000106
Mode	: NEFT/RTGS

Yes Bank

Beneficiary Name	: INDIAN CLEARING CORPORATION LTD
Account Number	: ICCLEB
IFSC Code	: YESBOCMSNOC



Mode : NEFT/RTGS

HDFC Bank

Beneficiary Name : INDIAN CLEARING CORPORATION LTD

Account Number : ICCLEB

IFSC Code : HDFC0000060

Mode : NEFT/RTGS

Successful bidders must do the funds pay-in to the ICCL Bank Account on or before 1.00 P.M. on the Pay In Date (“**Pay-in Time**”). Successful bidders should ensure to do the funds pay-in from their same bank account which is updated by them in the Bond Platform while placing the bids. In case of mismatch in the bank account details between Bond Platform and the bank account from which payment is done by the successful bidder, the payment would be returned back.

Note: In case of failure of any successful bidder to complete the funds pay-in by the Pay-in Time or the funds are not received in the ICCL Bank Account by the Pay-in Time for any reason whatsoever, the bid will liable to be rejected and the Issuer shall not be liable to the successful bidder.

Funds pay-out on the Pay-In Date would be made by ICCL to the following bank account of the Issuer:

Bank : HDFC Bank

Branch: : Bank House, Banjara Hills

Account Number : 50200033864173

IFSC Code : HDFC0009817

Mode : NEFT/RTGS

Cheque(s), demand draft(s), money orders, postal orders will not be accepted. The Issuer assumes no responsibility for any applications lost in mail. The entire amount of INR 10,00,000 (Indian Rupees Ten Lakhs) per Debenture is payable on application.

Applications should be for the number of Debentures applied by the Applicant.

The applicant or in the case of an application in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the Income-tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, 1961, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention “Applied for” nor in case

the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

All applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/ Private/ Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring "approved security" status for making investments.

*For further instructions about how to make an application for applying for the Debentures and procedure for remittance of application money, please refer to the Issue Details and the Application Form.*

#### 4. Settlement Summary

Timelines	Activity for Clearing Corporation
T Day	Bidding Session
T+1 Day	<p>Successful Bidders to transfer funds from bank account (s) registered with the EBP Bond Platform to the bank account of ICCL to the extent of funds pay in obligation on T + 1 Day on or before 1:00 PM.</p> <p>Issuer to inform the EBP Bond Platform about the final decision on the Issuer to go ahead with allotment for the issue by 4.00 P.M.</p> <p>Issuer to give instructions to the Registrar and Transfer Agent for crediting NCDs to successful bidders. The Registrar and Share Transfer Agent to provide corporate action file along with all requisite documents to depository(ies) by 4.00 P.M. on T+1 Day.</p> <p>NSDL shall confirm to ICCL on credit of Debentures in the demat account of the successful bidder ICCL to initiate transfer of funds to the bank accounts designated by the Issuer.</p> <p><b>If the issue is called off by the issuer:</b> ICCL shall return funds collected form successful bidders by 10.00 A.M.</p>

#### 5. Issue withdrawal

Withdrawal of issue:	<p>An issuer, at its discretion, may withdraw from the issue process as per the following conditions:</p> <p>(a) Issuer is unable to receive the bids up to base Issue size.</p>
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	<p>(b) Bidder has defaulted on payment towards allotment, within stipulated timeframe, due to which the Issuer is unable to fulfill the base Issue size.</p> <p>(c) Cut off yield (i.e. the highest yield at which a bid is accepted) in the issue is higher than the estimated cut off yield (i.e. the yield estimated by the Issuer, prior to the opening of the issue) disclosed by the Bond Platform, where the base Issue size is fully subscribed.</p>
Restriction on usage of ANY EBP:	If the Issuer has withdrawn the issue apart from any of the above conditions, the Issuer will not be able to use any of the platforms provided by any electronic book provider for a period of 7 days from the date of such withdrawal.

**6. Debenture Holder not a shareholder**

The Debenture Holder shall not be entitled to any right or privileges of shareholders other than those available to them under the Companies Act, 2013. Subject to applicable law, the debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Company, unless so expressly agreed in terms of the Debenture Trust Deed.

**7. Succession**

In the event of winding up of a Debenture Holder, the Company will recognize the executor or administrator of the concerned Debenture Holder, or the other legal representative as having title to the Debentures.

**8. Deemed Date of Allotment**

All the benefits under the Debentures will accrue to the investor from the specified Deemed Date of Allotment.

**9. Manner of Bidding**

The Issue will be through open book price discovery methodology on the EBP platform in line with the Operational Guidelines.

**10. Method of Allotment**

The allotment will be done on uniform yield basis in line with the Operational Guidelines.

**11. Minimum bid lot**

INR 10,00,000 (Indian Rupees Ten Lakhs only) per Debenture and in multiples of INR 10,00,000 (Indian Rupees Ten Lakhs only) per Debenture thereafter.

**12. Manner of Settlement**

Settlement of the Issue will be done through ICCL and the account details are given in the section on 'Payment Mechanism' of this Placement Memorandum.

**13. Settlement Cycle**

T+1

## ANNEXURE 16 – APPLICATION FORM

### APPLICATION FORM

#### KNR TIRUMALA INFRA PRIVATE LIMITED<sup>2</sup>

(a private company limited by shares incorporated under the Companies Act, 2013)

**CIN:** U45500TG2018PTC123857, **Website:** [www.ktipl.co.in](http://www.ktipl.co.in), **E-mail address:** Compliance@ktiplt.co.in; **Registered Office:** KNR House, 4<sup>th</sup> Floor, Plot No. 114, Phase- I, Kavuri Hills, Hyderabad-500033, Telangana, **Permanent Account Number:** AAHCK0615K; **Date of Incorporation:** 13 April 2018 ; **Place of Incorporation:** Hyderabad;; **Corporate Office:** No – 1901, Tower B, 19<sup>th</sup> Floor, Plot No-C -1, World Trade Tower, Sector -16, Noida 201301 (UP), **Telephone Number:** 011-48986010 , **Contact Person:** Gaurav Malhotra;

<b>DEBENTURE SERIES APPLICATION FORM SERIAL NO.</b>	
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**ISSUE OF UPTO 5210 (FIVE THOUSAND TWO HUNDRED AND TEN) SENIOR, LISTED, RATED, SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF THE FACE VALUE OF INR 10,00,000 (INDIAN RUPEES TEN LAKH ONLY) EACH AGGREGATING TO INR 521,00,00,000 (INDIAN RUPEES FIVE HUNDRED AND TWENTY ONE CRORES ONLY), FOR CASH AT PAR TO THE FACE VALUE**

#### **DEBENTURE SERIES APPLIED FOR:**

- (1) Number of Debentures: [•], in words [•]
- (2) Amount in INR: [•], in words Rupees [•] only
- (3) Details of payment:
  - (a) RTGS No.: [•], drawn on [•] and funds transferred to [•], dated [•]
  - (b) Total amount enclosed: [•], in words Rupees [•] only

<b>Applicant's full name, father's name, complete address (including flat/house number, street, locality, pin code, phone number, if any, email ID, if any, identification number and other particulars including PAN, bank account details, if any</b>	<b>Specimen Signature</b>
[•]	<hr/> <b>Name:</b> [•] <b>Designation:</b> [•], being authorised signatory

We have read and understood the terms and conditions of the Issue of Debentures including the risk factors described in the Placement Memorandum and have considered these in making our decision to apply. We bind ourselves to these terms and conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on Register of Debenture Holders:

<sup>2</sup> The Issuer does not have a logo.

---

**Name:** [•]

**Designation:** [•], being authorised signatory

We the undersigned are agreeable to holding the Debentures of the Company in dematerialized form. Details of my/our Beneficial owner Account are given below:

Depository	
Depository Participatory Name	
DP-ID	
Beneficiary Account Number	
Name of the Applicant	
Application Bank Account:	
Tax payer's PAN	
IT Circle/ Ward/ District	
(Settlement By Way Of Cheque/ Demand Draft/Pay Order/Direct Credit/ECS/ NEFT/RTGS/Other Permitted Mechanism)	

Tax status of the Applicant (please tick one)		
1. Non-Exempt	2. Exempt under: Self-declaration Under Statute	Certificate from I.T. Authority
Please furnish exemption certificate, if applicable.		

We apply as (tick whichever is applicable)

Financial Institution/

Company

Non-Banking Finance Company

Insurance Company

Commercial Bank/RRB/Co-op. Bank/UCB

Body Corporate

Mutual Fund

Others: \_\_\_\_\_

**CONTACT PERSON**

NAME _____	DESIGNATION _____	TEL. NO. _____
_____	FAX NO. _____	Email _____

<b><u>FOR OFFICE USE ONLY</u></b>	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realization)

We understand that : (i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) the Applicant must ensure that sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, if any and (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and /or the sale value of Debentures. We undertake that upon sale or transfer to subsequent investor or transferee ("**Transferee**"), we shall convey all the terms and conditions contained herein and this Placement Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer (and all such persons acting on its or their behalf) and also hold the Issuer and each of such person harmless in respect of any claim by the Transferee.

\_\_\_\_\_  
**Name:** [•]

**Designation:** [•], being authorised signatory

**FOR OFFICE USE ONLY**

DATE OF RECEIPT \_\_\_\_\_ DATE OF CLEARANCE \_\_\_\_\_

(Note: Cheques and Drafts are subject to realization)



**ANNEXURE 17 – DUE DILIGENCE CERTIFICATE OF THE DEBENTURE TRUSTEE**

Refer to Annexure E

## ANNEXURE 18 – UNDERTAKING BY ISSUER IN RELATION TO CHARGE CREATION

### KNR TIRUMALA INFRA PVT. LTD.

04<sup>th</sup> April 2022

To,

Catalyst Trusteeship Limited  
Windsor, 6th Floor, Office No. 604,  
C.S.T. Road, Kalina, Santacruz (East),  
Mumbai – 400098  
(as the "Debenture Trustee")

Subject: Undertaking in relation to the proposed issuance ("Issue") of 5,210 (Five Thousand Two Hundred and Ten) senior, listed, rated, secured, redeemable, non-convertible debentures of the face value of INR 10,00,000 (Indian Rupees Ten Lakhs only) each aggregating to INR 521,00,00,000 (Indian Rupees Five Hundred and Twenty One Crores only) (in 2 (two) series) ("Debentures") by KNR Tirumala Infra Private Limited ("Issuer").

Dear Sir / Ma'am,

The Issuer proposes to Issue the Debentures in accordance with the terms and conditions of the debenture trust deed dated on or about the date of the IM ("Debenture Trust Deed") executed by and between the Issuer and the Debenture Trustee.

One of the conditions in relation to the issue is that the Issuer is required to provide an undertaking confirming that all permissions / consents from the prior creditor for a second or *pari passu* charge created, wherever applicable, in favour of the Debenture Trustee to the proposed Issue has been obtained.

Pursuant to the above, we hereby confirm that permission / consent from the Previous Lenders for creation of the Security Interest over the Secured Assets in favour of the Debenture Trustee in accordance with the terms of the Debenture Documents has been obtained subject to payment of their outstanding dues, which payment shall be made prior to listing of the Debentures

Terms capitalised but not defined here shall have the meaning given to such terms in the Debenture Trust Deed.

Yours sincerely



---

Name: Gaurav Malhotra

Designation: Director

Authorised pursuant to: Resolution dated 23<sup>rd</sup> December 2021

Regd. Off: KNR House, 4<sup>th</sup> Floor, Plot No. 114, Phase -I, Kavuri Hills, Hyderabad – 500033  
Phone: 040- 4026 8761 / 62, Fax: +91 40 4026 8760 E-mail: ktipl@knrcl.com  
CIN: U45500TG2018PTC123857

**ANNEXURE 19 – DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS,  
COURTS AND TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF COMPANY AND ITS FUTURE  
OPERATIONS**

Company has received a notice from the GST department for the following:

Payment of GST on the entire balance annuity receivable (during the operations period) on the date of COD– INR 250.04 crores

- Principal amount of INR 108.67 crores
- Interest of INR 32.69 crores
- Penalty of INR 108.67 crores

The Company had entered into the Concession Agreement with NHAI for construction of roads on Hybrid Annuity Model ('HAM'). Under such model, NHAI will pay the SPVs 40% of the contract value (i.e. bid project cost) during the construction period and balance 60% as 'annuity' post completion of the construction.

GST authorities have contended that, since GST is applicable on annuity portion (i.e. 60% of the value of contract) and that the construction activity is complete, GST is to be discharged on the entire contract value i.e. bid cost on COD.

**ANNEXURE 20: AUDIT REPORT – As per Exhibit H and K**

## ANNEXURE 21 – REDEMPTION SCHEDULE

Dates	Repayment Percentage
31-07-2022	0.50%
31-01-2023	0.50%
31-07-2023	3.00%
31-01-2024	6.00%
31-07-2024	3.45%
31-01-2025	3.45%
31-07-2025	3.60%
31-01-2026	3.65%
31-07-2026	3.70%
31-01-2027	3.90%
31-07-2027	4.00%
31-01-2028	4.25%
31-07-2028	4.35%
31-01-2029	4.30%
31-07-2029	5.00%
31-01-2030	5.25%
31-07-2030	4.65%
31-01-2031	4.90%
31-07-2031	3.05%
31-01-2032	3.30%
31-07-2032	3.25%
31-01-2033	3.15%
31-07-2033	3.20%
31-01-2034	3.20%
31-07-2034	3.45%
31-01-2035	4.70%
31-07-2035	4.25%

**ANNEXURE 22: DETAILS OF OTHER DIRECTORSHIPS OF THE DIRECTORS**

Name, Designation and DIN	Age	Address	Date of Appointment	Details of Other Directorship	Whether Willful Defaulter (Yes/No)					
Gaurav  Malhotra  (Director)  (DIN: 09422131)	37	C-149, Block C, Surajmal Vihar, East Delhi, Delhi- 110092	30/12/2021	<table border="1"> <tr> <td data-bbox="959 527 1281 604">DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED</td> </tr> <tr> <td data-bbox="959 611 1281 688">DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED</td> </tr> <tr> <td data-bbox="959 695 1281 772">DBL MANGLOOR HIGHWAYS PRIVATE LIMITED</td> </tr> <tr> <td data-bbox="959 779 1281 877">KNR SHANKARAMPET PROJECTS PRIVATELIMITED</td> </tr> </table>	DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED	DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED	DBL MANGLOOR HIGHWAYS PRIVATE LIMITED	KNR SHANKARAMPET PROJECTS PRIVATELIMITED	No	
DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED										
DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED										
DBL MANGLOOR HIGHWAYS PRIVATE LIMITED										
KNR SHANKARAMPET PROJECTS PRIVATELIMITED										
Kapil Nayyar  (Director)  (DIN: 00004058)	44	B-9, Ground Floor,  Green Park Main, New Delhi - 110016	30/12/2021	<table border="1"> <tr> <td data-bbox="959 989 1281 1066">DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED</td> </tr> <tr> <td data-bbox="959 1073 1281 1150">DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED</td> </tr> <tr> <td data-bbox="959 1157 1281 1234">DBL MANGLOOR HIGHWAYS PRIVATE LIMITED</td> </tr> <tr> <td data-bbox="959 1241 1281 1339">KNR SHANKARAMPET PROJECTS PRIVATELIMITED</td> </tr> </table>	DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED	DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED	DBL MANGLOOR HIGHWAYS PRIVATE LIMITED	KNR SHANKARAMPET PROJECTS PRIVATELIMITED	No	
DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED										
DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED										
DBL MANGLOOR HIGHWAYS PRIVATE LIMITED										
KNR SHANKARAMPET PROJECTS PRIVATELIMITED										
Jayesh Ramniklal Desai  (Director)  (DIN: 00038123)	56	1001 Desai Oceanic V B Worlikar Marg  Worli Mumbai  400030	30/12/2021	<table border="1"> <tr> <td data-bbox="959 1451 1281 1528">DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED</td> </tr> <tr> <td data-bbox="959 1535 1281 1612">DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED</td> </tr> <tr> <td data-bbox="959 1619 1281 1696">DBL MANGLOOR HIGHWAYS PRIVATE LIMITED</td> </tr> <tr> <td data-bbox="959 1703 1281 1780">KNR SHANKARAMPET PROJECTS PRIVATELIMITED</td> </tr> <tr> <td data-bbox="959 1787 1281 1864">CUBE HIGHWAYS FUND ADVISORS PRIVATE LIMITED</td> </tr> </table>	DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED	DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED	DBL MANGLOOR HIGHWAYS PRIVATE LIMITED	KNR SHANKARAMPET PROJECTS PRIVATELIMITED	CUBE HIGHWAYS FUND ADVISORS PRIVATE LIMITED	No
DBL BORGAON WATAMBARE HIGHWAYS PRIVATELIMITED										
DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATELIMITED										
DBL MANGLOOR HIGHWAYS PRIVATE LIMITED										
KNR SHANKARAMPET PROJECTS PRIVATELIMITED										
CUBE HIGHWAYS FUND ADVISORS PRIVATE LIMITED										

				TRUBOARD VT PRIVATE LIMITED	
Kamidi Narsimha Reddy (Director) (DIN: 00382412)	74	B-2-293/W/84, Women's Co-Operative Society, Road No. 7, Jubilee Hills, Hyderabad - 500033	13/04/2018	ROCHE POLYMERS & ADDITIVES PRIVATE LIMITED GRADIENT REALTY VENTURES PRIVATE LIMITED PATEL KNR HEAVY INFRASTRUCTURES LIMITED KNR CONSTRUCTIONS LIMITED PATEL KNR INFRASTRUCTURES LIMITED KNR MUZAFFARPUR - BARAUNI TOLLWAY PRIVATE LIMITED KNR SRIRANGAM INFRA PRIVATE LIMITED KNR CHIDAMBARAM INFRA PRIVATE LIMITED KNR SHANKARAMPET PROJECTS PRIVATE LIMITED KAMIDI REALITY PRIVATE LIMITED KNR GURUVAYUR INFRA PRIVATE LIMITED KNR RAMANATTUKARA INFRA PRIVATE LIMITED KNR RAMAGIRI INFRA PRIVATE LIMITED	No

<p>Jalandhar Reddy Kamidi</p> <p>(Director)</p> <p>(DIN: 00434911)</p>	51	<p>B-2-293/W/84, Women's Co- Operative Society, Road No. 7, Jubilee Hills, Hyderabad - 500033</p>	13/04/2018	<p>ROCHE POLYMERS &amp; ADDITIVES PRIVATE LIMITED</p>	No
				<p>GRADIENT REALTY VENTURES PRIVATE LIMITED</p>	
				<p>KNR MUZAFFARPUR HOLDINGS PRIVATE LIMITED</p>	
				<p>VISHNU PUBLICITY SOLUTIONS PRIVATE LIMITED</p>	
				<p>SIRIADHVAITHA AGROTECH PRIVATE LIMITED</p>	
				<p>KNR CONSTRUCTIONS LIMITED</p>	
				<p>KNR MUZAFFARPUR - BARAUNI TOLLWAY PRIVATE LIMITED</p>	
				<p>KNR SRIRANGAM INFRA PRIVATE LIMITED</p>	
				<p>KNR CHIDAMBARAM INFRA PRIVATE LIMITED</p>	
				<p>KNR SHANKARAMPET PROJECTS PRIVATE LIMITED</p>	
				<p>KNR PALANI INFRA PRIVATE LIMITED</p>	
				<p>KAMIDI REALITY PRIVATE LIMITED</p>	
				<p>KNR GURUVAYUR INFRA PRIVATE LIMITED</p>	
				<p>KNR RAMANATTUKARA INFRA PRIVATE LIMITED</p>	
<p>KNR RAMAGIRI INFRA PRIVATE LIMITED</p>					



ANNEXURE 23 DECLARATION OF ISSUER (Exhibit G)

**KNR TIRUMALA INFRA PVT. LTD.**

To,  
Catalyst Trusteeship Limited  
Windsor, 6th Floor, Office No. 604,  
C.S.T. Road, Kalina, Santacruz (East),  
Mumbai – 400098  
(as the “Debenture Trustee”)

Subject: Undertaking in relation to the proposed issuance (“Issue”) of 5,210 (Five Thousand Two Hundred and Ten) senior, listed, rated, secured, redeemable, non-convertible debentures of the face value of INR 10,00,000 (Indian Rupees Ten Lakhs only) each aggregating to INR 521,00,00,000 (Indian Rupees Five Hundred and Twenty One Crores only) (in 2 (two) series) (“Debentures”) by KNR Tirumala Infra Private Limited (“Issuer”).

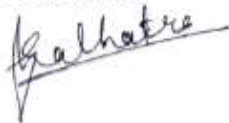
Dear Sir / Ma’am,

The Issuer proposes to Issue the Debentures in accordance with the terms and conditions of the debenture trust deed to be executed by and between the Issuer and the Debenture Trustee (“Debenture Trust Deed”).

One of the conditions in relation to the Issue is that the Issuer is required to provide an undertaking confirming that the necessary documents for creation of the charge, wherever applicable, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/Act/rules etc. and the same would be uploaded on the website of the designated stock exchange, where such securities have been proposed to be listed.

Pursuant to the above, we hereby confirm that necessary documents for creation of the charge, wherever applicable, including the Debenture Trust Deed shall be executed within the time frame prescribed in the relevant regulations/Act/rules etc. and the same shall be uploaded on the website of the NSE.

Yours sincerely



---

Director

04<sup>th</sup> April 2022

Regd. Off: KNR House, 4<sup>th</sup> Floor, Plot No. 114, Phase -I, Kavuri Hills, Hyderabad – 500033  
Phone: 040- 4026 8761 / 62, Fax: +91 40 4026 8760 E-mail: ktipl@knrcl.com  
CIN: U45500TG2018PTC123857

RL/KNTMAI/289851/NCD/0322/28142/101302149

March 16, 2022

**Mr. Gaurav Malhotra**  
 Director  
**KNR Tirumala Infra Private Limited**  
 KNR House, 4th floor, Plot No. 114,  
 Phase I, Kavuri Hills, Hyderabad  
 Hyderabad - 500033

## Exhibit A

Dear Mr. Gaurav Malhotra,

**Re: Review of CRISIL Rating on the Rs.575 Crore Non Convertible Debentures of KNR Tirumala Infra Private Limited**

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed its CRISIL AAA/Stable (pronounced as CRISIL triple A rating with Stable outlook) rating on the captioned debt instrument. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

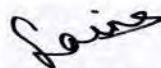
As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at [debtissue@crisil.com](mailto:debtissue@crisil.com) for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Saina S Kathawala  
 Associate Director - CRISIL Ratings



Nivedita Shibu  
 Associate Director - CRISIL Ratings



**Disclaimer:** A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, [www.crisilratings.com](http://www.crisilratings.com). CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com) or at 1800-267-1301.

**CRISIL Ratings Limited**

(A subsidiary of CRISIL Limited)

Corporate Identity Number: U67100MH2019PLC326247

**Ratings**

CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

**CRISIL**  
An S&P Global Company**Rating Rationale**

March 16, 2022 | Mumbai

**KNR Tirumala Infra Private Limited***Rating Reaffirmed***Rating Action****Rs.575 Crore Non Convertible Debentures****CRISIL AAA/Stable (Reaffirmed)**

1 crore = 10 million

Refer to Annexure for Details of Instruments &amp; Bank Facilities

**Detailed Rationale**

CRISIL Ratings has reaffirmed its 'CRISIL AAA/Stable' rating on the proposed non-convertible debentures (NCDs) of KNR Tirumala Infra Private Limited (KTIPL).

CRISIL Ratings had assigned the rating to the proposed NCDs on December 31, 2021. These NCDs are proposed to be utilised to refinance the project term loan, fund the balance EPC cost of Rs 484 crore (Series A; reduced from Rs 500 crore) and create a debt service reserve account (DSRA, Series B of Rs 37 crore). Furthermore, the rate of interest on the proposed NCDs is likely to be fixed for the first two years post disbursement, against a floating rate proposed earlier.

The rating continues to reflect the healthy debt protection metrics of the project, inherent benefits of the hybrid annuity model (HAM), and the experienced management team of KTIPL. These strengths are partially offset by susceptibility to changes in operational cost and interest rate.

The project received its first annuity (along with interest) and operations and maintenance (O&M) payment from the National Highways Authority of India (NHAI; 'CRISIL AAA/Stable') under provisions of the concession agreement (CA) on December 15, 2021. The annuity was received to the extent of 90.37% of the completed length as on the provisional commercial operations date (PCOD). Further, the existing lenders have confirmed the creation of a DSRA covering obligation for six months.

The ratio of debt to annuities receivable is healthy at 0.55 time (assuming Rs 521 crore debt drawn and receipt of 100% annuity for the completed length) and debt service coverage ratio (DSCR) is expected to be over 1 time throughout the tenure of the debt. Further, buffer of one month between the scheduled annuity payment date and the debt obligation date offers some cushion in case of delay in receipt of annuity. A similar one-month buffer should be maintained between the NCD redemption and annuity receipt dates as well.

The project received the PCOD on May 10, 2021, which was 142 days (including extension of 90 days) ahead of the scheduled commercial operations date (SCOD), i.e., September 29, 2021. Consequently, the Regional Officer (RO), NHAI has recommended to the Project Director (PD), NHAI for re-submitting the bonus payment proposal, considering the actual work completed till PCOD. However, this bonus amount would be passed on to the engineering, procurement, and construction (EPC) contractor, KNR Constructions Ltd (KNRCL; 'CRISIL AA-/Positive/CRISIL A1+') and hence, will not have any bearing on project cash flow. Though physical progress was 95.63% as on November 30, 2021, the entire work has been completed as on date, except on the 1.78 km stretch (expected to be de-scoped) and land acquisition issues on 0.45 km. However, this stretch of 0.45 km pertains to the service road and not the main carriageway. The cost of pending construction is estimated at Rs 7-8 crore.

The project had outstanding debt of Rs 466 crore as on March 10, 2022, against sanctioned debt of Rs 573 crore. The project may now require lower debt than envisaged before, due to savings in project cost and likely de-scoping of 1.78 kilometre (km) of the road stretch. The existing rupee term loan (RTL) and DSRA are proposed to be refinanced via issuance of the rated NCDs of up to Rs 484 crore (Series A) and up to Rs 37 crore (Series B), respectively. These NCDs are to be repaid over 13 years in semi-annual structured principal instalments (with two annuities). The coupon rate is fixed for the first two years and subject to change, thereafter, as per mutual agreement between the issuer and debenture holders.

The proposed NCDs are also expected to have put/call options exposing the company to refinancing risk. The first put/call option date is two years from deemed date of allotment and at the end of every three years thereafter or as mutually agreed between issuer and debenture holders. Nevertheless, the risk is mitigated given sufficient time available for refinancing the

NCDs, i.e., 90-105 days, stable cash flows and healthy debt protection metrics of the project and extensive experience of Cube Highways.

### **Analytical Approach**

For arriving at the rating, CRISIL Ratings has taken a standalone view of KTIPL.

### **Key Rating Drivers & Detailed Description**

#### **Strengths:**

##### **Healthy debt protection metrics**

The project will receive 60% of the completion cost through 30 semi-annual payments from NHAI for the next 15 years and interest payments on the balance annuities at a rate equal to the prevailing bank rate plus 3%. Actual debt required for the project would be lower than that sanctioned, due to saving in project cost and expected de-scoping; the project had outstanding debt of Rs 466 crore as on March 10, 2022. The ratio of debt to annuities receivable is healthy at 0.55 time and the DSCR is expected at above 1 time throughout the tenure of the debt, supported by moderate debt obligation and maintenance expenses. Furthermore, a gap of one month between the scheduled annuity payment date and the proposed NCD repayment date shall offer a cushion in case of delay in receipt of annuity. Further, DSRA covering six months of debt servicing obligation has been created in-line with terms of the financing agreements, which is proposed to be refinanced via NCD proceeds.

The first annuity (along with interest) and O&M payment was received on December 15, 2021. Though it was to be received within 15 days from the due date as per the provisions of CA, there was a delay of 21 days. This could be a one-time occurrence, given the procedural delays in submission of revised cost of project completion by PD, NHAI to the RO, NHAI, after adjusting the price index multiple (PIM) considering consumer price index for the circle of the project location. Annuities, interest and O&M payments are expected to be received together and on time, going forward. Any significant delay or deduction in payment from NHAI will remain a rating sensitivity factor.

##### **Inherent benefits of HAM**

Benefits such as delinking of unavailable land under HAM, allows for issue of PCOD on completion of construction on the land made available up to 182 days from the appointed date (AD), thereby allowing payment of full annuities assuming all project works are completed. The concessionaire is required to complete construction on the remaining land whenever it is made available after the PCOD. However, this clause is not relevant for the project since PD, NHAI has recommended for de-scoping of unavailable land. There are land acquisition issues on 0.45 km of service road and its estimated cost of completion is Rs 7-8 crore. HAM also provides benefits such as indexation to the bid project cost (BPC) and O&M cost to the extent of inflation and interest payments on residual annuity payments, in the operational phase.

The project received PCOD on May 10, 2021. As per the provisions of the HAM CA, full annuities and O&M payments are to be received starting six months from the PCOD itself. Accordingly, the project has received its first annuity (along with interest) and O&M payment, to the extent of length completed as of PCOD. Furthermore, the company may receive bonus on account of early completion.

##### **Experienced management team**

The project sponsor, KNRCL entered into a share purchase agreement (SPA) with Cube Highways and Infrastructure III Pte Ltd (Cube Highways) in February 2019, for sale of its entire shareholding in KTIPL to Cube Highways in a phased manner. The transaction remains subject to shareholding transfer restrictions set out in the CA, and various regulatory and lender approvals. Presently, 49% of equity shares and 100% of promoter loans have been transferred to Cube Highways, and balance shareholding will be transferred post receiving NHAI approvals and fulfillment of conditions as mentioned in the SPA. KNRCL has a track record of more than two decades in the EPC segment. The top management has qualified and experienced members, with average experience of over two decades. Their active involvement across all stages of project execution should ensure timely project completion.

Cube Highways has a well-equipped team of professionals to oversee road maintenance. Its senior management consists of experienced professionals with deep understanding of technical specifications and advanced O&M methods to proactively tackle issues in road maintenance. This is further supported by the experienced finance and legal team. Both sponsors have the financial flexibility to support the project, if needed, and have a related track record in other projects.

#### **Weakness**

##### **Susceptibility to changes in operational cost and interest rate**

The project remains exposed to risks related to maintenance of the project stretch. If the prescribed standards are not met, annuity payment may be reduced. Any significant delay and deduction in annuities could impact the debt-servicing capability. Nonetheless, the extensive experience of the management should mitigate this risk and aid effective maintenance and avoidance of any structural damage to the road.

Along with fixed annuities, the project will receive interest payments on the balance annuities that are linked to the prevailing bank rate. However, significant drop in the bank rate in the past 18-24 months, thereby impacting project inflow, as a large proportion of cash inflow is from interest on balance annuities. While the coupon rate on the proposed NCDs is fixed for the first two years, it may follow the trend in bank rates thereafter, thus supporting DSCR.

**Liquidity: Superior**

Liquidity will be supported by receipt of semi-annual annuities (along with interest) and O&M pay-out from NHAI. The DSCR should remain comfortable at over 1 time throughout the tenure of the debt. Further, DSRA is proposed to be funded via NCDs of up to Rs 37 crore (Series B). Additionally, a buffer of one month between the scheduled annuity receipt date and the NCD repayment date, will provide a cushion in case of delay in annuity. The proposed NCDs are expected to have put/call options exposing the company to refinancing risk. However, the conditions around redemption provide the company sufficient time to arrange for refinancing.

**Outlook: Stable**

CRISIL Ratings believes KTIPL should continue to benefit from the receipt of PCOD, leading to stable semi-annual payments from NHAI.

**Rating Sensitivity Factors****Downward Factors:**

- Substantial delay in receipt of subsequent annuities from NHAI
- Considerable deduction in annuities and O&M payments
- Draw down of higher-than-expected additional debt

**About the Company**

KTIPL is a special-purpose vehicle, incorporated on April 13, 2018 and is a wholly-owned subsidiary of KNRCL. It has been set up to undertake six-laning (from the existing two lanes) of the Chittoor-Mallavaram section of NH 140 in Andhra Pradesh, on a design, build, operate and transfer basis. The total length of the road to be developed is 61.128 km. The pavement will be flexible (bitumen).

The CA was signed on May 9, 2018, and the concession period includes construction period of 910 days from the AD and fixed operations period of 15 years from the COD. AD was received on January 4, 2019, and the project has been given an extension of 90 days, owing to challenges induced by the Covid-19 pandemic. The project received PCOD on May 10, 2021, ahead of schedule. The revised project cost is Rs 1,316 crore, funded through NHAI grant to the extent of Rs 671 crore, debt of Rs 484 crore, and the balance through equity and funding contribution from the promoters.

KNRCL entered into a SPA with Cube Highways for KTIPL in February 2019, wherein it will sell its entire shareholding in KTIPL to Cube Highways, in a phased manner. Presently, 49% of shareholding has been transferred to Cube Highways, and balance shareholding is expected to be transferred post receiving NHAI approvals and fulfillment of conditions as mentioned in the SPA.

**Key Financial Indicators**

Financials as on/for the period ended March 31	Unit	2021	2020
Revenue*	Rs.Crore	390	522
Profit After Tax (PAT)	Rs.Crore	36	19
PAT Margin	%	9.4	3.6
Adjusted debt/adjusted networkth	Times	1.1	0.0
Interest coverage	Times	0.0	0.0

\*Revenue includes the construction cost incurred in the project as per IND AS accounting requirements

**Any other information:**

- **Goods and Service Tax (GST) notice:** The company has received a tax notice of Rs 250 crore from GST authorities, equivalent to GST on annuities expected to be received over the tenure of the project, and this also includes penalty and interest thereof. The matter is currently sub-judice. CRISIL Ratings will continue to monitor the related developments.
- **Put/call option on the proposed NCDs:** First put/call option date is two years from deemed date of allotment and at the end of every three years thereafter or as mutually agreed between issuer and debenture holders
- **Step-up in coupon rate:** The coupon rate shall be revised upwards by 0.25% for every notch downgrade in the credit rating of the debentures

**Financial covenant**

- DSCR  $\geq$  1.10x

**Note on complexity levels of the rated instrument:**

CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels). Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

**Annexure - Details of Instrument(s)**

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity level	Rating assigned with outlook
NA	Non-convertible debentures*	NA	NA	NA	535	Complex	CRISIL AAA/Stable
NA	Non-convertible debentures*	NA	NA	NA	40	Complex	CRISIL AAA/Stable

\*Not yet issued

NA: Not applicable

#### Annexure - Rating History for last 3 Years

		Current		2022 (History)		2021		2020		2019		Start of 2019
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	575.0	CRISIL AAA/Stable		--	31-12-21	CRISIL AAA/Stable		--		--	--

All amounts are in Rs.Cr.

#### Criteria Details

##### Links to related criteria

[The Rating Process](#)

[CRISILs criteria for rating annuity and HAM road projects](#)

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p><b>Pankaj Rawat</b> Media Relations <b>CRISIL Limited</b> B: +91 22 3342 3000 <a href="mailto:pankaj.rawat@crisil.com">pankaj.rawat@crisil.com</a></p> <p><b>Hiral Jani Vasani</b> Media Relations <b>CRISIL Limited</b> B: +91 22 3342 3000 <a href="mailto:hiral.vasani@crisil.com">hiral.vasani@crisil.com</a></p> <p><b>Rutuja Gaikwad</b> Media Relations <b>CRISIL Limited</b> B: +91 22 3342 3000 <a href="mailto:Rutuja.Gaikwad@ext-crisil.com">Rutuja.Gaikwad@ext-crisil.com</a></p>	<p>Anuj Sethi Senior Director <b>CRISIL Ratings Limited</b> B:+91 44 6656 3100 <a href="mailto:anuj.sethi@crisil.com">anuj.sethi@crisil.com</a></p> <p>Anand Kulkarni Director <b>CRISIL Ratings Limited</b> B:+91 22 3342 3000 <a href="mailto:Anand.Kulkarni@crisil.com">Anand.Kulkarni@crisil.com</a></p> <p>Abhilash Dash Senior Rating Analyst <b>CRISIL Ratings Limited</b> B:+91 22 3342 3000 <a href="mailto:Abhilash.Dash@crisil.com">Abhilash.Dash@crisil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <a href="mailto:CRISILratingdesk@crisil.com">CRISILratingdesk@crisil.com</a></p> <p>For Analytical queries: <a href="mailto:ratingsinvestordesk@crisil.com">ratingsinvestordesk@crisil.com</a></p>



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3901/CL/MUM/21-22/DEB/734

November 30, 2021

To,  
**KNR Tirumala Infra Private Limited ("Issuer")**  
 KNR House, 4TH Floor, Plot No. 114,  
 Phase-I, Kavuri Hills, Hyderabad – 500033

Dear Sir,

**Consent to act as Debenture Trustee for Senior Rated, Listed, Secured, Redeemable, Non-Convertible Debentures aggregating up to Rs. 575.00 Crores to be issued by the Company**

This is with reference to the appointment of Catalyst Trusteeship Limited (CTL) to act as Debenture Trustee for the Senior Rated, Listed, Secured, Redeemable, Non-Convertible Debentures aggregating upto Rs. 575.00 Crores to be issued by the Company.

In this regard, we hereby agree to act as Debenture Trustee on the following trusteeship remuneration:

<b>Acceptance fees</b>	Rs. 5,75,000/- plus applicable taxes (One Time; Non Refundable & payable on appointment as trustee).
<b>Service Charges (Debenture Trustee)</b>	Rs. 8,62,500/- p.a. plus applicable taxes payable in advance, for each financial year or any part thereof, effective from the date of execution till satisfaction of charges in full.  Pro-rata charges would apply for the first year from date of appointment till March 31, 2022

**Please note:**

- In case of multiple securities or securities across the states, complex/structured covenant monitoring etc. there will be additional fees.
- Expenses related to valuation, search, inspection, etc. arranged through external agencies shall be payable on actual basis over and above the aforementioned fees.

We accept the above terms.

For Catalyst Trusteeship Limited

For KNR Tirumala Infra Private Limited

Authorized Signatory

Authorized Signatory

**Note:**

As per GST guidelines, CTL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.





3901/CL/MUM/21-22/DEB/734  
November 30, 2021

To,  
**KNR Tirumala Infra Private Limited ("Issuer")**  
KNR House, 4TH Floor, Plot No. 114,  
Phase-I, Kavuri Hills, Hyderabad – 500033

Dear Sir,

**Consent to act as Debenture Trustee for Senior Rated, Listed, Secured, Redeemable, Non-Convertible Debentures aggregating up to Rs. 575.00 Crores to be issued by the Company**

This is with reference to the appointment of Catalyst Trusteeship Limited to act as Debenture Trustee for the Senior Rated, Listed, Secured, Redeemable, Non-Convertible Debentures aggregating upto Rs. 575.00 Crores to be issued by the Company.

In this regard, we hereby agree to act as Trustee on the terms and conditions as mutually agreed between the Trustee and the Company.

The Company and the Trustee shall enter into relevant trustee agreements and other necessary documents for the aforesaid issue of NCDs and also agrees & undertakes to comply with the provisions of the SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2021, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 and the Listing Agreement pursuant thereto to be executed with Bombay Stock Exchange(BSE)/ National Stock Exchange(NSE), the RBI Circular No. RBI/2012-13/560 dated June 27, 2013, the Companies Act, 2013 and any other applicable statutes, regulations and provisions as amended from time to time.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

We accept the above terms.  
For Catalyst Trusteeship Limited

For KNR Tirumala Infra Private Limited

*Sagar*  
Authorized Signatory

Authorized Signatory





# Bigshare Services Pvt. Ltd.

306, Right Wing, 3rd Floor, Amrutha Ville, Opp. Yashoda Hospital,  
Somajiguda Rajbhavan Road, Hyderabad - 500 082.  
Email: bshyd@bigshareonline.com • website: www.bigshareonline.com

(On the letterhead of R&T Agent)

SEBI  
REGISTERED CATEGORY I  
REGISTRAR & TRANSFER  
AGENT



## Confirmation letter for appointment as R&T Agent **Exhibit D**

Date: 04/12/2021

To,  
The Managing Director  
**National Securities Depository Limited**  
4th floor, Trade World, A Wing  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai - 400 013

Dear Sir,

We hereby confirm that we have been appointed as R&T Agent [Business Partner ID- IN200117 (BP ID) allocated by NSDL by M/s .KNR Tirumala Infra Private Limited -NCD (name of the Issuer) for providing:

Please select

Single Point Connectivity (Physical + Electronic)  
Only Electronic Connectivity

√

We also confirm that the physical certificates for the purpose of dematerialisation should be forwarded to the following address: -

Particulars		Details	
Name of Organisation		Bigshare Services Pvt. Ltd	
Name of Contact Person		S.D.Prabhakar	
Designation of Contact Person		Deputy General Manager	
Address	Line 1	306,Right Wing, 3 <sup>rd</sup> Floor, Amrutha Ville	
	Line 2	Opp.Yashoda Hospital, Rajbhavan Road	
	Line 3	Somajiguda	
City	Hyderabad	PIN	500 082
State	Telangana	Country	India
Phone - 1	040-2337 4967	Phone - 2	040-4014 4967
Email ID	bshyd@bigshareonline.com		

Yours faithfully,

Signature of Authorised Signatory  
Name: S.D.Prabhakar  
Designation: Deputy General Manager



Place: Hyderabad

Stamp:

CIN : U99999MH1994PTC076534

(An Associate Company of Transfer Online Inc., USA)

## Exhibit E

CTL/21-22/4952

(Annexure A)

**DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING THE DRAFT OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM  
(Applicable for Secured and Unsecured Issuances)**

To,

**National Stock Exchange of India Limited.**

Exchange Plaza, 5 Floor, Plot C/1, G Block,  
Bandra - Kurla Complex, Bandra (E),  
Mumbai 400 051.

Dear Sir / Madam,

**SUB.: Issue of 5210, Principal Protected, Senior, Listed, Secured, Redeemable, Non-Convertible Debentures of face value Rs. 10,00,000/- (Rupees Ten Lakhs) each aggregating to Rs. 521,00,00,000/- (Rupees Five Hundred and Twenty One Crores only) by KNR Tirumala Infra Private Limited.**

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

- 1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
- 2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

- a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.
- b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).
- c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.
- d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.



- e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.
- f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.
- g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

**Place: Mumbai**

**Date: January 04, 2022**

**For Catalyst Trusteeship Limited**

For CATALYST TRUSTEESHIP LIMITED

*Pranav*  
2  
Authorised Signatory

**Authorised Signatory**





**National Stock Exchange Of India Limited**

Ref. No.: NSE/LIST/4470

January 06, 2022

The Company Secretary  
KNR Tirumala Infra Private Limited  
KNR House, 4th Floor, Plot No. 114,  
Phase- I, Kavuri Hills, Hyderabad-500033

**Kind Attn.: Mr Gaurav Malhotra**

Dear Sir,

**Sub.: In-principle approval for listing of Non-Convertible Debentures on private placement basis**

This is with reference to your application dated January 4, 2022 requesting for In-principle approval for listing of Senior, Rated, Secured, Redeemable, Non-Convertible Debentures of face value of Rs. 1000000/- each under Series A for Rs. 48400 lakhs and Series B for Rs. 3700 lakhs respectively, aggregating to total issue size upto Rs. 52100 lakhs, to be issued by KNR Tirumala Infra Private Limited on private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue, subject to adequate disclosures to be made in the Offer Document in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard and provided the Company prints the Disclaimer Clause as given below in the Offer Document after the SEBI disclaimer clause:

**“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref.: NSE/LIST/4470 dated January 06, 2022 or hosting the same on the website of NSE in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.**

**Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever”**

Please note that the approval given by us should not in any way be deemed or construed that the draft Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this draft offer document; nor does it warrant that the securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project.

Kindly also note that these debt instruments may be listed on the Exchange after the allotment process has been completed, provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard.

Specific attention is drawn towards Para 1 of Chapter XV of SEBI Operational Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021. Accordingly, Issuers of privately placed debt securities in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of allotment of securities. The details can be uploaded using the following links:

<https://www.nse-ebp.com>

<https://www.nseebp.com/ebp/rest/reportingentity?new=true>

Further, the company shall ensure submission of financial results in accordance with Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if listed after the end of quarter but before due date for submission of said financial results.

Yours faithfully,

For National Stock Exchange of India Limited

Apurva Meghraj  
Manager





# KNR TIRUMALA INFRA PVT. LTD.

**CERTIFIED TRUE COPY OF THE RESOLUTIONS PASSED OF KNR TIRUMALA INFRA PRIVATE LIMITED AT THEIR MEETING HELD ON THURSDAY, 23RD DECEMBER 2021 AT 12:00 PM AT THE REGISTERED OFFICE OF THE COMPANY AT KNR HOUSE, 4TH FLOOR, PLOT NO 114, PHASE I, KAVURI HILLS, MADHAPUR, HYDERABAD- 500033.**

## A) ISSUE OF NON-CONVERTIBLE DEBENTURES

The Chairman informed the Board that the Company proposes to borrow funds for an amount not exceeding INR 575,00,00,000/- (Indian Rupees Five Hundred and Seventy Five Crores only) by way of issue of senior, listed, rated, secured, redeemable, non-convertible debentures (collectively "Debentures") in dematerialised form on a private placement basis in 2 (two) series of issue amounts not exceeding INR 535,00,00,000/- (Indian Rupees Five Hundred and Thirty Five Crores only) and INR 40,00,00,000/- (Indian Rupees Forty Crores only), respectively, for the purpose of *inter alia* refinance the existing lenders of the Company and to create and maintain the debt service reserve for the Debentures, being proposed to be issued on the terms and conditions specified in the (i) draft of the private placement cum offer letter ("PPOAL") inviting eligible investors for subscription to the Debentures which *inter-alia* contains the disclosures that are required to be made by the Company under Form PAS-4 under Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 under Section 42 of the Companies Act, 2013, as amended and/or modified from time to time; (ii) draft of the information memorandum ("Information Memorandum") which will be filed with the National Stock Exchange of India Limited ("NSE") where the Debentures are proposed to be listed, and contain the disclosure that are prescribed under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (the "Information Memorandum") in relation to the Debentures; (iii) drafts of the debenture trust deed ("Debenture Trust Deed") along with the other finance and security documents in connection with the issue of the Debentures (including, without limitation, the Information Memorandum, offer letter, a deed of hypothecation, a pledge agreement, a sponsor support undertaking, a debenture trustee appointment agreement, an escrow agreement, a supplementary escrow agreement, a substitution agreement, the tripartite agreements with National Securities Depository Limited and Central Depository Services (India) Limited, the listing agreement between the Company and NSE for listing of the Debentures, agreements entered into between the Company and the registrar and transfer agent, the agreement entered into between the Company and electronic book building platform, letters appointing the registrar and transfer agent, any and all other documents executed or issued in relation to the issuance of the Debentures including any amendments thereto and any powers of attorney in relation to the aforesaid documents) (the "Debenture Documents") as placed before the Board.

After discussion, the Board passed the following resolutions:

**"RESOLVED THAT** pursuant to the provisions of Sections 42, 71, 179 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Prospectus and Allotment of



**Regd. Off.: KNR House, 4th Floor, Plot No.114, Phase-1, Kavuri Hills, Hyderabad - 500033**

**Phone :040-40268761 / 62 , Fax :040-40268760 E-mail: ktipl@knrcl.com**

**CIN: U45500TG2018PTC123857**

# KNR TIRUMALA INFRA PVT. LTD.

Securities), Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, other applicable rules made under the Companies Act, 2013 and the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as may be amended or modified from time to time, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, SEBI (Debenture Trustee) Regulations, 1993 as may be amended or modified from time to time in accordance with the memorandum of association and articles of association of the Company, subject to any approvals, consents, sanctions, permissions as may be necessary from the government authorities and all other appropriate statutory and regulatory authorities, and subject to such conditions and modifications as may be prescribed by the respective statutory and/or regulatory authorities while granting such approvals, consents, sanctions, permissions and subject to such conditions or modifications which may be agreed to by the Board and subject to the approval of the shareholders of the Company under Section 180 of the Companies Act, 2013, the approval of the Board be and is hereby accorded for issue and allotment of senior, listed, rated, secured, redeemable, non-convertible Debentures for an aggregate amount not exceeding INR 575,00,00,000/- (Indian Rupees Five Hundred and Seventy Five Crores only) in dematerialised form on a private placement basis in 2 (two) series of issue amounts not exceeding INR 535,00,00,000/- (Indian Rupees Five Hundred and Thirty Five Crores only) and INR 40,00,00,000/- (Indian Rupees Forty Crores only), respectively (collectively the "Issue") to eligible investors specifically identified by the Company, ("Identified Investors"), on such terms and conditions as set out in the documents entered into for the Issue."

"RESOLVED FURTHER THAT in terms of Section 179 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any rules and regulations issued thereunder) and all other approvals, consents, sanctions, permissions as may be necessary from the government authorities and all other appropriate statutory and regulatory authorities, to the extent applicable, the Board hereby authorises and approves: (i) the creation of security over such assets of the Company as described in the draft of deed of hypothecation, by execution of the deed of hypothecation, to secure the obligations of the Company in relation to the Debentures; and (ii) the creation of pledge over 51% (fifty one percent) of the equity shares of the Company (on a fully diluted basis) and over 100% (one hundred percent) of the other securities issued by the Company as per the terms of the Pledge Agreement to secure the obligations of the Company in relation to the Debentures."

"RESOLVED FURTHER THAT the Company hereby approves the drafts of the Debenture Documents, and approves the preparation, negotiation, finalization, acceptance and execution of each of the Debenture Documents including any amendments, novations, supplements, extensions, restatements or any other modifications thereof, which Debentures Documents shall be in the form and manner and on such terms and conditions as are mutually acceptable to the Company, the Identified Investors and the other secured parties, as applicable, and the Company does hereby agree to adopt, consent to and be bound by the terms of the said Debenture



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Documents to be entered into by the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the Issue, including, without limitation the following:

- (a) authorizing any Director of the Company (collectively the “**Authorised Signatories**”), to, severally, do such acts, deeds and things as the Authorised Signatories in their absolute discretion may deem necessary or desirable in connection with the Issue, offer and allotment of the Debentures;
- (b) to decide, negotiate and finalize the terms of the Issue including number of units and the face value of the Debentures, premium, coupon, redemption terms, price, tenor, issue opening date, issue closing date deciding, and all other terms in relation to the Debentures and related matters as more particularly set out in the Debenture Documents;
- (c) to alter or modify the terms of the Issue, approve, finalise and issue the PPOAL in terms of the Companies (Prospectus and Allotment of Securities Rules) 2014 as amended or modified from time to time and the Information Memorandum, and providing the same on the appropriate platforms of the stock exchanges and arrangement for the submission of the and any amendments supplements thereto, with any applicable statutory and/or regulatory authorities, institutions or bodies, as may be required;
- (d) the Authorised Signatories of the Company are severally authorised to sign, execute and issue consolidated receipt/s for the Debentures, listing application, various agreements (including but limited to subscription agreement, depository agreement, debenture trustee agreement, agreement with stock exchanges), undertaking, deeds, declarations and all other documents and to do all such things, deeds and acts and to comply with all the formalities as may, in the opinion of such authorized persons, be required in connection with or incidental to the aforesaid offering of Debentures, including post Issue formalities;
- (e) giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time, and all other related matters;
- (f) seeking, if required, any approval, consent or waiver from any/all financial creditors, concerned government and regulatory authorities, and/or any other approvals, consent or waivers that may be required in connection with the Issue, offer and allotment of the Debentures;
- (g) obtain in-principal approval and final listing/trading approvals from NSE and obtain ISIN from the depositories and allot Debentures to all the Identified Investors;



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- (h) creating a debenture redemption reserve in accordance with the provisions of the Companies Act, 2013 and the rules thereunder;
- (i) entering into arrangements with any depository in connection with the Issue of Debentures in demat form;
- (j) appointing the debenture trustee and such other intermediaries, as may be necessary in relation to the Debentures in accordance with the terms of the Debenture Documents;
- (k) do all such acts, matters, deeds and things in relation to the Issue including without limitation appointment of legal counsel, the registrar and transfer agent, the arranger, the rating agency and other advisors and/or intermediaries as may be required and making payment of their fees;
- (l) finalization of the allotment of the Debentures;
- (m) acceptance and appropriation of the proceeds of the issue of the Debentures;
- (n) authorization of the maintenance of a register of holders of the Debentures;
- (o) negotiate, finalise, execute, ratify and deliver the term sheet, the Debenture Documents (to which the Company is a party) and such other documents, as may be necessary including but not limited to all other documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required for the filing, registration, negotiation on dealing in any manner with the regulatory authorities in connection with the Debentures (including but not limited to Registrar of Companies, Ministry of Corporate Affairs, National Securities Depository Limited/Central Depository Services (India) Limited, the SEBI, NSE or any other stock exchange in India and such other authorities as may be required);
- (p) to execute all documents, file forms and take all necessary and appropriate steps relating to the creation, perfection and registration of any security created by the Company under any of the Debenture Documents (to which it is a party) including the registration of charges with the relevant registrar of companies, any depository or any other authorities under applicable laws and complete all listing and registration formalities with the relevant sub-registrar of assurances and other relevant governmental authorities as may be necessary;
- (q) entering into and dispatching such other documents, deeds, notices, letters, agreements, power of attorneys, declarations, memorandums, affidavits, certificates, indentures, indemnities (including without limitation in respect of stamp duty), undertakings,



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instruments and forms as may be required, in relation to or in connection with the Issue, the creation of security or pursuant to any other purpose mentioned in these resolutions or to give effect to any transactions contemplated in such Debenture Documents for the benefit of the holders of the Debentures; and

- (r) to take all steps and do all things and give such directions, as may be required, necessary, expedient or desirable for giving effect to the Debenture Documents, the transactions contemplated therein and the resolutions mentioned herein.

**"RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby severally authorized to record the name of holder of the Debentures in the register of debenture holders and to undertake such other acts, deeds and acts as may be required to give effect to the issuance and allotment of the Debentures."

**"RESOLVED FURTHER THAT** the Company requests: (i) Cube Highways and Infrastructure III Pte Ltd ("Sponsor") to create pledge over such shares and securities of the Company as described under the draft of the pledge agreement; and (ii) the Sponsor to execute the sponsor support undertaking, as per the terms of the Debenture Trust Deed.

**"RESOLVED FURTHER THAT** the common seal of the Company, if required, be affixed on the Debenture Documents including without limitation the power of attorney and such other agreements, indentures, certificates and documents, under the signatures of any of the Authorized Signatories and/or other officers of the Company, in accordance with the articles of association of the Company and Companies Act, 2013 as may be amended or modified from time to time."

**"RESOLVED FURTHER THAT** the Company be and is hereby authorized to open any bank accounts with such bank or banks in India as may be required in connection with the Issue and that any one of Authorized Signatories, be and are hereby authorized to sign and execute the application form and other documents required for opening the said account/s, to operate the said account/s, and to give such instructions including closure thereof as may be required and deemed appropriate by them, and that the said bank/s be and is/are hereby authorized to honour all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by the aforesaid Authorised Signatories on behalf of the Company."



# KNR TIRUMALA INFRA PVT. LTD.

## B) APPOINTMENT OF DEBENTURE TRUSTEE IN RELATION TO THE DEBENTURES

As per the provisions of Section 71 of the Companies Act, 2013, Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 and other applicable regulations, the Company has to appoint trustees for the issue of the Debentures.

After discussion, the Board passed the following resolution:

**"RESOLVED THAT** pursuant to Section 71 of the Companies Act, 2013, Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 and other applicable regulations, the Company do and hereby be authorised constitute a trust for the purpose of issue of the Debentures."

**"RESOLVED THAT** the consent of the Board be and is hereby accorded to appoint **Catalyst Trusteeship Limited ("Debenture Trustee")** having its registered office at GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune-411038, and its branch office at Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400098, and 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi -110001, as the Debenture Trustee, for the benefit of the Identified Investors, in connection with the Debentures."

**"RESOLVED FURTHER THAT** the Authorised Signatories, be and are hereby severally authorised and empowered to do all such acts, things and deeds as may be necessary in this regard including but not limited to negotiating, finalizing, executing the engagement letter, Debenture Documents including the Debenture Trustee Agreement, Debenture Trust Deed."

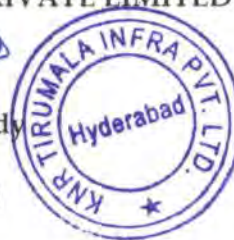
**"RESOLVED FURTHER THAT** the directors and/or company secretary of the Company be and are hereby severally authorized to give copies of this resolution, certified as true, to the to the Debenture Trustee or their advisors or to any persons concerned for their information and records and be requested to act upon the same."

//Certified True Copy//

For KNR TIRUMALA INFRA PRIVATE LIMITED

*K Jalandhar Reddy*

K Jalandhar Reddy  
Director  
(DIN:00434911)



Place: Hyderabad

Date: 24.12.2021

# KNR TIRUMALA INFRA PVT. LTD.

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE SHAREHOLDERS OF KNR TIRUMALA INFRA PRIVATE LIMITED (COMPANY) AT THEIR EXTRAORDINARY GENERAL MEETING HELD ON MONDAY, 27TH DAY OF DECEMBER, 2021, AT 11.00AM AT THE REGISTERED OFFICE OF THE COMPANY AT KNR HOUSE, 4TH FLOOR, PLOT NO 114, PHASE I, KAVURI HILLS, MADHAPUR, HYDERABAD- 500033.

Sub: TO CONSIDER AND APPROVE THE INCREASE IN BORROWING LIMITS UNDER SECTION 180(1)(C) OF THE COMPANIES ACT, 2013

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, read along with applicable rules and regulations framed thereunder, including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force and in terms of the memorandum and articles of association of the Company, the approval of members of the Company be and is hereby accorded to the Company to borrow from time to time any sum of moneys from any one or more persons, firms, body corporates, bankers, financial institutions, mutual funds, or from others or from any other source in India or outside India by way of loans, debentures, guarantees, bonds, deposits or otherwise and whether secured by way of mortgage, charge, hypothecation or lien or pledge on the Company's assets and properties or otherwise, notwithstanding that the sum or sums of money so borrowed together with monies, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital, free reserves and securities premium of the Company and provided that the total amount up to which the monies may be borrowed (together with any outstanding liabilities of the Company) shall not exceed in the aggregate INR 1500,00,00,000/- (Indian Rupees Fifteen Hundred Crores only), at any point of time on account of the outstanding principal amounts owed by the Company.

RESOLVED FURTHER THAT the board of directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary and take all steps which are incidental and ancillary in this connection.

RESOLVED FURTHER THAT any director of the Company be and is hereby severally authorized to (i) file necessary forms with the Registrar of Companies (ii) issue certified copy of this resolution to the concerned authorities, as and when required."

//Certified true copy\\

For KNR Tirumala Infra Private Limited

*K Jalandhar Reddy*

K Jalandhar Reddy  
Director  
(DIN: 00434911)



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CIN: U45500TG2018PTC123857

# KNR TIRUMALA INFRA PVT. LTD.

## EXPLANATORY STATEMENT

[Pursuant to the provisions of Section 102 of the Companies Act, 2013]

### Increase in Borrowing limits under Section 180(1) (c) of the Companies Act, 2013

The Company proposes to borrow funds for an amount not exceeding INR 575,00,00,000/- (Indian Rupees Five Hundred and Seventy-Five Crores only), by way of issue of senior, listed, rated, secured, redeemable, non-convertible debentures (collectively "Debentures") on a private placement basis to the eligible investors as approved by the board and upon such terms and conditions stipulated by them and approved by the Board.

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors can only borrow sums in excess of the aggregate of paid-up capital of the Company, its free reserves and securities premium account with the consent of the members of the Company by way of a special resolution. It is, hence, proposed to approve the maximum borrowing limit of INR 1500,00,00,000/- (Indian Rupees Fifteen Hundred Crores only).

Accordingly, the consent of the members of the Company is being sought by the Board by way of a special resolution to increase the borrowing limits in order to facilitate borrowing up to INR 1500,00,00,000/- (Indian Rupees Fifteen Hundred Crores only).

For KNR Tirumala Infra Private Limited



K Jalandhar Reddy  
Director  
(DIN:00434911)



# **KNR TIRUMALA INFRA PVT. LTD.**

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE SHAREHOLDERS OF KNR TIRUMALA INFRA PRIVATE LIMITED (COMPANY) AT THEIR EXTRAORDINARY GENERAL MEETING HELD ON MONDAY, 27TH DAY OF DECEMBER, 2021, AT 11.00AM AT THE REGISTERED OFFICE OF THE COMPANY AT KNR HOUSE, 4TH FLOOR, PLOT NO 114, PHASE I, KAVURI HILLS, MADHAPUR, HYDERABAD- 500033.

Sub: TO CONSIDER AND APPROVE CREATION OF SECURITIES UNDER SECTION 180 (1)(A) OF THE COMPANIES ACT, 2013

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force, memorandum and articles of association of the Company, the consent of the members of the Company be and is hereby accorded to the Company to create, from time to time, such mortgages, pledge, charges and hypothecations, on such terms and conditions as the board of directors of the Company may deem fit on the whole or substantially the whole of the Company's undertakings and other properties, both present and/or future, whether movable or immovable, comprised in any of the undertakings of the Company as the case may be, in favour of banks, mutual funds, and/or financial institutions, both national and international, and/or other bodies corporate or agencies or trustees for the debentures and/or loans as may be agreed to by the board of directors for the purpose of securing any issue of debentures or loans or other financial assistance, by way of cash credit, overdraft, letter of credit and guarantee facilities and the like whether in Rupees or in foreign currency or currencies subject to a maximum limit of INR 1500,00,00,000/- (Indian Rupees Fifteen Hundred Crores only), together with simple and/or compound interest thereon, commitment charges, management fees, service charges, premium on redemption of debentures including any increase as a result of deviation/ evaluation/ fluctuation/ in the rate of foreign currencies and all other costs, charges and expenses payable from time to time as per the terms and conditions prescribed in any loan agreements, debenture documents or other deeds and documents entered into between the Company and the said banks and/or financial institutions/trustees for debentures both national and international, or bodies corporate and agencies.

RESOLVED FURTHER THAT the board of directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary and take all steps which are incidental and ancillary in this connection.



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RESOLVED FURTHER THAT any director of the Company be and is hereby severally authorized to (i) file necessary forms with the Registrar of Companies (ii) issue certified copy of this resolution to the concerned authorities, as and when required."

//Certified true copy\\

For KNR Tirumala Infra Private Limited

*K Jalandhar Reddy*

K Jalandhar Reddy

Director

(DIN: 00434911)



# KNR TIRUMALA INFRA PVT. LTD.

## EXPLANATORY STATEMENT

[Pursuant to the provisions of Section 102 of the Companies Act, 2013]

### Creation of securities under Section 180(1)(a) of the Companies Act, 2013

In order to secure the borrowings made by the Company, it would be necessary to create charge on the assets or whole or substantially the whole of any undertaking(s) of the Company. Accordingly, pursuant to Section 180(1)(a) of the Companies Act, 2013, the consent of the members of the Company is being sought by the Board by way of a special resolution to create, from time to time, such mortgages, pledge, charges and hypothecations, in addition to the mortgages, pledge, charges as the board of directors may deem fit on the whole or substantially the whole of the Company's undertakings and other properties in order to secure the borrowings.

For KNR Tirumala Infra Private Limited



**K Jalandhar Reddy**  
Director  
(DIN:00434911)

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**MEMORANDUM  
AND  
ARTICLES OF ASSOCIATION  
OF  
KNR TIRUMALA INFRA PVT. LTD.**

**CIN: U45500TG2018PTC123857**

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Date of Incorporation: 13<sup>th</sup> April 2018



GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS

Central Registration Centre

## Certificate of Incorporation

[Pursuant to sub-section (2) of section 7 of the Companies Act, 2013 (18 of 2013) and rule 18 of the Companies (Incorporation) Rules, 2014]

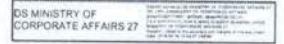
I hereby certify that KNR TIRUMALA INFRA PRIVATE LIMITED is incorporated on this Thirteenth day of April Two thousand eighteen under the Companies Act, 2013 (18 of 2013) and that the company is limited by shares.

The Corporate Identity Number of the company is U45500TG2018PTC123857.

The Permanent Account Number (PAN) of the company is AAHCK0615K

The Tax Deduction and Collection Account Number (TAN) of the company is HYDK09571C

Given under my hand at Manesar this Eighteenth day of April Two thousand eighteen .



Digital Signature Certificate

Mohd Shakeel

Deputy Registrar Of Companies

For and on behalf of the Jurisdictional Registrar of Companies

Registrar of Companies

Central Registration Centre

Disclaimer: This certificate only evidences incorporation of the company on the basis of documents and declarations of the applicant(s). This certificate is neither a license nor permission to conduct business or solicit deposits or funds from public. Permission of sector regulator is necessary wherever required. Registration status and other details of the company can be verified on [www.mca.gov.in](http://www.mca.gov.in)

Mailing Address as per record available in Registrar of Companies office:

KNR TIRUMALA INFRA PRIVATE LIMITED  
KNR HOUSE, 4TH FLOOR, PLOT NO. 114,, PHASE-I, KAVURI HILLS,  
HYDERABAD, Hyderabad, Telangana, India, 500033



\* as issued by the Income Tax Department



V. Srikanth

**INCORPORATED**  
**UNDER THE COMPANIES ACT, 2013**  
**COMPANY LIMITED BY SHARES**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**KNR TIRUMALA INFRA PRIVATE LIMITED**

- I.** The name of the Company is **KNR TIRUMALA INFRA PRIVATE LIMITED**
- II.** The Registered Office of the Company will be situated in the State of Telangana.
- III.** The Objects of the company for which it is being incorporated are:
- A) THE MAIN OBJECTS OF THE COMPANY FOR WHICH IT IS INCORPORATED ARE:**
1. To undertake the Project of Six Laning of NH-140 from Chittor (Design Km 0.000/Existing Km. 158.000 of NH-4) to Mallavaram (Design Km 61.128/Existing Km 41.800 of NH-140) (Design Length = 61.128 Km) in the State of Andhra Pradesh under Bharatmala Pariyojana on Hybrid Annuity Mode



8. Subject to the provisions of the Companies Act and SEBI guidelines, to receive money on loan and borrow or raise money in such manner as the Company shall think fit including the right to convert the loan into shares, and, in particular, by the issue of both secured and unsecured shares (of any nature including preferential shares and employee's stock option) and / or debentures (of any nature including preferential debenture), or debenture-stock (perpetual or otherwise) and to secure the payment of any moneys borrowed, raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future) including its uncalled capital and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other persons or Company of any obligation undertaken by the Company or any person or Company as the case may be.
9. To draw, make, accept, endorse, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments or securities.
10. To distribute among the members in the event of winding up, in specie or in kind any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
11. To insure the whole or any part of the property of the Company either fully or partially to protect and indemnify the Company from liability or loss in any respect, either fully or partially and also to insure and to protect and indemnify any part or portion thereof, either on mutual principles or otherwise.
12. To exercise all of any of its corporate powers, rights and privileges and to conduct its business in all or any of its branches in the Union of India and in any or all states, territories, possessions, colonies and dependencies thereof or any other global location
13. To do all and everything necessary, suitable or proper for the accomplishment of any of the purpose or the attainment of any of the objects or the furtherance of any of the powers herein set forth, either alone or in association with other act or acts, thing or things, incidental or appurtenant to or growing out of or connected with the aforesaid business or powers, any part or parts thereof provided that the same is not inconsistent with the laws of the Union of India.
14. To enter into contracts, agreements and arrangements, of any nature whatsoever, with any other company firm, government or person (natural or legal) for the carrying out by such other company, firm, government or person on behalf of the Company any of the objects for which the Company may be interested.
15. To enter into, promote, incorporate, set up, open, establish, run and maintain joint ventures, partnerships, subsidiaries, agencies, liaison offices, branch offices,

VI. We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of the Memorandum of Association and we respectively agree to take the number of shares in the capital of the company, set opposite to our respective name

Sl. No.	Signature, Name, Address, Description and Occupation of Subscribers DIN / PAN/Passport Number	Number of Equity Shares taken by each Subscriber	Name, Address, Description and Occupation of the Witness
1	Sd/- KNR CONSTRUCTIONS LIMITED CIN: L74210DL1995PLC238364 Having Registered Office at C-125, Anand Niketan, New Delhi 110021 Represented By Smt Kamidi Yashoda, (DIN NO. 05157487) Director Of The Company as per the authorisation resolution passed by the executive finance committee PAN: AKSPK2197A	998 (Nine Hundred and Ninth Eight)	Sd/ B S HARIKRISHNA # 1-2-59/24, 2ND FLOOR, BESIDE AMBIKA JEWELERS, LOWE TANK BUND, HYDERABAD OCC: COMPANY SECRETARY ACS: 32342
2	Sd/- KAMIDI JALANDHAR REDDY S/o NARASIMHA REDDY Plot No. 84, Road No. 7, Womens Co Op Society, Jubilee Hills, Hyderabad – 500034 OCC: Business, DOB: 08.06.1971 DIN; 00434911	1 * (one Share only)	
3	Sd/- KAMIDI NARASIMHA REDDY S/o VENKAT REDDY Plot No. 84, Road No. 7, Womens Co Op Society, Jubilee Hills, Hyderabad – 500034 OCC: Business, DOB: 28.12.1947 DIN: 00382412	1 * (one Share only)	
	Total Number of Shares Subscribed	1,000 (One Thousand)	

\* Nominee Shareholders of KNR Constructions Limited

Date: 12.04.2018

Place: Hyderabad



5

V. Srikanth



**INCORPORATED**  
**UNDER THE COMPANIES ACT, 2013**  
**COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**KNR TIRUMALA INFRA PRIVATE LIMITED**  
**PRELIMINARY**

**APPLICATION OF TABLE `F`**

The regulations contained in Table `F` as notified under schedule I of the companies Act, 2013 is applicable to the company

**INTERPRETATION**

I

(1) In these regulations --

- (a) "the Act" means the Companies Act, 2013,
- (b) "the seal" means the common seal of the company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

(3) The Company is "Private Company" within the meaning of Section 2(68) of the Companies Act, 2013 and accordingly:-

a) No invitation shall be issued to the public to subscribe for any securities of the Company.

b) The number of members of the Company (exclusive of persons, who are in the employment of the Company and who having been formerly in the employment of the Company, were members of the company while in that employment and have continued to be members after the employment ceased) shall be limited to two hundred. Provided that where two or more persons hold one or more shares in the company jointly, they shall, for the purpose of this definition be treated as a single member.

c) The right to transfer shares of the Company is restricted.



- 5.
- (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
  - (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
  - (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
- 6.
- (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
  - (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### **Lien**

- 9.
- (i) The company shall have a first and paramount lien --
    - (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
    - (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:  
Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
  - (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

14. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16.

(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17.

(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18.

The Board --

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

#### **Transfer of shares**

19.

(i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

#### **Transmission of shares**

23.

(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

24.

(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either --

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25.

(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **Alteration of capital**

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of section 61, the company may, by ordinary resolution, --

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

36. Where shares are converted into stock, --

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit;

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
- (b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power --

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

#### **Buy-back of shares**

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### **General meetings**

41. All general meetings other than annual general meeting shall be called extraordinary general meeting.

42.

(i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **Proceedings at general meetings**

43.

(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Voting rights**

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares, --

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

49. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

50.

(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

51. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

53. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid

54.

(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

#### **Proxy**

55. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the

60. The Board may pay all expenses incurred in getting up and registering the company.
61. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
62. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine
63. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose
64. i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) The Additional Director shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
- # (iii) In addition, any bank/financial institution/security trustee/security agent/securitization company/ reconstruction company and/or any person/entity claiming pursuant to a financing document executed with the Company shall be entitled to appoint a director on the Board of the Company ("**Nominee Director**") or an observer ("**Observer**"), upon the happening of any of the event of default during the currency of the financial assistance extended by them to the Company, in accordance with and on the terms and conditions set out in the financing documents.

*# inserted vide Special Resolution passed by members in the Extra Ordinary General Meeting held on 22.09.2018*

#### **Proceedings of the Board**

- 65.
- (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
- 66.
- (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.



73. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

**Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

74. Subject to the provisions of the Act, --
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer
75. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

**The Seal**

- 76 \*
- (i) The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.
  - (ii) The seal of the company shall be affixed to any deed or instrument in the presence of a director or a Secretary or any other person or persons authorised by the Board, who shall sign every such deed or instrument to which the seal shall be affixed.

*\* altered vide Special Resolution passed by members in the Extra Ordinary General Meeting held on 05.05.2018*

- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
83. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
84. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
85. No dividend shall bear interest against the company.

#### **Accounts**

- 86.
- (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

#### **Winding up**

87. Subject to the provisions of Chapter XX of the Act and rules made thereunder --
- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **Indemnity**

88. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

Sl. No.	Signature, Name, Address, Description and Occupation of Subscribers PAN/DIN	Name, Description Occupation of Witness	Address, and of the
1	Sd/- KNR CONSTRUCTIONS LIMITED CIN: L74210DL1995PLC238364 Having Registered Office at C-125, Anand Niketan, New Delhi 110021 Represented By Smt Kamidi Yashoda, (DIN NO. 05157487) Director Of The Company as per the authorisation resolution passed by the executive finance committee PAN: AKSPK2197A		
2	Sd/- KAMIDI JALANDHAR REDDY S/o NARASIMHA REDDY Plot No. 84, Road No. 7, Womens Co Op Society, Jubilee Hills, Hyderabad – 500034 OCC: Business, DOB: 08.06.1971 DIN; 00434911	Sd/ B S HARIKRISHNA	# 1-2-59/24, 2ND FLOOR, BESIDE AMBIKA JEWELLERS, LOWE TANK BUND, HYDERABAD OCC: COMPANY SECRETARY ACS: 32342
3	Sd/- KAMIDI NARASIMHA REDDY S/o VENKAT REDDY Plot No. 84, Road No. 7, Womens Co Op Society, Jubilee Hills, Hyderabad – 500034 OCC: Business, DOB: 28.12.1947 DIN: 00382412		

Date: 12.04.2018  
Place: Hyderabad



V. Srikanth

आयकर विभाग  
INCOME TAX DEPARTMENT



भारत सरकार  
GOVT. OF INDIA



स्थायी लेखा संख्या कार्ड  
Permanent Account Number Card

AAHCK0615K



नाम / Name  
KNR TIRUMALA INFRA PRIVATE  
LIMITED

निगमन / गठन की तारीख  
Date of Incorporation / Formation  
13/04/2018

16042018



V. Srikanth .

**INCORPORATED**  
**UNDER THE COMPANIES ACT, 2013**  
**COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**KNR TIRUMALA INFRA PRIVATE LIMITED**

**PRELIMINARY**

**APPLICATION OF TABLE 'F'**

1. The regulations contained in Table 'F' as notified under schedule I of the companies Act, 2013 is applicable to the company.

These Articles are divided into **Part A** (comprising of Articles 2 – 93A) and **Part B** (comprising of Articles 94 – 109). Notwithstanding anything to the contrary contained in **Part A** of these Articles, in the event of any conflict between the provisions of **Part A** and **Part B**, the provisions of **Part B** shall prevail, supersede and override the provisions of **Part A**. In the event of any ambiguity in this regard, these Articles shall be interpreted so as to give full effect to the intent contained in the preceding sentence.

**PART A**

2. In this Part A of the Articles, unless the context otherwise requires, the following capitalized terms or phrases shall have the following meanings.
  - a. "the Act" means the Companies Act, 2013
  - b. "the Seal" means the common seal of the Company
3. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.
4. The Company is "Private Company" within the meaning of Section 2(68) of the Companies Act, 2013 and accordingly:-
  - a) No invitation shall be issued to the public to subscribe for any securities of the Company.
  - b) The number of members of the Company (exclusive of persons, who are in the employment of the Company and who having been formerly in the employment of the Company, were members of the company while in that employment and have continued to be members after the employment ceased) shall be limited to two hundred. Provided that where two or more persons hold one or more shares in the company jointly, they shall, for the purpose of this definition be treated as a single member.
  - c) The right to transfer shares of the Company is restricted.



### Share capital and variation of rights

5. # The Authorised share capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital, whether original increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by Law.
6. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, --
- (a) one certificate for all his shares without payment of any charges; or  
(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
- (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders
7. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
- (ii) The provisions of Articles (6) and (7) shall mutatis mutandis apply to debentures of the company.
8. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder
- # altered vide Special Resolution passed by members in the Extra Ordinary General Meeting held on 22.09.2018*
9. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.



- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
10. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
12. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### **Lien**

13. (i) The company shall have a first and paramount lien --
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
- (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:
- Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
14. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:
- Provided that no sale shall be made --
- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
15. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
16. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

#### **Calls on shares**

17. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:
- Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
18. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.
19. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
20. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
21. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
22. The Board --
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and



(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

#### Transfer of shares

23. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee  
(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
24. The Board may, subject to the right of appeal conferred by section 58 decline to register --  
(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or  
(b) any transfer of shares on which the company has a lien.
25. The Board may decline to recognise any instrument of transfer unless --  
(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;  
(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and  
(c) the instrument of transfer is in respect of only one class of shares.
- 25A. #Notwithstanding anything contained in these Articles, if any provisions of the Articles, at any time conflict with any provisions of the respective financing documents executed with any bank/financial institution/security trustee/security agent/securitization company/reconstruction company and/or any person/entity claiming under them, with respect to restriction on the transfer of shares of the Company, the provisions of such finance documents shall prevail and the Company shall recognize the transfer of its equity shares as per the terms of the pledge deeds and finance documents.

Further, nothing contained in these Articles shall affect or restrict or apply to the creation of pledge in favour of the lenders and/or their agents and trustees under the financing documents and/or to any transfers undertaken pursuant to enforcement of such pledge.

Nothing contained herein in these Articles shall be applicable to any transfer of shares made pursuant to the terms of the financing documents executed with any bank/financial institution/security trustee/security agent/securitization company/reconstruction company including as a result of enforcement of pledge in terms of such financing documents. All request for transfer of shares made by any bank/financial institution/security trustee/security agent/securitization company/reconstruction company and/or any person/entity claiming under the pledge/lien/charge, etc., over the shares of the Company provided as security for any financial assistance availed by the Company and/or any entity or person, shall be duly recognised and taken on record by the Company and all its shareholders without any delay, demur or objection in accordance with applicable laws and regulations

*# inserted vide Special Resolution passed by members in the Extra Ordinary General Meeting held on 22.09.2018*

26. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

- 26A. Pursuant to the Share Purchase Agreement dated 11 February 2019 and the debenture subscription agreement executed between the Company and CHIPL (both as amended from time to time) in relation to inter alia the issuance of optionally convertible debentures by the Company ("**Debentures**"), KCL has agreed to provide to CHIPL an irrevocable put option and to be entitled to a call option, with respect to the Debentures and equity shares of the Company, at a purchase consideration and on terms as specified in the Share Purchase Agreement. The terms of these documents are confirmed and acknowledged by the Company and the Company shall not act in a manner inconsistent with or in breach of the terms therein.

#### **Transmission of shares**

27. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares
- (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
28. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either --
- (a) to be registered himself as holder of the share; or
- (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
29. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
30. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

#### **Forfeiture of shares**

31. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
32. The notice aforesaid shall --
  - (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
33. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
34. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.  
(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
35. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.  
(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
36. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;  
(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;  
(iii) The transferee shall thereupon be registered as the holder of the share; and  
(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

37. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **Alteration of capital**

38. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
39. Subject to the provisions of section 61, the company may, by ordinary resolution, --
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
  - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
40. Where shares are converted into stock, --
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
  - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
  - (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.
41. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, --
- (a) its share capital;
  - (b) any capital redemption reserve account; or
  - (c) any share premium account.

#### **Capitalisation of profits**

42. (i) The company in general meeting may, upon the recommendation of the Board, resolve

- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards --
- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
43. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall--
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
- (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power --
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
- (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

#### **Buy-back of shares**

44. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### **General meetings**

45. All general meetings other than annual general meeting shall be called extraordinary general meeting.

46. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **Proceedings at general meetings**

47. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
- # (iii) Notwithstanding anything contained in Section 101 of the Companies Act, 2013, a general meeting of the company may be called by giving not less than Two days' notice either in writing or through electronic mode in such manner as may be prescribed. However, a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than Hundred percent of the members entitled to vote at such meeting.
- (iv) Every notice of General meeting of the Company shall specify the place, day, date and the hour of the Meeting and shall contain a statement of the business to be transacted at such meeting. The Board of Directors may give an explanatory statement as they deem fit along with the above referred notice. However, Section 102 of the Companies Act, 2013 shall not be applicable to the Company.
48. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
49. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
50. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

*# altered vide Special Resolution passed by members in the Extra Ordinary General Meeting held on 22.09.2018*

#### **Adjournment of meeting**

51. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Voting rights**

52. Subject to any rights or restrictions for the time being attached to any class or classes of shares, --  
(a) on a show of hands, every member present in person shall have one vote; and  
(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
53. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
54. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.  
(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
55. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
56. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid
57. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.  
(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

#### **Proxy**

58. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
59. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105
60. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy

or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### **Board of Directors**

61. The minimum number of Directors shall be 2 and maximum number of directors shall be 15.

The following shall be first Directors of the Company who shall be the nominee of the majority shareholder(s) of the Company and shall continue to hold their office as such till they resign or their nomination is withdrawn by the majority shareholder(s).

1. KAMIDI NARASIMHA REDDY
2. KAMIDI JALANDHAR REDDY

Any Director of the Company shall be the nominee of the majority shareholder(s). The majority shareholder(s) shall have the right to alter the composition of the Board as and when desired / deemed fit to do so.

Note: "Majority Shareholder(s)" shall mean shareholder(s) holding more than 51% of the paid up share capital of the Company at any given point of time.

62. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them --
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
  - (b) in connection with the business of the company.
63. The Board may pay all expenses incurred in getting up and registering the company.
64. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
65. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine
66. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose
67. i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.



- (ii) The Additional Director shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
- # (iii) In addition, any bank/financial institution/security trustee/security agent/securitization company/ reconstruction company and/or any person/entity claiming pursuant to a financing document executed with the Company shall be entitled to appoint a director on the Board of the Company ("**Nominee Director**") or an observer ("**Observer**"), upon the happening of any of the event of default during the currency of the financial assistance extended by them to the Company, in accordance with and on the terms and conditions set out in the financing documents.

*# inserted vide Special Resolution passed by members in the Extra Ordinary General Meeting held on 22.09.2018*

### Proceedings of the Board

68. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
69. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote
70. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
71. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
72. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
73. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
74. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

75. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
76. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

#### **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

77. Subject to the provisions of the Act, --
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
- (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer
78. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

#### **The Seal**

79. \* (i) The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.
- (ii) The seal of the company shall be affixed to any deed or instrument in the presence of a director or a Secretary or any other person or persons authorised by the Board, who shall sign every such deed or instrument to which the seal shall be affixed.

*\* altered vide Special Resolution passed by members in the Extra Ordinary General Meeting held on 05.05.2018*

#### **Dividends and Reserve**

80. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

81. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
82. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit. (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve
83. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
84. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
85. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
86. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
87. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
88. No dividend shall bear interest against the company.

#### **Accounts**

89. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

#### **Winding up**

90. Subject to the provisions of Chapter XX of the Act and rules made thereunder --

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **Indemnity**

91. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

#### **Borrowing Powers**

92. # Subject to the provisions of the Act and rules made thereunder and the directions issued by the RBI, the Board of Directors of the Company may from time to time borrow any amount of money for and on behalf of the Company from the member companies or any bank/financial institution/securitization company/reconstruction company and/or any person on terms as approved by the Board of Directors and create security for such borrowings.

#### **Conversion of Debt into Stock**

93. # Notwithstanding anything to the contrary contained in this Articles, any bank/financial institution/security trustee/security agent/securitization company/ reconstruction company and/or any person/entity claiming pursuant to a financing document executed with the Company, shall have the right to convert their entire facility amount and/or unpaid interest and/or all other monies payable by the Company to them, in part or in full, in one or more tranches, into fully paid equity shares of the Company at such price, under various circumstances set out in the financing documents and the applicable laws including but not limited to pursuant to the terms of the extant guidelines of the Reserve Bank of India, as may be amended from time to time, in a manner specified by such bank/financial institution/security trustee/security agent/securitization company/reconstruction company and/or any person/entity claiming under them. The shares so converted shall rank pari passu, in all respects, with the existing shares of the Company.

*# inserted vide Special Resolution passed by members in the Extra Ordinary General Meeting held on 22.09.2018*

**Issue of debentures**

- 93A. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of the Company of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending and voting at the meetings of the Shareholders, appointment of Directors and otherwise.

## PART B

Notwithstanding anything to the contrary contained in the preceding Articles 2 to 93A contained in **Part A** of these Articles, the provisions of Articles 94 to 109 of these Articles shall also apply in accordance with their terms and in the event of any inconsistency or contradictions between the provisions of **Part A** of these Articles and the provisions of **Part B** of these Articles, the provisions of **Part B** of these Articles shall override and prevail over the provisions of **Part A** of these Articles.

### 94. DEFINITIONS AND INTERPRETATION

94.1. **Definitions:** In this Part B of the Articles, unless the context otherwise requires, the following capitalized terms or phrases shall have the following meanings:

**Accounting Standards** means the GAAP or Indian Accounting Standards, as applicable;

**Act** means the (Indian) Companies Act, 2013, as amended, modified, supplemented or re-enacted from time to time and shall include any applicable provision of the (Indian) Companies Act, 1956 which have not been superseded by the relevant provisions of the (Indian) Companies Act, 2013, as on the relevant date;

**Affiliate** with respect to a Person,

- (a) who is a natural Person, means (i) any Relative, or (ii) any other entity which is Controlled by that Person or a Relative of that Person;
- (b) which is not a natural Person, means any other Person, either directly or indirectly through 1 (one) or more intermediate Persons, Controlling, Controlled by, or under common Control with, that Person; and
- (c) in relation to CHIPL, in addition to the above, the term **Affiliate** shall include (i) any alternative investment or co-investment fund, entity or company (including without limitation, any investment trust, limited partnership or general partnership) managed by CHIPL or its Affiliates; (ii) any successor investment fund, vehicle or company to CHIPL; (iii) any Person that, directly or indirectly Controls, is Controlled by or under the common Control with any Person referred in (c) (i) and (ii) above;

**Alternate Director** has the meaning given to it in Article 96.4;

**Anti-Corruption Laws** means any Applicable Laws regulating corruption, money laundering, and bribery in any jurisdiction in which the Company performs business, and to the extent applicable, of the United States of America and of the United Kingdom, including the (Indian) Prevention of Money Laundering Act, 2002, the (Indian) Prevention of Corruption Act, 1988, the Foreign Corrupt Practices Act, 1977, the U.K. Bribery Act of 2010, and if applicable, legislations enacted by member states and signatories implementing

the OECD Convention Combating Bribery of Foreign Officials, in each case as amended, re-enacted or replaced from time to time;

**Applicable Law** means any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, approval of any Governmental Authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any Governmental Authority having jurisdiction over the matter in question, whether in effect as of the date of these Articles or at any time thereafter;

**Approval** means any permit, permission, license, approval, authorization, consent, clearance, waiver, grant, franchise, concession, no objection certificate, exemption, order, registration, declaration, report or notice or other authorization of whatever nature and by whatever name called which is, or is required to be, granted by any Government Authority or any other authority or lender or any third party under any Applicable Law or contract (as may be applicable) in respect of the Company or the Project and/or required for performance of/compliance with any obligation or exercise of any right contained in the Transaction Documents by the parties to the Transaction Documents;

**Articles** means the articles of association of the Company, as amended from time to time;

**Audited Accounts** means the audited balance sheet, audited profit and loss statement, audited income statement, audited statement in change of equity and audited cash flow statement of the Company, in each case for the respective Financial Year, together with the report, if any, of the Auditor thereon, the directors' report, and notes, documents or statements to audited accounts, prepared in accordance with the Accounting Standards which are or would be required by Applicable Law to be annexed to such audited accounts;

**Authority** means the National Highways Authority of India, established under the National Highways Authority of India Act, 1988, represented by its chairman and having its principal office at G-5 & 6, Sector 10, Dwarka, New Delhi- 110 075;

**Base Case Plan** shall have the meaning given to it in the Share Purchase Agreement;

**Board** means the board of directors of the Company;

**Business** shall have the meaning given in Article 95 of these Articles;

**Business Day** means a day (other than a Saturday or Sunday) on which banks are generally open in Hyderabad and Singapore for normal banking operations;

**CEO** means the chief executive officer of the Company;

**CFO** means the chief financial officer of the Company;

**CHIPL** means Cube Highways and Infrastructure III Pte Ltd., a company incorporated under the laws of Singapore bearing registration number 201727089Z and having its registered office at OCBC Centre, 65, Chulia Street, #47-04, Singapore – 049513;

**CHIPL Nominees** means any Affiliate(s) nominated by CHIPL to acquire the Sale Shares, or any other Affiliate of CHIPL to whom CHIPL Transfers any or all of the Equity Securities held by it in accordance with Article 101.3. It is clarified that where a Person has been nominated by CHIPL to hold a nominal number of Equity Shares in order to comply with the requirements of the Act with respect to minimum number of shareholders in the Company, then the CHIPL Nominee may include individuals who are in employment of CHIPL or any of its Affiliates.

**CHIPL Nominee Director** shall have the meaning given in Article 96.2 of these Articles;

**CHIPL Shareholder Group** shall have the meaning given in Article 101.3 of these Articles;

**Company** means KNR Tirumala Infra Private Limited, a company incorporated under the laws of India bearing CIN U45500TG2018PTC123857 and having its registered office at KNR House, 4th Floor, Plot No. 114, Phase-I, Kavuri Hills, Hyderabad, Telangana, India- 500033;

**Concession Agreement** means the concession agreement dated 9 May 2018, executed between the Company (as the concessionaire) and the Authority;

**Construction Activities** has the meaning given to it in the Share Purchase Agreement;

**Control** means with respect to a Person, the power to direct or cause the direction of management and policies of such Person, either directly or indirectly, whether through the ownership, either directly or indirectly, of or more than 50% (fifty percent) of the voting securities of such Person, or the power to appoint or remove a majority of the members of the board of directors or equivalent governing body of such Person whether by operation of law, by contract or otherwise. The terms **Controlling, Common Control, Controlled by** and **under Common Control with** shall be construed accordingly;

**Conversion Notice** shall have the meaning given in Article 104.3 of these Articles;

**Coupon** shall have the meaning given to it in Article 106.1 of these Articles;

**Deed of Accession** shall have the meaning given to it in Article 101.6 (c) of these Articles;



**Deed of Adherence** shall have the meaning given to it in Article 101.4 of these Articles;

**Director** means a director on the Board, including the CHIPL Nominee Director, the KCL Nominee Directors and the Independent Directors;

**ECGC** shall mean Export Credit Guarantee Corporation of India Limited, established by the Government of India under the administrative control of the Ministry of Commerce & Industry, Department of Commerce and Government of India;

**Encumbrance** means any encumbrance including without limitation any claim, charge (fixed or floating), mortgage, pledge, hypothecation, lien, deposit by way of security, bill of sale, option or right of pre-emption, right to acquire, right of first refusal, right of first offer or similar right, assignment by way of security or trust arrangement for the purpose of providing security or other security interest of any kind (including any retention arrangement), beneficial ownership (including usufruct and similar entitlements), public right, common right, wayleave, easement, any provisional or executorial attachment or any other direct interest held by any third party, or any agreement to create any of the foregoing;

**Environmental or Social Laws** means any applicable laws or regulations concerning the following, to the extent they are applicable to the Company:

- (a) occupational health and safety;
- (b) community welfare, and/or land or property rights;
- (c) the pollution or protection of the environment; or
- (d) any emission or substance which is capable of causing harm to any living organism or the environment;

**EPC Contract** shall have the meaning given to it in the Share Purchase Agreement;

**EPC Contractor** shall have the meaning given to it in the Share Purchase Agreement;

**Equity Securities** of a company means equity shares and preference shares, debentures, bonds, warrants, rights, options (including any employee stock option plan/ scheme) or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase equity shares of such company or any instrument or certificate representing a beneficial ownership/interest in the equity shares of such company, but does not include optionally convertible debentures or optionally convertible debt;

**Equity Shares or Shares** means the fully paid up equity shares of the Company, each having a face value of INR 1000 (Indian Rupees one thousand only);

**FEMA** means the Foreign Exchange Management Act, 1999 and all amendments and notifications thereunder.

**Financial Year** means the accounting period of the Company commencing on 1 April of each calendar year and ending on 31 March of the next calendar year;

**Final COD Certificate** shall have meaning given to it in the Share Purchase Agreement;

**Financing Agreements** means the 'Financing Agreements' as defined in the Concession Agreement and any other agreements entered into by KCL with or in favour of the Senior Lenders in relation to the financing of the Project;

**Final Redemption Date** shall have the meaning given in Article 103 of these Articles;

**Fully Diluted Basis** means the number of Equity Shares of the Company, calculated as if all Equity Securities then outstanding, which are convertible to, or exercisable or exchangeable for, Equity Shares of the Company had been converted, exercised or exchanged in full;

**GAAP** means Indian generally accepted accounting principles promulgated by the Institute of Chartered Accountants of India, together with its pronouncements thereon from time to time;

**Governmental Authority** means (a) central, state, city, municipal or local government, governmental authority or political subdivision thereof having or purporting to have jurisdiction; or (b) any agency or instrumentality of any of the authorities referred to in (a) above; or (c) any regulatory or administrative authority, body or other organization having or purporting to have jurisdiction, to the extent that the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organization have the force of the Applicable Law; or (d) any court, authority or tribunal having jurisdiction, including for the avoidance of doubt, the Authority;

**Indian Accounting Standards** means the accounting standards notified by the Ministry of Corporate Affairs of India under the Companies (Indian Accounting Standards) Rules, 2015;

**Independent Director** shall have the meaning ascribed to it in the Act;

**Independent Engineer** shall have the meaning given to it in the Share Purchase Agreement;

**KCL** means KNR Constructions Limited, a company incorporated under the laws of India bearing CIN L74210TG1995PLC130199 and having its registered office at KNR House, 3rd & 4th Floor, Plot No: 114, Phase-I, Kavuri Hills, Hyderabad – 500033;

**KCL Nominee** means any Affiliate(s) of KCL holding any of the Sale Shares on behalf of KCL in order to comply with the requirements of the Act with respect to minimum number of shareholders in the Company;

**KCL Nominee Directors** shall have the meaning given in Article 96.2 of these Articles;

**KMP** means the following designated personnel of the Company: (i) CEO, (ii) CFO; (iii) managing director or a whole-time director of the Company; and (iv) company secretary of the Company;

**Material Contracts** means the: (a) Concession Agreement; (b) Financing Agreements; (c) other Project Agreements; (d) Transaction Documents; (e) any agreement, contract or commitment of any nature, of an amount equal to or in excess of INR 5,00,00,000 (Rupees Five Crores only); (f) any agreements entered into by the Company with any Related Party; or (g) any contract or agreement, to which the Company is a party, which is not in the Ordinary Course of Business or not on arm's length terms;

**Memorandum** means the memorandum of association of the Company, as amended from time to time;

**NRC** shall have the meaning given in Article 98.7 of these Articles;

**OMC** shall have the meaning given in Article 98.7 of these Articles;

**O&M** means operation and maintenance of the Project and all matters connected with or incidental thereto, including but not limited to the operation and maintenance of the Project as per the Concession Agreement and matters to be dealt by the OMC as set out in Articles 98.7;

**O&M Contract(s)** means the operation and maintenance contract(s) that may be entered into between the Company and the O&M Contractor(s) for performing all or part of the O&M of the Project, for and on behalf of the Company;

**O&M Contractor(s)** means the person with whom the Company has entered into an O&M Contract for performing all or part of the O&M of the Project;

**O&M Head** means the operations and maintenance head of the Company appointed in accordance with these Articles to oversee the O&M of the Project;

**Person** means any natural person, limited or unlimited liability company, bodies corporate (wherever incorporated), unincorporated associations, partnership (whether limited or unlimited), proprietorship, Hindu Undivided Family, trust, union, government or any agency or political subdivision thereof or any other entity that may be treated as a person under the Applicable Law;

**Postponed Board Meeting** shall have the meaning to it in Article 97.3 of these Articles ;

**Project** means six laning of Chittoor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) section of National Highway no. 140 in the state of Andhra Pradesh on hybrid annuity model basis ;

**Project Agreements** shall have the meaning given to it in the Concession Agreement;

**Project Head** means such personnel of the Company appointed in accordance with these Articles for overseeing the overall implementation and operation of the Project;

**Provisional Certificate** shall have the meaning given to it in the Share Purchase Agreement;

**Punch List** shall have the meaning given to it in the Share Purchase Agreement;

**Quarter End Date** means any of 31 March, 30 June, 30 September and 31 December in any year, as applicable;

**Rs or Rupees or INR** means the lawful currency of the Republic of India;

**Redemption Amount** shall have the meaning given to it in Article 105.1 of these Articles;

**Redemption Notice** shall have the meaning given in Article 104.2 of these Articles;

**Relative** shall have the meaning ascribed to it under the Act;

**Related Party** shall have the meaning ascribed to it under the Act;

**Reserved Matters** means the matters specified in Schedule 1;

**SEBI FVCI regulations** mean the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 including all amendments made thereto till date;

**Sale Shares** means the Sale Shares I and the Sale Shares II collectively;

**Sale Shares I** shall mean the Equity Securities that are held by KCL constituting 49% (forty nine percent) of the entire equity share capital of the Company as on first closing date on a Fully Diluted Basis;

**Sale Shares II** shall mean all Equity Securities of the Company that are held by KCL immediately prior to the Second Closing Date, constituting 51% (fifty one percent) of the entire equity share capital of the Company as of the Second Closing Date on a Fully Diluted Basis;

**Scheduled Board Meeting** shall have the meaning given to it in Article 97.3 of these Articles ;

**Second Closing Date** shall have the meaning given to it under the Share Purchase Agreement;

**Senior Lenders** shall have the meaning ascribed to it under the Concession Agreement;

**Shareholders** means the shareholders of the Company who are parties to the Shareholders' Agreement and any Person to whom Shares are transferred or issued in accordance with these Articles from time to time, and **Shareholder** means any of them;

**Share Capital** means the aggregate outstanding equity share capital of the Company on a Fully Diluted Basis;

**Shareholders' Agreement** means the shareholders' agreement entered into between KCL and CHIPL and the Company, dated 10<sup>th</sup> October 2019;

**Shareholders' Meeting** shall have the meaning given to it in Article 99.2 of these Articles;

**Shareholding Percentage** means the percentage of the Shares held by a Shareholder in the Company for the time being, on a Fully Diluted Basis;

**Share Purchase Agreement** means the share purchase agreement entered into between KCL and CHIPL and the Company, dated 11 February 2019, as amended by way of amendment agreement dated 10 October 2019;

**Taxation** (including with correlative meaning, the terms **Tax** and **Taxes**) means includes all forms of direct and indirect taxes, duties, levies, imposts, including without limitation corporate income tax, withholding tax, value added tax, dividend distribution tax, customs and excise duties, capital tax and other transaction taxes, real estate taxes, stamp duties, other municipal taxes and duties, environmental taxes and duties and any other type of taxes or duties in any relevant jurisdiction;

**Total Project Cost** shall have the meaning given to it in the Share Purchase Agreement;

**Transaction Documents** means the following:

- (a) the Shareholder's' Agreement;
- (b) the Share Purchase Agreement;
- (c) the Debenture Documents, and if the Debenture Documents are not agreed to be executed by KCL, CHIPL and the Company, they shall not be considered as part of the Transaction Documents; and
- (d) any other agreement or document which mutually agreed by KCL, CHIPL, and the Company, as a Transaction Document; and

**Transfer** means a, direct or indirect, transfer, sale, Encumbrance, assignment, gift, donation, lease, redemption, placing in trust (voting or otherwise), or other disposition of any property, asset, right, or privilege, or any interest therein or thereto.

94.2. Interpretation

- (a) any reference to any statute or statutory provision shall include:
  - (i) all subordinate legislation, rules or regulations made or enacted from time to time under that statute or provision; and
  - (ii) such statute or provision as from time to time amended, modified, re-enacted or consolidated (whether before or after First closing date);
- (b) any reference to the singular shall include the plural and *vice-versa*;
- (c) any references to the masculine, the feminine and the neuter shall include each other;
- (d) any references to a "company" shall include a body corporate;
- (e) the schedules form part of these Articles and shall have the same force and effect as if expressly set out in the body of these Articles, and any reference to these Articles shall include any schedules to it. Any references to annexures, articles and schedules are to annexures, articles of and schedules to these Articles;
- (f) references to any agreement or any other document shall be construed as references to such agreement or that other document as amended, varied, novated, supplemented or replaced from time to time (except where such amendment, variation, novation, or replacement is made in breach of such document);
- (g) the expression "this " Article" shall, unless followed by reference to a specific provision, be deemed to refer to the whole Article (not merely the sub-article, paragraph or other provision) in which the expression occurs;
- (h) unless the contrary is expressly stated, no Article in these Articles limits the extent or application of another article;
- (i) headings to Articles, parts and paragraphs of schedules and schedules are for convenience only and do not affect the interpretation of these Articles;
- (j) "in writing" includes any communication made by letter or e-mail;
- (k) unless otherwise specified, any reference to a time of day is to Indian Standard Time;
- (l) the words "include", "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as,

- nor shall they take effect as, limiting the generality of any preceding words;
- (m) where a wider construction is possible, the words "other" and "otherwise" shall not be construed *ejusdem generis* with any foregoing words;
  - (n) references to the knowledge or awareness of any Person means the actual knowledge of such Person and also refers to the knowledge or awareness such Person would have if such Person had made reasonable and careful enquiry;
  - (o) a reference to a party to any document includes that party's successors and permitted assigns;
  - (p) for the purpose of these Articles, CHIPL and the CHIPL Nominee(s), or KCL and the KCL Nominee(s), (as the case may be) shall be deemed to be a single Shareholder in all respects for the purposes of these Articles and the Shareholding Percentage of CHIPL and the CHIPL Nominee(s) or KCL and the KCL Nominee(s) (as the case may be) shall be combined as a single Shareholder.

## 95. DIRECTORS

95.1. The business and operations of the Company shall be managed and supervised by the Board, who may exercise all the powers of the Company and do all such acts and things as the Company is authorised to exercise and do, subject to and in accordance with the provisions of these Articles, the Concession Agreement and the Applicable Law. The Board shall be responsible for determining the overall policies and activities of the Company, in compliance with the terms of these Articles, the Concession Agreement and the Applicable Law.

### 95.2. Composition of the Board

- (a) Subject to Applicable Law, the Board shall consist of a maximum of 6 (six) Directors and which number of Directors shall not be changed except with the prior written consent of KCL and CHIPL.
- (b) On and from the First Closing Date under the Share Purchase Agreement, the composition of the Board shall be as follows:
  - (i) 1 (one) Director nominated by CHIPL (**CHIPL Nominee Director**);
  - (ii) 2 (two) Directors nominated by KCL (**KCL Nominee Directors**); and
  - (iii) 3 (three) Independent Directors.
- (c) KCL, CHIPL and the Company hereby agree that they shall undertake all necessary actions as may be required to appoint the CHIPL Nominee Director and the KCL Nominee Directors on the Board in the manner set out in these Articles, including but not limited to convening a meeting of the Shareholders wherein the Shareholders shall use their voting rights in relation

to the Equity Shares held by them to adopt necessary resolutions for the appointment of the CHIPL Nominee Director and the KCL Nominee Directors. Without prejudice to the above, KCL and the Company hereby agree to undertake all necessary actions as may be required for obtaining the prior approval of the Senior Lenders in compliance with the Financing Agreements and the Concession Agreement to give effect to the terms of these Articles.

(d) KCL, CHIPL and the Company agree and acknowledge that no person who is:

- (i) on the 'List of Wilful Defaulters' / caution list as published by the Reserve Bank of India from time to time;
- (ii) on the ECGC's specified approval list;
- (iii) convicted under the provisions of Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;
- (iv) on any Senior Lender's defaulter list; or
- (v) a relative of any "Specified Senior Officer of the Senior Lender" or "Specified Senior Officers" or a relative of such person who is interested in the company as director or guarantor or holder of substantial interest, as contemplated under the circular (number RBI/2014-15/64) of the Reserve Bank of India, dated July 1, 2014 (as amended from time to time),

shall be appointed as a Director on the Board of the Company.

### 95.3. Removal and Replacement of Directors

(a) The Shareholder nominating a Director shall also have the right to replace or remove such Director by providing a written notification to this effect to the other Shareholders and the Company. On receipt of such notice, the Company shall convene a meeting of the Shareholders, wherein the Shareholders shall use their respective voting rights in relation to the Equity Shares held by them to adopt necessary resolutions for the removal/ replacement of such Director and the appointment of the new Director to be appointed in place of such Director being removed/ replaced, as may be notified by the relevant Shareholder. It is clarified that any vacancy occurring with respect to the position of a Director shall be filled only by another nominee specified by the Shareholder who had appointed the Director being removed/ replaced. It is clarified that this Article 96.3(a) will not apply to appointment of Independent Directors.

(b) The Shareholder who ceases to hold any Equity Securities in the Company (including through Affiliates) shall procure the resignation of all the Director(s) nominated by such Shareholder.



#### 95.4. **Alternate Directors**

- (a) Each of the CHIPL Nominee Director and KCL Nominee Directors shall be entitled to nominate an alternate at any time to act on his/her behalf as a Director (**Alternate Director**). Each of the persons so nominated, will be appointed by the Board as Alternate Directors to act as Directors, during the absence of the relevant CHIPL Nominee Director or KCL Nominee Director for a period of not less than 3 (three) months from India. Such Alternate Director shall, however, not hold office for a period longer than that is permissible to the original Director in whose place he/she has been appointed.
- (b) Upon appointment, an Alternate Director shall be entitled to receive notice of all meetings of the Board, to attend and vote at any such meeting at which the Director appointing him is not personally present, be included for the determination of quorum at the meeting and to exercise and discharge all the functions, powers and duties of his appointer as a Director including voting, issuing consents and signing written resolutions in place of the original Director for whom he/she is an alternate.
- (c) An Alternate Director shall automatically vacate his office as an Alternate Director if the Director who nominated him ceases to be a Director.

#### 95.5. **Independent Director**

- (a) CHIPL and KCL shall by mutual discussion propose the names of the individuals to be appointed as the Independent Directors. The individuals so proposed will be considered by the Board for appointment as Independent Directors, and thereafter approved by the Shareholders at the general meeting of the Company. KCL and the Company shall ensure that the Independent Directors who are on the Board as on first closing date are appointed in compliance with this Article 96.5.
- (b) Any Independent Director so appointed shall be given and shall be entitled to access documents and information and receive notices as any other Director of the Company as per the Act or as provided in these Articles.

#### 95.6. **Key Management**

The Board shall appoint the KMP of the Company based on the recommendations by the NRC in accordance with these Articles and the provisions of the Act. The terms of appointment of every wholetime KMP shall be as recommended by the NRC to the Board and as approved by the Board.

- 95.7. It is acknowledged and agreed that the KCL Nominee Directors shall be non-executive directors. It is further agreed that the KCL Nominee Directors shall not be deemed to be an "officer who is in default" (or equivalent, by whatever name called) under any Applicable Law, except if any such default is attributable to or has occurred due to the action or inaction of such KCL Nominee Director.

The Board may nominate any employee or officer of the Company other than the KCL Nominee Directors of the Company as "persons in charge" or "officer who is in default" (or equivalent, by whatever name called) under any Applicable Law, subject to the provisions of these Articles.

95.8. It is agreed that the Directors shall not be required to hold any qualification shares.

95.9. Subject to the provisions of the Act, the Company shall not pay the CHIPL Nominee Director and KCL Nominee Directors sitting fees for each meeting and attending to Board proceedings; however, the Company shall reimburse all costs and expenses reasonably incurred by them in attending the Board meetings and performing other duties as assigned by the Board, upon production of the supporting invoices for the expenses incurred. Until the Second Closing Date, the Independent Directors shall be paid sitting fee as may be determined by the Board and the Independent Directors shall be reimbursed all costs and expenses incurred by them in attending the Board meetings and performing other duties as assigned by the Board, as recommended by the NRC.

**95.10. Insurance and Indemnification of Directors**

(a) The Company shall obtain and at all times maintain a directors and officers liability insurance policy from reputed insurers in favour of all the Directors, at its cost for such amounts and on such terms and conditions as is mutually acceptable to KCL, CHIPL and the Company

(b) Subject to Applicable Law, in any threatened, pending or completed action, suit or proceeding to which a Director was or is a party or is threatened to be made a party by reason of the fact that such Director was acting on behalf of the Company (other than an action, suit or proceedings by the Company), the Company shall indemnify and hold harmless such Director against all expenses, including attorney's fees and amounts paid in settlement, actually and reasonably incurred by such Director in connection with such action, suit or proceeding to the maximum extent permitted by the Applicable Law, provided that the conduct of the Director giving rise to the liability for which indemnification is sought does not constitute fraud, gross negligence or wilful misconduct.

**95.11. Retirement by Rotation**

If the CHIPL Nominee Director is required to retire by rotation under Applicable Law, the Shareholders shall ensure that such retiring CHIPL Nominee Director is re-appointed at the general meeting in which the CHIPL Nominee Director is required to retire and further, the Shareholders agree and undertake to vote in order to ensure such re-appointment.

96. **BOARD PROCEEDINGS**

- 96.1. The Board shall meet at least 4 (four) times per financial year wherein the period between any 2 (two) meetings of the Board shall not exceed 120 (one hundred and twenty) days.
- 96.2. The Board meetings shall be convened by giving at least 7 (seven) days advance notice of each Board meeting to each Director (wherever he may be). Any Director of the Company may at any time requisition a meeting of the Board by providing a requisition in writing to the other Directors along with the agenda proposed by him for discussion at the meeting. The Board may meet at shorter notice if all the Directors waive such notice period in writing and at least 1 (one) Independent Director is present at such meeting called at shorter notice. The notice shall be accompanied by an agenda of all the business to be transacted at the meeting. Any matter not on the agenda shall not be raised at the meeting unless all the Directors present at such meeting agree for such matter to be considered at that meeting.
- 96.3. The quorum at the meetings of the Board shall be in accordance with the Act, provided however that, presence of the CHIPL Nominee Director and, subject to Article 97.3A, 1 (one) KCL Nominee Director shall always be required to constitute a valid quorum. Any resolution passed at a Board meeting in the absence of a valid quorum shall be invalid. If any meeting of the Board duly convened in accordance with these Articles cannot be held due to lack of quorum (**Scheduled Board Meeting**), such Scheduled Board Meeting shall be adjourned to the same place and time on a day that is 7 (seven) days from the Scheduled Board Meeting, provided that if such day is not a Business Day, then, to the next subsequent Business Day (**Postponed Board Meeting**). Each Director shall be given at least 3 (three) days prior notice of the Postponed Board Meeting. The presence of the CHIPL Nominee Director and, subject to Article 97.3A, 1 (one) KCL Nominee Director shall be required to constitute a quorum of the Postponed Board Meeting.
- 97.3A If after giving notice of the Board meeting in accordance with these Articles, no KCL Nominee Director is present for 3 (three) consecutive Board meetings (including Scheduled Board Meeting and Postponed Board Meeting), then, the presence of a KCL Nominee Director shall not be required to constitute a valid quorum for the fourth Board meeting; provided that no decision shall be taken or no resolution shall be passed at such fourth Board meeting where a KCL Nominee Director is not present that is in contravention of any terms of the Financing Agreements and/or the Concession Agreement.
- 96.4. The Board meeting shall be held at such location as may be agreed by majority of the Directors on the Board. The Board meetings shall be conducted on a Business Days and in English. Subject to Applicable Law, the Board meetings may be attended by Directors by way of video conference or telephonic conference (if permitted by Applicable Law) and the Company shall ensure that

video conference or telephonic conference facilities (if permitted by Applicable Law) are extended for all Board meetings.

- 96.5. Each Director shall be entitled to exercise 1 (one) vote. All decisions of the Board shall be taken by a simple majority of the Directors present and voting unless otherwise required by the Act; *provided however that*, any decision on any matter that is a Reserved Matter shall not be taken unless prior written consent of CHIPL has been obtained in accordance with Article 100.
- 96.6. A written resolution circulated to all Directors shall be considered to have been passed by the Board if approved by a majority of the Directors entitled to vote on such resolution. Such written resolution by circulation shall be as valid and effective as a resolution duly passed at a meeting of the Board called and held in accordance with these Articles, provided that such written resolution in draft form was circulated together with all relevant background information and relevant papers required to make a fully-informed decision with respect to such resolution to all the Directors and the Directors had at least 7 (seven) Business Days, or a shorter period if agreed in writing by all the Directors, to approve/reject the written resolution. It is clarified that the resolution shall come into effect on receipt of approval from the last Director constituting a majority of the Directors on the Board. It is further clarified that, where such written resolution by circulation pertains to any Reserved Matter, no decision shall be taken unless prior written consent of CHIPL has been obtained in accordance with Article 100.

For the purposes of this Article 97.6, the approval of a Director or Alternate Director may be given by letter, facsimile or e-mail.

- 96.7. The Company shall ensure that deliberations and votes casted on any matter or resolutions discussed at the meeting of the Board or any committees constituted by the Board are documented as minutes, in compliance with the Applicable Law.

## 97. COMMITTEES

- 97.1. The Board is empowered to constitute and maintain such committees from time to time as it deems fit and determine the role and powers of the committees so constituted, subject to the terms of these Articles.
- 97.2. Unless any Applicable Law requires any committee to have only Directors as its members, the Board may appoint employees and/ or officers of the Company or any other persons nominated by CHIPL to be members of such committee. Subject to the composition set out in Article 98.7 below, every committee constituted by the Board shall at least consist of the CHIPL Nominee Director or any 1 (one) person nominated by CHIPL.
- 97.3. Written notice of each meeting of a committee shall be given to all members on that committee and their alternates, if any. Written notice of a meeting under this Article 98.3 shall be sent to the address notified from time to time by the

members and their alternates, if any, at least 7 (seven) days in advance of such meeting; provided that subject to the Applicable Law, where, a committee of the Board is required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, such notice requirements may be waived with the approval of majority of the members on that committee.

- 97.4. The quorum of meetings for a committee shall be the presence of a majority of its members and the chairman for the committee shall be as determined by the Board.
- 97.5. Each member of the committee shall be entitled to exercise 1 (one) vote. All decisions of any committee shall be taken by a simple majority of the members present and voting; *provided however that*, any decision on any matter that is a Reserved Matter shall not be taken unless prior written consent of CHIPL has been obtained, in accordance with Article 100.
- 97.6. Unless a matter is required to be approved by the Board as per the Act, the decisions of the committees in respect of all other matters shall be final and binding on the Company. For this purpose, the Board shall constitute the committees and delegate such powers and authority as mentioned in Article 98.7 below by passing appropriate resolution(s).
- 97.7. Notwithstanding the above, the following committees shall be constituted by the Board and shall exist at all times on and from the First Closing Date under the Share Purchase Agreement.
- (a) Nomination and Remuneration Committee (NRC): The NRC shall comprise of 2 (two) Independent Directors and the CHIPL Nominee Director. The NRC shall *inter alia* be entitled to:
- (i) identify and recommend to the Board the appointment of qualified and experienced persons as KMPs. The detailed powers and functions of such personnel as KMPs shall be as finalised and recommended by the NRC to the Board from time to time;
  - (ii) identify and appoint qualified and experienced persons as department heads and other employees of the Company, including Project Head and O&M Head. The detailed powers and functions of such personnel (subject to the O&M Contract and the Concession Agreement in relation to the Project Head and O&M Head), shall be as finalised by the NRC from time to time. It is clarified that Project Head and/or O&M Head may also hold any other managerial positions that are identified as KMPs;
  - (iii) formulate the criteria for determining the remuneration, responsibilities and performance evaluation of such personnel appointed/ recommended by the NRC pursuant to sub-articles (i) and (ii) above; and

- (iv) such other functions as required by the Act.
- (b) **O&M Committee (OMC):** The OMC shall comprise of 2 (two) nominees of CHIPL and 1 (one) nominee of KCL. CHIPL may nominate O&M Head as 1 (one) of its nominee on the OMC. The OMC shall be responsible for:
- (i) approving all matters relating to the O&M for the Company, including engaging and/ or dealing with the rating agencies, insurance companies, safety consultants and independent engineer;
  - (ii) identifying and finalising the O&M Contractor(s) with whom the Company shall enter into the O&M Contract(s) for the Project, in accordance with the Concession Agreement;
  - (iii) reviewing performance of the Project Head and the O&M Head;
  - (iv) reviewing performance of the O&M Contractor(s); and
  - (v) negotiating, finalising and executing the O&M Contract(s), including any variation or amendment made to the terms of such O&M Contract(s).
- (c) **Audit Committee:** The Audit Committee shall comprise of 3 (three) Independent Directors, 1 (one) observer nominated by KCL (**KCL Observer**) and the CHIPL Nominee Director. The KCL Observer shall have the right to attend the meetings of the Audit Committee, however, such KCL Observer shall not be entitled to speak or vote at the meeting of the Audit Committee. The Audit Committee shall *inter alia* be entitled to:
- (i) recommend for appointment, remuneration and terms of appointment of auditors of the Company;
  - (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - (iii) examine the financial statements of the Company and the auditors' report thereon;
  - (iv) appointment of internal auditor or tax auditor to conduct audits in the Company, and to review such audits and undertake any corrective measures; and
  - (v) such other functions as required by the Act.

#### 97.8. **Related Party Transactions**

The transactions to be entered into by the Company with its or CHIPL's Related Parties in relation to the O&M of the Company that are approved by the Audit Committee and/or OMC, shall be implemented by the Company.

#### 97.9. **Obligations of Shareholders**

The Shareholders agree and undertake to exercise their voting rights at the Shareholders' Meeting, and shall, subject to Applicable Law, require their respective nominee Directors, to approve and give effect to such transactions and arrangements as approved by the NRC, OMC and Audit Committee of the Company.

98. **GENERAL MEETINGS**

- 98.1. The Company shall hold not less than 1 (one) general meeting of the Shareholders in any given Financial Year.
- 98.2. Unless a shorter notice period is permitted in accordance with the Act, no general meeting of the Shareholders (**Shareholders' Meeting**) shall be held unless at least 21 (twenty-one) days' written notice of that meeting has been given to each Shareholder.
- 98.3. The quorum for the Shareholders' Meeting shall be in accordance with the Act; provided however that presence of at least 1 (one) representative of CHIPL and 1 (one) representative of KCL shall be required to constitute a valid quorum at any Shareholders' Meeting. If within 30 (thirty) minutes from the time scheduled for a Shareholders' Meeting, such meeting is held to be inquorate or if at any time during the meeting the requisite quorum is no longer present, such meeting shall be reconvened at the same time and at the same place 7 (seven) days later. The afore-mentioned quorum requirement shall also apply to such reconvened Shareholders' Meeting.
- 98.4. A resolution passed at the Shareholders Meeting, whether considered at a Shareholders' Meeting or through postal ballot, shall be adopted in accordance with the voting majority specified in the Act; *provided however that* a decision at a Shareholders' Meeting or through postal ballot on any of the Reserved Matters shall require prior written consent of CHIPL in accordance with Article 100.
- 98.5. The Company shall ensure that deliberations and votes casted on any matter or resolutions discussed at the Shareholders' Meeting are documented as minutes, in compliance with the Applicable Law.

99. **RESERVED MATTERS**

- 99.1. Notwithstanding anything contained in these Articles, the Company, its Board, or its committees or any Shareholders or Directors of the Company shall not take any action or decision or pass any resolution (whether at a Shareholders' Meeting, Board meeting, meeting of the committees of the Board, resolution by circulation or otherwise) in respect of any of the Reserved Matters without obtaining the prior written consent of CHIPL.
- 99.2. In order to obtain the prior written consent of CHIPL in terms of Article 100.1 above, the Company shall ensure that: (a) draft of the proposed resolution is circulated to CHIPL together with the information available with the Company

that is required to make a fully-informed, good faith decision with respect to such resolution and appropriate documents, if any, are provided to CHIPL; and (b) all queries from the CHIPL are responded to.

- 99.3. KCL and the Company agree that in the event a resolution is passed contrary to the provisions of this Article 100, then the Company shall ensure that such resolution is not given effect to and all such resolutions shall be considered to be null and void.

## 100. TRANSFERS

### 100.1. General

No Equity Securities issued by the Company shall be Transferred by its holder other than in accordance with the provisions of these Articles, the Financing Agreements and the Concession Agreement. If any Transfer of Equity Securities of the Company is made in violation of the provisions of these Articles, the Concession Agreement and/or the Financing Agreements, such Transfer shall be null and void and shall not be binding on the Company, KCL and CHIPL and shall be deemed to be a breach of the terms of these Articles.

### 100.2. Restriction on Transfer of Equity Shares

- (a) KCL shall not Transfer any of its Equity Securities in the Company to any Person without the prior written consent of CHIPL, provided that KCL shall be permitted to pledge its Equity Securities in the Company in favour of Senior Lenders of the Company pursuant to Financing Agreements.
- (b) Without prejudice to the above and pursuant to the Share Purchase Agreement, CHIPL has agreed to purchase and KCL has agreed to sell, all of the Equity Securities in the Company held by KCL in accordance with the terms set out therein.

### 100.3. Permitted Transfers

CHIPL shall, at any time, subject to the provisions of the Financing Agreements (in relation to the Sale Shares that are pledged with the Senior Lenders) and the Concession Agreement, be entitled to Transfer any or all of its Equity Securities to its Affiliate, including pursuant to group restructuring or reorganisation. Notwithstanding any provision to the contrary in these Articles, if CHIPL Transfers a part of its Equity Securities to its Affiliate or additional Equity Securities are issued to any Affiliate of CHIPL or acquired or held (directly or indirectly) by any Affiliates of CHIPL, all of CHIPL and such Affiliates (collectively, the **CHIPL Shareholder Group**) shall be treated as a single Shareholder and their rights, obligations, covenants and undertakings under these Articles shall be joint and several, and a breach by any one Person in the CHIPL Shareholder Group shall be deemed as a collective breach by the other members of the CHIPL Shareholder Group of their respective obligations, covenants or undertakings hereunder. It is further clarified that determination of



rights of CHIPL under these Articles shall be undertaken on the basis of all Equity Securities held by the CHIPL Shareholder Group.

#### **100.4. Deed of Adherence**

It shall be a condition of any Transfer of Equity Securities to an Affiliate by CHIPL, that such Affiliate, to whom Equity Securities are proposed to be Transferred by CHIPL, enters into an undertaking to observe and perform the provisions and obligations of these Articles in the form and substance set out in schedule 1 (*Deed of Adherence*) of the Shareholders' Agreement.

#### **100.5. Registration of transfers**

- (a) The Board shall register as required by the Act any Transfer made in accordance with the provisions of these Articles.
- (b) Upon registration of a Transfer, the Shareholder's benefit of the continuing rights under these Articles shall be available to the transferee who may enforce them as a Shareholder of the Company and entitled to the rights as provided under these Articles.

### **101. FUTURE FINANCING**

101.1. Notwithstanding anything contained in these Articles, all costs incurred by the Company for the completion of the Construction Activities and for obtaining the Final COD Certificate in accordance with the Concession Agreement, including all costs associated with or incurred for the completion of the Punch List items as agreed by the Company with the Authority, and in funding the Total Project Cost and any cost overrun for completion of the Construction Activities of the Project, shall be solely borne and funded by KCL in its capacity as the EPC Contractor in accordance with the terms of the EPC Contract.

101.2. Notwithstanding anything contained in these Articles, (i) all costs incurred by the Company in relation to the O&M for the Company over and above the price specified under the O&M Contract(s), and (ii) any funds that are required for meeting any working capital requirements of the Company, during the period between First Closing Date and the Second Closing Date, shall be funded by CHIPL (or its Affiliates) by subscribing to optionally convertible debentures issued by the Company on terms that are similar to the terms of the OCDs as agreed under the Debenture Documents, and the Shareholders of the Company shall take all necessary steps including passing appropriate resolutions to give effect to such funding as may be required under Applicable Laws.

### **102. INFORMATION AND INSPECTION RIGHTS**

#### **102.1. Reports and Information**

On and from the First Closing Date, each of KCL and CHIPL shall be entitled to receive from the Company:

- (a) the Audited Accounts of the Company as soon they become available, but no later than 15 (fifteen) days after approval of the Board;
- (b) any material notices or correspondence between the Company and any of the Authority or Senior Lenders or Independent Engineer or other parties to the Financing Agreements
- (c) minutes of the Board meeting (and committees thereof), and Shareholders' Meeting within 15(fifteen) days from the date of the meeting;
- (d) copies of notice(s) and details of any disputes, claims, litigation, arbitration, investigative or administrative proceedings, breach by the Company of any Applicable Laws or any labour disputes which are current, threatened in writing or pending against the Company within a reasonable period of time upon becoming aware of the same;
- (e) notice of any default, event of default, a force majeure event, termination or suspension that has occurred under any Material Contract or a notice in this respect has been received under any Material Contract;
- (f) notice and details of any application for winding up having been made or any statutory notice of winding up or insolvency resolution having been received by or served on the Company under Applicable Law or if a receiver is appointed of any of their properties or business or undertaking or notice and details of any filing or proceeding or action initiated under the Insolvency and Bankruptcy Code, 2016 against the Company;
- (g) any communication or notice of any claims received by the Company from the EPC Contractor pursuant to the EPC Contract; and any communication or notice of any claims raised by the Company against the Authority under the Concession Agreement;
- (h) any communication or notice of any claims received by the Company from the O&M Contractor(s) pursuant to the O&M Contract; and any communication or notice of any claims raised by the Company against the Authority under the O&M Contract(s), if any;
- (i) notice of any delay or potential delay in completion of the Project by the Scheduled Completion Date or expiry of timelines for completion of Punch List items, if any, provided in the Provisional Certificate immediately upon the Company becoming aware of the same; and
- (j) all such information as a Shareholder may reasonably request within 7 (seven) days of such request.

102.2. Upon request of CHIPL and/ or KCL, the Company shall: (i) authorize and instruct the auditors of the Company (whose fees and expenses shall be for the account of the Company) to communicate directly with CHIPL and/ or KCL, at any time regarding the Company's financial statements, accounts and operations, and provide to each of CHIPL and/ or KCL a copy of that authorization; and (ii)

take such actions, issue such additional instructions and deliver such additional documents as necessary to procure such auditors' compliance with such instruction. No later than 30 (thirty) days after any change in auditors of the Company, the Company shall repeat the process in the immediately preceding sentence with the new auditors and provide a copy of the Company's instructions and any other related documentation to each of CHIPL and/ or KCL.

### 102.3. **Inspection/ Audit Rights**

- (a) In addition to the information and material to be provided under Article 104.1 above, the Company shall permit CHIPL and KCL and their employees and authorised representatives, upon reasonable notice, at all times during normal business hours to visit and inspect to their satisfaction, the offices of the Company, the assets of the Company, Material Contracts and books and records, as well as conduct special audits, as CHIPL and KCL may deem fit at their sole discretion. The Company shall render co-operation and provide such authorizations as may be required. CHIPL and KCL shall also have a right to consult with and receive information, documents and material about the Business and operation of the Company, budget and finances of the Company that it considers material, from the Company, its Directors, employees, vendors, consultants, counsel (internal or external) and internal and external auditors of the Company. The Company shall, where required, facilitate such consultation including by issuing appropriate instructions to the persons referred to above.
- (b) CHIPL and KCL shall be liable to bear their respective costs for such special audit conducted by the Company at their request; provided however, that if such audit reveals any material discrepancies or inaccuracies in the Company's books or records, and provided that such discrepancies or inaccuracies are ratified by the Board, the expense of such audit shall be reimbursed by the Company to CHIPL and KCL, as the case maybe.

### 103. **OTHER COVENANTS**

- 103.1. All the financial statements of Company shall be prepared as per the Accounting Standards and shall truly and fairly reflect the Company's financial position.
- 103.2. The Shareholders shall execute and perform all such deeds, documents, assurances, acts and things and to exercise all powers and rights available to them, including the convening of all meetings and the giving of all waivers and consents and passing of all resolutions reasonably required, to ensure that the Shareholders, the Directors appointed by them (and any Alternate Directors) and, so far as any obligations are expressed to be imposed upon them, give effect to the terms of these Articles and the Transaction Documents.
- 103.3. The Company shall not, and KCL shall ensure that the Company does not, either directly or indirectly, solicit, initiate, encourage or engage in discussions or negotiations with any third party with respect to: (i) sale or Transfer of Sale

Shares II or any other Equity Securities or assets or rights over the Project; or  
(ii) granting any management rights in the Company.

- 103.4. The authorized signatories to operate all bank accounts maintained by the Company shall be nominees of CHIPL.
- 103.5. Subject to the Financing Agreements, any surplus/ profits generated by the Company shall first be utilized by the Company in discharging its payment obligations in connection with the OCDs, including payment of the accrued interest/ coupon on the OCDs and for repayment of all amounts due in respect of the OCDs, in accordance with the terms of the Debenture Documents.
- 103.6. The Company shall at all times conduct its business, including in relation to the Project, in compliance applicable Anti-Corruption Laws and Environmental and Social Laws. In this regard, the Company shall adopt a policy containing a commitment to comply with the provisions of the Anti-Corruption Laws and Environmental and Social Laws and hereby undertakes to maintain adequate financial controls to prevent any violations of the Anti-Corruption Laws or any Environmental and Social Laws. Further, the Company shall provide CHIPL (a copy of which shall be provided to KCL) with a certificate of compliance on an annual basis to this effect within 15 (fifteen) days from the end of a Financial Year for such completed Financial Year.
- 103.7. KCL, CHIPL and the Company shall take all necessary steps to ensure that the Sale Shares pledged in favour of the Senior Lenders shall continue to remain pledged in favour of the Senior Lenders in accordance with the requirements of the Financing Agreements. It is clarified that after the first closing date and until the Second Closing Date, the number of Sale Shares I that are pledged by CHIPL shall be in same proportion to the number of Sale Shares II that are pledged by KCL with the Senior Lenders.
- 103.8. The Company shall maintain books and records according to Applicable Law.

## SCHEDULE 1

### RESERVED MATTERS

- (i) Amending, supplementing, restating or modifying the Constitutional Documents of the Company.
- (ii) Except as required under the Financing Agreements and/or the Concession Agreement, effecting any change in the authorized, issued, subscribed or paid up Equity Securities of the Company; or re-organization of the share capital of the Company, including new issuance of Shares or other Equity Securities of the Company; any sale or Transfer of Equity Securities of the Company; or redemption, conversion, retirement, repurchase or buy-back of any Shares or other Equity Securities, share splits, issuance of bonuses, issuance of debentures or warrants (whether convertible or otherwise), or grant of any options over its Shares by the Company, restructuring and reduction of capital, any reclassification or creation of new class or series, change in the preferences, privileges or rights of any Shares or other Equity Securities of the Company.
- (iii) Declaring or paying dividends or other distributions on any class of Equity Securities of the Company.
- (iv) Refinancing, renegotiating, or amending the terms of any of the loans, borrowings, or any other indebtedness taken on by the Company, including for the avoidance of doubt loans under the Financing Agreements.
- (v) Incurring, issuing or assuming by the Company any form of indebtedness or any amendments, waivers, modifications or extensions of any indebtedness or providing any guarantee or creating any form of security interests or encumbrances on the assets of the Company, which is in excess of the amount as agreed in the Base Case Plan.
- (vi) Entering into any agreement, arrangement, transaction or assignment in relation to any assets of the Company with an aggregate value of more than INR 5,00,000 (Rupees five lakhs only) in any Financial Year (whether individually or in aggregate).
- (vii) Dissolution, winding-up or liquidation of the Company, whether or not voluntary, or any restructuring or reorganization that has a similar effect.
- (viii) Commencing, prosecuting or settling any legal action or claim (or series of related legal actions or claims) where the amount involved exceeds INR 5,00,000 (Rupees five lakhs only), in any Financial Year.
- (ix) Entering into, modification or termination of any transaction with a Related Party.
- (x) Undertaking any investments by the Company in other entities, create or set up joint ventures, subsidiaries or acquire any company or business and enter into any strategic, financial or alliance with a third party.

- (xi) Effecting or accepting any proposal involving, directly or indirectly, a change in ownership, Control or management of the Company, except in accordance with the Financing Agreements and/or the Concession Agreement.
- (xii) Making/incurred any operational expenditure in excess of operational budget as agreed in the Base Case Plan.
- (xiii) Entering into any Material Contracts or termination, novation and/ or amendment of any of the Material Contracts or replacing any counter-party thereunder.
- (xiv) Making /incurring any capital expenditure in excess of the amounts as agreed in the Base Case Plan.
- (xv) Approving the Base Case Plan and/or any amendment, revision or deviations from the approved Base Case Plan.
- (xvi) Any appointment or removal, determination or amendment/ variation to the terms of employment (including compensation) of any KMPs, Project Head, O&M Head of the Company.
- (xvii) Designation of any employee as a key managerial personnel of the Company as understood under the Act.
- (xviii) Undertaking any sale, Transfer, lease, license, assignment, mortgage, Encumbrance, pledge, hypothecation, grant of security interest in, exchange or other disposition of any assets/ property of the Company, other than in accordance with the Financing Agreements or as agreed under the Base Case Plan.
- (xix) Appointment or dismissal of an Independent Director.
- (xx) Delegating authority or any of the powers of the Board to any person or committee, including the NRC and OMC and determining the terms of reference of any such committee and the constitution / membership of such committee.
- (xxi) Any payments to be made to the O&M Contractor under the O&M Contract.
- (xxii) Changing or granting any signing authorisation to any individual for the operation of the bank account(s) of the Company.
- (xxiii) Making or changing any Tax election (resulting from change in accounting treatment/ policy by the Company), settlement or compromise of any proceedings with respect to any Tax claim or assessment relating to the Company, surrendering any right to claim a refund of Taxes, consenting to any extension or waiver of limitation period applicable to any Tax claim or assessment relating to the Company, filing any amended Tax returns or incurring any liability for Tax.
- (xxiv) Any agreement or commitment to give effect to any of the foregoing.



Sl. No.	Signature, Name, Address, Description and Occupation of Subscribers PAN/DIN	Name, Address, Description and Occupation of the Witness
1	<p>Sd/- KNR CONSTRUCTIONS LIMITED CIN: L74210DL1995PLC238364 Having Registered Office at C-125, Anand Niketan, New Delhi 110021 Represented By Smt Kamidi Yashoda, (DIN NO. 05157487) Director Of The Company as per the authorisation resolution passed by the executive finance committee PAN: AKSPK2197A</p>	
2	<p>Sd/- KAMIDI JALANDHAR REDDY S/o NARASIMHA REDDY Plot No. 84, Road No. 7, Womens Co Op Society, Jubilee Hills, Hyderabad – 500034 OCC: Business, DOB: 08.06.1971 DIN; 00434911</p>	<p>Sd/ B S HARIKRISHNA # 1-2-59/24, 2ND FLOOR, BESIDE AMBIKA JEWELLERS, LOWE TANK BUND, HYDERABAD OCC: COMPANY SECRETARY ACS: 32342</p>
3	<p>Sd/- KAMIDI NARASIMHA REDDY S/o VENKAT REDDY Plot No. 84, Road No. 7, Womens Co Op Society, Jubilee Hills, Hyderabad – 500034 OCC: Business, DOB: 28.12.1947 DIN: 00382412</p>	

Date: 12.04.2018  
Place: Hyderabad



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

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 E-mail : [admin@mkdandeker.com](mailto:admin@mkdandeker.com)  
 Web : [www.mkdandeker.com](http://www.mkdandeker.com)

No.185 (Old No.100) 2nd Floor,  
 Poonamallee High Road, Kilpauk,  
 CHENNAI - 600 010.

**Report on Review of Interim Financial Information**

The Board of Directors,  
**KNR Tirumala Infra Private Limited,**  
 Hyderabad.

We have reviewed the accompanying statement of unaudited financial results of **KNR Tirumala Infra Private Limited** for the Nine months period ended December 31, 2021. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the statements in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

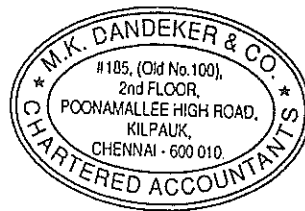
Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

UDIN: 22223754AARATH4228

Date: February 07, 2022

Place: Chennai



**S. Poosaidurai**  
 Partner  
 Membership No. 223754

**Note:**

1. The genuineness of the report can be verified by the users at <https://udin.icai.org/> mentioning the Unique Document Identification Number (UDIN) as stated above.



**KNR Tirumala Infra Pvt Ltd**  
**Balance Sheet as at December 31, 2021**

(Rs. in Lakhs)

Particulars	Note No.	As at December 31, 2021	As at March 31, 2021
<b>I Assets</b>			
<b>1) Non-current assets</b>			
a) Financial Assets			
i) Financial Asset Receivable	3	54,346.90	50,971.66
b) Other non-current assets	4	8,539.41	7,271.30
		<b>62,886.31</b>	<b>58,242.96</b>
<b>2) Current assets</b>			
a) Financial assets			
i) Cash and cash equivalents	5	1,697.09	786.14
ii) Other Bank Balances	6	2,602.00	-
iii) Other Financial Asset	7	1,866.99	155.50
b) Other Current assets	8	747.70	666.52
		<b>6,913.78</b>	<b>1,608.16</b>
<b>Total Assets</b>		<b>69,800.09</b>	<b>59,851.12</b>
<b>II Equity and Liabilities</b>			
<b>Equity</b>			
a) Equity Share capital	9	7,162.50	7,162.50
b) Instruments entirely equity in nature	9.3	-	4,981.00
c) Other equity	10	2,365.85	5,522.75
<b>Total Equity</b>		<b>9,528.35</b>	<b>17,666.25</b>
<b>Liabilities</b>			
<b>1) Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	11	51,275.36	18,759.84
b) Provisions	12	690.70	-
		<b>51,966.06</b>	<b>18,759.84</b>
<b>2) Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	11	145.58	-
ii) Trade Payables	13	4,066.27	20,737.82
iii) Other financial liabilities	14	2,363.12	1,050.03
b) Other current liabilities	15	1,730.71	1,637.18
		<b>8,305.68</b>	<b>23,425.03</b>
<b>Total Liabilities</b>		<b>60,271.74</b>	<b>42,184.87</b>
<b>Total Equity and Liabilities</b>		<b>69,800.09</b>	<b>59,851.12</b>

As per our report of even date attached

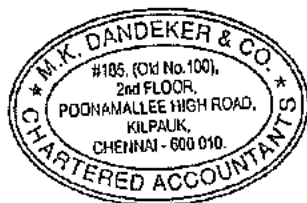
For M.K. Dandeker & Co.,

Chartered Accountants  
(Firm Registration No. 000679S)

For and on behalf of the Board

S. Pooaidurai  
Partner

Membership No: 223754  
Place : Hyderabad  
Date : 07-02-2022



*K.Narsimha Reddy*  
K.Narsimha Reddy  
Director  
DIN: 00382412

*K.Jalandhar Reddy*  
K. Jalandhar Reddy  
Director  
DIN: 00434911

**KNR Tirumala Infra Pvt Ltd**  
**Statement of Profit And Loss for the Nine Months ended December 31, 2021**

(Rs. in Lakhs)

PARTICULARS	Note No.	Nine Months ended	Nine Months ended	Quarter ended	Quarter ended	Quarter ended	Year ended
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	September 30, 2021	March 31, 2021
		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
I Revenue from Operations	16	25,219.04	24,796.17	3,570.63	11,232.12	5,717.18	42,544.32
II Other Income	17	78.16	1,435.85	20.93	1,369.34	57.23	1,466.92
III Total Revenue (I + II)		25,297.20	26,232.02	3,591.56	12,601.26	5,774.41	44,011.24
IV Expenses							
Operational Expenses	18	18,605.01	22,759.70	1,281.12	11,330.58	3,407.74	39,015.20
Employee benefits expenses		-	-	942.46	480.10	940.65	1,345.09
Finance costs	19	2,536.37	925.65	-	-	-	-
Depreciation and amortization expenses	20	7,312.72	-	2,281.91	-	5,030.81	-
Other expenses		-	-	4,503.49	11,810.69	6,379.20	40,361.79
Total expenses (IV)		28,454.10	23,685.35	(913.93)	790.57	(3,604.79)	3,649.95
V Profit before exceptional items and tax (III - IV)		(3,156.90)	2,546.67	(913.93)	790.57	(3,604.79)	3,649.95
VI Exceptional items		-	-	-	-	-	-
VII Profit/(Loss) before tax (V + VI)		(3,156.90)	2,546.67	(913.93)	790.57	(3,604.79)	3,649.95
VIII Tax expense		-	-	-	-	-	-
1) Current tax		-	-	-	-	-	-
2) Adjustment of Tax relating to earlier periods		-	-	-	-	-	-
3) Deferred tax		-	-	-	-	-	-
Total Tax Expenses (VIII)		(3,156.90)	2,546.67	(913.93)	790.57	(3,604.79)	3,649.95
IX Profit (Loss) for the period (VII-VIII)		-	-	-	-	-	-
X Other Comprehensive Income		-	-	-	-	-	-
XI Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(3,156.90)	2,546.67	(913.93)	790.57	(3,604.79)	3,649.95
XII Earnings per equity share							
1) Basic		(440.75)	354.16	(127.60)	110.38	(503.29)	509.59
2) Diluted		(440.75)	354.16	(127.60)	110.38	(503.29)	509.59

As per our report of even date attached

For and on behalf of the Board

For M.K. Dandeker & Co.,  
Chartered Accountants  
(Firm Registration No. 0006796)

K. Naresh Reddy  
Director  
DIN: 00382412



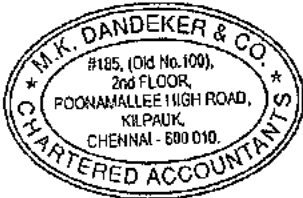
K. Jalanthar Reddy  
Director  
DIN: 00434911

S. Ponnasudra  
Partner  
Membership No: 223754

Place: Hyderabad  
Date: 07-02-2022

Notes:

- Figures for the Quarter ended December 31, 2021 are the balancing figures of reviewed figures for the Nine Months ended December 31, 2021 and reviewed figures for the half year ended September 30, 2021.
- Figures for the previous periods have been regrouped/reclassified to conform to the classification of the current period.



KNR Tirumala Infra Pvt Ltd  
Notes to the financial statements for the Nine Months ended December 31, 2021

3 Other Financial Assets

Particulars	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
Non Current		
Financial Asset Receivable	54,346.90	50,971.66
<b>Total</b>	<b>54,346.90</b>	<b>50,971.66</b>

4 Other Non current Assets

Particulars	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
GST Receivable/ITC	7,372.43	6,665.98
TDS Receivable	1,166.98	605.32
<b>Total</b>	<b>8,539.41</b>	<b>7,271.30</b>

5 Cash and Cash Equivalents

Particulars	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
Balances with banks: in current accounts	1,697.09	786.14
<b>Total</b>	<b>1,697.09</b>	<b>786.14</b>

6 - Other Bank Balances

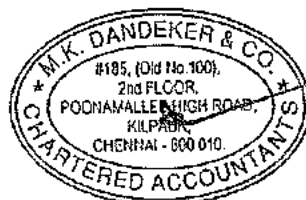
PARTICULARS	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
Fixed deposits	2,602.00	-
<b>Total</b>	<b>2,602.00</b>	<b>-</b>

7 Other Financial Assets

Particulars	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
Current		
Receivable from NHAI	1,822.89	0.25
Amount withheld by NHAI	44.10	155.25
<b>Total</b>	<b>1,866.99</b>	<b>155.50</b>

8 Other Current Assets

Particulars	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
Amount receivable from Related Parties		
COS Advance paid to EPC Contractor	655.38	655.38
Prepaid expenses	92.32	11.14
<b>Total</b>	<b>747.70</b>	<b>666.52</b>



**KNR Yirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Nine Months ended December 31, 2021**

**9 Equity Capital**

PARTICULARS	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
<b>EQUITY SHARE CAPITAL</b>		
Authorised Share capital 716300 Equity Shares of Rs. 1,000/- each	7,163.00	7,163.00
Issued, subscribed & fully paid share capital 716250 Equity Shares of Rs. 1,000/- each	7,162.50	7,162.50
<b>Total</b>	<b>7,162.50</b>	<b>7,162.50</b>

**Terms/ Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.1000/-per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the year ended March 31, 2021.

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

**9.1 The reconciliation of the number of shares outstanding at the beginning and at the end of the Year is set out below**

Particulars	As at December 31, 2021		As at March 31, 2021	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	716,250.00	7,162.50	716,250.00	7,162.50
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Bought Back	-	-	-	-
<b>Number of Equity Shares at the end of the year</b>	<b>716,250.00</b>	<b>7,162.50</b>	<b>716,250.00</b>	<b>7,162.50</b>

**9.2 The details of shareholder holding by holding company and its associates and having more than 5% as at December 31, 2021 and March 31, 2021 is set out below:**

Name of the shareholder	As at December 31, 2021		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
KNR Constructions Limited & its nominees	3,652.88	51%	7,162.50	100%
Cube Highways and Infrastructure III pte Ltd.	3,509.62	49%	-	-
	<b>7,162.50</b>	<b>100%</b>	<b>7,162.50</b>	<b>100%</b>

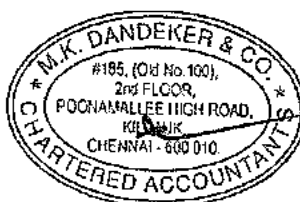
**9.3 Instrument entirely equity in Nature**

PARTICULARS	As at December 31, 2021	As at March 31, 2021
Loan from Promoter Company	-	4,981.00
<b>Balance at the end of the period</b>	<b>-</b>	<b>4,981.00</b>

Note: Loan from Promoter is in the nature of Sub Debt, and shall be repaid after satisfaction of senior debt and at the option of the company.

**10 Other Equity**

PARTICULARS	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
Surplus in the statement of profit and loss		
Balance at the beginning of the period	5,522.75	1,872.80
Add: (Loss)/ Profit for the period	(3,356.90)	3,649.95
<b>Balance at the end of the period</b>	<b>2,365.85</b>	<b>5,522.75</b>



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Nine Months ended December 31, 2021**

**11 Borrowings**

PARTICULARS	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
<b>NON - CURRENT</b>		
Secured loans		
From banks		
- Term loans	42,415.86	18,759.84
12% Optionally Convertible Debentures	8,859.50	-
<b>Total Non current borrowings</b>	<b>51,275.36</b>	<b>18,759.84</b>
<b>Current</b>		
Unsecured loans		
- From Promoters	145.58	-
<b>Total current borrowings</b>	<b>145.58</b>	<b>-</b>
<b>Total</b>	<b>51,420.94</b>	<b>18,759.84</b>

**Terms of Security :**

- a) First Charge by way of hypothecation of all the fixed assets / movable assets of the company (other than Project assets)
- b) A first charge on the Project's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future intangibles, goodwill, uncalled capital (present and future)
- c) A first charge on Project's bank accounts, including but not limited to the escrow account opened in a designated bank, where all cash inflows from the project shall be deposited and all proceeds shall be utilised in a manner and priority to be decided by the Lenders/Investors.
- d) Assignment of all the company's rights and interests under all the agreements related to the Project, Letter of credit (if any), and guarantee or performance bond provided by any party for any contract related to the Project in favour of the Borrower;
- e) Substitution Agreement executed by Authority on behalf of the Lenders for the Facility
- f) Assignment of all applicable insurance policies
- g) A pledge of 51% shares (subject to regulatory compliance ) of the share capital of the Borrower till the facility is entirely repaid. Balance 49% of the share capital of the Borrower shall be in negative lien;
- h) Security Interest by way of Pledge and Equitable Assignment on Sponsor Contribution infused in form of Debenture.

**Repayment Terms :** As on 31.12.2021 the company has availed a term loan of Rs.44,800 Lakhs at the interest rate of 1 year MCLR + spread of 1.05% P.a. and the term loan is repayable in 25 Semi Annual Instalments starting from Q3 of FY 2021-22.

**12 Provisions**

PARTICULARS	(Rs. in Lakhs)	
	As at December 31, 2021	As at March 31, 2021
Provision for MMR	690.70	-
<b>Total</b>	<b>690.70</b>	<b>-</b>

**13 Trade Payables**

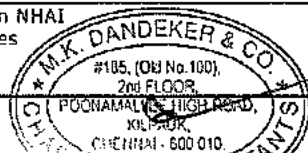
PARTICULARS	(Rs. in Lakhs)	
	As at December 31, 2021	As at 31-Mar-21
Amount payable to Related Parties		
Payable to EPC Contractor	4,066.27	20,737.82
<b>Total</b>	<b>4,066.27</b>	<b>20,737.82</b>

**14 Other financial liabilities**

PARTICULARS	(Rs. in Lakhs)	
	As at December 31, 2021	As at 31-Mar-21
<b>CURRENT</b>		
Current Maturity of Term Loans	1,518.20	716.00
Interest accrued but not due	118.16	64.00
Amount payable to Related Parties		
KNR Constructions Limited	726.26	264.78
Other Expenses payable	0.50	5.25
<b>Total current other financial liabilities</b>	<b>2,363.12</b>	<b>1,050.03</b>
<b>Total other financial liabilities</b>	<b>2,363.12</b>	<b>1,050.03</b>

**15 Other Current Liabilities**

PARTICULARS	(Rs. in Lakhs)	
	As at December 31, 2021	As at 31-Mar-21
COS advance received from NHAI	684.39	684.39
Dues to statutory authorities	1,046.32	952.79
<b>Total</b>	<b>1,730.71</b>	<b>1,637.18</b>



KNR Tirumala Infra Pvt Ltd  
Notes to the financial statements for the Nine Months ended December 31, 2021

16 - Revenue from Operations

(Rs. In Lakhs)

PARTICULARS	For the Nine Months Ended December 31, 2021	For the Year ended 31-Mar-21
Construction Income	17,427.96	37,662.00
Finance Income	6,572.61	4,882.32
Major Maintenance Income	715.01	-
Operation and Maintenance Income	503.46	-
<b>Total</b>	<b>25,219.04</b>	<b>42,544.32</b>

17 - Other Income

(Rs. In Lakhs)

PARTICULARS	For the Nine Months Ended December 31, 2021	For the Year ended 31-Mar-21
Interest Income on Mobilisation Advance given	-	71.97
Profit on sale of Mutual funds	-	-
Other Income	-	0.88
Interest on Income Tax refund	-	39.87
Insurance Claim	36.85	-
Unamortised Processing fee	41.31	-
COS Income	-	1,354.20
<b>Total</b>	<b>78.16</b>	<b>1,466.92</b>

18 - Operating Expenses

(Rs. in Lakhs)

PARTICULARS	For the Nine Months Ended December 31, 2021	For the Year ended 31-Mar-21
Construction Expenses	17,427.96	37,662.00
Major Maintenance Expenses	690.70	-
Operation & Maintenance Expenses	486.35	-
COS Expenses	-	1,354.20
<b>Total</b>	<b>18,605.01</b>	<b>39,016.20</b>

19 - Finance cost

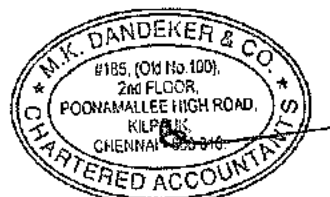
(Rs. in Lakhs)

PARTICULARS	For the Nine Months Ended December 31, 2021	For the Year ended 31-Mar-21
Interest Expenses(IDC and Post COD)	2,529.77	1,252.25
Interest on Mobilisation advance Received	-	92.84
Other Borrowing Expenses	6.60	-
<b>Total</b>	<b>2,536.37</b>	<b>1,345.09</b>

20 - Other Expenses

(Rs. in Lakhs)

PARTICULARS	For the Nine Months Ended December 31, 2021	For the Year ended 31-Mar-21
Security Trustee Fee	-	-
Professional Charges	0.52	-
Certification Fee	0.50	-
Interest on TDS	0.02	-
Telephone and Internet Charges	1.83	-
Filing and License Fees	0.59	-
Insurance	39.09	-
Audit Fee	1.90	-
Modification gain /Loss	7,214.76	-
Rating Fee	2.00	-
Annual Custody Fee	1.69	-
Independent Consultant Fee	6.68	-
Lender Independent Engineer	6.00	-
Penal Charges	0.21	-
Travelling Charges	0.08	-
Reimbursement of Expenses	36.85	-
<b>Total</b>	<b>7,312.72</b>	<b>-</b>



# M.K. DANDEKER & CO.

*Chartered Accountants*

Phone : +91- 44 - 43514233  
E-mail : [admin@mkdandeker.com](mailto:admin@mkdandeker.com)  
Web : [www.mkdandeker.com](http://www.mkdandeker.com)

No.185 (Old No.100) 2nd Floor,  
Poonamallee High Road, Kilpauk,  
CHENNAI - 600 010.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of,  
**KNR Tirumala Infra Private Limited,**  
Hyderabad.

### Report on the audit of the Standalone Financial Results

#### Opinion

We have audited the accompanying standalone quarterly financial results of **KNR Tirumala Infra Private Limited** (the company) for the quarter ended September 30, 2021 and the year to date results for the period from **April 01, 2021 to September 30, 2021** attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- I. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- II. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information for the quarter ended **September 30, 2021** as well as the year to date results for the period from **April 01, 2021 to September 30, 2021**.

#### 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 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results 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.

Our opinion is not modified in respect of this matter.

### **Management's Responsibilities for the Standalone Financial Results**

These quarterly financial results as well as the year-to-date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 standalone financial results.

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

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.



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

*Chartered Accountants*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results 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 standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**UDIN : 21223754AAAAKI4212**

**Date:** November 05, 2021

**Place:** Chennai

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

Chartered Accountants  
(ICAI Reg. No. 000679S)



**S. Poosaidurai**

**Partner**

**Membership No. 223754**

**Note:**

1. The genuineness of the certificate/report can be verified by the users at <https://udin.icaai.org/> mentioning the Unique Document Identification Number (UDIN) as stated above.

**KNR Tirumala Infra Pvt Ltd**  
**Balance Sheet as at September 30, 2021**

(Rs. in Lakhs)

Particulars	Note No.	As at September 30, 2021	As at March 31, 2021
<b>I Assets</b>			
1) Non-current assets			
a) Financial Assets	3	58,381.31	50,971.66
i) Financial Asset Receivable	4	8,548.24	7,271.30
b) Other non-current assets		66,929.55	58,242.96
2) Current assets			
a) Financial assets			
i) Cash and cash equivalents	5	172.65	786.14
ii) Other Financial Asset	6	1,346.29	155.50
b) Other Current assets	7	778.98	666.52
		2,297.92	1,608.16
<b>Total Assets</b>		<b>69,227.47</b>	<b>59,851.12</b>
<b>II Equity and Liabilities</b>			
<b>Equity</b>			
a) Equity Share capital	8	7,162.50	7,162.50
b) Instruments entirely equity in nature	8,3	9,061.00	4,981.00
c) Other equity	9	3,279.78	5,522.75
<b>Total Equity</b>		<b>19,503.28</b>	<b>17,666.25</b>
<b>Liabilities</b>			
1) Non-current liabilities			
a) Financial liabilities			
i) Borrowings	10	42,924.29	18,759.84
b) Provisions	11	425.15	-
		43,349.44	18,759.84
2) Current liabilities			
a) Financial liabilities			
i) Trade Payables	12	2,639.42	20,737.82
ii) Other financial liabilities	13	2,091.97	1,050.03
b) Other current liabilities	14	1,643.36	1,637.18
		6,374.75	23,425.03
<b>Total Liabilities</b>		<b>49,724.19</b>	<b>42,184.87</b>
<b>Total Equity and Liabilities</b>		<b>69,227.47</b>	<b>59,851.12</b>

As per our report of even date attached

For M.K. Dandekar & Co.,

Chartered Accountants

(Firm Registration No. 000679S)



S. Poosaidural

Partner

Membership No: 223754

Place : Hyderabad

Date : 05-11-2021

For and on behalf of the Board



K. Narsimha Reddy

Director

DIN: 00382418

K. Jalandhar Reddy

Director

DIN: 00434911



V. Sathish Reddy

Chief Financial Officer



V. Srikanth

Company Secretary

**KNR Tirumala Infra Pvt Ltd**  
**Statement of Profit And Loss For The Half Year Ended September 30, 2021**

(Rs. In Lakhs)

PARTICULARS	Note No.	Half Year ended	Half Year ended	Quarter ended	Quarter ended	Quarter ended	Year ended
		September 30 2021	September 30 2020	September 30, 2021	September 30, 2020	June 30, 2021	March 31, 2021
		<b>Audited</b>	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>	<b>Audited</b>
I Revenue from Operations	15	21,648.41	13,564.06	5,717.18	8,531.39	15,931.23	42,544.32
II Other Income	16	57.23	56.71	57.23	23.52	-	1,466.92
III Total Revenue (I + II)		21,705.64	13,620.76	5,774.41	8,554.91	15,931.23	44,011.24
IV Expenses	17	17,323.89	11,429.11	3,407.74	7,369.90	13,916.15	39,016.20
Operating Expenses		-	-	-	-	-	-
Employee benefits expenses	18	1,593.91	445.55	940.65	400.65	653.26	1,345.09
Finance costs		-	-	-	-	-	-
Depreciation and amortization expenses	19	5,030.81	-	5,030.81	-	-	-
Other expenses		23,948.61	11,874.66	9,379.20	7,770.58	14,569.41	40,361.20
Total expenses (IV)		(2,242.97)	1,746.10	(3,604.79)	784.35	1,361.82	3,649.95
V Profit before exceptional items and tax (III - IV)		-	-	-	-	-	-
VI Exceptional items		(2,242.97)	1,746.10	(3,604.79)	784.35	1,361.82	3,649.95
VII Profit/(Loss) before tax (V - VI)		-	-	-	-	-	-
VIII Tax expense		-	-	-	-	-	-
1) Current tax		-	-	-	-	-	-
2) Adjustment of Tax relating to earlier periods		-	-	-	-	-	-
3) Deferred tax		-	-	-	-	-	-
Total Tax Expenses (VIII)		-	-	-	-	-	-
Profit (Loss) for the period (VII-VIII)		(2,242.97)	1,746.10	(3,604.79)	784.35	1,361.82	3,649.95
X Other Comprehensive Income		-	-	-	-	-	-
XI Total Comprehensive Income for the period (IX+X)		(2,242.97)	1,746.10	(3,604.79)	784.35	1,361.82	3,649.95
XII Earnings per equity share		-	-	-	-	-	-
1) Basic		(313.15)	243.78	(503.29)	109.51	190.13	509.59
2) Diluted		(313.15)	243.78	(503.29)	109.51	190.13	509.59

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. Poovaldural  
 Partner  
 Membership No: 223754

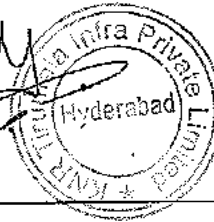
K.Narsimha Reddy  
 Director  
 DIN: 00382412

K. Jalandhar Reddy  
 Director  
 DIN: 00434911

Place : Hyderabad  
 Date : 05-11-2021  
 Notes:

V.Sathish Reddy  
 Chief Financial Officer

V.Srikanth  
 V.Srikanth  
 Company Secretary



- Figures for the Quarter ended September 30, 2021 are the balancing figures of reviewed figures for the half year ended September 30, 2021 and reviewed figures for the quarter ended June 30, 2021.
- Figures for the previous periods have been regrouped/reclassified to confirm to the classification of the current period.

**KNR Tirumala Infra Pvt Ltd**  
**Cash Flow Statement for the Half Year ended September 30, 2021**

PARTICULARS	(Rs. in Lakhs)	
	For the Half Year ended September 30, 2021	For the Half Year ended September 30, 2020
<b>A) Cash flow from Operating activities</b>		
Net Profit before Tax	(2,242.97)	1,746.10
Adjustments for		
Depreciation & Amortisation Expenses		
Construction Income	(16,599.38)	(11,429.11)
Finance Income	(4,295.86)	(2,134.94)
Construction Expenses	16,599.38	11,429.11
Profit on sale of Mutual Funds		
Interest Income on Mob Advance Paid	-	-
Interest During Construction	1,593.58	375.09
Unamortised Processing fee	(20.38)	
Provision for Major Maintenance	425.15	
Modification Gain/Loss	4,985.70	
<b>Operating profit before working capital changes</b>	<b>445.22</b>	<b>(13.75)</b>
(Increase)/Decrease in Trade and Other Receivables	(2,392.70)	355.12
(Increase)/Decrease in Financial Asset Receivables	(8,112.45)	(5,950.05)
Increase/(Decrease) in Trade Payables and Other Liabilities	(17,876.38)	(15,937.19)
<b>Cash generated from operations</b>	<b>(27,936.31)</b>	<b>(21,545.87)</b>
(Taxes paid)/Refund of Taxes	(187.49)	(71.36)
<b>Net cash used in operating activities</b>	<b>(28,123.80)</b>	<b>(21,617.23)</b>
<b>B) Cash flow from Investing activities</b>		
(Purchase)/Sale of Investments (net)	-	-
<b>Net cash used in investing activities</b>	-	-
<b>C) Cash flow from Financing activities</b>		
Long Term Funds Borrowed -sub debt	25,000.00	19,783.52
Instuments entirely in equity Nature	4,080.00	2,271.00
Interest Paid	(1,569.69)	(271.03)
<b>Net cash from financing activities</b>	<b>27,510.31</b>	<b>21,783.49</b>
<b>Net change in Cash and Cash Equivalents (A+B+C)</b>	<b>(613.49)</b>	<b>166.26</b>
Cash and Cash Equivalents as at (Opening Balance)	786.14	57.47
Cash and Cash Equivalents as at (Closing Balance)	<b>172.65</b>	<b>223.73</b>

**Notes:**

1 Components of Cash & Cash Equivalents

Cash In Hand

Bank Balance - Current Account

Total

172.65	223.73
<b>172.65</b>	<b>223.73</b>

2 The Cash flow statement is prepared in accordance with 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.

As per our report of even date attached

For **M.K. Dandekar & Co.,**  
Chartered Accountants  
(Firm Registration No. 0005795)

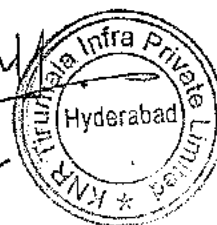
**S. Poosaidurai**  
Partner  
Membership No: 223754

Place : Hyderabad  
Date : 05-11-2021

For and on behalf of the Board of Directors

**K.Narsimha Reddy**  
Director  
DIN: 00382412

**V.Sathish Reddy**  
Chief Financial Officer



**K. Jalandhar Reddy**  
Director  
DIN: 00434911

**V.Srikanth**  
Company Secretary

## KNR Tirumala Infra Private Limited

Notes to the financial statements for the Half year ended September 30, 2021

### 1. Reporting entity

KNR Tirumala Infra Private 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, 2013 as a Special Purpose Vehicle ("SPV") promoted by KNR Constructions Limited ('KNRCL').

The Company has entered into a Service Concession Arrangement("SCA") with National Highway Authority of India ("NHAI") for the Six laning of Chittor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) of NH -140 under Bharatmala Pariyojana on Hybrid Annuity Mode (HAM) in the State of Andhra Pradesh. The company received appointed date on 04<sup>th</sup> January 2019.

### 2. Basis of preparation & Significant Accounting Policies

#### 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.

Details of the Company's accounting policies are detailed below.

#### 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:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded.
- It is expected to be realized within twelve months after the reporting date, or
- 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:

- It is expected to be settled in the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date: or
- 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.

**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.

**KNR Tirumala Infra Private Limited**

**Notes to the financial statements for the Half year ended September 30, 2021**

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

**ii. Subsequent expenditure**

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

**iii. Depreciation**

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

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

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

**b. Rights under Service Concession Arrangements (Hybrid 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", 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 and such financial assets are classified as "Receivables against Service Concession Arrangements"(Financial Asset Receivable).

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

The Interest during construction and Tax expenses will not be adjusted with the financial asset and GST on expenses is also not form part of financial asset as GST will be recognized as an Input Tax Credit.

The amount due from the authority including Operation & Maintenance Income is accounted for in accordance with Ind AS 109 as measured at amortised cost and the interest calculated using the effective interest method is recognised in statement of profit and loss. As per the Concession Arrangement, the support during construction period are accounted for as part of the transaction price (Financial Asset) as defined in Ind AS 115.

**c. Financial instruments**

**i. Recognition and initial measurement**

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

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

## **ii. Classification and subsequent measurement**

### **Non-Derivative Financial assets**

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

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

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

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

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

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

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

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

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

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

## **iii. De-recognition**

### **Financial assets**

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



### ***Financial liabilities***

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

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

#### ***iv. Offsetting***

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

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

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

### **d. Impairment**

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

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

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

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

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

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

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

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

#### ***Write-off***

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

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

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

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

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

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

**e. Cash and cash equivalents**

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

**f. Employee benefits**

**Short-term employee benefits**

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

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

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

**h. Revenue recognition**

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, is 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.

## **KNR Tirumala Infra Private Limited**

**Notes to the financial statements for the Half year ended September 30, 2021**

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

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 the statement of profit and loss. As per the Concession Arrangement, concession support received are accounted for as part of the transaction price (i.e Financial Asset).

### ***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. 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.

### **j. 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.

**k. Borrowing cost**

Borrowing costs are interest and other cost incurred in connection with the borrowing of funds. Borrowing costs other than processing fee directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use will be capitalised as part of the cost of that asset. Processing fee will be Amortised over a period of tenure on effective interest rate method, Other borrowing costs during operation period will be recognised as an expense in the period in which they are incurred.

**l. 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.

**m. Earnings per share**

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

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

**KNR Tirumala Infra Private Limited**

**Notes to the financial statements for the Half year ended September 30, 2021**

- 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.

**n. 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.

**o. 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.

**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Half Year Ended September 30, 2021**

<b>3 Other Financial Assets</b>			<b>(Rs. in Lakhs)</b>
<b>Particulars</b>	<b>As at</b>	<b>As at</b>	
	<b>September 30, 2021</b>	<b>March 31, 2021</b>	
<b>Non Current</b>			
Financial Asset Receivable	58,381.31	50,971.66	
<b>Total</b>	<b>58,381.31</b>	<b>50,971.66</b>	
<b>4 Other Non current Assets</b>			<b>(Rs. in Lakhs)</b>
<b>Particulars</b>	<b>As at</b>	<b>As at</b>	
	<b>September 30, 2021</b>	<b>March 31, 2021</b>	
GST Receivable/ITC	7,755.43	6,665.98	
TDS Receivable	792.81	605.32	
<b>Total</b>	<b>8,548.24</b>	<b>7,271.30</b>	
<b>5 Cash and Cash Equivalents</b>			<b>(Rs. in Lakhs)</b>
<b>Particulars</b>	<b>As at</b>	<b>As at</b>	
	<b>September 30, 2021</b>	<b>March 31, 2021</b>	
<b>Balances with banks:</b> in current accounts	172.65	786.14	
<b>Total</b>	<b>172.65</b>	<b>786.14</b>	
<b>6 Other Financial Assets</b>			<b>(Rs. in Lakhs)</b>
<b>Particulars</b>	<b>As at</b>	<b>As at</b>	
	<b>September 30, 2021</b>	<b>March 31, 2021</b>	
<b>Current</b>			
Receivable from NHAI	1,177.77	0.25	
Amount withheld by NHAI	168.52	155.25	
<b>Total</b>	<b>1,346.29</b>	<b>155.50</b>	
<b>7 Other Current Assets</b>			<b>(Rs. in Lakhs)</b>
<b>Particulars</b>	<b>As at</b>	<b>As at</b>	
	<b>September 30, 2021</b>	<b>March 31, 2021</b>	
Amount receivable from Related Parties			
COS Advance paid to EPC Contractor	655.38	655.38	
Prepaid expenses	123.60	11.14	
<b>Total</b>	<b>778.98</b>	<b>666.52</b>	

KNR Tirumala Infra Pvt Ltd  
Notes to the financial statements for the Half Year Ended September 30, 2021

8 Equity Capital

PARTICULARS	(Rs. in Lakhs)	
	As at September 30, 2021	As at March 31, 2021
<b>EQUITY SHARE CAPITAL</b>		
Authorised Share capital 716300 Equity Shares of Rs. 1,000/- each	7,163.00	7,163.00
Issued, subscribed & fully paid share capital 716250 Equity Shares of Rs. 1,000/- each	7,162.50	7,162.50
<b>Total</b>	<b>7,162.50</b>	<b>7,162.50</b>

Terms/ Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.1000/-per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the year ended March 31, 2021.

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

8.1 The reconciliation of the number of shares outstanding at the beginning and at the end of the Half Year is set out below

Particulars	As at September 30, 2021		As at March 31, 2021	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	716,250.00	7,162.50	716,250.00	7,162.50
Add: Number of Shares Issued	-	-	-	-
Less: Number of Shares Bought Back	-	-	-	-
Number of Equity Shares at the end of the year	<b>716,250.00</b>	<b>7,162.50</b>	<b>716,250.00</b>	<b>7,162.50</b>

8.2 The details of shareholder holding by holding company and its associates and having more than 5% as at September 30, 2021 and March 31, 2021 is set out below:

Name of the shareholder	As at September 30, 2021		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
KNR Constructions Limited & its nominees	7,162.50	100%	7,162.50	100%
	<b>7,162.50</b>	<b>100%</b>	<b>7,162.50</b>	<b>100%</b>

8.3 Instrument entirely equity in Nature

PARTICULARS	(Rs. in Lakhs)	
	As at September 30, 2021	As at March 31, 2021
Loan from Promoter Company	9,061.00	4,981.00
<b>Balance at the end of the period</b>	<b>9,061.00</b>	<b>4,981.00</b>

Note: Loan from Promoter is in the nature of Sub Debt, and shall be repaid after satisfaction of senior debt and at the option of the company.

9 Other Equity

PARTICULARS	(Rs. in Lakhs)	
	As at September 30, 2021	As at March 31, 2021
Surplus in the statement of profit and loss		
Balance at the beginning of the period	5,522.75	1,872.80
Add: (Loss)/ Profit for the period	(2,242.97)	3,649.95
<b>Balance at the end of the period</b>	<b>3,279.78</b>	<b>5,522.75</b>

**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Half Year Ended September 30, 2021**

<b>10 Borrowings</b>			<b>(Rs. in Lakhs)</b>
<b>PARTICULARS</b>	<b>As at September 30, 2021</b>	<b>As at March 31, 2021</b>	
<b>NON - CURRENT</b>			
Secured loans			
From banks			
- Term loans	42,924.29	18,759.84	
<b>Total</b>	<b>42,924.29</b>	<b>18,759.84</b>	
<b>11 Provisions</b>			<b>(Rs. in Lakhs)</b>
<b>PARTICULARS</b>	<b>As at September 30, 2021</b>	<b>As at March 31, 2021</b>	
Provision for MMR	425.15	-	
<b>Total</b>	<b>425.15</b>	<b>-</b>	
<b>12 Trade Payables</b>			<b>(Rs. in Lakhs)</b>
<b>PARTICULARS</b>	<b>As at September 30, 2021</b>	<b>As at 31-Mar-21</b>	
Amount payable to Related Parties			
Payable to EPC Contractor	2,639.42	20,737.82	
<b>Total</b>	<b>2,639.42</b>	<b>20,737.82</b>	
<b>13 Other financial liabilities</b>			<b>(Rs. in Lakhs)</b>
<b>PARTICULARS</b>	<b>As at September 30, 2021</b>	<b>As at 31-Mar-21</b>	
<b>CURRENT</b>			
Term loans - Banks			
Current Maturity of Term Loans	1,518.20	716.00	
Interest accrued but not due	87.89	64.00	
Amount payable to Related Parties			
KNR Constructions Limited	483.84	264.78	
Other Expenses payable	2.04	5.25	
<b>Total current other financial liabilities</b>	<b>2,091.97</b>	<b>1,050.03</b>	
<b>Total other financial liabilities</b>	<b>2,091.97</b>	<b>1,050.03</b>	
<b>14 Other Current Liabilities</b>			<b>(Rs. in Lakhs)</b>
<b>PARTICULARS</b>	<b>As at September 30, 2021</b>	<b>As at 31-Mar-21</b>	
COS advance received from NHAI	684.39	684.39	
Dues to statutory authorities	958.97	952.79	
<b>Total</b>	<b>1,643.36</b>	<b>1,637.18</b>	



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Half Year Ended September 30, 2021**

**15 - Revenue from Operations**

PARTICULARS	(Rs. In Lakhs)	
	For the Half Year ended 30-Sep-21	For the Year ended 31-Mar-21
Construction Income	16,599.38	37,662.00
Finance Income	4,295.86	4,882.32
Major Maintenance Income	441.97	-
Operation and Maintenance Income	311.20	-
<b>Total</b>	<b>21,648.41</b>	<b>42,544.32</b>

**16 - Other Income**

PARTICULARS	(Rs. In Lakhs)	
	For the Half Year ended 30-Sep-21	For the Year ended 31-Mar-21
Interest Income on Mobilisation Advance given	-	71.97
Profit on sale of Mutual funds	-	-
Other Income	-	0.88
Interest on Income Tax refund	-	39.87
Insurance Claim	36.85	-
Unamortised Processing fee	20.38	-
COS Income	-	1,354.20
<b>Total</b>	<b>57.23</b>	<b>1,466.92</b>

**16.1 :** As per the clause 23.8 of CA, Interest on Mobilization Advance is to be charged at Bank Rate and will be recovered as 5th Installment from the Concessionaire, accordingly the Company also charge & recover interest on Mobilization advance given to EPC Contractor as NHAi charging and recovering, "During the FY 2019-20, the Company has Received Mobilization Advance from NHAi and recognized Interest Expense on Mobilization Advance received on Accrual basis and accordingly Interest income also recognized on Mobilization Advance paid to EPC Contractor from the Inception".

**17 - Operating Expenses**

PARTICULARS	(Rs. in Lakhs)	
	For the Half Year ended 30-Sep-21	For the Year ended 31-Mar-21
Construction Expenses	16,599.38	37,662.00
Major Maintenance Expenses	425.15	-
Operation & Maintenance Expenses	299.36	-
COS Expenses	-	1,354.20
<b>Total</b>	<b>17,323.89</b>	<b>39,016.20</b>

**18 - Finance cost**

PARTICULARS	(Rs. in Lakhs)	
	For the Half Year ended 30-Sep-21	For the Year ended 31-Mar-21
Interest During Construction	1,593.58	1,252.25
Interest on Mobilisation advance Received	-	92.84
Other Borrowing Expenses	0.33	-
<b>Total</b>	<b>1,593.91</b>	<b>1,345.09</b>

**19 - Other Expenses**

PARTICULARS	(Rs. in Lakhs)	
	For the Half Year ended 30-Sep-21	For the Year ended 31-Mar-21
Security Trustee Fee	-	-
Professional Charges	0.15	-
Certification Fee	-	-
Telephone and Internet Charges	0.94	-
Filing and License Fees	0.04	-
Insurance	5.53	-
Audit Fee	1.60	-
Modification gain /Loss	4,985.70	-
Reimbursement of Expenses	36.85	-
<b>Total</b>	<b>5,030.81</b>	<b>-</b>

**KVR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Half Year Ended September 30, 2021**

**20 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 September 30, 2021 and March 31, 2021 was as follows

	(Rs. in Lakhs)	
	September 30, 2021	March 31, 2021
Debts	44,530.38	19,539.84
Less: cash and cash equivalents	172.65	786.14
<b>Adjusted net debt</b>	<b>44,357.73</b>	<b>18,753.70</b>
Total equity	19,503.28	17,666.25
<b>Adjusted equity</b>	<b>19,503.28</b>	<b>17,666.25</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>2.27</b>	<b>1.06</b>

**21 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.

	September 30, 2021		(Rs. in Lakhs)				
	FVTPL	Carrying amount	Amortised Cost	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Financial Asset Receivable	-	58,381.31	58,381.31	-	-	58,381.31	58,381.31
Cash and Cash equivalents	-	172.65	172.65	-	-	-	-
Other Financial Asset	-	1,346.29	1,346.29	-	-	1,346.29	1,346.29
	-	<b>59,900.25</b>	<b>59,900.25</b>	-	-	<b>59,900.25</b>	<b>59,900.25</b>
<b>Financial liabilities</b>							
Borrowings	-	44,442.49	44,442.49	-	-	44,442.49	44,442.49
Trade Payables	-	2,639.42	2,639.42	-	-	2,639.42	2,639.42
Other financial liabilities	-	573.77	573.77	-	-	573.77	573.77
	-	<b>47,655.68</b>	<b>47,655.68</b>	-	-	<b>47,655.68</b>	<b>47,655.68</b>

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

	March 31, 2021		(Rs. in Lakhs)				
	FVTPL	Carrying amount	Amortised Cost	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Financial Asset Receivable	-	50,971.66	50,971.66	-	-	50,971.66	50,971.66
Cash and Cash equivalents	-	786.14	786.14	-	-	-	-
Other Financial Asset	-	155.50	155.50	-	-	155.50	155.50
	-	<b>51,913.30</b>	<b>51,913.30</b>	-	-	<b>51,913.30</b>	<b>51,913.30</b>
<b>Financial liabilities</b>							
Borrowings	-	19,475.84	19,475.84	-	-	19,475.84	19,475.84
Trade Payables	-	20,737.82	20,737.82	-	-	20,737.82	20,737.82
Other financial liabilities	-	334.03	334.03	-	-	334.03	334.03
	-	<b>40,547.69</b>	<b>40,547.69</b>	-	-	<b>40,547.69</b>	<b>40,547.69</b>

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

21 Financial instruments - Fair values and risk management

B. Financial risk management

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

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

The Company's 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.

**Trade receivables**

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

September 30 ,2021

	Carrying Amount	Contractual Cash flows		
		Upto 1 Year	1-3 years	More than 3 year
<b>Non-derivative financial liabilities</b>				
Borrowings	44,442.49	1,518.20	8,824.20	34,100.09
Trade Payables	2,639.42	2,639.42		
Other financial liabilities	573.77	573.77	-	-
	<b>47,655.68</b>	<b>4,731.39</b>	<b>8,824.20</b>	<b>34,100.09</b>

March 31 ,2021

	Carrying Amount	Contractual Cash flows		
		Upto 1 Year	1-3 years	More than 3 year
<b>Non-derivative financial liabilities</b>				
Borrowings	19,475.84	716.00	7,162.50	11,597.34
Trade Payables	20,737.82	20,737.82	-	-
Other financial liabilities	334.03	334.03	-	-
	<b>40,547.69</b>	<b>21,787.85</b>	<b>7,162.50</b>	<b>11,597.34</b>

**c) Market risk**

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

**Foreign Currency Risk**

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

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

**Interest rate risk**

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

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

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

**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.

## 22 Service Concession Arrangement

### Description of the Arrangement

The Company has entered into a Service Concession Arrangement ("SCA") with National Highway Authority of India ("NHAI") for the Six laning of Chittor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) of NH 140 under Bharatmala Pariyojana on Hybrid Annuity Mode in the State of Andhra Pradesh. The company received appointed date on 04th January 2019.

### Significant terms of arrangement

The Concessionaire is obligated to construct the Asset(Road), to meet the obligation the Concessionaire will get the Construction support of 40% of Bid Project Cost (BPC) from the authority and the balance cost need to be funded through Debt and Equity.

The Concession agreement entered between the parties is for a period of 17.5 years including 2.5 years of construction period.

The Construction Support from the Authority i.e. 40% of BPC will be adjusted with price index multiple on the respective mile stone payment. Based on the Price index multiple on the respective mile stones the Completion cost will be derived.

### Nature & extent

The Concessionaire is not having any right to collect the toll from users, At the end of the concession period the road will be transferred to the authority and the Company will have no further involvement in its operation or maintenance.

The Company will receive the Semi annual Annuity payments on the balance completion cost from the Authority as per Article 23.6.3 of the Concession Agreement.

The company will also get the Interest @ RBI bank rate +3% on Semi annual basis on the reducing balance completion cost remaining to be paid as per Article 23.6.4 of the Concession Agreement.

The company will also get the Operation & Maintenance Income based on the O&M bid submitted on semi annual basis as per Article 23.7 of the Concession Agreement, and the same will be adjusted with price index multiple on the respective date.

### Classification

The Company has right to receive an annuity payment from the Authority as per Article 23.6 of the Concession Agreement , Accordingly, the Company has recognised its financial asset. And the revenue will be created on the Financial asset as per IND AS 115, instead of actual Annuity received. The Construction income & Construction Cost will be recognised based the expenditure incurred from time to time.

During the year, the Company has recorded revenue of Rs. 16,599.38 Lakhs on account of Construction Income, Rs. 4,295.86 lakhs on account of Finance Income, Rs. 311.20 lakhs on account of O& M Income and Rs. 441.97 lakhs on account of Major Maintenance Income , and received a construction support of Rs. 9,253.06 lakhs from NHAI and the above items has been adjusted with Financial asset receivable.

**23 Contingent Liability and Commitments and Contingent Assets**

(Rs. In Lakhs)

Particulars	As at September, 2021	As at March, 2021
a) Contingent Liability	Nil	Nil
b) Capital Commitment	Nil	Nil
c) Other Commitments towards the project	7,140.82	21,692.99

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

(Rs. In Lakhs)

Audit and Other Fees	2021-22	2020-21
Statutory Audit Fees	2.23	2.50
Taxation fee	-	0.50
Other Services	0.50	0.50
Out of Pocket Expenses	-	-

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

(Rs. In Lakhs)

Particulars	2021-22	2020-21
i. Profit (loss) attributable to equity shareholders(basic)	(2,242.97)	3,649.95
ii. Weighted average number of equity shares (basic)	7.16	7.16
<b>Basic EPS</b>	<b>(313.15)</b>	<b>509.59</b>
i. Profit (loss) attributable to equity shareholders(diluted)	(2,242.97)	3,649.95
ii. Weighted average number of equity shares (diluted)	7.16	7.16
<b>Diluted EPS</b>	<b>(313.15)</b>	<b>509.59</b>

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

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

S. No.	Name of the related party	Nature of relationship
1	KNR Constructions Limited	Holding Company
2	Mr. K. Narasimha Reddy	Director
3	Mr. K. Jalandhar Reddy	Director

**Transactions during the year ended**

(Rs. In Lakhs)

S. No.	Name of the related party	Nature of transactions	September 30, 2021	March 31, 2021
1	KNR Constructions Limited	Equity Share Capital	-	-
		Deemed Equity (Unsecured loan)	4,080.00	4,891.00
		Mobilisation Advance Recovered	-	(2,975.45)
		Mobilisation Advance Given(COS)	-	926.22
		Mobilisation Advance Recovered(COS)	-	(270.84)
		EPC Cost(Including Inflation)	16,545.11	37,373.86
		Utility Expenses	121.58	934.75

KNR Tirumala Infra Private Limited  
Notes to the financial statements for the year ended September 30, 2021

		Operation and Maintenance	299.36	-
		Reimbursement of expenses(Net)	0.07	(207.04)
		Interest Income on Mob. Adv	-	71.97
		Insurance claim	36.85	
		Withheld	15.75	274.32
		Withheld Paid	126.99	139.68

**Balances outstanding**

(Rs. In Lakhs)

S. No.	Name of the related party	Nature of transactions	September 30, 2021	March 31, 2021
1	KNR Constructions Limited	Share capital	7,162.50	7,162.50
		Deemed Equity (Unsecured loan)	9,061.00	4,981.00
		Mobilisation advance receivable(COS)	655.38	655.38
		EPC Cost Payable	2,639.42	20,737.82
		O&M	293.37	-
		Reimbursement of expenses payable	0.07	-
		Insurance claim	36.85	-
		GST With Held payable	153.54	264.78

**27 Foreign Currency Transactions:**

There are no foreign currency transactions entered during the FY 2021-22 and FY 2020-21

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

Particulars	Long Term Borrowings	Instrument entirely equity in Nature	Interest Accrued
<b>Opening Balance</b>	<b>19,475.84</b>	<b>4,981.00</b>	<b>64.00</b>
Interest Accrued during the year			1,593.58
<b>Cash flows</b>			
Received	25,000.00	4,080.00	
Repayment			
Interest paid			(1,569.69)
<b>Non Cash items</b>			
Foreign Exchange			
Impact of EIR(Cumulative)	(33.35)		
<b>Closing Balance</b>	<b>44,442.49</b>	<b>9,061.00</b>	<b>87.89</b>

**29 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.

**30 Segment Information**

The Company is into the business of developing the Infrastructure facility on HAM basis, and there are no separate reportable operating segments as per Ind AS 108.

**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended September 30, 2021**


- 31** The duration and impact of the COVID-19 pandemic remains unclear at present as on book closure date. Hence, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. However, the company is protected by the clauses 28.6 of the Concession Agreement to claim such loss under force majeure event. The Construction period and dates set forth in the Project completion schedule shall be extended by a period equal in length to the duration for which the force majeure event subsists. The management of the Company will study the impact & the appropriate claim will be lodged after this pandemic period. Accordingly, the financial position and results of operations as of and for the year ended 30th September 2021 have not been adjusted to reflect their impact.
- 32** The Corresponding previous period's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts.

**For M.K. Dandeker & Co.,**  
Chartered Accountants  
Firm Registration No. 000679S

**For and on behalf of the Board**




**S. Poosaidurai**  
Partner  
M.No. 223754  
Place: Hyderabad  
Date: 05.11.2021




**K. Narasimha Reddy**  
(Director)  
DIN: 00382412

**K. Jalandhar Reddy**  
(Director)  
DIN: 00434911



**V. Sathish Reddy**  
Chief Financial Officer



**V. Srikanth**  
Company Secretary

# M.K. DANDEKER & CO.

*Chartered Accountants*

Phone : +91- 44 - 43514233  
E-mail : [admin@mkdandeker.com](mailto:admin@mkdandeker.com)  
Web : [www.mkdandeker.com](http://www.mkdandeker.com)

No.185 (Old No.100) 2nd Floor,  
Poonamallee High Road, Kilpauk,  
CHENNAI - 600 010.

## INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. KNR Tirumala Infra Private Limited

### Report on the Ind AS Financial Statements

#### Opinion

We have audited the Ind AS financial statements of **KNR Tirumala Infra Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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.

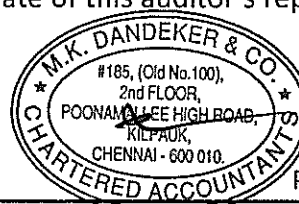
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, 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.

#### 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.

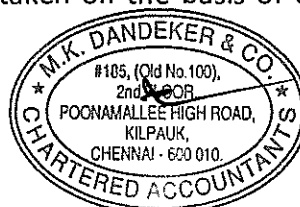
### **Management's Responsibility for the Ind AS Financial Statements**

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**

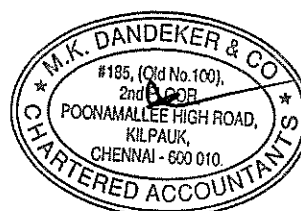
Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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 polices 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.

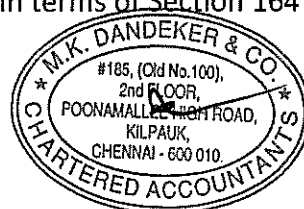
From the matters communicated with those charged with governance, we determine those matters that were of more significance in the audit of the Ind AS financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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.

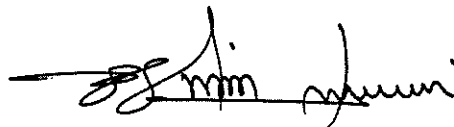
As required by Section 143(3) of the Act, we report that:

- 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.
- 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.



- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 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 20 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.
  - 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)

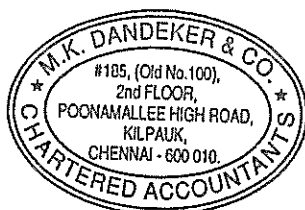


**S. Poosaidurai**  
Partner  
Chartered Accountants  
Membership No. 223754

**UDIN:** 21223754AAAAEI8240

**Date:** May 13, 2021

**Place:** Chennai

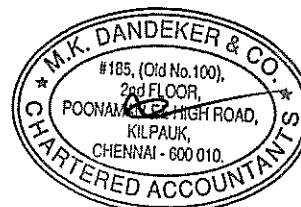


**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in our Report of even date)**

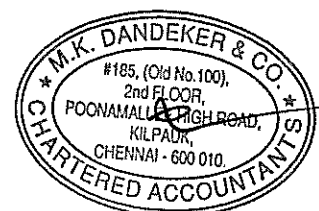
1. The Company do not have any fixed assets as on the date of the balance sheet. Accordingly, the reporting related fixed assets is not applicable.
2. The company is engaged in the business of infrastructure development and maintenance and hence clause 3(ii) of Companies (Auditor's Report) Order 2016 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 generally 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 though there has been a delay in remittance of tax deducted as source in one instance and non-remittance of Labour welfare cess as given below.

**Statement of Arrears of Statutory Dues Outstanding for More than Six months under the Acts**  
- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (Central Act 27 of 1996) (Main Act) and the Andhra Pradesh Rules made there under; the Building and Other Construction Workers' Welfare Cess Act, 1996 (central Act 28 of 1996) and the Building and Other Construction Workers' Welfare Cess Rules, 1998.



Name of the Statute	Nature of the Dues	Amount (Rs. In Lakhs)	Period to which the Amount relates	Due date	Date of payment
As given above	Labour welfare cess	572.05	Before 01 April 2020	Various dates	Not paid

- 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.
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.

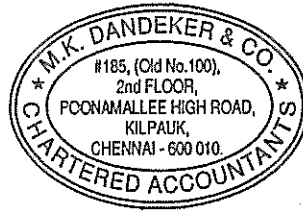


15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company 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.

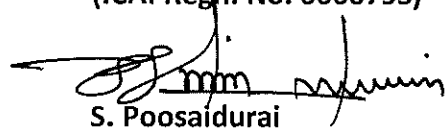
**UDIN:** 21223754AAAAEI8240

**Date:** May 13, 2021

**Place:** Chennai



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



**S. Poosaidurai**

**Partner**

**Chartered Accountants**

**Membership No. 223754**

**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")**

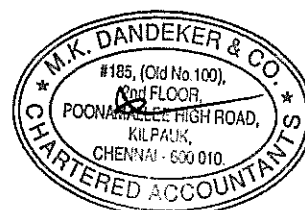
We have audited the internal financial controls over financial reporting of **KNR Tirumala Infra Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**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.

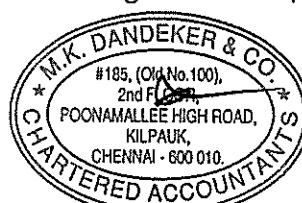
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **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.



**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

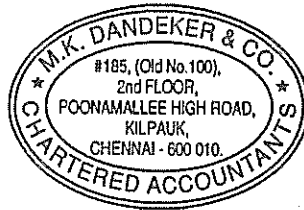


**S. Poosaidurai**  
**Partner**  
**Chartered Accountants**  
**Membership No. 223754**

**UDIN:** 21223754AAAAEI8240

**Date:** May 13, 2021

**Place:** Chennai



**KNR Tirumala Infra Pvt Ltd**  
**Balance Sheet as at March 31, 2021**

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>I Assets</b>			
1) Non-current assets			
a) Financial Assets			
i) Financial Asset Receivable	3	50,971.66	27,173.61
ii) Other Financial Asset	4	7,271.30	5,215.86
b) Other non-current assets		58,242.96	32,389.47
2) Current assets			
a) Financial assets			
i) Cash and cash equivalents	5	786.14	57.47
ii) Other Financial Asset	6	155.50	495.29
b) Other Current assets	7	666.52	3,024.43
		1,608.16	3,577.19
<b>Total Assets</b>		<b>59,851.12</b>	<b>35,966.66</b>
<b>II Equity and Liabilities</b>			
<b>Equity</b>			
a) Equity Share capital	8	7,162.50	7,162.50
b) Instruments entirely equity in nature	8,3	4,981.00	90.00
c) Other equity	9	5,522.75	1,872.80
<b>Total Equity</b>		<b>17,666.25</b>	<b>9,125.30</b>
<b>Liabilities</b>			
1) Non-current liabilities			
a) Financial liabilities			
i) Borrowings	10	18,759.84	-
		18,759.84	-
2) Current liabilities			
a) Financial liabilities			
i) Trade Payables	11	20,737.82	21,297.38
ii) Other financial liabilities	12	1,050.03	837.20
b) Other current liabilities	13	1,637.18	4,706.78
		23,425.03	26,841.36
<b>Total Liabilities</b>		<b>42,184.87</b>	<b>26,841.36</b>
<b>Total Equity and Liabilities</b>		<b>59,851.12</b>	<b>35,966.66</b>

Significant Accounting Policies 1 & 2

Notes forming an integral part of the Financial Statements 3 to 30

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

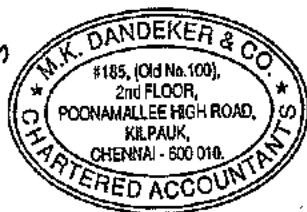
S. Poosaidurai

Partner

Membership No: 223754

Place : Hyderabad

Date : 13-05-2021



K.Narsimha Reddy

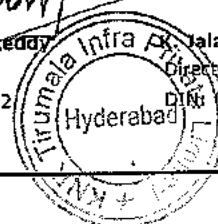
Director

DIN: 00382412

K. Jalandhar Reddy

Director

DIN: 00434911



**KNR Tirumala Infra Pvt Ltd**  
**Statement of Profit and Loss for the Year ended March 31, 2021**

(Rs. in Lakhs)

PARTICULARS	Note No.	Year ended	Year ended	Quarter ended	Quarter ended	Quarter ended
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	December 31, 2020
		<b>Audited</b>	<b>Audited</b>	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>
I Revenue from Operations	14	42,544.32	54,110.66	17,748.15	23,478.81	11,232.12
II Other Income	15	1,466.92	497.04	41.07	64.92	1,369.14
III Total Revenue (I + II)		44,011.24	54,607.70	17,789.22	23,543.73	12,601.26
IV Expenses						
Operating Expenses	16	39,016.20	52,184.22	16,256.50	22,853.51	11,330.59
Employee benefits expenses		-	-	-	-	-
Finance costs	17	1,345.09	550.68	419.44	80.16	480.10
Depreciation and amortization expenses		-	-	-	-	-
Other expenses		-	-	-	-	-
Total expenses (IV)		40,361.29	52,734.90	16,675.94	22,933.67	11,810.69
V Profit before exceptional items and tax (III - IV)		3,649.95	1,872.80	1,113.28	610.06	790.57
VI Exceptional items		-	-	-	-	-
VII Profit/(Loss) before tax (V - VI)		3,649.95	1,872.80	1,113.28	610.06	790.57
VIII Tax expense						
1) Current tax		-	-	-	(3.73)	-
2) Adjustment of Tax relating to earlier periods		-	-	-	-	-
3) Deferred tax		-	-	-	-	-
Total Tax Expenses (VIII)		-	-	-	(3.73)	-
IX Profit (Loss) for the period (VII-VIII)		3,649.95	1,872.80	1,113.28	613.79	790.57
X Other Comprehensive Income		-	-	-	-	-
XI Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		3,649.95	1,872.80	1,113.28	613.79	790.57
XII Earnings per equity share	23					
1) Basic		509.59	261.47	155.43	85.70	110.38
2) Diluted		509.59	261.47	155.43	85.70	110.38

**Significant Accounting Policies**

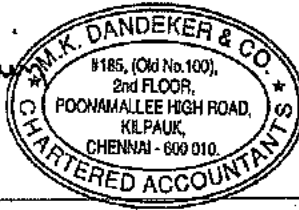
Notes forming an integral part of the Financial Statements  
 As per our report of even date attached

1 & 2  
 3 to 30

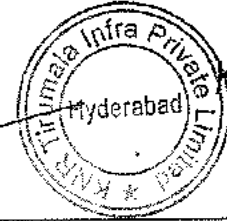
For and on behalf of the Board

For M.K. Dandekar & Co.,  
 Chartered Accountants  
 (Firm Registration No: 0006795)

S. Poosalidurai  
 Partner  
 Membership No: 223754  
 Place : Hyderabad  
 Date : 13-05-2021



K. Narsimha Reddy  
 Director  
 DIN: 00382412



K. Jalandhar Reddy  
 Director  
 DIN: 00434911

**KNR Tirumala Infra Pvt Ltd**  
**Statement of Profit and Loss for the Year ended March 31, 2021**

(Rs. in Lakhs)

PARTICULARS	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
		Audited	Audited
<b>I</b> Revenue from Operations	14	42,544.32	54,110.66
<b>II</b> Other income	15	1,466.92	497.04
<b>III</b> Total Revenue (I + II)		<b>44,011.24</b>	<b>54,607.70</b>
<b>IV</b> Expenses			
Operating Expenses	16	39,016.20	52,184.22
Employee benefits expenses		-	-
Finance costs	17	1,345.09	550.68
Depreciation and amortization expenses		-	-
Other expenses		-	-
<b>Total expenses (IV)</b>		<b>40,361.29</b>	<b>52,734.90</b>
<b>V</b> Profit before exceptional items and tax (III - IV)		<b>3,649.95</b>	<b>1,872.80</b>
<b>VI</b> Exceptional items		-	-
<b>VII</b> Profit/(Loss) before tax (V - VI)		<b>3,649.95</b>	<b>1,872.80</b>
<b>VIII</b> Tax expense		-	-
1) Current tax		-	-
2) Adjustment of Tax relating to earlier periods		-	-
3) Deferred tax		-	-
<b>Total Tax Expenses (VIII)</b>		<b>3,649.95</b>	<b>1,872.80</b>
<b>IX</b> Profit (Loss) for the period (VII-VIII)		-	-
<b>X</b> Other Comprehensive Income		-	-
<b>XI</b> Total Comprehensive Income for the period (IX+X) (Comprising Profit(Loss) and Other Comprehensive Income for the period)		<b>3,649.95</b>	<b>1,872.80</b>
<b>XII</b> Earnings per equity share	23		
1) Basic		509.59	261.47
2) Diluted		509.59	261.47

**Significant Accounting Policies**

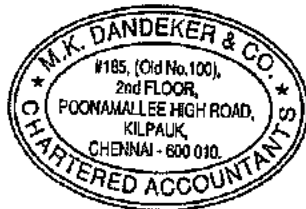
Notes forming an integral part of the Financial Statements  
 As per our report of even date attached

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 3 to 30

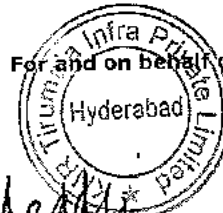
**For M.K. Dandeker & Co.,**  
 Chartered Accountants  
 (Firm Registration No. 000679S)

*S. Poosaidurai*

**S. Poosaidurai**  
 Partner  
 Membership No: 223754  
 Place : Hyderabad  
 Date : 13-05-2021



**For and on behalf of the Board**



*K.Narsimha Reddy*  
**K.Narsimha Reddy**  
 Director  
 DIN: 00382412

*K. Jalandhar Reddy*  
**K. Jalandhar Reddy**  
 Director  
 DIN: 00434911

**KNR Tirumala Infra Pvt Ltd**  
**Statement of Changes in Equity for the Year Ended March 31, 2021**

**A - Equity Share Capital**

Particulars	No. of Shares	Amount (Rs. in Lakhs)
As at April 1, 2019	716,250.00	7,162.50
Changes in equity share capital during the year	-	-
<b>As at March 31, 2020</b>	<b>716,250.00</b>	<b>7,162.50</b>
As at April 01, 2020	716,250.00	7,162.50
Changes in equity share capital during the year	-	-
<b>As at March 31, 2021</b>	<b>716,250.00</b>	<b>7,162.50</b>

**B - Instrument Entirely Equity in Nature**

(Rs. in Lakhs)

Particulars	Amount
As at April 1, 2019	90.00
Changes in equity share capital during the year	-
<b>As at March 31, 2020</b>	<b>90.00</b>
As at April 01, 2020	90.00
Changes in equity share capital during the year	4,891.00
<b>As at March 31, 2021</b>	<b>4,981.00</b>

**C - Other Equity**

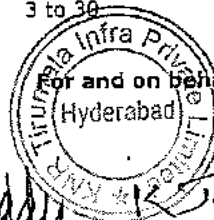
(Rs. in Lakhs)

Particulars	Retained Earning	Other Comprehensive Income	Total
Balance as at 1st April, 2019	-	-	-
Total Comprehensive Income for the Year	1,872.80	-	1,872.80
<b>Balance as at March 31, 2020</b>	<b>1,872.80</b>	<b>-</b>	<b>1,872.80</b>
Balance as at April 01, 2020	1,872.80	-	1,872.80
Total Comprehensive Income for the Year	3,649.95	-	3,649.95
<b>Balance as at March 31, 2021</b>	<b>5,522.75</b>	<b>-</b>	<b>5,522.75</b>

Significant Accounting Policies  
 Notes forming an integral part of the Financial Statements  
 As per our report of even date attached

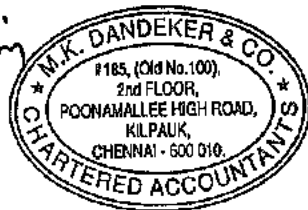
1 & 2  
 3 to 30

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



For and on behalf of the Board  
 Hyderabad

*S. Poosaidurai*  
**S. Poosaidurai**  
 Partner  
 Membership No: 223754  
 Place : Hyderabad  
 Date : 13-05-2021



*K. Narsimha Reddy*  
**K. Narsimha Reddy**  
 Director  
 DIN: 00382412

*K. Jalandhar Reddy*  
**K. Jalandhar Reddy**  
 Director  
 DIN: 00434911

**KNR Tirumala Infra Pvt Ltd**  
**Cash Flow Statement for the Year ended March 31, 2021**

(Rs. In Lakhs)

PARTICULARS	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>A) Cash flow from Operating activities</b>		
Net Profit before Tax	3,649.95	1,872.80
<b>Adjustments for:</b>		
Depreciation & Amortisation Expenses		
Construction Income	(37,662.00)	(52,184.22)
Finance Income	(4,882.32)	(1,926.44)
Construction Expenses	37,662.00	52,184.22
Profit on sale of Mutual Funds	-	(18.94)
Interest Income on Mob Advance Paid	(71.97)	(478.10)
Interest During Construction	1,252.25	-
Interest Expense on Mob Advance Received	92.84	550.68
<b>Operating profit before working capital changes</b>	<b>40.75</b>	<b>0.00</b>
(Increase)/Decrease in Trade and Other Receivables	(460.28)	(12,925.82)
(Increase)/Decrease in Financial Asset Receivables	(18,937.62)	-
Increase/(Decrease) in Trade Payables and Other Liabilities	(3,700.73)	11,934.57
<b>Cash generated from operations</b>	<b>(23,057.88)</b>	<b>(991.25)</b>
(Taxes paid)/Refund of Taxes	386.46	(991.78)
<b>Net cash used in operating activities</b>	<b>(22,671.42)</b>	<b>0.53</b>
<b>B) Cash flow from Investing activities</b>		
(Purchase)/Sale of Investments (net)	-	18.94
<b>Net cash used in investing activities</b>	<b>-</b>	<b>18.94</b>
<b>C) Cash flow from Financing activities</b>		
Long Term Funds Borrowed -sub debt	19,783.52	-
Instuments entirely in equity Nature	4,891.00	-
Interest Paid	(1,274.43)	-
<b>Net cash from financing activities</b>	<b>23,400.09</b>	<b>-</b>
<b>Net change in Cash and Cash Equivalents (A+B+C)</b>	<b>728.67</b>	<b>19.47</b>
Cash and Cash Equivalents as at (Opening Balance)	57.47	38.00
Cash and Cash Equivalents as at (Closing Balance)	<b>786.14</b>	<b>57.47</b>

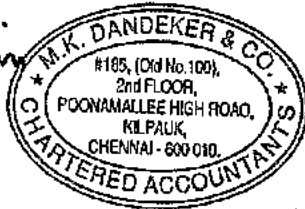
**Notes:**

- Components of Cash & Cash Equivalents  
 Cash in Hand  
 Bank Balance - Current Account  
 Total
- The Cash flow statement is prepared in accordance with Ind - AS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.
- Figures in brackets represent cash outflows.

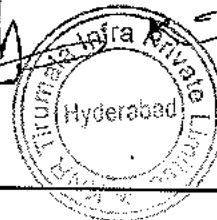
As per our report of even date attached  
 For M.K. Dandekar & Co.,  
 Chartered Accountants  
 (Firm Registration No. 0006795)

For and on behalf of the Board of Directors

S. Poosaidurai  
 Partner  
 Membership No: 223754



K.Narsimha Reddy  
 Director  
 DIN: 00382412



K. Jaiandhar Reddy  
 Director  
 DIN: 00434911

Place : Hyderabad  
 Date : 13-05-2021

**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021**

**1. Reporting entity**

KNR Tirumala Infra Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at KNR House, Phase 1, Kavuri hills, Jubilee hills, Hyderabad, Telangana. The Company has been incorporated under the provisions of the Companies Act, 2013 as a Special Purpose Vehicle ("SPV") promoted by KNR Constructions Limited ('KNRCL').

The Company has entered into a Service Concession Arrangement ("SCA") with National Highway Authority of India ("NHAI") for the Six laning of Chittoor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) of NH -140 under Bharatmala Pariyojana on Hybrid Annuity Mode (HAM) in the State of Andhra Pradesh. The company received appointed date on 04<sup>th</sup> January 2019.

**2. Basis of preparation & Significant Accounting Policies**

**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.

Details of the Company's accounting policies are detailed below.

**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.

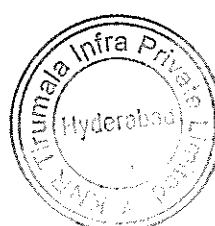
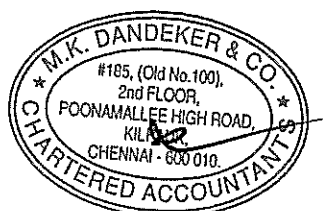
All other assets shall be classified as non-current.

**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.

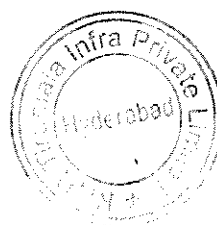
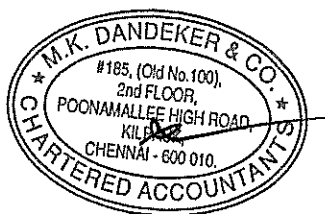
**Significant accounting policies**

**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.



**KNR Tirumala Infra Private Limited**

**Notes to the financial statements for the year ended March 31, 2021**

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii. Subsequent expenditure**

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

**iii. Depreciation**

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

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

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

**b. Rights under Service Concession Arrangements (Hybrid 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". 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 and such financial assets are classified as "Receivables against Service Concession Arrangements"(Financial Asset Receivable).

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

The Interest during construction and Tax expenses will not be adjusted with the financial asset and GST on expenses is also not form part of financial asset as GST will be recognized as an Input Tax Credit.

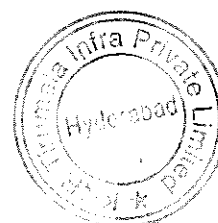
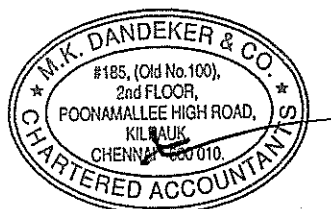
The amount due from the authority including Operation & Maintenance Income is accounted for in accordance with Ind AS 109 as measured at amortised cost and the interest calculated using the effective interest method is recognised in statement of profit and loss. As per the Concession Arrangement, the support during construction period are accounted for as part of the transaction price (Financial Asset) as defined in Ind AS 115.

**c. Financial instruments**

**i. Recognition and initial measurement**

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

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



**ii. Classification and subsequent measurement**

**Non-Derivative Financial assets**

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

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

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

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

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

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

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

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

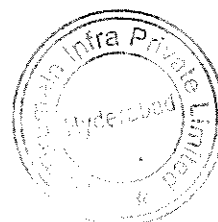
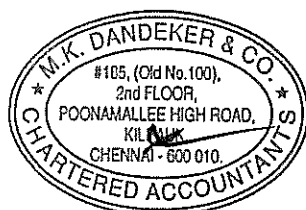
**Financial liabilities: Classification, subsequent measurement and gains and losses**

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

**iii. De-recognition**

**Financial assets**

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



### **Financial liabilities**

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

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

#### **iv. Offsetting**

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

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

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

#### **d. Impairment**

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

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

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

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

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

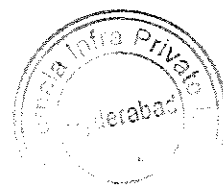
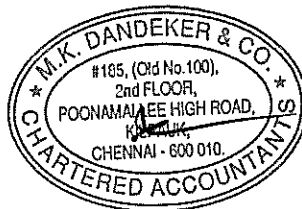
Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

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

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

##### **Write-off**

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



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

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

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

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

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

**e. Cash and cash equivalents**

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

**f. Employee benefits**

**Short-term employee benefits**

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

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

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

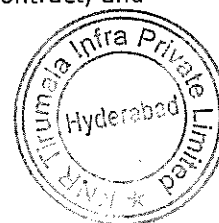
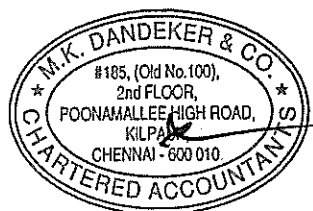
**h. Revenue recognition**

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, is 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.



**KNR Tirumala Infra Private Limited**

**Notes to the financial statements for the year ended March 31, 2021**

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

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 the statement of profit and loss. As per the Concession Arrangement, concession support received are accounted for as part of the transaction price (i.e Financial Asset).

**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. 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.

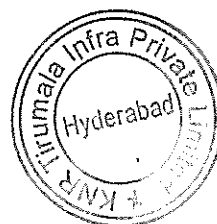
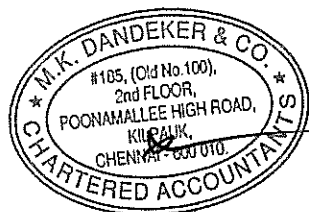
**j. Income tax**

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.

**k. Borrowing cost**

Borrowing costs are interest and other cost incurred in connection with the borrowing of funds. Borrowing costs other than processing fee directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use will be capitalised as part of the cost of that asset. Processing fee will be Amortised over a period of tenure on effective interest rate method, Other borrowing costs during operation period will be recognised as an expense in the period in which they are incurred.

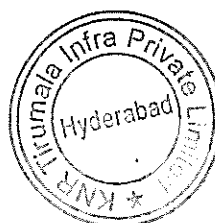
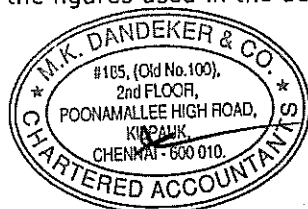
**l. Segment reporting**

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.

**m. Earnings per share**

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

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



**KNR Tirumala Infra Private Limited**

**Notes to the financial statements for the year ended March 31, 2021**

- 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.

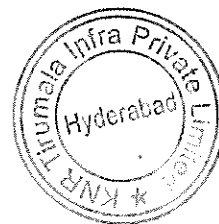
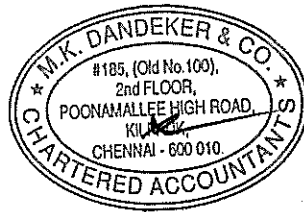
**n. Contingent liabilities and contingent assets**

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.

**o. Cash flow statement**

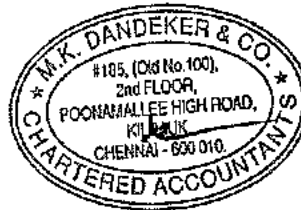
Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash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





**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Year Ended March 31, 2021**

<b>3 Other Financial Assets</b>			(Rs. in Lakhs)
Particulars	As at	As at	
	March 31, 2021	March 31, 2020	
Non Current Financial Asset Receivable	50,971.66	27,173.61	
<b>Total</b>	<b>50,971.66</b>	<b>27,173.61</b>	
<b>4 Other Non current Assets</b>			(Rs. in Lakhs)
Particulars	As at	As at	
	March 31, 2021	March 31, 2020	
GST Receivable/ITC	6,665.98	3,938.28	
TDS Receivable	605.32	991.78	
Un Amortised Processing fee	-	285.80	
<b>Total</b>	<b>7,271.30</b>	<b>5,215.86</b>	
<b>5 Cash and Cash Equivalents</b>			(Rs. in Lakhs)
Particulars	As at	As at	
	March 31, 2021	March 31, 2020	
Balances with banks: in current accounts	786.14	57.47	
<b>Total</b>	<b>786.14</b>	<b>57.47</b>	
<b>6 Other Financial Assets</b>			(Rs. in Lakhs)
Particulars	As at	As at	
	March 31, 2021	March 31, 2020	
Current			
Amount receivable from Related Parties (Refer Note : 24)	-	430.29	
Interest receivable KNRCL	0.25	-	
Receivable from NHAI	155.25	65.00	
Amount withheld by NHAI	-	-	
<b>Total</b>	<b>155.50</b>	<b>495.29</b>	
<b>7 Other Current Assets</b>			(Rs. in Lakhs)
Particulars	As at	As at	
	March 31, 2021	March 31, 2020	
Amount receivable from Related Parties (Refer Note : 24)	-	2,975.45	
Mobilization Advance paid to EPC Contractor	655.38	-	
COS Advance paid to EPC Contractor	11.14	48.98	
Prepaid expenses	-	-	
<b>Total</b>	<b>666.52</b>	<b>3,024.43</b>	



PARTICULARS	(Rs. in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
<b>B Equity Capital</b>		
<b>EQUITY SHARE CAPITAL</b>		
Authorized Share capital 716300 Equity Shares of Rs. 1,000/- each	7,163.00	7,163.00
Issued, subscribed & fully paid share capital 716250 Equity Shares of Rs. 1,000/- each	7,162.50	7,162.50
<b>Total</b>	<b>7,162.50</b>	<b>7,162.50</b>

**Terms/ Rights attached to equity shares**  
The Company has only one class of equity shares having a par value of Rs. 1000/- per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the year ended March 31, 2021.  
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.

**B.1 The reconciliation of the number of shares outstanding at the beginning and at the end of the Year is set out below**

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	716,250.00	7,162.50	716,250.00	7,162.50
Add: Number of Shares Issued				
Less: Number of Shares Bought Back				
<b>Number of Equity Shares at the end of the year</b>	<b>716,250.00</b>	<b>7,162.50</b>	<b>716,250.00</b>	<b>7,162.50</b>

**B.2 The details of shareholder holding by holding company and its associates and having more than 5% as at March 31, 2021 and March 31, 2020 is set out below:**

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
KNR Constructions Limited & its nominees	7,162.50	100%	7,162.50	100%
	<b>7,162.50</b>	<b>100%</b>	<b>7,162.50</b>	<b>100%</b>

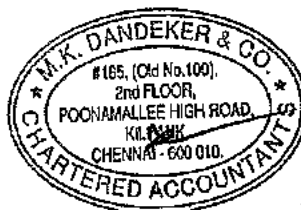
**B.3 Instrument entirely equity in Nature**

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Loan from Promoter Company	4,981.00	90.00
<b>Balance at the end of the period</b>	<b>4,981.00</b>	<b>90.00</b>

Note: Loan from Promoter is in the nature of Sub Debt, and shall be repaid after satisfaction of senior debt and at the option of the company.

**9 Other Equity**

PARTICULARS	(Rs. in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Surplus in the statement of profit and loss		
Balance at the beginning of the period	1,872.80	1,872.80
Add: (Loss)/ Profit for the period	3,649.95	
<b>Balance at the end of the period</b>	<b>5,522.75</b>	<b>1,872.80</b>



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Year Ended March 31, 2021**

**10 Borrowings**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>NON - CURRENT</b>		
Secured loans		
From banks	18,759.84	-
- Term loans		
<b>Total</b>	<b>18,759.84</b>	<b>-</b>

**Terms of Security :**

- a) First Charge by way of hypothecation of all the fixed assets / movable assets of the company (other than Project assets)
- b) A first charge on the Project's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future intangibles, goodwill, uncalled capital (present and future)
- c) A first charge on Project's bank accounts, including but not limited to the escrow account opened in a designated bank, where all cash inflows from the project shall be deposited and all proceeds shall be utilised in a manner and priority to be decided by the Lenders/Investors.
- d) Assignment of all the company's rights and interests under all the agreements related to the Project, Letter of credit (if any), and guarantee or performance bond provided by any party for any contract related to the Project in favour of the Borrower;
- e) Substitution Agreement executed by Authority on behalf of the Lenders for the Facility
- f) Assignment of all applicable insurance policies
- g) A pledge of 51% shares (subject to regulatory compliance) of the share capital of the Borrower till the facility is entirely repaid. Balance 49% of the share capital of the Borrower shall be in negative lien;
- h) Security Interest by way of Pledge and Equitable Assignment on Sponsor Contribution infused in form of Debenture.
- Repayment Terms :** As on 31.03.2021 the company has availed a term loan of Rs.19,800 Lakhs at the interest rate of 1 year MCLR + spread of 1.05% P.a. and the term loan is repayable in 25 Semi Annual Instalments starting from Q4 of FY 2021-22.

**11 Trade Payables**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2021	As at 31-Mar-20
Amount payable to Related Parties (Refer Note : 24)	20,737.82	21,297.38
Payable to EPC Contractor		
<b>Total</b>	<b>20,737.82</b>	<b>21,297.38</b>

**12 Other financial liabilities**

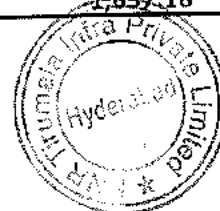
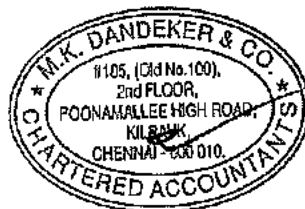
(Rs. in Lakhs)

PARTICULARS	As at March 31, 2021	As at 31-Mar-20
<b>CURRENT</b>		
Term loans - Banks	716.00	-
Current Maturity of Term Loans	64.00	-
Interest accrued but not due	-	495.61
Interest payable - NHAI		
Amount payable to Related Parties (Refer Note : 24)	264.78	337.18
KNR Constructions Limited		
Outstanding expenses	5.25	4.41
Other Expenses payable		
<b>Total current other financial liabilities</b>	<b>1,050.03</b>	<b>837.20</b>
<b>Total other financial liabilities</b>	<b>1,050.03</b>	<b>837.20</b>

**13 Other Current Liabilities**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2021	As at 31-Mar-20
Mobilisation advance received from NHAI	-	3,861.76
COS advance received from NHAI	684.39	-
Dues to statutory authorities	952.79	845.02
<b>Total</b>	<b>1,637.18</b>	<b>4,706.78</b>



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Year Ended March 31, 2021**

**14 - Revenue from Operations**

PARTICULARS	(Rs. In Lakhs)	
	For the Year ended 31-Mar-21	For the Year ended 31-Mar-20
Construction Income	37,662.00	52,184.22
Finance Income	4,862.32	1,926.44
<b>Total</b>	<b>42,544.32</b>	<b>54,110.66</b>

**15 - Other Income**

PARTICULARS	(Rs. In Lakhs)	
	For the Year ended 31-Mar-21	For the Year ended 31-Mar-20
Interest Income on Mobilisation Advance given (Refer Note : 15.1)	71.97	478.10
Profit on sale of Mutual funds	-	18.94
Other Income	0.88	-
Interest on Income Tax refund	39.87	-
COS Income	1,354.20	-
<b>Total</b>	<b>1,466.92</b>	<b>497.04</b>

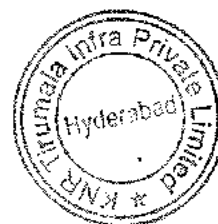
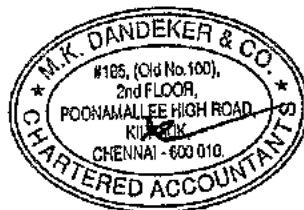
**15.1 :** As per the clause 23.8 of CA, Interest on Mobilization Advance is to be charged at Bank Rate and will be recovered as 5th Installment from the Concessionaire, accordingly the Company also charge & recover interest on Mobilization advance given to EPC Contractor as NHAJ charging and recovering, "During the FY 2019-20, the Company has Received Mobilization Advance from NHAJ and recognized Interest Expense on Mobilization Advance received on Accrual basis and accordingly Interest income also recognized on Mobilization Advance paid to EPC Contractor from the Inception".

**16 - Operating Expenses**

PARTICULARS	(Rs. in Lakhs)	
	For the Year ended 31-Mar-21	For the Year ended 31-Mar-20
Construction Expenses	37,662.00	52,184.22
COS Expenses	1,354.20	-
<b>Total</b>	<b>39,016.20</b>	<b>52,184.22</b>

**17 - Finance cost**

PARTICULARS	(Rs. in Lakhs)	
	For the Year ended 31-Mar-21	For the Year ended 31-Mar-20
Interest During Construction	1,252.25	-
Interest on Mobilisation advance Received	92.84	550.68
<b>Total</b>	<b>1,345.09</b>	<b>550.68</b>



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Year Ended March 31, 2021**

**18 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 March 31, 2021 and March 31, 2020 was as follows

	(Rs. in Lakhs)	
	March 31, 2021	March 31, 2020
Debits	19,539.84	-
Less: cash and cash equivalents	786.14	-
<b>Adjusted net debt</b>	<b>18,753.70</b>	-
Total equity	17,666.25	9,125.30
<b>Adjusted equity</b>	<b>17,666.25</b>	<b>9,125.30</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>1.06</b>	-

**19 Financial instruments - Fair values and risk management**

**A. Accounting classifications and fair values**

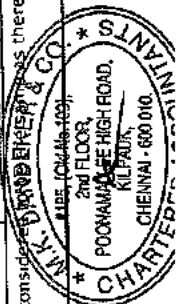
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	(Rs. in Lakhs)		(Rs. in Lakhs)					
	FVTPL	Carrying amount	Amortised Cost	Total carrying amount	Fair Value			
					Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Financial Asset Receivable	-	50,971.66	50,971.66	50,971.66	-	-	50,971.66	50,971.66
Cash and Cash equivalents	-	786.14	786.14	786.14	-	-	155.50	155.50
Other Financial Asset	-	155.50	155.50	155.50	-	-	51,127.16	51,127.16
<b>Financial liabilities</b>								
Borrowings	-	19,475.84	19,475.84	19,475.84	-	-	19,475.84	19,475.84
Trade Payables	-	20,737.82	20,737.82	20,737.82	-	-	20,737.82	20,737.82
Other financial liabilities	-	334.03	334.03	334.03	-	-	334.03	334.03
	-	40,547.68	40,547.68	40,547.68	-	-	40,547.68	40,547.68

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

	(Rs. in Lakhs)		(Rs. in Lakhs)					
	FVTPL	Carrying amount	Amortised Cost	Total carrying amount	Fair Value			
					Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Financial Asset Receivable	-	27,173.61	27,173.61	27,173.61	-	-	27,173.61	27,173.61
Cash and Cash equivalents	-	57.47	57.47	57.47	-	-	495.29	495.29
Other Financial Asset	-	495.29	495.29	495.29	-	-	27,668.90	27,668.90
	-	27,726.37	27,726.37	27,726.37	-	-	27,668.90	27,668.90
<b>Financial liabilities</b>								
Trade Payables	-	21,297.38	21,297.38	21,297.38	-	-	21,297.38	21,297.38
Other financial liabilities	-	837.20	837.20	837.20	-	-	837.20	837.20
	-	22,134.58	22,134.58	22,134.58	-	-	22,134.58	22,134.58

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



**19 Financial instruments - Fair values and risk management**  
**B. Financial risk management**

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

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

The Company's 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.

**Trade receivables**

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

**b) Liquidity risk**

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

**Exposure to liquidity risk**

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

**March 31, 2021** (Rs. in Lakhs)

	Carrying Amount	Contractual Cash flows		
		Upto 1 Year	1-3 years	More than 3 year
<b>Non-derivative financial liabilities</b>				
Borrowings	19,475.84	716.00	7,162.50	11,597.34
Trade Payables	20,737.82	20,737.82	-	-
Other financial liabilities	334.03	334.03	-	-
	<b>40,547.68</b>	<b>21,787.85</b>	<b>7,162.50</b>	<b>11,597.34</b>

**March 31, 2020** (Rs. in Lakhs)

	Carrying Amount	Contractual Cash flows		
		Upto 1 Year	1-3 years	More than 3 year
<b>Non-derivative financial liabilities</b>				
Trade Payables	21,297.38	21,297.38	-	-
Other financial liabilities	837.20	837.20	-	-
	<b>22,134.58</b>	<b>22,134.58</b>	-	-

**c) Market risk**

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

**Foreign Currency Risk**

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

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

**Interest rate risk**

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

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

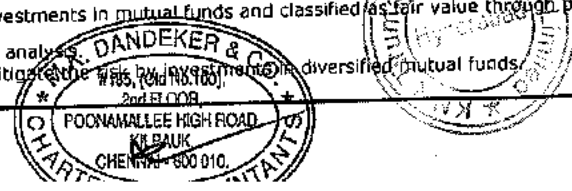
The Company is exposed to Interest rate risk as it has variable interest rate borrowings.

**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.



## 20 Service Concession Arrangement

### Description of the Arrangement

The Company has entered into a Service Concession Arrangement ("SCA") with National Highway Authority of India ("NHAI") for the Six Laning of Chittoor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) of NH -140 under Bharatmala Pariyojana on Hybrid Annuity Mode in the State of Andhra Pradesh. The company received appointed date on 04th January 2019.

### Significant terms of arrangement

The Concessionaire is obligated to construct the Asset(Road), to meet the obligation the Concessionaire will get the Construction support of 40% of Bid Project Cost (BPC) from the authority and the balance cost need to be funded through Debt and Equity.

The Concession agreement entered between the parties is for a period of 17.5 years including 2.5 years of construction period.

The Construction Support from the Authority i.e. 40% of BPC will be adjusted with price index multiple on the respective mile stone payment. Based on the Price Index multiple on the respective mile stones the Completion cost will be derived.

### Nature & extent

The Concessionaire is not having any right to collect the toll from users, At the end of the concession period the road will be transferred to the authority and the Company will have no further involvement in its operation or maintenance.

The Company will receive the Semi annual Annuity payments on the balance completion cost from the Authority as per Article 23.6.3 of the Concession Agreement.

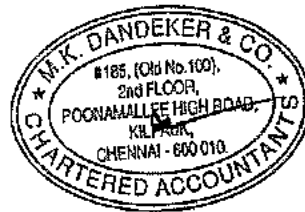
The company will also get the Interest @ RBI bank rate +3% on Semi annual basis on the reducing balance completion cost remaining to be paid as per Article 23.6.4 of the Concession Agreement.

The company will also get the Operation & Maintenance Income based on the O&M bid submitted on semi annual basis as per Article 23.7 of the Concession Agreement, and the same will be adjusted with price index multiple on the respective date.

### Classification

The Company has right to receive an annuity payment from the Authority as per Article 23.6 of the Concession Agreement , Accordingly, the Company has recognised its financial asset. And the revenue will be created on the Financial asset as per IND AS 115, instead of actual Annuity received. The Construction income & Construction Cost will be recognised based the expenditure incurred from time to time.

During the year, the Company has recorded revenue of Rs. 37,662.00 Lakhs on account of Construction Income and Rs. 4,882.32 lakhs on account of Finance Income, and received a construction support of Rs. 18,746.26 lakhs from NHAI and the above items has been adjusted with Financial asset receivable.



**KNR Tirumala Infra Private Limited**  
Notes to the financial statements for the year ended March 31, 2021

**21 Contingent Liability and Commitments and Contingent Assets**

(Rs. In Lakhs)

Particulars	As at March, 2021	As at March, 2020
a) Contingent Liability	Nil	Nil
b) Capital Commitment	Nil	Nil
c) Other Commitments towards the project	21,692.99	54,334.26

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

(Rs. In Lakhs)

Audit and Other Fees	2020-21	2019-20
Statutory Audit Fees	2.50	2.50
Taxation fee	0.50	-
Other Services	0.50	0.59
Out of Pocket Expenses	-	-

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

(Rs. In Lakhs)

Particulars	2020-21	2019-20
i. Profit (loss) attributable to equity shareholders(basic)	3,649.95	1872.80
ii. Weighted average number of equity shares (basic)	7.16	7.16
<b>Basic EPS</b>	<b>509.59</b>	<b>261.47</b>
i. Profit (loss) attributable to equity shareholders(diluted)	3,649.95	1872.80
ii. Weighted average number of equity shares (diluted)	7.16	7.16
<b>Diluted EPS</b>	<b>509.59</b>	<b>261.47</b>

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

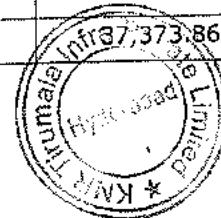
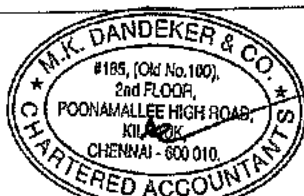
**List of related parties and nature of relationship**

S. No.	Name of the related party	Nature of relationship
1	KNR Constructions Limited	Holding Company
2	Mr. K. Narasimha Reddy	Director
3	Mr. K. Jalandhar Reddy	Director

**Transactions during the year ended**

(Rs. In Lakhs)

S. No.	Name of the related party	Nature of transactions	March 31, 2021	March 31, 2020
1	KNR Constructions Limited	Equity Share Capital	-	-
		Deemed Equity (Unsecured loan)	4,891.00	-
		Mobilisation Advance Given	-	6,183.16
		Mobilisation Advance Recovered	(2,975.45)	(8,926.35)
		Mobilisation Advance Given(COS)	926.22	-
		Mobilisation Advance Recovered(COS)	(270.84)	-
		EPC Cost(Including Inflation)	37,373.86	51,987.63





**KNR Tirumala Infra Private Limited**  
Notes to the financial statements for the year ended March 31, 2021

	Utility Expenses	934.75	3,256.89
	Reimbursement of expenses(Net)	(207.04)	186.57
	Interest Income on Mob. Adv	71.97	478.10
	Withheld	274.32	455.96
	Withheld Paid	139.68	325.83

**Balances outstanding** (Rs. In Lakhs)

S. No.	Name of the related party	Nature of transactions	March 31, 2021	March 31, 2020
1	KNR Constructions Limited	Share capital	7,162.50	7,162.50
		Deemed Equity (Unsecured loan)	4,981.00	90.00
		Mobilisation Advance receivable	-	2,975.45
		Mobilisation advance receivable(COS)	655.38	
		EPC Cost Payable	20,737.82	21,134.23
		Utility Expenses payable	-	163.15
		Reimbursement of expenses payable	-	206.80
		Interest receivable on Mob.Adv	-	430.29
	GST With Held payable	264.78	130.14	

**25 Foreign Currency Transactions:**

There are no foreign currency transactions entered during the FY 2020-21 and FY 2019-20

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

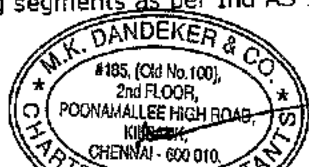
Particulars	Long Term Borrowings	Instrument entirely equity in Nature	Interest Accrued
<b>Opening Balance</b>	-	<b>90.00</b>	-
Interest Accrued during the year			1,252.25
<b>Cash flows</b>			
Received	19,799.54	4,891.00	
Repayment			
Interest paid			(1,188.25)
<b>Non Cash items</b>			
Foreign Exchange			
Impact of EIR(Cumulative)	(323.70)		
<b>Closing Balance</b>	<b>19,475.84</b>	<b>4,981.00</b>	<b>64.00</b>

**27 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.

**28 Segment Information**

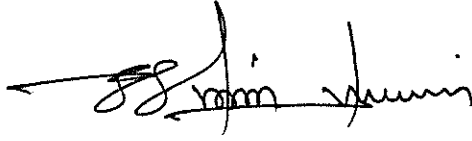
The Company is into the business of developing the Infrastructure facility on HAM basis, and there are no separate reportable operating segments as per Ind AS 108.



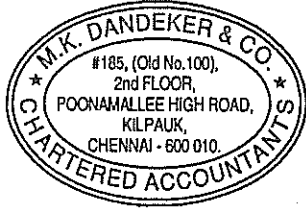
**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021**

- 29** The duration and impact of the COVID-19 pandemic remains unclear at present as on book closure date. Hence, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. However, the company is protected by the clauses 28.6 of the Concession Agreement to claim such loss under force majeure event.  
The Construction period and dates set forth in the Project completion schedule shall be extended by a period equal in length to the duration for which the force majeure event subsists. The management of the Company will study the impact & the appropriate claim will be lodged after this pandemic period. Accordingly, the financial position and results of operations as of and for the year ended 31st March 2021 have not been adjusted to reflect their impact.
- 30** The Corresponding previous period's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts.

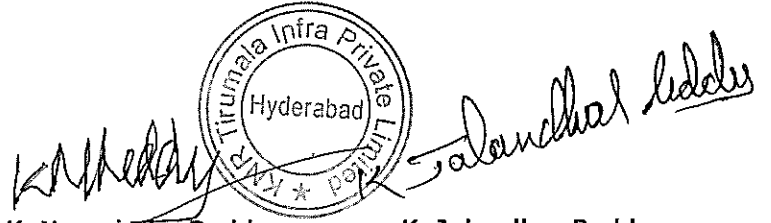
**For M.K. Dandeker & Co.,**  
Chartered Accountants  
Firm Registration No. 000679S



**S. Poosaidurai**  
Partner  
M.No. 223754  
Place: Hyderabad  
Date: 13.05.2021



**For and on behalf of the Board**

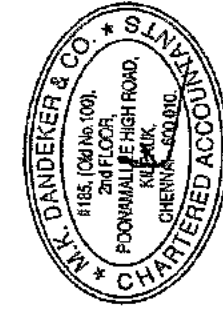
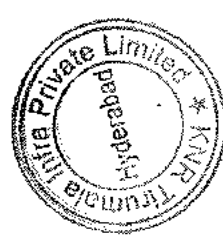


**K. Narasimha Reddy**  
(Director)  
DIN: 00382412

**K. Jalandhar Reddy**  
(Director)  
DIN: 00434911

**Capital Work in Progress** (Amount in Rs.)

S.No	Particulars	up to 31.03.2020	Addition for Q1 June 2020	Addition for Q2 December 2020	Addition for Q3 December 2020	Addition for Q4 March 2021	Total Cost for FY 2020-21	Total
1	1) EPC Cost	6,468,373,616.00	394,220,914.00	732,515,183	990,166,464	1,147,225,233	3,264,127,794	9,732,501,410
2	2) Finance Costs	-	181,201.00	37,327,704	46,007,510	41,709,056	125,225,470	125,225,470
	Interest on Term Loan	-	-	-	-	-	-	158,333
	Management Fee	158,333.00	-	-	-	-	-	31,150,000
	Lead Bank Fees	31,150,000.00	-	-	-	-	-	12,815,541
	BG Charges	3,051,852.00	4,840,891.28	783,910	3,162,756	976,132	9,763,689	515,000
	Other Borrowing Expenses	-	275,000.00	-	-	240,000	515,000	-
3	3) Consultancy & Professional Fees	932,500.00	-	-	3,000	-	3,000	935,500
	Consultancy Fee	300,000.00	-	-	-	-	-	300,000
	Insurance Advisory Fee	1,082,466.00	450,350	-	313,271	-	763,621	1,846,087
	Legal Consultant Fee	7,999,600.00	4,314,799.00	1,796,736	2,554,956	2,498,370	11,164,881	19,164,481
	Independent Consultant fee	3,200,000.00	600,000.00	800,000	600,000	600,000	2,400,000	5,600,000
	Lenders Independent Engineer's Fee	795,833.00	-	-	-	259,589	259,589	1,055,422
	Security, Trustee & LA Charges	99,800.00	6,000.00	49,599	-	55,599	55,599	155,099
	Professional Fee	-	-	-	-	-	-	-
4	4) Employee Benefits Expenses	-	-	-	-	-	-	-
	Audit Fees	569,000.00	112,500.00	62,500	112,500	62,500	350,000	919,000
	Bank Charges	9,116.80	-	56	356	2,655	3,068	12,183
	Certification Fees	800,000.00	-	-	200,000	-	200,000	1,000,000
	Rating Fee	6,982,884.00	1,219,482.00	1,222,693	1,217,163	1,206,386	4,865,724	11,848,608
	Insurance	98,146.00	299,731.00	360	350	-	300,441	398,587
	Interest on Stat Dues	6,829,236.00	17,530.00	1,910	39,355	9,401	67,896	6,897,152
	Rates and taxes	1,240.00	-	-	-	-	-	1,240
	Fines and penalties	12,240.00	-	-	-	-	-	12,240
	Office Exp	2,887.00	-	-	-	-	-	2,887
	Printing & Stationery Expenses	172,745.00	-	-	4,845	-	4,845	177,590
	Travelling Expenses	69,897.00	13,892.00	-492,960	-837,452	-871,989	-2,188,509	-2,119,612
	Un Amortised Processing Fee	-	-	-	-	473,258,515	473,258,515	473,258,515
	Inflation Charges	-	-	-	100,890	163,981	264,872	284,872
	Other Charges	-	-	-	-	-	-	-
	Utility Shifting & Tree Cutting Expenses,	325,689,146.00	24,271,139.00	23,086,131	4,891,911	41,225,957	93,475,138	419,164,284
	Electrical items	6,858,380,157.80	480,373,079.28	797,404,193	1,048,537,874	1,708,585,487	3,984,900,634	10,843,280,791
	Gain on Mutual funds	-	24,271,139.00	-	-	-	-	-
	Utility Shifting & Tree Cutting Income,	325,689,146.00	406,101,940.28	774,318,061.77	1,043,645,963.41	1,667,359,530.16	3,891,425,496	10,424,116,507.42
	Electrical items	-	-	-	-	-	-	-
	<b>Total</b>	<b>6,532,691,011.80</b>	<b>406,101,940.28</b>	<b>774,318,061.77</b>	<b>1,043,645,963.41</b>	<b>1,667,359,530.16</b>	<b>3,891,425,496</b>	<b>10,424,116,507.42</b>



# M.K. DANDEKER & CO.

## Chartered Accountants

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Poonamallee High Road,  
Kilpauk, CHENNAI - 600 010.

### INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. KNR Tirumala Infra Private Limited

#### Report on the Ind AS Financial Statements

#### Opinion

We have audited the Ind AS financial statements of **KNR Tirumala Infra Private 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

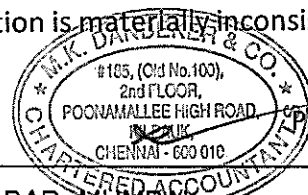
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. 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.

#### 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



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

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.

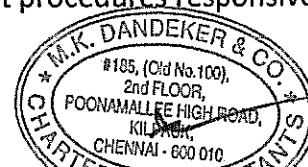
In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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.

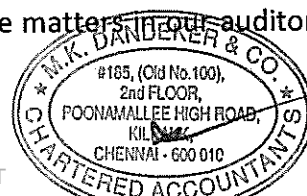
- Obtain an understanding of internal financial controls relevant to the audit in order to begin audit procedures that are appropriate in circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting polices 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



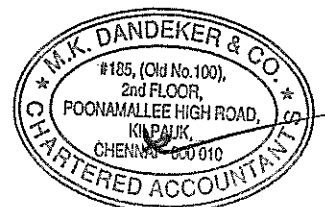
law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **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.
- 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 20 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.

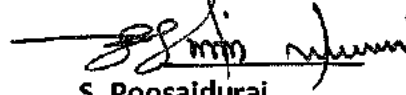


**M.K. DANDEKER & CO.,**  
*Chartered Accountants*

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**UDIN: 20223754AAAAEP7349**  
**Date: May 30, 2020**  
**Place: Chennai**

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

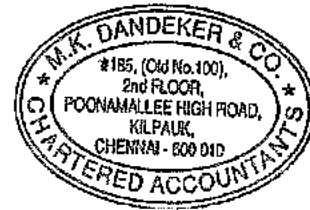


**S. Poosaidurai**

**Partner**

**Chartered Accountants**

**Membership No. 223754**

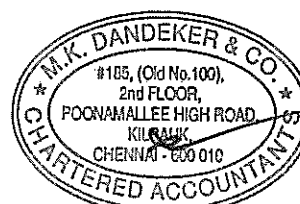




**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in our Report of even date)**

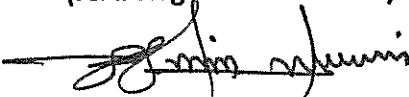
1. The Company do not have any fixed assets as on the date of the balance sheet. Accordingly, the reporting related fixed assets is not applicable.
2. The company is engaged in the business of infrastructure development and maintenance and hence clause 3(ii) of Companies (Auditor's Report) Order 2016 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.



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

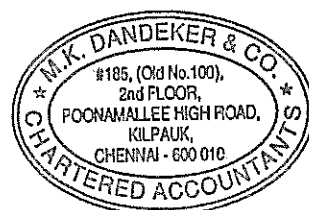
9. The Company has not taken any term loans or raised any money by way of initial public offer or further Public offer during the year.
10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed 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.
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

UDIN: 20223754AAAAEP7349  
Date: May 30, 2020  
Place: Chennai



**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")**

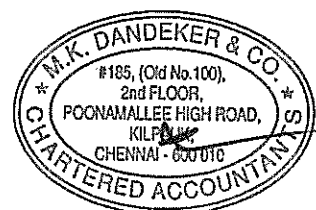
We have audited the internal financial controls over financial reporting of **KNR Tirumala Infra Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**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**

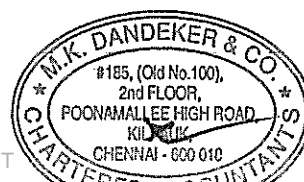
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. 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.

### **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

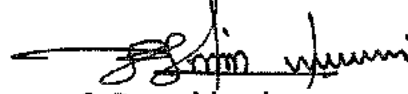


**M.K. DANDEKER & CO.,**  
*Chartered Accountants*

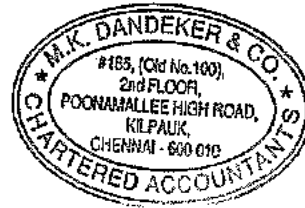
operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**UDIN: 20223754AAAAEP7349**  
**Date: May 30, 2020**  
**Place: Chennai**

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



**S. Poosaidurai**  
**Partner**  
**Chartered Accountants**  
**Membership No. 223754**



**KNR Tirumala Infra Pvt Ltd**  
**Balance Sheet as at March 31, 2020**

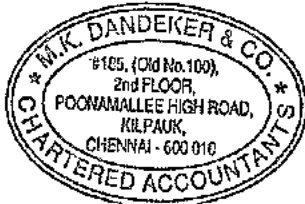
(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>I Assets</b>			
<b>1) Non-current assets</b>			
a) Financial Assets			
i) Financial Asset Receivable	3	27,173.61	13,142.69
b) Other non-current assets	4	5,215.86	2,629.81
		<b>32,389.47</b>	<b>15,772.50</b>
<b>2) Current assets</b>			
a) Financial assets			
i) Cash and cash equivalents	5	57.47	38.00
ii) Other Financial Asset	6	495.29	0.08
b) Other Current assets	7	3,024.43	5,798.03
		<b>3,577.19</b>	<b>5,836.11</b>
<b>Total Assets</b>		<b>35,966.66</b>	<b>21,608.61</b>
<b>II Equity and Liabilities</b>			
<b>Equity</b>			
a) Equity Share capital	8	7,162.50	7,162.50
b) Instruments entirely equity in nature	8.3	90.00	90.00
c) Other equity	9	1,872.80	-
<b>Total Equity</b>		<b>9,125.30</b>	<b>7,252.50</b>
<b>Liabilities</b>			
<b>1) Non - current liabilities</b>			
		-	-
<b>2) Current liabilities</b>			
a) Financial liabilities			
i) Trade Payables	10	21,297.38	13,838.75
ii) Other financial liabilities	11	837.20	30.51
b) Other current liabilities	12	4,706.78	486.85
		<b>26,841.36</b>	<b>14,356.11</b>
<b>Total Liabilities</b>		<b>26,841.36</b>	<b>14,356.11</b>
<b>Total Equity and Liabilities</b>		<b>35,966.66</b>	<b>21,608.61</b>

Notes referred to above form an integral part of the accounts  
As per our report of even date attached

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

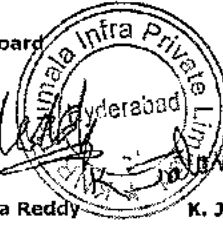
S. Poosaidurai  
Partner  
Membership No: 223754  
Place : Hyderabad  
Date : 30-05-2020



For and on behalf of the Board

K.Narsimha Reddy  
Director  
DIN: 00382412

K. Jalandhar Reddy  
Director  
DIN: 00434911



UDIN: 20 223754 AAAA EP7349

**KNR Tirumala Infra Pvt Ltd**  
**Statement of Profit And Loss For The Year Ended March 31, 2020**

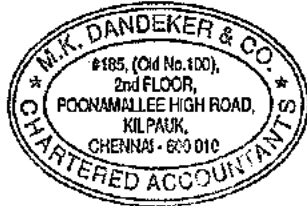
(Rs. in Lakhs)

PARTICULARS	Note No.	Year ended	Period ended
		March 31, 2020	March 31, 2019
		<b>Audited</b>	<b>Audited</b>
<b>I</b> Revenue from Operations	13	54,110.66	13,142.69
<b>II</b> Other income	14	497.04	-
<b>III</b> <b>Total Revenue (I + II)</b>		<b>54,607.70</b>	<b>13,142.69</b>
<b>IV</b> <b>Expenses</b>			
Operating Expenses	15	52,184.22	13,142.69
Employee benefits expenses		-	-
Finance costs	16	550.68	-
Depreciation and amortization expenses		-	-
Other expenses		-	-
<b>Total expenses (IV)</b>		<b>52,734.90</b>	<b>13,142.69</b>
<b>V</b> <b>Profit before exceptional items and tax (III - IV)</b>		<b>1,872.80</b>	-
<b>VI</b> Exceptional items		-	-
<b>VII</b> <b>Profit/(Loss) before tax (V - VI)</b>		<b>1,872.80</b>	-
<b>VIII</b> <b>Tax expense</b>			
1) Current tax		-	-
2) Adjustment of Tax relating to earlier periods		-	-
3) Deferred tax		-	-
<b>Total Tax Expenses (VIII)</b>		<b>-</b>	<b>-</b>
<b>IX</b> <b>Profit (Loss) for the period (VII-VIII)</b>		<b>1,872.80</b>	-
<b>X</b> <b>Other Comprehensive Income</b>		-	-
<b>XI</b> <b>Total Comprehensive Income for the period (IX+X) (Comprising Profit(Loss) and Other Comprehensive Income for the period)</b>		<b>1,872.80</b>	-
<b>XII</b> <b>Earnings per equity share</b>			
1) Basic	22	261.47	-
2) Diluted		261.47	-

As per our report of even date attached

For **M.K. Dandeker & Co.,**  
Chartered Accountants  
(Firm Registration No. 000679S )

*S. Poosaidurai*  
**S. Poosaidurai**  
Partner  
Membership No: 223754  
Place : Hyderabad  
Date : 30-05-2020



*K. Narsimha Reddy*  
**K. Narsimha Reddy**  
Director  
DIN: 00382412

*K. Jalandhar Reddy*  
**K. Jalandhar Reddy**  
Director  
DIN: 00434911

UDIN: 20223754AAAEPT7349

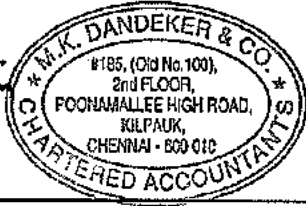
**KNR Tirumala Infra Pvt Ltd**  
**Statement of Profit And Loss For The Year Ended March 31, 2020**

PARTICULARS	Note No.	(Rs. in Lakhs)				
		Year ended March 31, 2020	Quarter ended March 31, 2020	Quarter ended March 31, 2019	Quarter ended December 31, 2019	Period ended March 31, 2019
I Revenue from Operations	13	Audited 54,110.66	Audited 23,478.81	Audited 13,142.69	Reviewed 8,885.66	Audited 13,142.69
II Other income	14	497.04	64.92	-	414.57	-
III Total Revenue (I + II)		54,607.70	23,543.73	13,142.69	9,300.23	13,142.69
IV Expenses						
Operating Expenses	15	52,184.22	22,851.51	13,142.69	8,556.82	13,142.69
Employee benefits expenses		-	-	-	-	-
Finance costs	16	550.68	80.16	-	470.52	-
Depreciation and amortization expenses		-	-	-	-	-
Other expenses		-	-	-	-	-
Total expenses (IV)		52,734.90	22,931.67	13,142.69	9,027.34	13,142.69
V Profit before exceptional items and tax (III - IV)		1,872.80	610.06	-	272.89	-
VI Exceptional items		-	-	-	-	-
VII Profit/(Loss) before tax (V - VI)		1,872.80	610.06	-	272.89	-
VIII Tax expense						
1) Current tax		-	(3.73)	-	-	-
2) Adjustment of Tax relating to earlier periods		-	-	-	-	-
3) Deferred tax		-	-	-	-	-
Total Tax Expenses (VIII)		-	(3.73)	-	-	-
IX Profit (Loss) for the period (VII-VIII)		1,872.80	613.79	-	272.89	-
X Other Comprehensive Income		-	-	-	-	-
XI Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		1,872.80	613.79	-	272.89	-
XII Earnings per equity share						
1) Basic	22	261.47	85.70	-	38.10	-
2) Diluted		261.47	85.70	-	38.10	-

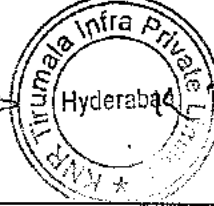
As per our report of even date attached

For M.K. Dandekar & Co.,  
Chartered Accountants  
(Firm Registration No. 0006795)

S. Poosaidurai  
Partner  
Membership No: 223754  
Place : Hyderabad  
Date : 30-05-2020



*K. Narsimha Reddy*  
K.Narsimha Reddy  
Director  
DIN: 00382412



*K. Jalandhar Reddy*  
K. Jalandhar Reddy  
Director  
DIN: 00434911

Notes:

- Figures for the Quarter ended December 31, 2019 are the balancing figures of reviewed figures for the half year ended September 30, 2019 and reviewed figures for the Nine months ended, 2019, and Figures for the Quarter ended March 31, 2020 are the balancing figures of audited figures for the year ended March 31, 2020 and reviewed figures for the nine months ended December 31, 2019.
- Figures for the previous periods have been regrouped/reclassified to confirm to the classification of the current period.

UDIN : 20223754AAAEP73U9



**KNR Tirumala Infra Pvt Ltd**  
**Statement of Changes in Equity for the Year Ended March 31, 2020**

**A - Equity Share Capital**

Particulars	No. of Shares	(Rs. in Lakhs)
		Amount
As at April 13, 2018	-	-
Changes in equity share capital during the year	7,162.50	7,162.50
<b>As at March 31, 2019</b>	<b>7,162.50</b>	<b>7,162.50</b>
As at April 01, 2019	7,162.50	7,162.50
Changes in equity share capital during the year	-	-
<b>As at March 31, 2020</b>	<b>7,162.50</b>	<b>7,162.50</b>

**B - Instrument Entirely Equity in Nature**


Particulars	(Rs. in Lakhs)
	Amount
As at April 13, 2018	-
Changes in equity share capital during the year	90.00
<b>As at March 31, 2019</b>	<b>90.00</b>
As at April 01, 2019	90.00
Changes in equity share capital during the year	-
<b>As at March 31, 2020</b>	<b>90.00</b>

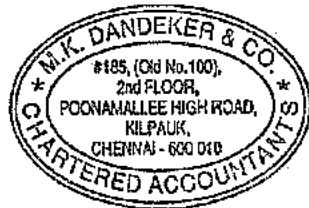
**C - Other Equity**


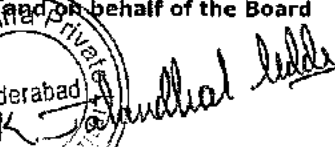
Particulars	(Rs. in Lakhs)		
	Retained Earning	Other Comprehensive Income	Total
Balance as at 13th April, 2018	-	-	-
Total Comprehensive Income for the Year	-	-	-
<b>Balance as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance as at April 01, 2019	-	-	-
Total Comprehensive Income for the Year	1,872.80	-	1,872.80
<b>Balance as at March 31, 2020</b>	<b>1,872.80</b>	<b>-</b>	<b>1,872.80</b>

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

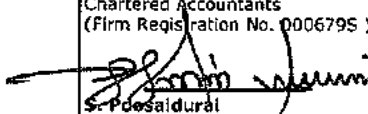
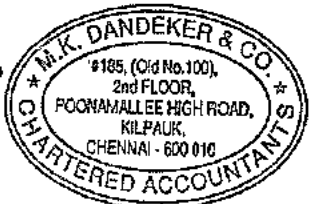

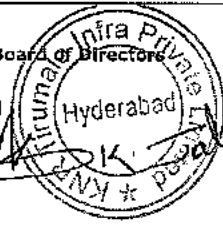

For M.K. Dandekar & Co.,  
Chartered Accountants  
(Firm Registration No. 000679S)

  
S. Poosaidurai  
Partner  
Membership No: 223754  
Place : Hyderabad  
Date : 30-05-2020



For and on behalf of the Board  
  
K. Narsimha Reddy  
Director  
DIN: 00382412  
  
K. Jalandhar Reddy  
Director  
DIN: 00434911

UDIN : 20223754AAAAP7349

KNR Tirumala Infra Pvt Ltd		(Rs. in Lakhs)	
Cash Flow Statement for the Year ended March 31, 2020			
PARTICULARS	For the Year ended March 31, 2020	For the Period ended March 31, 2019	
<b>A) Cash flow from Operating activities</b>			
Net Profit before Tax	1,872.80	-	-
<b>Adjustments for</b>			
Depreciation & Amortisation Expenses		-	-
Construction Income	(52,184.22)	(13,142.69)	-
Finance Income	(1,926.44)	-	-
Construction Expenses	52,184.22	13,142.69	-
Profit on sale of Mutual Funds	(18.94)	-	-
Interest Income on Mob Advance Paid	(478.10)	-	-
Interest Expense on Mob Advance Received	550.68	-	-
<b>Operating profit before working capital changes</b>	<b>(0.00)</b>	-	-
(Increase)/Decrease in Trade and Other Receivables	(12,925.82)	(21,570.61)	-
Increase/(Decrease) in Trade Payables and Other Liabilities	11,934.57	14,356.11	-
<b>Cash generated from operations</b>	<b>(991.25)</b>	<b>(7,214.50)</b>	-
Taxes paid	(991.78)	-	-
<b>Net cash used in operating activities</b>	<b>0.53</b>	<b>(7,214.50)</b>	-
<b>B) Cash flow from Investing activities</b>			
(Purchase)/Sale of Investments (net)	18.94	-	-
<b>Net cash used in investing activities</b>	<b>18.94</b>	-	-
<b>C) Cash flow from Financing activities</b>			
Proceeds from Issue of Equity Shares	-	7,162.50	-
Sub Debt received from Sponsor	-	90.00	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>7,252.50</b>	-
<b>Net change in Cash and Cash Equivalents (A+B+C)</b>	<b>19.47</b>	<b>38.00</b>	-
Cash and Cash Equivalents as at (Opening Balance)	38.00	-	-
<b>Cash and Cash Equivalents as at (Closing Balance)</b>	<b>57.47</b>	<b>38.00</b>	-
<b>Notes:</b>			
1 Components of Cash & Cash Equivalents			
Cash in Hand	-	-	-
Bank Balance - Current Account	57.47	38.00	-
Total	<b>57.47</b>	<b>38.00</b>	-
2 The Cash flow statement is prepared in accordance with Ind - AS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.			
3 Figures in brackets represent cash outflows.			
See accompanying Notes (1-27) to financial statements As per our report of even date attached For <b>M.K. Dandekar &amp; Co.,</b> Chartered Accountants (Firm Registration No. 000679S)			
 <b>S. Pooasidurai</b> Partner Membership No: 223754 Place : Hyderabad Date : 30-05-2020			
		For and on behalf of the Board of Directors  <b>K. Narsimha Reddy</b> Director DIN: 00382412	
		  <b>K. Jalandhar Reddy</b> Director DIN: 00434911	

UDIN: 20223754AAAEP7349

**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**1. Reporting entity**

KNR Tirumala Infra Private 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, 2013 as a Special Purpose Vehicle ("SPV") promoted by KNR Constructions Limited ('KNRCL').

The Company has entered into a Service Concession Arrangement ("SCA") with National Highway Authority of India ("NHAI") for the Six laning of Chittoor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) of NH -140 under Bharatmala Pariyojana on Hybrid Annuity Mode (HAM) in the State of Andhra Pradesh. The company received appointed date on 04<sup>th</sup> January 2019.

**2. Basis of preparation & Significant Accounting Policies**

**A. Statement of compliance**

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

The Company was incorporated on 13<sup>th</sup> April 2018 and for the previous period the financials have been prepared from 13<sup>th</sup> April 2018 to 31<sup>st</sup> March 2019.  
Details of the Company's accounting policies are detailed below.

**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:**

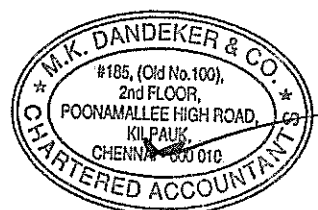
An asset shall be classified as current when it satisfies any of the following criteria:

- (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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**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.

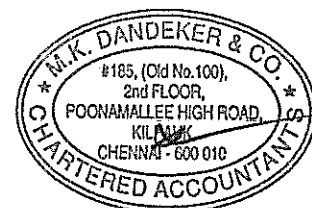
**Significant accounting policies**

**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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii. Subsequent expenditure**

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

**iii. Depreciation**

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

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

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

**b. Rights under Service Concession Arrangements (Hybrid 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", 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 and such financial assets are classified as "Receivables against Service Concession Arrangements"(Financial Asset Receivable).

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

The Interest during construction and Tax expenses will not be adjusted with the financial asset and GST on expenses is also not form part of financial asset as GST will be recognized as an Input Tax Credit.

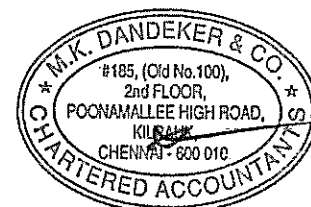
The amount due from the authority including Operation & Maintenance Income is accounted for in accordance with Ind AS 109 as measured at amortised cost and the interest calculated using the effective interest method is recognised in statement of profit and loss. As per the Concession Arrangement, the support during construction period are accounted for as part of the transaction price (Financial Asset) as defined in Ind AS 115.

**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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

**ii. Classification and subsequent measurement**

**Non-Derivative Financial assets**

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

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

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

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

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

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

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

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

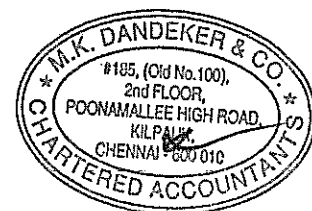
**Financial liabilities: Classification, subsequent measurement and gains and losses**

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

**iii. De-recognition**

**Financial assets**

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



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

***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 financial asset 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***

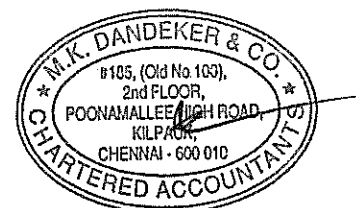
Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

***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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

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

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

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

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

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

**e. Cash and cash equivalents**

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

**f. Employee benefits**

**Short-term employee benefits**

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

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

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

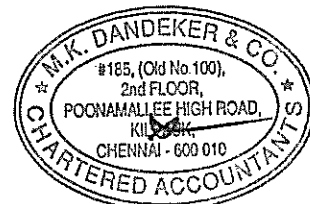
**h. Revenue recognition**

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, is 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.





**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

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

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 the statement of profit and loss. As per the Concession Arrangement, concession support received are accounted for as part of the transaction price(i.e Financial Asset).

**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. 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.

**j. 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.

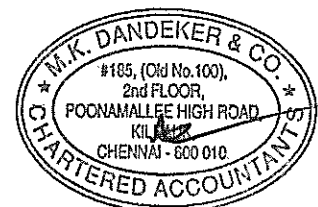
**i. Current tax**

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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

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.

**k. Borrowing cost**

Borrowing costs are interest and other cost incurred in connection with the borrowing of funds. Borrowing costs other than processing fee directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use will be capitalised as part of the cost of that asset. Processing fee will be Amortised over a period of tenure on effective interest rate method, Other borrowing costs during operation period will be recognised as an expense in the period in which they are incurred.

**l. Segment reporting**

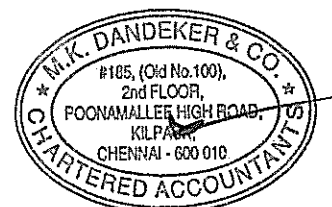
The Board of Directors assess the financial performance of the Company and make strategic decisions and has been identified as being the Chief Operating Decision Maker (CODM). Based on the internal reporting provided to the CODM, the Company has only one reportable segment i.e. the BOT road project and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

**m. Earnings per share**

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

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

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



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**

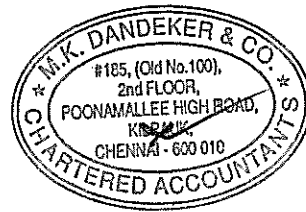
**n. Contingent liabilities and contingent assets**

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.

**o. 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.



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Year Ended March 31, 2020**

**3- Other Financial Assets**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>Non Current</b>		
Financial Asset Receivable	27,173.61	13,142.69
<b>Total</b>	<b>27,173.61</b>	<b>13,142.69</b>

**4- Other Non current Assets**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
GST Receivable/ITC	3,938.28	2,343.51
TDS Receivable	991.78	-
Un Amortised Processing fee	285.80	286.30
<b>Total</b>	<b>5,215.86</b>	<b>2,629.81</b>

**5 - Cash and Cash Equivalents**

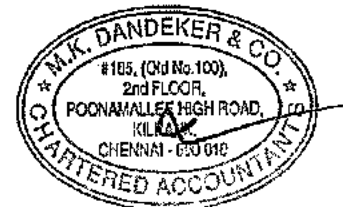
Particulars	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>Balances with banks:</b>		
in current accounts	57.47	38.00
Cash on hand	-	-
<b>Total</b>	<b>57.47</b>	<b>38.00</b>

**6 - Other Financial Assets**

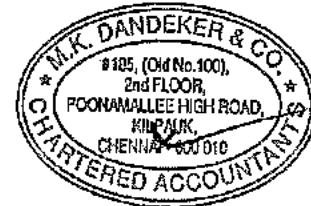
Particulars	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Amount receivable from Related Parties (Refer Note : 23)		
Interest receivable KNRCL	430.29	-
GST Withheld NHAI	65.00	-
Other Advances	-	0.08
<b>Total</b>	<b>495.29</b>	<b>0.08</b>

**7 - Other Current Assets**

Particulars	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Amount receivable from Related Parties (Refer Note : 23)		
Mobilization Advance paid to EPC Contractor	2,975.45	5,718.64
Prepaid expenses	48.98	79.39
<b>Total</b>	<b>3,024.43</b>	<b>5,798.03</b>



PARTICULARS		As at March 31, 2020	As at March 31, 2019	
<b>8 - Equity Capital</b>				
(Rs. in Lakhs)				
<b>EQUITY SHARE CAPITAL</b>				
Authorized Share capital				
716300 Equity Shares of Rs. 1,000/- each		7,163.00	7,163.00	
Issued, subscribed & fully paid share capital				
716250 Equity Shares of Rs. 1,000/- each		7,162.50	7,162.50	
<b>Total</b>		<b>7,162.50</b>	<b>7,162.50</b>	
<b>Terms/ Rights attached to equity shares</b>				
The Company has only one class of equity shares having a par value of Rs.1000/-per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the year ended March 31, 2020.				
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				
<b>8.1 - The reconciliation of the number of shares outstanding at the beginning and at the end of the year is set out below</b>				
Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	716,250.00	7,162.50	-	-
Add:- Number of Shares issued	-	-	716,250	7,162.50
Less:- Number of Shares Bought Back	-	-	-	-
Number of Equity Shares at the end of the year	<b>716,250.00</b>	<b>7,162.50</b>	<b>716,250.00</b>	<b>7,162.50</b>
<b>8.2 - The details of shareholder holding by holding company and its associates and having more than 5% as at March 31, 2020 and March 31, 2019 is set out below:</b>				
Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% held	No. of Shares	% held
KNR Constructions Limited & its nominees	7,162.50	100%	7,162.50	100%
	<b>7,162.50</b>	<b>100%</b>	<b>7,162.50</b>	<b>100%</b>
<b>8.3 - Instrument entirely equity in Nature</b>				
PARTICULARS	As at March 31, 2020	As at March 31, 2019		
Loan from Promoter Company	90.00	90.00		
Balance at the end of the period	90.00	90.00		
Note: Loan from Promoter is in the nature of Sub Debt, and shall be repaid after satisfaction of senior debt and at the option of the company.				
<b>9 - Other Equity</b>				
PARTICULARS	As at March 31, 2020	As at March 31, 2019		
(Rs. in Lakhs)				
Surplus in the statement of profit and loss				
Balance at the beginning of the period	-	-		
Add: (Loss)/ Profit for the period	1,872.80	-		
Balance at the end of the period	<b>1,872.80</b>	-		



**KNR Tirumala Infra Pvt Ltd****Notes to the financial statements for the Year Ended March 31, 2020****10 - Trade Payables****(Rs. in Lakhs)**

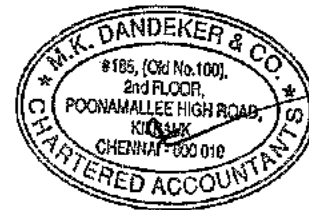
PARTICULARS	As at	As at
	March 31, 2020	March 31, 2019
Amount payable to Related Parties (Refer Note : 23)		
Payable to EPC Contractor	21,297.38	13,838.75
<b>Total</b>	<b>21,297.38</b>	<b>13,838.75</b>

**11 - Other financial liabilities****(Rs. in Lakhs)**

PARTICULARS	As at	As at
	March 31, 2020	March 31, 2019
<b>CURRENT</b>		
Interest payable - NHAI	495.61	-
Amount payable to Related Parties (Refer Note : 23)		
KNR Constructions Limited	337.18	20.47
Other Expenses payable	4.41	10.04
<b>Total current other financial liabilities</b>	<b>837.20</b>	<b>30.51</b>
<b>Total other financial liabilities</b>	<b>837.20</b>	<b>30.51</b>

**12 - Other Current Liabilities****(Rs. in Lakhs)**

PARTICULARS	As at	As at
	March 31, 2020	March 31, 2019
Mobilisation advance received from Client	3,861.76	-
Dues to statutory authorities	845.02	486.85
<b>Total</b>	<b>4,706.78</b>	<b>486.85</b>



**KNR Tirumala Infra Pvt Ltd**

**Notes to the financial statements for the Year Ended March 31, 2020**

**13 - Revenue from Operations**

(Rs. In Lakhs)		
PARTICULARS	For the Year ended March 31, 2020	For the Period ended March 31, 2019
Construction Income	52,184.22	13,142.69
Finance Income	1,926.44	-
<b>Total</b>	<b>54,110.66</b>	<b>13,142.69</b>

**14 - Other Income**

(Rs. In Lakhs)		
PARTICULARS	For the Year ended March 31, 2020	For the Period ended March 31, 2019
Interest Income on Mobilisation Advance given (Refer Note : 14.1)	478.10	-
Profit on sale of Mutual funds	18.94	-
<b>Total</b>	<b>497.04</b>	<b>-</b>

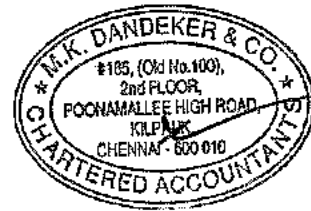
**14.1 :** As per the clause 23.8 of CA, Interest on Mobilization Advance is to be charged at Bank Rate and will be recovered as 5th Installment from the Concessionaire, accordingly the Company also charge & recover interest on Mobilization advance given to EPC Contractor as NHAI charging and recovering, "During the FY 2019-20, the Company has Received Mobilization Advance from NHAI and recognized Interest Expense on Mobilization Advance received on Accrual basis and accordingly Interest income also recognized on Mobilization Advance paid to EPC Contractor from the Inception".

**15 - Operating Expenses**

(Rs. in Lakhs)		
PARTICULARS	For the Year ended March 31, 2020	For the Period ended March 31, 2019
Construction Expenses	52,184.22	13,142.69
<b>Total</b>	<b>52,184.22</b>	<b>13,142.69</b>

**16 - Finance cost**

(Rs. in Lakhs)		
PARTICULARS	For the Year ended March 31, 2020	For the Period ended March 31, 2019
Interest on Mobilisation advance Received	550.68	-
<b>Total</b>	<b>550.68</b>	<b>-</b>



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Year Ended March 31, 2020**

**17 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.

**18 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**

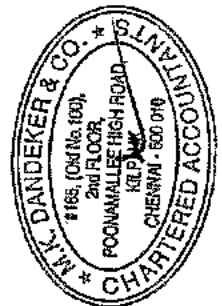
	Carrying amount (Rs. in Lakhs)		Fair Value (Rs. in Lakhs)			
	FVTPL	Amortised Cost	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>						
Financial Asset Receivable	-	27,173.61	-	-	27,173.61	27,173.61
Cash and Cash equivalents	-	57.47	-	-	-	-
Other Financial Asset	-	495.29	-	-	495.29	495.29
		<b>27,726.37</b>			<b>27,668.90</b>	<b>27,668.90</b>
<b>Financial liabilities</b>						
Trade Payables	-	21,297.38	-	-	21,297.38	21,297.38
Other financial liabilities	-	837.20	-	-	837.20	837.20
		<b>22,134.58</b>			<b>22,134.58</b>	<b>22,134.58</b>

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

**March 31, 2019**

	Carrying amount (Rs. in Lakhs)		Fair Value (Rs. in Lakhs)			
	FVTPL	Amortised Cost	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>						
Financial Asset Receivable	-	13,142.69	-	-	13,142.69	13,142.69
Cash and Cash equivalents	-	38.00	-	-	-	-
Other Financial Asset	-	0.08	-	-	0.08	0.08
		<b>13,180.77</b>			<b>13,142.77</b>	<b>13,142.77</b>
<b>Financial liabilities</b>						
Trade Payables	-	13,838.75	-	-	13,838.75	13,838.75
Other financial liabilities	-	30.51	-	-	30.51	30.51
		<b>13,869.26</b>			<b>13,869.26</b>	<b>13,869.26</b>

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





**KNR Tirumala Infra Pvt Ltd****Notes to the financial statements for the Year Ended March 31, 2020****18 Financial instruments - Fair values and risk management****B. Financial risk management**

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

- credit risk
- liquidity risk
- market risk

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

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

**a) Credit risk**

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

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

**Trade receivables**

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

**b) Liquidity risk**

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

**Exposure to liquidity risk**

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

**March 31, 2020****(Rs. in Lakhs)**

	Carrying Amount	Contractual Cash flows		
		Upto 1 Year	1-3 years	More than 3 year
<b>Non-derivative financial liabilities</b>				
Trade Payables	21,297.38	21,297.38		
Other financial liabilities	837.20	837.20	-	-
	<b>22,134.58</b>	<b>22,134.58</b>	-	-

**March 31, 2019****(Rs. in Lakhs)**

	Carrying Amount	Contractual Cash flows		
		Upto 1 Year	1-3 years	More than 3 year
<b>Non-derivative financial liabilities</b>				
Trade Payables	13,838.75	13,838.75		
Other financial liabilities	30.51	30.51	-	-
	<b>13,869.26</b>	<b>13,869.26</b>	-	-

**c) Market risk**

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

**Foreign Currency Risk**

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

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

**Interest rate risk**

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

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

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

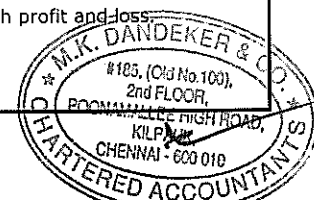
**Price risk**

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.



**19 Service Concession Arrangement****Description of the Arrangement**

The Company has entered into a Service Concession Arrangement ("SCA") with National Highway Authority of India ("NHAI") for the Six laning of Chittor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) of NH -140 under Bharatmala Pariyojana on Hybrid Annuity Mode in the State of Andhra Pradesh. The company received appointed date on 04th January 2019.

**Significant terms of arrangement**

The Concessionaire is obligated to construct the Asset(Road), to meet the obligation the Concessionaire will get the Construction support of 40% of Bid Project Cost (BPC) from the authority and the balance cost need to be funded through Debt and Equity.

The Concession agreement entered between the parties is for a period of 17.5 years including 2.5 years of construction period.

The Construction Support from the Authority i.e. 40% of BPC will be adjusted with price index multiple on the respective mile stone payment. Based on the Price index multiple on the respective mile stones the Completion cost will be derived.

**Nature & extent**

The Concessionaire is not having any right to collect the toll from users, At the end of the concession period the road will be transferred to the authority and the Company will have no further involvement in its operation or maintenance.

The Company will receive the Semi annual Annuity payments on the balance completion cost from the Authority as per Article 23.6.3 of the Concession Agreement.

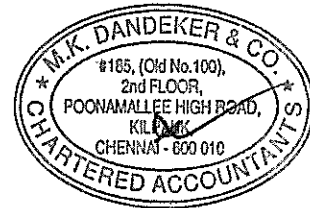
The company will also get the Interest @ RBI bank rate +3% on Semi annual basis on the reducing balance completion cost remaining to be paid as per Article 23.6.4 of the Concession Agreement.

The company will also get the Operation & Maintenance Income based on the O&M bid submitted on semi annual basis as per Article 23.7 of the Concession Agreement, and the same will be adjusted with price index multiple on the respective date.

**Classification**

The Company has right to receive an annuity payment from the Authority as per Article 23.6 of the Concession Agreement , Accordingly, the Company has recognised its financial asset. And the revenue will be created on the Financial asset as per IND AS 115, instead of actual Annuity received. The Construction income & Construction Cost will be recognised based the expenditure incurred from time to time.

During the year, the Company has recorded revenue of Rs. 52,184.22 Lakhs, on account of Construction Income and Rs. 1,926.44 lakhs on account of Finance Income, and received a construction support of Rs. 40,079.74 lakhs from NHAI and the above items has been adjusted with Financial asset receivable.



**KNR Tirumala Infra Private Limited**  
Notes to the financial statements for the year ended March 31, 2020

**20 Contingent Liability and Commitments and Contingent Assets**

(Rs. In Lakhs)

Particulars	As at March, 2020	As at March, 2019
<b>a) Contingent Liability</b>	Nil	Nil
<b>b) Capital Commitment</b>	Nil	Nil
<b>c) Other Commitments towards the project</b>	54,334.26	1,06,321.76

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

(Rs. In Lakhs)

Audit and Other Fees	2019-20	2018-19
Statutory Audit Fees	2.50	2.50
Other Services	0.59	0.10
Out of Pocket Expenses	-	-

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

Particulars	2019-20	2018-19
i. Profit (loss) attributable to equity shareholders(basic)	1872.80	-
ii. Weighted average number of equity shares (basic)	7.16	-
<b>Basic EPS</b>	<b>261.47</b>	-
i. Profit (loss) attributable to equity shareholders(diluted)	1872.80	-
ii. Weighted average number of equity shares (diluted)	7.16	-
<b>Diluted EPS</b>	<b>261.47</b>	-

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

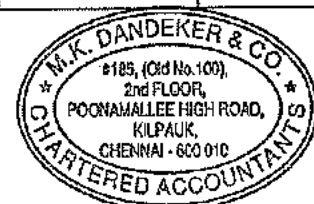
**List of related parties and nature of relationship**

S. No.	Name of the related party	Nature of relationship
1	KNR Constructions Limited	Holding Company
2	Mr. K. Narasimha Reddy	Director
3	Mr. K. Jalandhar Reddy	Director

**Transactions during the year ended**

(Rs. In Lakhs)

S. No.	Name of the related party	Nature of transactions	March 31, 2020	March 31, 2019
1	KNR Constructions Limited	Equity Share Capital	-	7,162.50
		Deemed Equity (Unsecured loan)	-	90.00
		Mobilisation Advance Given	6,183.16	5,718.64
		Mobilisation Advance Recovered	(8,926.35)	-
		EPC Cost	51,987.63	14,219.63
		Utility Expenses	3,256.89	-
		Reimbursement of expenses	186.33	354.65
		Interest Income on Mob. Adv	478.10	-



**KNR Tirumala Infra Private Limited**  
Notes to the financial statements for the year ended March 31, 2020

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	7,162.50	7,162.50
		Deemed Equity (Unsecured loan)	90.00	90.00
		Mobilisation Advance receivable	2,975.45	5,718.64
		EPC Cost Payable	21,134.23	13,838.75
		Utility Expenses payable	163.15	
		Reimbursement of expenses payable	206.80	20.47
		Interest receivable on Mob.Adv	430.29	-
		GST With Held payable	130.14	-

**24 Foreign Currency Transactions:**

There are no foreign currency transactions entered during the FY 2019-20 and FY 2018-19

**25 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.

**26 Segment Information**

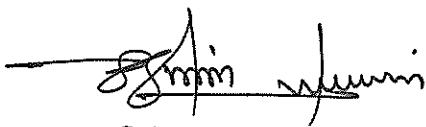
The Company is into the business of developing the Infrastructure facility on HAM basis, and there are no separate reportable operating segments as per Ind AS 108.

**27** The duration and impact of the COVID-19 pandemic remains unclear at present as on book closure date. Hence, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. However, the company is protected by the clauses 28.6 of the Concession Agreement to claim such loss under force majeure event. The Construction period and dates set forth in the Project completion schedule shall be extended by a period equal in length to the duration for which the force majeure event subsists. The management of the Company will study the impact & the appropriate claim will be lodged after this pandemic period. Accordingly, the financial position and results of operations as of and for the year ended 31st March 2020 have not been adjusted to reflect their impact.

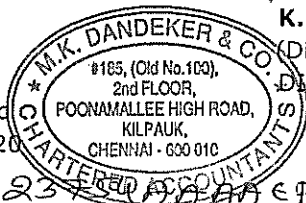
**28** The Corresponding previous period's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts.

**For M.K. Dandeker & Co.,**  
Chartered Accountants  
Firm Registration No. 000679S

**For and on behalf of the Board**



**S. Poosaidurai**  
Partner  
M.No. 223754  
Place: Hyderabad  
Date: 30.05.2020

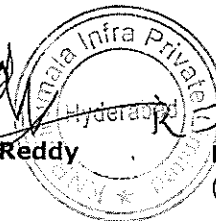


UDIN: 20223754-2020-EP7349

**K. Narasimha Reddy**  
(Director)  
DIN: 00382412

**K. Jalandhar Reddy**  
(Director)  
DIN: 00434911





# Annual Report FY 2018-19

**KNR Tirumala Infra Private Limited**

confidential  
M.K. DANDEKER & CO.,  
Chartered Accountants  
Nov 24, 2021 6:43 AM EST

Phone : +91-44-43514233  
E-mail : admin@mkdandeker.com  
Web : www.mkdandeker.com

No.185 (Old No.100) 2nd Floor,  
Poonamallee High Road,  
Kilpauk, CHENNAI - 600 010.

## INDEPENDENT AUDITOR'S REPORT

**To the Members of M/s. KNR Tirumala Infra Private Limited**

### Report on the Ind AS Financial Statements

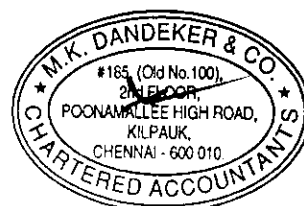
#### Opinion

We have audited the Ind AS financial statements of **KNR Tirumala Infra Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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 period 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, 2019, changes in equity and its cash flows for the period 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.



Page | 1

## 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.

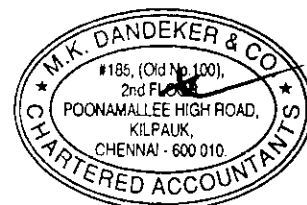
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears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

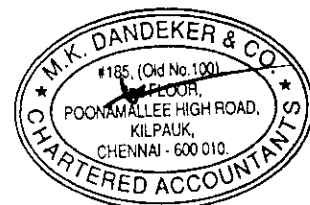


## **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

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.

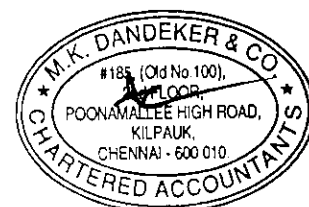
From the matters communicated with those charged with governance, we determine those matters that were of more significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation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

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

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.

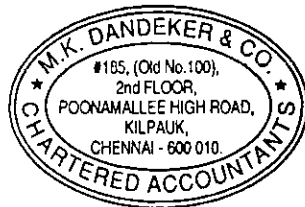
As required by Section 143(3) of the Act, we report that:

- 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.
- 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.

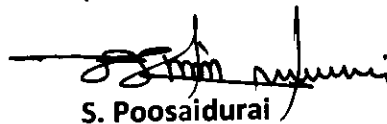


- d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 18 to the Ind AS financial statements;
  - ii. There were no provisions required under the applicable law or accounting standards, for material foreseeable losses, if any.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Date: May 28, 2019  
Place: Hyderabad



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

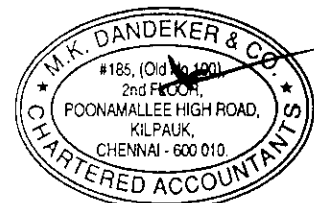
  
S. Poosaidurai

**Partner**  
**Chartered Accountants**  
**Membership No. 223754**

## **ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in our Report of even date)**

1. The Company do not have any fixed assets as on the date of the balance sheet. Accordingly, the reporting related fixed assets are not applicable.
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.



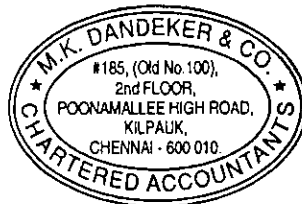
9. The Company has not taken any term loans or raised any money by way of initial public offer or further Public offer during the period.
10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the period.
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.
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 period.
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:** May 28, 2019  
**Place:** Hyderabad



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

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

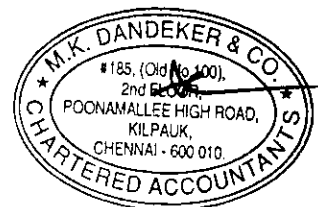
We have audited the internal financial controls over financial reporting of **KNR Tirumala Infra Private Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the period ended on that date.

**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.

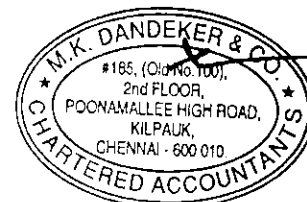
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **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**

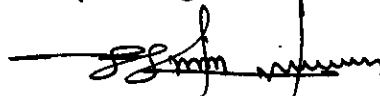
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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.



## 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

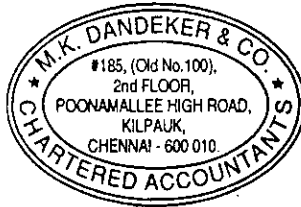
For **M. K. Dandeker & Co.,**  
(ICAI Regn. No. 000679S)



**S. Poosaidurai**  
**Partner**  
**Chartered Accountants**  
**Membership No. 223754**

**Date:** May 28, 2019

**Place:** Hyderabad



**KNR Tirumala Infra Pvt Ltd**  
**Balance Sheet as at March 31, 2019**

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2019
<b>I Assets</b>		
<b>1) Non-current assets</b>		
a) Financial Assets		
i) Financial Asset Receivable	3	13,142.69
b) Other non-current assets	4	8,348.45
		<b>21,491.14</b>
<b>2) Current assets</b>		
a) Financial assets		
i) Cash and cash equivalents	5	38.00
ii) Other Financial Asset	6	0.08
b) Other Current ssets	7	79.39
		<b>117.47</b>
<b>Total Assets</b>		<b>21,608.61</b>
<b>II Equity and Liabilities</b>		
<b>Equity</b>		
a) Equity Share capital	8	7,162.50
b) Instruments entirely equity in nature	8.3	90.00
c) Other equity	9	-
<b>Total Equity</b>		<b>7,252.50</b>
<b>Liabilities</b>		
<b>1) Non - current liabilities</b>		
		-
<b>2) Current liabilities</b>		
a) Financial liabilities		
i) Other financial liabilities	10	30.51
ii) Trade Payables	11	13,838.75
b) Other current liabilities	12	486.85
		<b>14,356.11</b>
<b>Total Liabilities</b>		<b>14,356.11</b>
<b>Total Equity and Liabilities</b>		<b>21,608.61</b>

Significant Accounting Policies

1 & 2

Notes referred to above form an integral part of the accounts

As per our report of even date attached

**For M.K. Dandekar & Co.,**

**For and on behalf of the Board**

Chartered Accountants

(Firm Registration No. 000679S )



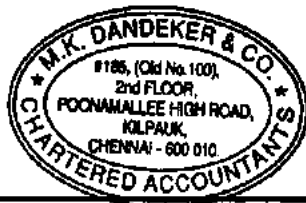
**S. Poosaidurai**

Partner

Membership No: 223754

Place : Hyderabad

Date : 21-05-2019





**K. Narasimha Reddy**

Director

DIN: 00382412



**K. Jalandhar Reddy**

Director

DIN: 00434911





**KNR Tirumala Infra Pvt Ltd**  
**Statement of Profit And Loss For The Period from April 13, 2018 to March 31, 2019**

(Rs. in Lakhs)

PARTICULARS		Note No.	Period ended March 31, 2019
<b>I</b>	Revenue from Operations	13	13,142.69
<b>II</b>	Other income		-
<b>III</b>	<b>Total Revenue (I + II)</b>		<b>13,142.69</b>
<b>IV</b>	<b>Expenses</b>		
	Operating Expenses	14	13,142.69
	Employee benefits expenses		-
	Finance costs		-
	Depreciation and amortization expenses		-
	Other expenses		-
	<b>Total expenses (IV)</b>		<b>13,142.69</b>
<b>V</b>	<b>Profit before exceptional items and tax (III - IV)</b>		-
<b>VI</b>	Exceptional items		-
<b>VII</b>	<b>Profit/(Loss) before tax (V - VI)</b>		-
<b>VIII</b>	<b>Tax expense</b>		
	1) Current tax		-
	2) Adjustment of Tax relating to earlier periods		-
	3) Deferred tax		-
	<b>Total Tax Expenses (VIII)</b>		-
<b>IX</b>	<b>Profit (Loss) for the period (VII-VIII)</b>		-
<b>X</b>	<b>Other Comprehensive Income</b>		-
	<b>Total Comprehensive Income</b>		-
<b>XI</b>	<b>Total Comprehensive Income for the period (IX+X) (Comprising Profit(Loss) and Other Comprehensive Income for the period)</b>		-
<b>XII</b>	<b>Earnings per equity share</b>	18	
	1) Basic		-
	2) Diluted		-

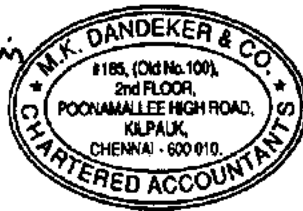
Corporate information and Significant accounting policies 1 & 2

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

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

**For and on behalf of the Board**

*S. Poosaidurai*  
**S. Poosaidurai**  
Partner  
Membership No: 223754



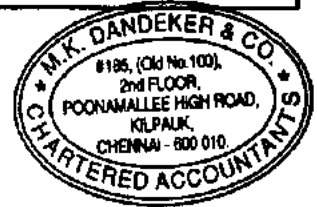
*K. Narasimha Reddy*  
**K. Narasimha Reddy**  
Director  
DIN: 00382412


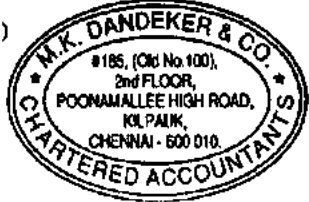

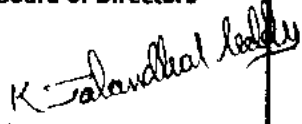

*K. Jalandhar Reddy*  
**K. Jalandhar Reddy**  
Director  
DIN: 00434911

Place : Hyderabad  
Date : 21-05-2019



<b>KNR Tirumala Infra Pvt Ltd</b>			
<b>Statement of Changes in Equity for the Period Ended March 31, 2019</b>			
<b>A - Equity Share Capital</b>			
(Rs. in Lakhs)			
Particulars	No. of Shares	Amount	
As at April 13, 2018	-	-	
Changes in equity share capital during the year	716,250	7,162.50	
<b>As at March 31, 2019</b>	<b>716,250</b>	<b>7,162.50</b>	
<b>B - Instrument Entirely Equity in Nature</b>			
(Rs. in Lakhs)			
Particulars	Amount		
As at April 13, 2018	-		
Changes in equity share capital during the year	90.00		
<b>As at March 31, 2019</b>	<b>90.00</b>		
<b>C - Other Equity</b>			
(Rs. in Lakhs)			
Particulars	Retained Earning	Other Comprehensive Income	Total
Balance as at 13th April, 2018	-	-	-
Total Comprehensive Income for the Year	-	-	-
<b>Balance as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>



<b>KNR Tirumala Infra Pvt Ltd</b>	
<b>Cash Flow Statement for the period ended March 31, 2019</b>	
<b>(Rs. in Lakhs)</b>	
<b>PARTICULARS</b>	<b>For the Period ended March 31, 2019</b>
<b>A) Cash flow from Operating activities</b>	
Net Profit before Tax	-
<b>Adjustments for</b>	
Depreciation & Amortisation Expenses	-
Construction Income	(13,142.69)
Construction Expenses	13,142.69
Preliminary Expenses written off	-
<b>Operating profit before working capital changes</b>	-
(Increase)/Decrease in Trade and Other Receivables	(8,427.92)
Increase/(Decrease) in Trade Payables and Other Liabilities	14,356.11
<b>Cash generated from operations</b>	<b>5,928.19</b>
Taxes paid	-
<b>Net cash used in operating activities</b>	<b>5,928.19</b>
<b>B) Cash flow from Investing activities</b>	
Purchase of Fixed Assets and Capital Work In Progress	-
(Increase)/Decrease in Financial Asset Receivables	(13,142.69)
Increase/(Decrease) in Other Payable & Liabilities	-
<b>Net cash used in investing activities</b>	<b>(13,142.69)</b>
<b>C) Cash flow from Financing activities</b>	
Proceeds from issue of Equity Shares	7,162.50
Sub Debt received from Sponsor	90.00
<b>Net cash from financing activities</b>	<b>7,252.50</b>
<b>Net change in Cash and Cash Equivalents (A+B+C)</b>	<b>38.00</b>
Cash and Cash Equivalents as at March 31, 2019 (Closing Balance)	38.00
<b>Notes:</b>	
1 Components of Cash & Cash Equivalents	
Cash in Hand	-
Bank Balance - Current Account	38.00
Total	<b>38.00</b>
2 The Cash flow statement is prepared in accordance with Ind - AS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.	
3 Figures in brackets represent cash outflows.	
See accompanying Notes (1-18) to financial statements As per our report of even date attached <b>For M.K. Dandeker &amp; Co.,</b> Chartered Accountants (Firm Registration No. 0006795 )	
<b>For and on behalf of the Board of Directors</b>	
 <b>S. Poosalidurai</b> Partner Membership No: 223754	
 <b>K. Narasimha Reddy</b> Director DIN: 00382412	 <b>K. Jalandhar Reddy</b> Director DIN: 00434911
Place : Hyderabad Date : 21-05-2019	
	

**KNR Tirumala Infra Private Limited**

**Notes to the financial statements for the period ended March 31, 2019**

**1. Reporting entity**

KNR Tirumala Infra Private 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, 2013 as a Special Purpose Vehicle ("SPV") promoted by KNR Constructions Limited ('KNRCL').

The Company has entered into a Service Concession Arrangement("SCA") with National Highway Authority of India ("NHAI") for the ) Six laning of Chittoor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) of NH -140 under Bharatmala Pariyojana on Hybrid Annuity Mode in the State of Andhra Pradesh. The company received appointed date on 04<sup>th</sup> January 2019.

**2. Basis of preparation & Significant Accounting Policies**

**A. Statement of compliance**

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

The financial statements were authorized for issue by the Company's Board of Directors on 21-May-2019.

The Company was incorporated on 13<sup>th</sup> April 2018 and the financials are prepared from 13<sup>th</sup> April 2018 to 31<sup>st</sup> March 2019.

Details of the Company's accounting policies are detailed below.

**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:

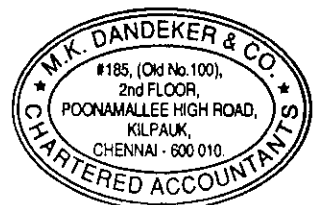
- (a) It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) It is held primarily for the purpose of being traded.
- (c) It is expected to be realized within twelve months after the reporting date, or
- (d) It is cash or cash equivalent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



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

**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.

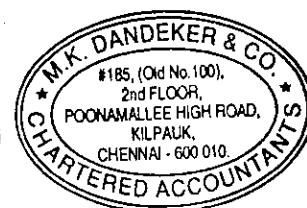
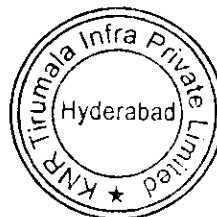
**Significant accounting policies**

**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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii. Subsequent expenditure**

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

**iii. Depreciation**

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

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

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

**b. Rights under Service Concession Arrangements (Hybrid 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". 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 and such financial assets are classified as "Receivables against Service Concession Arrangements"(Financial Asset Receivable).

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

The Interest during construction and Tax expenses will not be adjusted with the financial asset and GST on expenses is also not form part of financial asset as GST will be recognized as an Input Tax Credit.

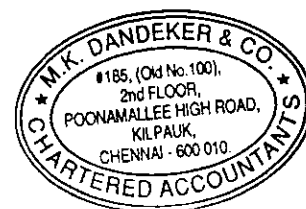
The amount due from the authority including Operation & Maintenance Income is accounted for in accordance with Ind AS 109 as measured at amortised cost and the interest calculated using the effective interest method is recognised in statement of profit and loss. As per the Concession Arrangement, the support during construction period are accounted for as part of the transaction price (Financial Asset) as defined in Ind AS 115.

**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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

**ii. Classification and subsequent measurement**

**Non-Derivative Financial assets**

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

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

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

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

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

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

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

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

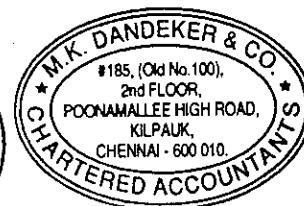
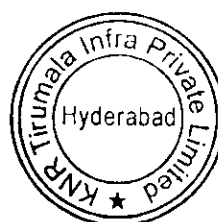
**Financial liabilities: Classification, subsequent measurement and gains and losses**

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

**iii. De-recognition**

**Financial assets**

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



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

**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 financial asset 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**

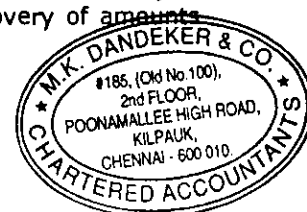
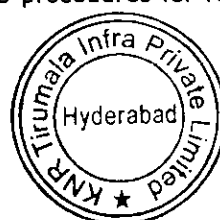
Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

**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.





**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

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

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

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

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

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

**e. Cash and cash equivalents**

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

**f. Employee benefits**

**Short-term employee benefits**

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

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

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

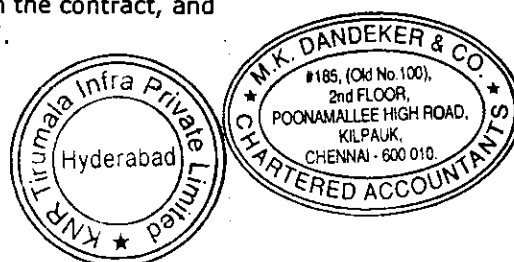
**h. Revenue recognition**

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, is 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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

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

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 the statement of profit and loss. As per the Concession Arrangement, concession support received are accounted for as part of the transaction price(i.e Financial Asset).

**i. 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. 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.

**j. 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.

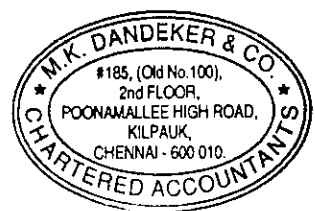
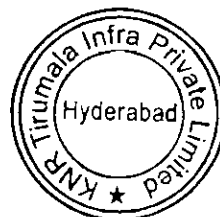
**i. Current tax**

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.



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

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.

**k. Borrowing cost**

Borrowing costs are interest and other cost incurred in connection with the borrowing of funds. Borrowing costs other than processing fee directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use will be capitalised as part of the cost of that asset. Processing fee will be Amortised over a period of tenure on effective interest rate method, Other borrowing costs during operation period will be recognised as an expense in the period in which they are incurred.

**l. Segment reporting**

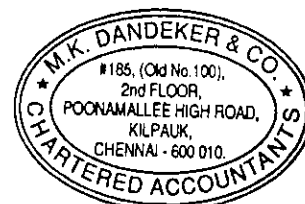
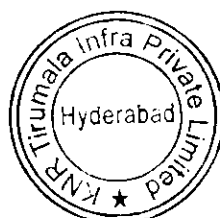
The Board of Directors assess the financial performance of the Company and make strategic decisions and has been identified as being the Chief Operating Decision Maker (CODM). Based on the internal reporting provided to the CODM, the Company has only one reportable segment i.e. the BOT road project and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

**m. Earnings per share**

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

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

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



**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

**n. 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.

**o. 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.

**p. Standards issued but not effective**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

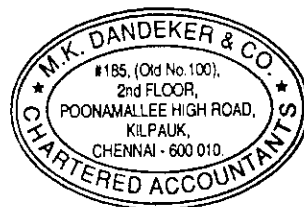
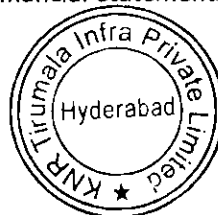
Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition

The effect of adoption as on transition date would not impact the financial statements.



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Period Ended March 31, 2019**

**3- Other Financial Assets**

(Rs. in Lakhs)

Particulars	As at March 31, 2019
<b>Non Current</b>	
Financial Asset Receivable (Refer Note : 17)	13,142.69
<b>Total</b>	<b>13,142.69</b>

**4- Other Non current Assets**

(Rs. in Lakhs)

Particulars	As at March 31, 2019
GST Receivable	2,343.51
Mobilization Advance paid to EPC Contractor (Refer Note : 21)	5,718.64
Un Amortised Processing fee	286.30
<b>Total</b>	<b>8,348.45</b>

**5 - Cash and Cash Equivalents**

(Rs. in Lakhs)

Particulars	As at March 31, 2019
<b>Balances with banks:</b>	
In current accounts	38.00
Cash on hand	-
<b>Total</b>	<b>38.00</b>

**6 - Other Financial Assets**

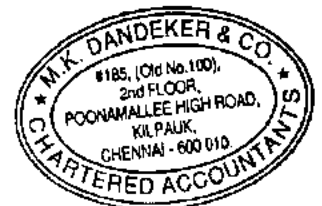
(Rs. in Lakhs)

Particulars	As at March 31, 2019
<b>Current</b>	
Other Advances	0.08
<b>Total</b>	<b>0.08</b>

**7 - Other Current Assets**

(Rs. in Lakhs)

Particulars	As at March 31, 2019
Prepaid expenses	79.39
<b>Total</b>	<b>79.39</b>



**KNR Tirumala Infra Pvt Ltd**

Notes to the financial statements for the Period Ended March 31, 2019

**8 - Equity Capital**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2019
<b>EQUITY SHARE CAPITAL</b>	
Authorized Share capital 716300 Equity Shares of Rs. 1,000/- each	7,163.00
Issued, subscribed & fully paid share capital 716250 Equity Shares of Rs. 1,000/- each	7,162.50
<b>Total</b>	<b>7,162.50</b>

**Terms/ Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.1000/-per share. Each holder of equity shares is entitled to one vote per share. During the year ended March 31, 2019 no dividend is declared by Board of Directors  
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

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

Particulars	As at March 31, 2019	
	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	-	-
Add:- Number of Shares Issued	716,250	7,162.50
Less: Number of Shares Bought Back	-	-
<b>Number of Equity Shares at the end of the year</b>	<b>716,250</b>	<b>7,162.50</b>

**8.2 The details of shareholder holding by holding company and its associates and having more than 5% as at March 31, 2019 is set out**

Name of the shareholder	As at March 31, 2019	
	No. of Shares	% held
KNR Constructions Limited & its nominees	716,250	100%
	<b>716,250</b>	<b>100%</b>

**8.3 - Instrument entirely equity in Nature**

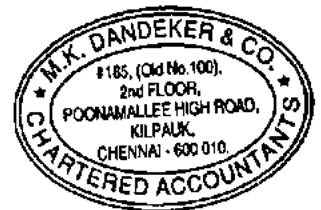
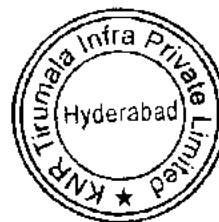
PARTICULARS	As at March 31, 2019
Loan from Promoter Company	90.00
<b>Balance at the end of the period</b>	<b>90.00</b>

Note: Loan from Promoter is in the nature of Sub Debt, and shall be repaid after satisfaction of senior debt and at the option of the company.

**9 - Other Equity**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2019
Surplus in the statement of profit and loss	-
Balance at the beginning of the period	-
Add: (Loss)/ Profit for the period	-
<b>Balance at the end of the period</b>	<b>-</b>



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Period Ended March 31, 2019**

**10 - Other financial liabilities**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2019
<b>CURRENT</b>	
Amount payable to Related Parties (Refer Note : 21)	
KNR Constructions Limited	20.47
Other Expenses payable	10.04
<b>Total current other financial liabilities</b>	<b>30.51</b>
<b>Total other financial liabilities</b>	<b>30.51</b>

**11 - Trade Payables**

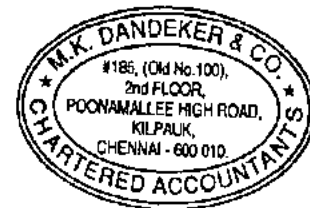
(Rs. in Lakhs)

PARTICULARS	As at March 31, 2019
Payable to EPC Contractor (Refer Note : 21)	13,838.75
<b>Total</b>	<b>13,838.75</b>

**12 - Other Current Liabilities**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2019
Dues to statutory authorities	486.85
<b>Total</b>	<b>486.85</b>



**KNR Tirumala Infra Pvt Ltd**  
**Notes to the financial statements for the Period Ended March 31, 2019**

**13 - Revenue from Operations**

PARTICULARS	(Rs. In Lakhs)
	For the Period ended March 31, 2019
Construction Income (Refer Note : 17)	13,142.69
<b>Total</b>	<b>13,142.69</b>

**14 - Operating Expenses**

PARTICULARS	(Rs. in Lakhs)
	For the Period ended March 31, 2019
Construction Expenses (Refer Note : 17)	13,142.69
<b>Total</b>	<b>13,142.69</b>





### 15 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.

### 16 Financial instruments - Fair values and risk management

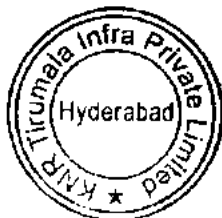
#### A. Accounting classifications and fair values

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, 2019

	(Rs. in Lakhs)			(Rs. in Lakhs)			
	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Financial Asset Receivable	-	13,142.69	13,142.69	-	-	13,142.69	13,142.69
Cash and cash equivalents	-	38.00	38.00	-	-	-	-
Other Financial Asset	-	0.08	0.08	-	-	0.08	0.08
	-	<b>13,180.77</b>	<b>13,180.77</b>	-	-	<b>13,142.77</b>	<b>13,142.77</b>
<b>Financial liabilities</b>							
Other financial liabilities	-	30.51	30.51	-	-	30.51	30.51
Trade Payables	-	13,838.75	13,838.75	-	-	13,838.75	13,838.75
	-	<b>13,869.26</b>	<b>13,869.26</b>	-	-	<b>13,869.26</b>	<b>13,869.26</b>

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.



**KNR Tirumala Infra Pvt Ltd**

**Notes to the financial statements for the year ended March 31, 2019**

**16 Financial instruments - Fair values and risk management**

**B. Financial risk management**

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

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

The Company's 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.

**Trade receivables**

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

**b) Liquidity risk**

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

**Exposure to liquidity risk**

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

**March 31, 2019**

(Rs. in Lakhs)

	Carrying Amount	Contractual Cash flows		
		Upto 1 Year	1-3 years	More than 3 year
<b>Non-derivative financial liabilities</b>				
Other financial liabilities	30.51	30.51	-	-
Trade Payables	13,838.75	13,838.75	-	-
	<b>13,869.26</b>	<b>13,869.26</b>	-	-

**c) Market risk**

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

**Foreign Currency Risk**

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

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

**Interest rate risk**

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

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

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

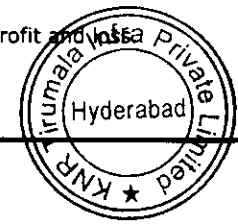
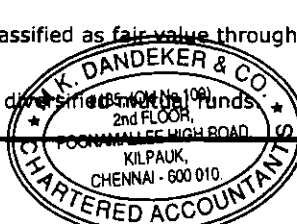
**Price risk**

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



## 17 Service Concession Arrangement

### Description of the Arrangement

The Company has entered into a Service Concession Arrangement ("SCA") with National Highway Authority of India ("NHAI") for the Six laning of Chittoor (Design Km 0.000/Existing Km 158.000) to Mallavaram (Design Km 61.128/Existing Km 41.8000) of NH -140 under Bharatmala Pariyojana on Hybrid Annuity Mode in the State of Andhra Pradesh. The company received appointed date on 04th January 2019.

### Significant terms of arrangement

The Concessionaire is obligated to construct the Asset(Road), to meet the obligation the Concessionaire will get the Construction support of 40% of Bid Project Cost (BPC) from the authority and the balance cost need to be funded through Debt and Equity.

The Concession agreement entered between the parties is for a period of 17.5 years including 2.5 years of construction period.

The Construction Support from the Authority i.e. 40% of BPC will be adjusted with price index multiple on the respective mile stone payment. Based on the Price Index multiple on the respective mile stones the Completion cost will be derived.

### Nature & extent

The Concessionaire is not having any right to collect the toll from users, At the end of the concession period the road will be transferred to the authority and the Company will have no further involvement in its operation or maintenance.

The Company will receive the Semi annual Annuity payments on the balance completion cost from the Authority as per Article 23.6.3 of the Concession Agreement.

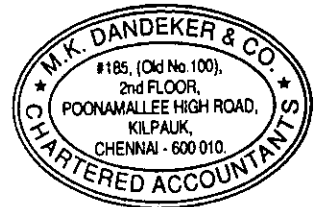
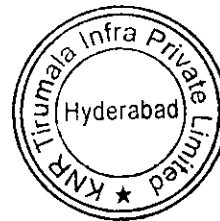
The company will also get the Interest @ RBI bank rate +3% on Semi annual basis on the reducing balance completion cost remaining to be paid as per Article 23.6.4 of the Concession Agreement.

The company will also get the Operation & Maintenance Income based on the O&M bid submitted on semi annual basis as per Article 23.7 of the Concession Agreement, and the same will be adjusted with price index multiple on the respective date.

### Classification

The Company has right to receive an annuity payment from the Authority as per Article 23.6 of the Concession Agreement , Accordingly, the Company has recognised its financial asset. And the revenue will be created on the Financial asset as per IND AS 115, instead of actual Annuity received. The Construction income & Construction Cost will be recognised based the expenditure incurred from time to time.

During the year, the Company has recorded revenue of Rs. 13,142.69 Lakhs, on account of Construction Income.



**KNR Tirumala Infra Private Limited**

Notes to the financial statements for the period ended March 31, 2019

**18 Contingent Liability and Commitments and Contingent Assets**

(Rs. In Lakhs)

Particulars	As at March, 2019
a) Contingent Liability	Nil
b) Capital Commitment	Nil
c) Other Commitments towards the project	1,06,321.76

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

(Rs. In Lakhs)

Audit and Other Fees	2018-19
Statutory Audit Fees	2.50
Other Services	0.10
Out of Pocket Expenses	-

**20 Disclosure pursuant to Ind AS 33 "Earnings Per Share(EPS)" - Nil**

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

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

S. No.	Name of the related party	Nature of relationship
1	KNR Constructions Limited	Holding Company
2	Mr. K. Narasimha Reddy	Director
3	Mr. K. Jalandhar Reddy	Director

**Transactions during the year ended**

(Rs. In Lakhs)

S. No.	Name of the related party	Nature of transactions	March 31, 2019
1	KNR Constructions Limited	Equity Share Capital	7,162.50
		Deemed Equity (Unsecured loan)	90.00
		Mobilisation Advance	6,290.50
		EPC Cost	14,219.63
		Reimbursement of expenses	354.65

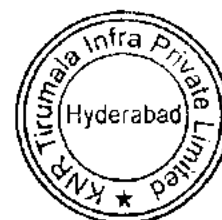
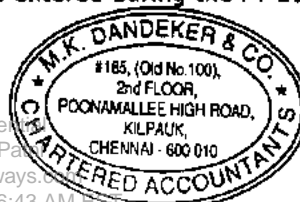
**Balances outstanding**

(Rs. In Lakhs)

S. No.	Name of the related party	Nature of transactions	March 31, 2019
1	KNR Constructions Limited	Share capital	7,162.50
		Deemed Equity (Unsecured loan)	90.00
		Mobilisation Advance receivable	5,718.64
		EPC Cost Payable	13,838.75
		Reimbursement of expenses payable	20.47

**22 Foreign Currency Transactions:**

There are no foreign currency transactions entered during the FY 2018-19.

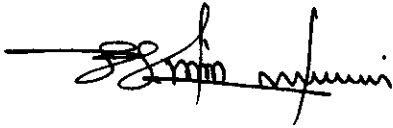


**KNR Tirumala Infra Private Limited**  
**Notes to the financial statements for the period ended March 31, 2019**

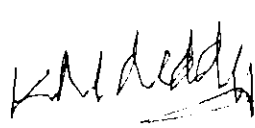
- 23 Due to Micro, Small and Medium Enterprises**  
There has been no claimed transaction during the period with MICRO, Small and Medium Enterprises covered under the MICRO, Small and Medium Enterprises Development Act. (MSMED Act, 2006) Hence, reporting details of principal and interest does not arise.
- 24 Segment Information**  
The Company is into the business of developing the Infrastructure facility on HAM basis, and there are no separate reportable operating segments as per Ind AS 108.
- 25** This being the first year of operation, comparative figures of previous year is not given.

**For M.K. Dandeker & Co.,**  
Chartered Accountants  
Firm Registration No. 000679S

**For and on behalf of the Board**



**S. Poosaidurai**  
Partner  
M.No. 223754



**K. Narasimha Reddy**  
(Director)  
DIN: 00382412



**K. Jalandhar Reddy**  
(Director)  
DIN: 00434911

Place: Hyderabad  
Date: 21.05.2019

