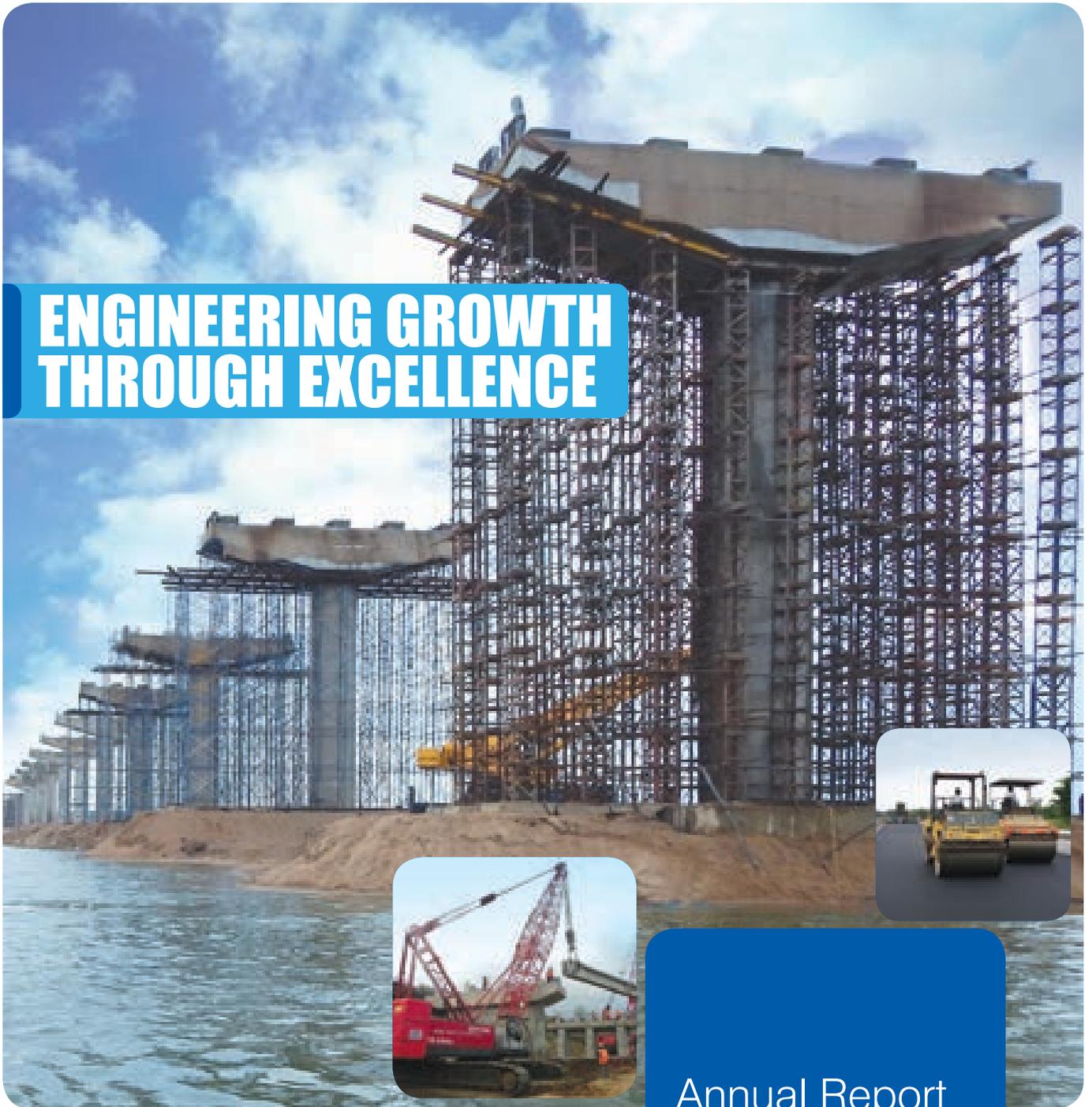




**KNR Constructions Limited**

# ENGINEERING GROWTH THROUGH EXCELLENCE



Annual Report  
2013-14

# CONTENTS

- 01** Engineering Growth through Excellence
- 02** About Us
- 03** Winning Ways to Excellence
- 08** Managing Director's Letter
- 10** Financial Highlights
- 12** Corporate Information
- 13** Notice of Meeting
- 19** Management Discussion and Analysis
- 22** Director's Report
- 28** Report of Corporate Governance
- 48** Statutory and Financial Sections



# ENGINEERING GROWTH THROUGH EXCELLENCE

Fiscal 2013-14 was undeniably a difficult year for most companies in the infrastructure and construction arena as they faced multitude problems of economic slowdown, policy paralysis, project delays, fund shortage and rising interest costs.

**Under such challenging circumstances, KNRCL has shown the road to growth. Growth which has been built on the edifice of excellence across various parameters of performance:**

Delivering projects ahead of schedule enabling us to earn bonus and more importantly, respect and admiration from the industry;

Providing the highest standards of quality, service and value for every project - big or small;

Leveraging the valuable insights, understanding and sagaciousness gathered over a journey of almost two decades;

Drawing on the synergies of managerial competence and technological skill;

Prudently managing operational and financial costs thereby increasing profitability;

Deploying approximately 995 pieces of well-maintained heavy construction equipment;

Evolving and adapting without compromising on the guiding principles;

And most importantly, employing the proficient services of over 700 dedicated engineering, operation and support personnel all of whom have contributed to the Company's success.

Our strong emphasis on excellence, in good times and bad, has built consistency in our performance and simultaneously engineer growth. With our foundation firmly planted on the values of excellence, we envision a bigger and brighter tomorrow. For excellence alone, can give the freedom to dream big and push the boundaries of achievements.

# ABOUT US

KNR Constructions Limited (KNRCL) has a rich history of engineering excellence and infrastructure development. Since 1995, we have been active participants in building and maintaining the road and highway networks of the nation. Leveraging our experience and expertise in engineering, procurement and construction services (EPC), we have also successfully diversified into the important sectors of irrigation and urban water infrastructure.

Delivering projects that meet client requirements on time and within budget is one of our fundamental values. This overriding goal to excel the first time, every time and within time has enabled us to create a niche position among industry peers. The trust and belief reposed in us by our clients can be gauged by the 'Repeat Orders' we have secured over the years.

An ISO 9001:2000 certified company; KNRCL is geographically well diversified with state/NHAI projects across 14 states in India. With our capabilities well proven in creating infrastructure landmarks, we are continually expanding this presence further.

On large projects, we often share expertise and resources with Joint-Venture partners. We have built long-standing, mutually beneficial relationships over the years and are proud of our reputation as a reliable and trusted partner in multi-domain infrastructure development.



# WINNING WAYS TO EXCELLENCE

## Vision

To develop KNRC as a centre of excellence in the field of infrastructure services.

To leverage new opportunities of growth by diversifying into the fields of mining, laying of pipelines and railways.

## Mission

To emerge as the most competent builder of projects across a broad spectrum of work by delivering complete client satisfaction.

## Values

In our pursuit of excellence, we are guided by the values of honesty, integrity, fairness, accountability and reliability. They have been and will continue to be vital to our success.



## OUR JOURNEY OF EXCELLENCE



### 1995

- Incorporated & Commenced EPC Business



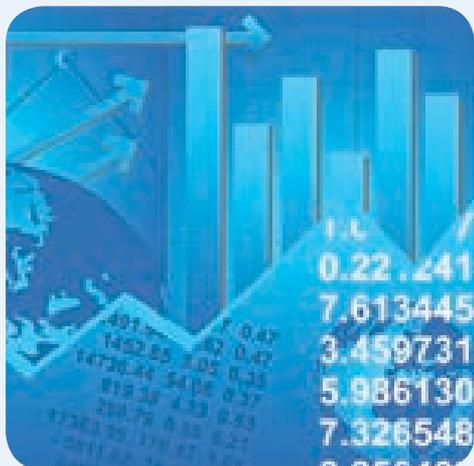
### 2006

- 1st BOT Project in Karnataka worth ₹ 4,420 million
- Entry in to Urban Water Infrastructure with contract in Bengaluru



### 2007

- 2nd BOT project worth ₹ 5,920 million in Andhra Pradesh



## 2008

- IPO & Listed on BSE and NSE



## 2012

- Early completion of Biggest Road Project - Bijapur Hungund Section of ₹ 8,250 million - 11 months ahead of schedule



## 2013

- 3rd BOT Toll project worth ₹ 9,005 million in Kerala

# ENDORISING OUR EXCELLENCE

## Exemplary Project Execution across Roads & Highway Segment



## Reputed Clientele



National Highways Authority of India (NHAI)



Ministry of Road Transport & Highways (MORTH)



Karnataka State Highway Improvement (KSHIP)



Madhya Pradesh Road Development Corporation Limited (MPRDCL)



Uttar Pradesh State Highways Authority (UPSHA)



A.P. Irrigation (Government of Andhra Pradesh)



Engineers India Limited (Government of India Undertaking)



Public Works Department (Government of Arunachal Pradesh)



Andhra Pradesh Road Development Corporation (APRDC)



Hyderabad Growth Corridor Limited (HGCL)



Karnataka Road Development Corporation (KRDCL)



Bruhat Bangalore Mahanagara Palike (BBMP)



NMDC Limited



GMR Infrastructure Limited



Sadbhav Engineering Limited



Oriental Structural Engineers Pvt. Ltd.

# EXTENDING EXCELLENCE ACROSS BUSINESSES

## Irrigation & Water Management Projects and Urban Water Infrastructure Management

- Executed 3 irrigation projects in Andhra Pradesh and 1 irrigation project in Bihar
- Executed an urban water infrastructure project in Karnataka





## MANAGING DIRECTOR'S LETTER



Dear Shareholders,

At a time when even the most strongest of companies have been impacted by the overall slowdown in India, it gives me great pleasure and satisfaction to report that at KNRCL, we have had an eventful and rewarding journey. Our commitment to excellence combined with our ability to anticipate challenges and turn them into opportunities has helped us deliver superior growth and entrench our position among the leading EPC players in the industry.

Fiscal 2013-14 has been one of the most difficult years in recent times for India - the second successive year of sub-optimal growth. Resultantly, the effect of economic restraint was severely felt on the infrastructure and construction sector. Limited availability of funds, high cost of interest, regulatory hurdles and delay by the government in awarding road and highway projects impacted the operations and profitability of most construction companies. Under such macro-economic conditions, your Company has reported a healthy turnover of ₹ 8,370 million, up from ₹ 6,887 million in 2012-13. Net profit increased to ₹ 610 million as against ₹ 521 million achieved in the previous year. Prudent management of working capital, expediting projects, controlling additional overheads especially interest cost, and effective management of inherent risks has undeniably made KNRCL a lean, result-oriented enterprise capable of delivering even in the face of economic headwinds.



Our commitment to excellence combined with our ability to anticipate challenges and turn them into opportunities has helped us deliver superior growth and entrench our position among the leading EPC players in the industry.

As we reflect on the year gone by, we are especially proud of our robust project execution and delivery capabilities. Our two-to-four lane road toll project of length 54 km in the State of Kerala, undertaken for NHAI under BOT mode, is progressing extremely well and makes us optimistic that we will be able to complete the project before the scheduled completion date of November 2015. In an industry which is beleaguered by delays and cost overruns, we are extremely proud of standing distinctive by our exemplary track record of timely completion of projects and within budget. On behalf of the KNRCL team, we can assure you that we are committed to maintaining this reputation as well as delivering shareholder value for generations to come.

Having created a niche position for ourselves in the EPC segment for technically complex and high value projects across roads and highways, KNRCL has successfully added irrigation projects and urban water infrastructure management to its gamut of services. We are currently executing 2 irrigation projects worth ₹ 2,914 million for Irrigation and CAD Department, Government of Andhra Pradesh through joint venture partnerships. Our vision is now to grow the Company even further by diversifying into new business verticals of mining, laying of pipelines and railways. By impeccable preparation, rigorous discipline and continuous improvement, we are confident that soon we will be able to broaden our capabilities.

Looking ahead, we are extremely excited about the emerging prospects in our business and the changing eco-system. The National Highways Authority of India (NHAI) has set a target to award road projects totalling 6,000 km during the current financial year. Further, the decisive policies announced in the budget by the new government reflect positive intent and a core priority to address the country's infrastructure deficit. Encouraging banks to extend long-term loans with flexible structuring options will help to boost fund availability to the construction

sector which at present is grappling with liquidity crunch. Also, creation of Infrastructural Investment Trusts (InvITs) will help to provide a tax-efficient regime for PPP and other projects thereby facilitating private participation in long-gestation infrastructure projects. These new opportunities, leveraged appropriately, can substantially increase our profitability.

Entering 2014-15, we are pleased with our order book of ₹ 12,960 million out of which ₹ 12,280 million is from road projects and the rest from irrigation and water projects. Adding to our order book, we have recently received an order for the construction of a flyover in Coimbatore city worth ₹ 1,461 million. Over the years, our strength to execute big-ticket orders has grown through collaborations with like-minded companies. We are confident that the trusted and valuable relationships we have built over the years will usher in promising prospects as economic growth makes a revival.

In closing, I would like to acknowledge the efforts and commitment shown by our personnel. They continue to meet the challenges head-on through their skills and professionalism, keeping us on top of our game. I congratulate the entire KNRCL team on delivering a consistent performance despite the prevailing macro-economic situation. We must continue to pursue the path to excellence to take our Company to the next phase of growth. I am also thankful to our stakeholders for reposing their trust in our vision and strategies. Your continued support gives us the courage to dream of taking more big-ticket orders with conviction and fortitude to see them through.

Thank you.

Yours Sincerely,  
**K Narasimha Reddy**  
Managing Director

# EXCELLENCE IN NUMBERS

## Financial Highlights, Order Book Break-up and Highlights

(₹ Crores)

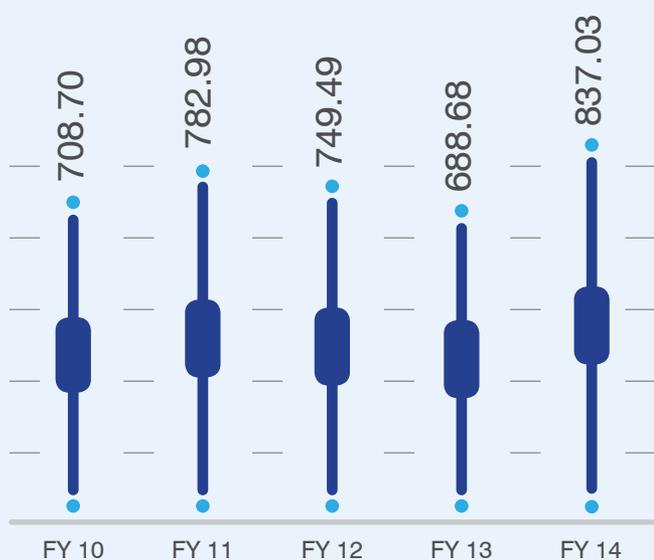
Income Statement	FY 14	FY 13	FY 12	FY 11	FY 10
Orders in hand	1,296.03	2,629.06	3,042.02	1,443.36	1,818.38
Turnover (including share in JV's)	837.03	688.68	749.49	782.98	708.70
Operating Profit	125.80	116.44	133.78	135.64	112.10
Profit Before Tax (PBT)	66.88	67.02	78.42	83.56	82.62
Profit After Tax (PAT)	60.98	52.13	52.76	56.82	50.28
Cash Profit	118.21	107.80	104.14	98.27	77.35

(₹ Crores)

Balance Sheet	FY 14	FY 13	FY 12	FY 11	FY 10
Share Capital	28.12	28.12	28.12	28.12	28.12
Reserves and Surplus	485.20	427.53	378.69	329.19	278.90
Net Worth	510.65	452.09	402.36	351.97	300.79
Secured Loans	144.37	180.30	109.17	161.61	110.32
Unsecured Loans	4.02	0.04	0.02	0.02	0.24
Capital Employed	521.57	459.27	410.17	371.34	323.93
EPS (₹)	21.68	18.54	18.76	20.21	17.88
Cash EPS (₹)	42.07	38.34	37.03	34.97	27.50
Book Value per share (₹)	181.57	160.75	143.07	125.15	106.95

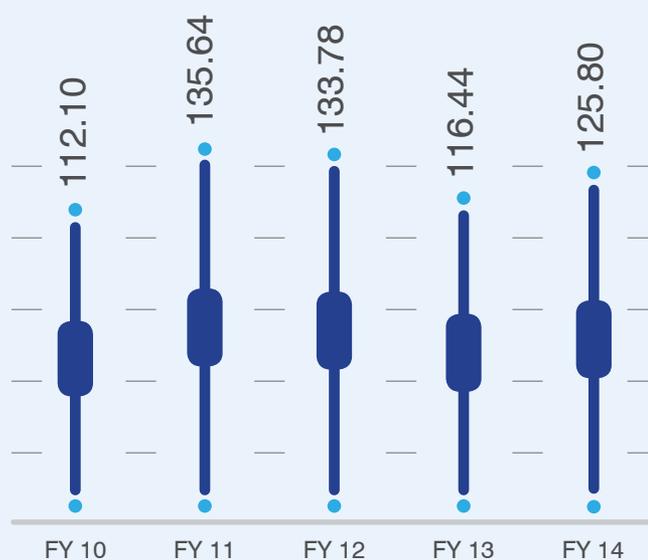
### Turnover

(₹ Crores)



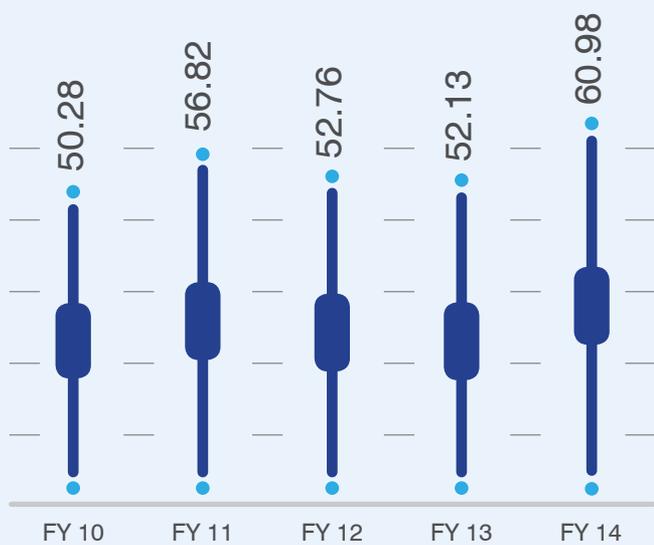
### Operating Profit

(₹ Crores)



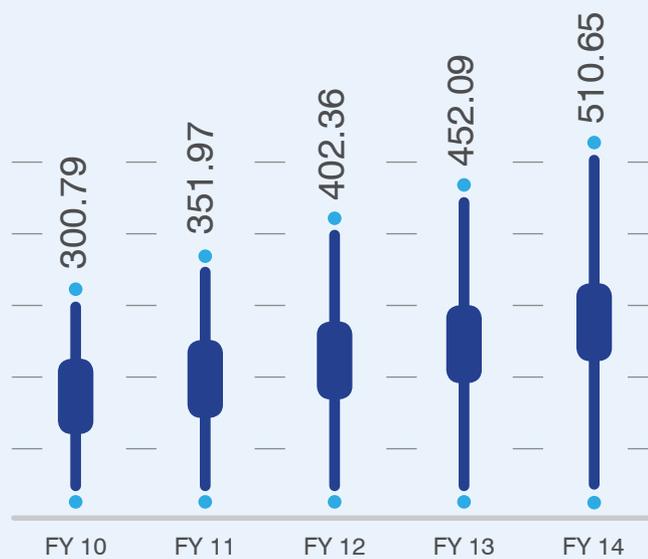
### PAT

(₹ Crores)



### Net Worth

(₹ Crores)



# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Shri K Narasimha Reddy  
Shri K Jalandhar Reddy  
Shri M Rajesh Reddy

### Non-Executive Directors

Shri B V Rama Rao  
Shri L B Reddy  
Shri J S R Chandra Mouli\*  
Smt. K Yashoda#

(\*Resigned on account of health grounds w.e.f. 24.05.2014)

(# Appointed as Additional Director w.e.f. 30.05.2014)

## Board Committees

### Audit Committee

Shri L B Reddy, Chairman  
Shri B V Rama Rao, Member  
Shri K Jalandhar Reddy, Member

### Nomination & Remuneration Committee

Shri L B Reddy, Chairman  
Shri B V Rama Rao, Member  
Smt. K Yashoda, Member

### Stakeholders Relationship Committee

Smt. K Yashoda, Chairman  
Shri M Rajesh Reddy, Member  
Shri K Jalandhar Reddy, Member

### Statutory Auditors

M/s Sukumar Babu & Co.,  
Chartered Accountants,  
Hyderabad

### Investor Service Centre

"KNR House", 3rd Floor,  
Plot No. 114, Phase I, Kavuri Hills,  
Hyderabad - 500 033  
E-mail: investors@knrcl.com

### General Manager (Finance & Accounts)

Shri G Sravana Kumar

### Company Secretary

Shri M V Venkata Rao

### Registered Office

C-125, Anand Niketan,  
New Delhi - 110 021

### Corporate Office

KNR House, 3rd & 4th Floors,  
Plot No. 114, Phase - I,  
Kavuri Hills, Hyderabad - 500 033

### Bankers

State Bank of Patiala  
State Bank of India  
State Bank of Mysore  
IDBI Bank  
Oriental Bank of Commerce  
Axis Bank Limited  
ICICI Bank Limited

## Notice

Notice is hereby given that the 19th Annual General Meeting of KNR Constructions Limited will be held on Tuesday the 30th day of September 2014 at 11.30 AM at Hotel Mapple Emerald, NH – 8, Rajokri, New Delhi - 110 038

### Ordinary Business

- 1 To receive, consider and adopt
  - (a) the audited Statement of Profit and Loss for the financial year ended 31st March, 2014 and the Balance Sheet as on that date together with the Report of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated Statement of Profit and Loss for the financial year ended 31st March, 2014 and the Balance Sheet as on that date.
- 2 To declare Dividend of Rs. 1.00 Per Equity shares of Rs. 10.00 Each to the Shareholders for the financial year 2013-2014
- 3 To appoint a Director in place of Shri K Jalandhar Reddy, (DIN : 00434911) who retires by rotation and being eligible, offers himself for reappointment
- 4 To appoint a Director in place of Shri M Rajesh Reddy, (DIN : 00425439) who retires by rotation and being eligible, offers himself for reappointment.
- 5 To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution

“RESOLVED THAT M/s Sukumar Babu & Co., Chartered Accountants (Registration No. 004188S) , be and are hereby re-appointed as Statutory Auditors of the Company from the Conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be agreed upon by the Executive Finance Committee and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ended 31st March 2015.”

### Special Business

6. To appoint Smt. Kamidi Yashdoa (DIN: 05157487) as a Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Smt. Kamidi Yashoda (DIN: 05157487) in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. To appoint Shri B V Rama Rao (DIN: 00972552) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the rules made there under, Shri B V Rama Rao whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member along with the deposit of the requisite amount pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be appointed as Independent Director to hold office for 5 (five ) consecutive years commencing from 1st October 2014.”

8. To appoint Shri L B Reddy (DIN: 00956445) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the rules made there under, Shri L B Reddy whose period of office is liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member along with the deposit of the requisite amount pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be appointed as Independent Director to hold office for 5 (five ) consecutive years commencing from 1st October 2014.”

9. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force, M/s K.K Rao & Associates, Cost Auditors to audit the Cost records maintained by the Company for the financial year ending March 31, 2015, on a remuneration of ₹ 3,00,000 excluding taxes as may be applicable, be and is hereby ratified.

10. Authorisation to Board of Director for borrowing as per Section 180(1) ( C ) of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Special Resolution

“RESOLVED THAT pursuant to Section 180(1) (c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of 2000 Crores (Rupees Two Thousand Crores) over and above the aggregate of the paid up share capital and free reserves of the Company.”

11. Authorisation to Board of Director to mortgage and/or create charge on the assets of the Company per Section 180(1) ( a ) of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Special Resolution

“RESOLVED THAT pursuant to Section 180(1) (a) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to authorize the Board to mortgage and /or create charge to the extent of new Borrowing limits of the Board of Directors, of all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertakings of the Company to or in favour of any Financial Institutions, Banks, NBFCs or any other Agencies to secure the term loans and / or other financial assistance that has been or may in future be granted by them to the Company from time to time.”

By Order of the Board of Directors

Sd/-  
**M. V. Venkata Rao**  
 Company Secretary

Place : Hyderabad  
 Date : 14.08.2014

**Notes:**

- a. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 25th September 2014 to Tuesday the 30th day of September 2014 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend, to be declared.
- b. Explanatory Statement as required under Section 102(2) of the Companies Act, 2013 is annexed.
- c. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- d. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- e. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- f. The Company's Registrar and Transfer Agents for its share registry work (Physical and Electronic) are Link Intime India Private Limited (RTA).
- g. Members can avail of the facility of nomination in respect of securities held by them in physical form pursuant to the provision of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed duly filled-in to RTA. Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.
- h. **Members are requested to**
  - intimate to the DP, changes, if any, in their registered addresses and/or changes in their bank account details, if the shares are held in dematerialized form.
  - intimate to the Company's RTA, changes if any, in their registered addresses, in their bank account details, if the shares are held in physical form (share certificates).
  - consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.
  - Dematerialize their Physical Shares to Electronic Form (Demat) to eliminate all risks associated with Physical Shares. Our Registrars and Transfer Agents viz., Link Intime India Private Limited, may be contacted for assistance, if any, in this regard.

- i. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank details.
- j. Members are requested to refer to the Corporate Governance Report for information in connection with the unpaid / unclaimed dividend liable to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government.
- k. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specified functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
- l. In order to save the natural resources Members are requested to register their e-mail address/addresses with the Depository Participants, if the shares are held in dematerialized form and with the Company's Registrar & Transfer Agent if the shares are held in physical form, in case you have not registered your email ids till now.
- m. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35 B of the Listing Agreement executed by the company with the BSE Limited and the National Stock Exchange of India Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd (CDSL).

A member may exercise his votes at any General Meeting by electronic means and company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

During the e-voting period, members of the company holding shares either in physical form or dematerialised form, as on the cutoff date i.e., 22nd August, 2014, may cast their votes electronically.

The e-voting period commences at 9.00 am on 24th September 2014 and ends at 6.00 pm on 26th September, 2014. The e-voting module shall be disabled by CDSL for voting thereafter.

Once the vote on a resolution is cast by a shareholder, the shareholder shall not be allowed to change it subsequently.

A copy of this notice has been placed on the website of the Company and the website of CDSL.

Mr. Vikas Sirohiya, Practicing Company Secretary (ACS: 15116 CP:5246) and Partner M/s. P S Rao & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman.

The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.knrcl.com](http://www.knrcl.com) and on the website of CDSL within two (2) days of passing of the resolution at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.

**The instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "KNR CONSTRUCTIONS LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
<p>PAN*</p> <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>	<p>(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.</p> <p>(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.</p> <p>(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.</p> <p>(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.</p> <p>(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password &amp; enter the details as prompted by the system.</p>
<p>DOB#</p> <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>	<ul style="list-style-type: none"> <li>Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <a href="https://www.evotingindia.co.in">https://www.evotingindia.co.in</a> and register themselves as Corporates.</li> </ul>
<p>Dividend</p> <p>Enter the Dividend Bank Details as recorded in your Bank demat account or in the company records for the said Details demat account or folio.</p>	<ul style="list-style-type: none"> <li>They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>.</li> </ul>
<ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut-off date</b> in the <b>Dividend Bank details field</b>.</li> </ul>	<ul style="list-style-type: none"> <li>After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.</li> <li>The list of accounts should be mailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> and on approval of the accounts they would be able to cast their vote.</li> <li>They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.</li> </ul>
<p>(viii) After entering these details appropriately, click on "SUBMIT" tab.</p>	
<p>(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.</p>	
<p>(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.</p>	
<p>(xi) Click on the EVSN for the relevant KNR Constructions Limited on which you choose to vote.</p>	
<p>(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.</p>	<p>(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.</p> <p>(B) The voting period begins on 9.00 am on 24<sup>th</sup> September 2014 and ends at 6.00 pm on 26<sup>th</sup> September, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22<sup>nd</sup> August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.</p> <p>(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <a href="http://www.evotingindia.co.in">www.evotingindia.co.in</a> under help section or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>.</p>

## EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS AS REQUIRED BY SECTION 102 (2) OF THE COMPANIES ACT, 2013

### ITEM 6

As per the provisions of Section 149(1) of the Act and amended Clause 49 of the Listing Agreement, the Company should have atleast one woman director.

Keeping in view the above legal requirements and in deference to Company's shareholders' wishes, the Board of Directors have proposed that Smt. Kamidi Yashoda be appointed as a Director of the Company

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. Kamidi Yashoda for the office of Director of the Company.

Smt. Kamidi Yashoda is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. She holds 2096209 equity shares in the Company as on 31.03.2014

Smt. Kamidi Yashoda is a Director of Smitha Reality Private Limited, Smitha Agro Developers Private Limited, Sriadhvaitha Agri Solutions Private Limited, Sriadhvaitha Agro Developers Private Limited, Yashoda Landscape Private Limited, Narsimha Landscape Private Limited and Yashoda Meadows Private Limited.

Smt. Kamidi Yashoda may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of her appointment as a Director. Shri K Narasimha Reddy, Shri K Jalandhar Reddy and Shri M Rajesh Reddy who are her relative and the Managing Director and Executive Directors of the Company and their other relatives, to the extent of their shareholding interest in the Company, may be deemed to be concerned or interested in the appointment of Smt. Kamidi Yashoda.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.6 of the Notice for approval by the shareholders.

### ITEM NO. 7 AND 8

Shri B V Rama Rao and Shri L B Reddy are serving on the Board of your company as Independent Directors in compliance to the Clause 49 of the Listing Agreement with NSE and BSE.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, your company needs to have at least one third of the total number of directors as Independent Directors.

The Company has received notices in writing from members' alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Shri B V Rama Rao and Shri L B Reddy for the office of Directors of the Company

The Independent Directors appointed herein shall not be liable to retire by rotation.

Based on the disclosures received from each of these Directors, the Board satisfied that each of these Directors meets the criteria for independence as laid down in Section 149(6) of the Companies Act, 2013 and they are not disqualified as contemplated under Section 164 of the Companies Act, 2013.

The details pertaining to these directors required to be provided pursuant to clause 49 of Listing Agreement are furnished in the statements on the Corporate Governance forming part of this Annual Report

Shri B V Rama Rao and Shri L B Reddy are not holding any equity shares of the company  
Your Directors commend this resolution for approval of the shareholders as an ordinary resolution.

Shri B V Rama Rao and Shri L B Reddy are concerned or interested in their respective resolutions pertaining to their appointment

### ITEM NO. 9

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on 14th August 2014, approved the reappointment of the Cost Auditors, M/s. K.K Rao & Associates, Cost Accountants and remuneration payable to them, as set out in the Resolution under this Item of the Notice.

In accordance with Rule 14 of Companies (Audit and Auditors) Rules 2014, the appointment of and remuneration payable to the Cost Auditors requires ratification by the Shareholders and hence this resolution is put for the consideration of the shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

Your Directors recommend the Resolution for your approval.

### ITEM NO. 10

The members of the Company through postal ballot concluded on 7th July 2012 approved by way of an Ordinary Resolution under Section 293(1) (d) of the Companies Act, 1956, authorising the Board to borrow over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of 2000 Crores (Rupees Two Thousand Crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution. It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 10 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approvals of members is being sought to borrow money upto 2000 Crores (Rupees Two Thousand Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

Your Directors commend this resolution for approval of the shareholders as an special resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10 except to the extent of shares held by them in the Company.

#### ITEM NO. 11

The members of the Company through postal ballot concluded on 7th July 2012 approved by way of an Ordinary Resolution under Section 293(1) (a) of the Companies Act, 1956 authorising the Board to create charge on the immovable and movable property of the Company. The consent of the members was accorded authorising the Board to mortgage and /or create charge to the extent of new Borrowing limits of the Board of Directors, of all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertakings of the Company to or in favour of any Financial Institutions, Banks or Agencies to secure the term loan and other financial assistance that has been or may in future be granted by them to the Company from time to time.

Section 180(1)(a) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, except with the consent of the Company accorded by way of a special resolution. It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 11 of the Notice, to enable to the Board of Directors to mortgage and /or create charge to the extent of new Borrowing limits of the Board of Directors, of all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertakings of the company to or in favour of any Financial Institutions, Banks, NBFCs or Agencies to secure the term loan and other financial assistance that has been or may in future be granted by them to the Company from time to time.

Your Directors commend this resolution for approval of the shareholders as an special resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11 except to the extent of shares held by them in the Company.

By Order of the Board of Directors

Sd/-  
**M. V. Venkata Rao**  
Company Secretary

Place : Hyderabad  
Date : 14.08.2014

# Management Discussion and Analysis

## Macro-Economic Perspective

The domestic economy continued to face major challenges during the year with a second consecutive year of sub 5 % growth. This manifested itself in the form of persistently high inflation, high fiscal deficit, rupee depreciation at an all time low, elevated interest rates and low investments both by the government and the corporate sector-particularly in the infrastructure sector. As per the official government statistics, economic growth remained subdued at 4.7 % in FY 14. Much of this growth came from agriculture and services sector while industry growth remained elusive.

With a stable government now at the Centre, there is a growing optimism that decisive policy making will infuse life in the existing policy paralysis by removing major bottlenecks, leading to a revival in economic growth. Further, a slew of pro-active measures and schemes announced in the recent budget for the infrastructure sector will help to tackle specifically problems faced by the industry and boost their performance.

## Infrastructure Creation

Infrastructure, a key segment of the construction industry, has a significant forward and backward multiplier effect on the Indian economy. It includes physical assets like rail, roads, dams, irrigation, airports, power systems, telecommunication systems, urban infrastructure including water supply, sewerage, and drainage and rural infrastructure.

The vital significance of the infrastructure sector has led successive governments at the Centre and State level to accord a high priority to infrastructure development. Government programmes such as National Highway Development Programme (NHDP) and PMGSY/ Bharat Nirman Programme have undoubtedly given a major boost to infrastructure creation.

The recent budget reasserted the Centre's core economic priority to address the country's infrastructure deficit. Apart from Rs. 600 billion in direct infrastructure investments, special economic zones, new ports and subway projects, the budget presented by Finance Minister Mr. Arun Jaitley also included major announcements on urban infrastructure and road building. Easing the funding for the sector, the move to allow banks to raise long-term bonds for lending to longer gestation infrastructure projects, and making it more attractive by giving concessions on the mandatory bond holdings and cash reserve requirements are being seen as positive steps to drive investment cycle.

Financial constraints and an acknowledgement of private sector efficiencies and know-how are two of the principal reasons why the public-private partnership (PPP) model has become increasingly attractive for projects such as airports, ports and highways. However, since 2012-13, there has been a dramatic decline in participation by private companies for PPP projects in the highways sector with many projects finding no takers. By encouraging banks to extend long-term loans with flexible structuring options, this budget facilitates private-sector participation for PPP projects.

## Roads

The Indian road network spanning 4.7 million km is the second largest in the world and consists of expressways, national highways, state highways, major district roads, and rural and other roads. This is used to transport over 60 % of all goods in the country and 85 % of total passenger traffic. Recognizing the paramount importance of a developing a good road network for improving connectivity and sustaining the road traffic, the 12th Five-Year Plan (2012-17) has set aside 20 per cent of the total investment of US\$ 1 trillion for infrastructure, towards road development.

## Promising Road Ahead

The Indian Government plans to develop a total of 66,117 km of roads under different programmes such as National Highways Development Project (NHDP), Special Accelerated Road Development Programme in North East (SARDP-NE) and Left Wing Extremism (LWE). It has set a target of building 30 km of road a day from 2016.

A healthy allocation of Rs. 37,880 crore has been made for road transport and highways, against Rs. 33,050 crore allocated in the previous fiscal. Also, a target of building 8,500km of national highways has been set for the current fiscal year. Further, about two-thirds of NHDP road projects (ex-phase IV) have not been awarded as yet, thus offering a massive opportunity to private players in the coming years. For the development of rural roads, the government has provided a sum of Rs 144 billion under the scheme "Pradhan Mantri Gram Sadak Yojna"

The higher budgetary allocation can help speed up construction and award of road projects, especially under the engineering, procurement and construction (EPC) model that uses government funding to finance projects till such time that the government succeeds in reviving private sector interest in the sector.

## Irrigation

In India, there is an immense need to provide irrigation to mitigate risk to the farmer since at present bulk of the farm lands are rain-fed. Besides reducing dependence on the monsoons, irrigation facilities also help to bring more land under cultivation, reduce instability in output levels, create job opportunities, make available electricity and transport facilities, control floods and prevent droughts.

The government has made an allocation of Rs. 10 billion under 'Pradhan Mantri Krishi Sinchayee Yojna' for improving the irrigation facilities and watershed development.

## Company Overview

Incorporated in 1995, Hyderabad-based KNR Constructions Limited (KNRCL) is a leading construction player largely focusing on national and state highway projects. Robust execution and construction skills and completion of projects in record time has enabled to KNRCL to carve a niche position for itself in the industry. The Company is also an established player in irrigation and water management segments.

KNRCL's strength lies in its ability to provide Engineering, Procurement and Construction (EPC) services across various fast growing sectors namely construction and maintenance of roads, highways, flyovers and bridges. The Company has forayed into infrastructure projects independently as well as through collaborations. Partnering with similar like-minded companies has enabled KNRCL to undertake high-value projects and increase its geographic presence. While establishing a commanding presence in southern India especially in Andhra Pradesh, Karnataka, Kerala and Tamil Nadu, in recent years, KNRCL has also diversified into new markets such as Bihar, Madhya Pradesh and Chhattisgarh. Its clientele in the road segment includes National Highway Authority of India (NHAI), state governments and private companies; irrigation and water management projects are from state governments.

## Opportunities

Infrastructure is one of the growth engines for uplifting the economy. Developed countries including the US and even China have focused on infrastructure development first and that has had a phenomenal impact on the overall economic development. The special emphasis given to infrastructure development by the present government augurs well for KNRCL, a well established multi-domain infrastructure development organization.

In a vast country like India, road transport will remain a popular and effective mode of transport for reaching out across the country. Also, increase in passenger and freight traffic on roads necessitates the need for expansion, upgradation and maintenance of roads and highways. KNRCL's long standing under standing, knowledge and execution ability, successful track record in road development will enable it to make the most of these opportunities.

The NHAI has set a target of awarding 6000 km of road projects during the current financial year, of which 2300 km of road projects are to be awarded under the EPC mode. With EPC services being the Company's domain expertise, KNRCL will be looking at leveraging this opportunity to the fullest.

## Risk and Risk Mitigation

**Competition Risk** –The opportunities in the construction sphere have attracted a large number of domestic as well as international players. This competition poses a considerable risk to market share and profitability of the Company. To tide over this risk, KNRCL has forged strategic partnerships and joint ventures with leading and established players. This relationship facilitates technical and financial collaboration thereby giving KNRCL the edge while competing with larger players. Also, spearheaded by an experienced and professional management team, the Company is independently capable and competent to meet competition and enjoy continued growth, going forward.

**Construction Risk** – KNRCL executes infrastructure projects that have a long time run, are highly capital intensive and require huge volumes of finance. Further, these projects have to face hurdles like land acquisition issues, forest and environment clearances etc., which can result in time overrun and cost escalation, thereby impacting profitability. KNRCL, with its vast experience of project management, balanced capital structuring and efficient cost control measures, is well geared to mitigate these risks.

**Interest Rates** –Fuelled by inflation, interest rates are likely to move upwards during the life span of a project leading to lower profit margins. To mitigate this risk, the Company ensures that it considers the possibility of a higher interest rate and includes it in the cost of a project before bidding for it. Despite this, KNRCL is open to resorting to interest rate hedging in case the need arises. Also, faster decision making and execution by the Company enables timely completion of projects, keeping unnecessary high interest cost at bay.

**Regulatory Risk** –Infrastructure projects, in particular, have to interface with various regulatory authorities during its life cycle, making them vulnerable to regulatory action. KNRCL, with its strong regulatory compliance mechanism which regularly updates and makes changes in its compliance on a real time basis, is well-equipped to deal with such risks.

Political Risk –Political disharmony can interrupt or disturb the settled commercial terms of a project, as infrastructure projects with their high visibility have a strong element of public interest. With greater thrust on infrastructure by successive governments, this risk has been alleviated by a considerable extent. Further to ensure minimal intrusion from the political machinery, the Company ensures that its work speaks for itself. Also, years of experience in working with various governments and its agencies in its life span, has made KNRCL fully capable of handling any changes in the political setup.

#### Discussion on operational and financial performance

1. Turnover: The Gross Turnover of the Company increased from Rs. 688.68 crore in FY 2013 to Rs.837.03 crore, clocking a growth of 21.54 %. The road project executed by the company in the state of kerala on EPC basis contributed a turnover of Rs 254 Crores which is about 30% of gross turnover.
2. Operating Profit: The company posted an operating profit of Rs 125.80 Crore in FY 2014 as against Rs. 116.45 Crore in FY 2013, which has gone up by 9.35 Crs as compared to that of FY 2013 . The operating profit margin has gone down from 16.82% in the FY 2013 to 15.07 % in the FY 2014. The company has been maintaining the higher operating profit margins consistently for the last five years . The Company owns the equipment bank which enables it to get better margins.
3. Provision for Tax: The Company has provided for a sum of Rs. 5.90 crore as current year tax including Deferred Tax.
4. Net Profit: The Company's Net Profit after Tax and extraordinary expenses during the year is Rs. 60.98 crore as compared to Rs. 52.13 crore in 2012-13.
5. Dividend: The Board of Directors have recommended a divided Rs. 1.00 per share.
6. Earnings Per Share (EPS): The Company's EPS has increased to Rs. 21.68 in the current year from Rs. 18.54 in the previous year.
7. Share Capital: The Company has not allotted any shares during the year under review and the paid up share capital as on 31st March 2014 is Rs.28,12,34,600 divided in to 2,81,23,460 Equity Shares of 10/- each.
8. Reserves and Surplus: The Reserves and Surplus of the Company has gone up from Rs. 427.53 crore to Rs. 485.20 crore in 2013-14 on account of profit made during the year.
9. Net worth: The Company's Net Worth increased from Rs. 452.09 crore to Rs. 510.65 crore mainly on account of internal generation of profit.
10. Secured / unsecured loans: There is an increase of loans from Rs.7.47 crore to Rs. 40.92 crore. The increase is mainly on account of investment in KNR Walayar Tollways Private Limited , a Special Purpose Vehicle formed for the execution of BOT (Toll) Road project in the State of Kerala .
11. Fixed Assets: The Company's Fixed Assets (Gross Block) increased by Rs. 16.99 crore in 2013-14 from Rs. 508.26 crore to Rs. 525.25 crore which have been acquired for execution of new contracts
12. The company's order book as on 31.03.2014 is Rs 1,296 Crores.

#### Human Resources Development and Industrial Relations

KNRCL lays great emphasis on the importance of human resources and recognizes the fact that no organization can grow without a committed team of employees at all levels. Accordingly, it aims to retain and recruit quality professionals and provide them with a high performance environment. The Company also improved workforce excellence through various training and development programs aimed at improving operational efficiency, speed of decision-making and productivity. Clear objective and goals were determined to bring objectivity to performance and overall goal achievement. Industrial relations continued to remain cordial, with a strong spirit of bonhomie and camaraderie prevailing among the rank and file of employees. As on March 31, 2014, the Company's total human capital strength stood at 304.

#### Cautionary Statement

*Statements in the Management Discussion and Analysis describing the KNRCL's objectives, projections, estimates, expectations may be forward-looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make difference to the KNRCL's operations include economic conditions in which the KNRCL operates, change in government regulations, tax laws, statutes and other incidental factors.*

## DIRECTOR'S REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 19th Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2014.

### Financial Results

₹ in Lakhs

PARTICULARS	2013-14	2012-13
Gross Income (including other income)	85030.99	70962.06
Profit before interest and depreciation	14131.02	13394.10
Less: Interest and financial charges	1719.45	1125.45
Profit Before depreciation	12411.57	12268.65
Less: Depreciation and amortization	5723.15	5566.96
Profit before tax	6688.42	6701.69
Provision for tax (including Deferred Tax )	590.17	1488.74
Profit after tax	6098.25	5212.95
Net Profit for the year	6098.25	5212.95
Profit brought forward from previous year	27456.28	22702.36
Profit available for appropriation	33554.53	27915.31
Appropriations:		
Transfer to General Reserve	152.00	130.00
Dividend	281.23	281.23
Dividend tax	47.80	47.80
Balance carried forward	33073.50	27456.28
Paid Up capital	2812.35	2812.35
Reserves and Surplus	48519.88	42753.24

### REVIEW OF PERFORMANCE:

Your company continues to be in the business of work contracts specializing in Roads and Bridges and other infrastructure projects like irrigation projects. During the year under consideration, your company has achieved a turnover (on stand-alone basis) of ₹ 83702.90 Lakhs as against ₹ 68867.94 Lakhs in the previous year, thus registering a growth of 21.54 %. The company has earned a gross profit of ₹ 14131.02 Lakhs before interest and depreciation as against ₹ 13394.10 Lakhs in the previous year, thus registering a growth of 5.50 %. After deducting an interest of ₹ 1719.45 Lakhs, providing for ₹ 5723.15 Lakhs towards depreciation, ₹ 590.17 Lakhs towards provision for income tax and deferred tax, the operations resulted in a net profit of ₹ 6098.25 Lakhs as against ₹ 5212.95 Lakhs last year, registering a decline of 16.98 %.

The order book position as on 31st March 2014 stands at ₹ 12960.26 Millions.

### Dividend

Your Directors have recommended a dividend of Rs. 1/- per Equity share for the financial year ended 31st March 2014, amounting to Rs. 281.23 Lakhs. The dividend will be paid to the members whose names appear in the Register of Members as on 23rd September 2014 in respect of shares held in the dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

The dividend pay out for the year under review has been formulated in accordance with the Company's policy linked with long term performance, keeping in view the company's need for capital for its growth plans and the intent to finance such plans through internal accruals to the maximum.

### Reserves

It is proposed to transfer ₹ 152.00 Lakhs to the General Reserves of the Company, constituting 2.5 % of the profit made during the year.

### Directors

In accordance with the requirements of the Companies Act, 2013 Shri K Jalandhar Reddy and Shri M Rajesh Reddy Directors of the Company are liable to retire by rotation at the Annual General Meeting and, being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and relationships between directors inter-se, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance.

### Statutory Auditors

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, on rotation of audit firms, and based on the recommendation of the Audit Committee, the Board has at its meeting held on 30th May 2014 recommended the re-appointment of M/s. Sukumar Babu & Co., Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting to the Conclusion of the next Annual General Meeting. M/s. Sukumar Babu & Co., Chartered Accountants, Hyderabad, have confirmed that the appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013. Accordingly, the appointment of M/s. Sukumar Babu & Co., Chartered Accountants, Hyderabad, as the Statutory Auditors, is being proposed as an Ordinary Resolution.

### Internal Auditors

The Board of Directors based on the recommendation of the Audit Committee have re-appointed M/s. K.P. Rao Associates, Chartered Accountants, Hyderabad, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis.

### Cost Auditors

In accordance with Section 141 of the Companies Act, 2013 (corresponding Section 233B of the Companies Act, 1956) and the MCA General Circular No. 15/2011 dated April 11, 2011, (as amended vide General Circular No. 36/2012 dated November 6, 2012), the Audit Committee has recommended and the Board of Directors had appointed M/s. K.K. Rao & Associates, Cost Accountants, Hyderabad, being eligible and having sought re-appointment, as Cost Auditors of the Company, to carry out the cost audit for the Company during the financial year 2014-15.

### Subsidiaries and Consolidated Financial Statements

As required under the Listing Agreement entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under section 211(3C) of the Companies Act, 1956. These financial statements disclose the assets, liabilities, income, expenses and other details of the company, its subsidiaries and associate companies.

Pursuant to the provisions of section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011 dated: 08-02-2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company.

A statement containing the brief financials of the Company's subsidiaries for the financial year ended March 31, 2014 is provided as Annexure "C" to this report. Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies.

### Subsidiaries of the Company

Your company has the following subsidiaries:

- a. KNR Agrotech & Beverages Private Limited
- b. KNR Infrastructure Projects Private Limited
- c. KNR Energy Limited
- d. KNRC Holdings and Investments Private Limited
- e. KNR Walayar Tollways Private Limited
- f. KNR Constructions LLC, Oman
- g. KNRCL FZE, Ras Al Khaima, UAE

The Statement pursuant to Section 212 of the Companies Act, 1956 is at Annexure B. The summarized financial performance of the subsidiaries is at Annexure C.

### Consolidated Financial Statements:

In accordance with the Accounting Standards AS-21 and AS-27 on Consolidated Financial Statements read with the Accounting Standard AS-23 on Accounting for Investments in Associates, the Audited Consolidated Financial Statements are provided in the Annual Report.

### Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of Listing agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

### Fixed Deposits:

The Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956  
Particulars of Employees:

The particulars of employees whose details need to be provided under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is presented as an Annexure A to this report.

### Directors Responsibility Statement:

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departure from the same;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and profit for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Out Go:

The particulars relating to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo as required under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are as follows

#### a) Conservation of Energy

The Company has taken suitable measures for conservation of energy. The core activity of the company is civil construction that is not an energy intensive activity.

#### b) Technology absorption, Adoption and Innovation

There is no information to be furnished regarding Technology Absorption as your Company has not undertaken any research and development activity in any manufacturing activity nor any specific technology is obtained from any external sources, which needs to be absorbed or adopted.

Innovation is a culture in the Company to achieve cost efficiency in the construction activity to be more and more competitive in the prevailing environment that cannot be quantified.

#### Foreign Exchange earnings and outgo

Foreign Exchange Inwards - Nil

Foreign Exchange outgo towards

- a) Travel – ₹ 6.55 lakhs (PY ₹ 0.47 lakhs)
- b) Import of capital goods ₹199.03 lakhs (PY ₹1234.52 Lakhs)
- c) Advance / Loan to Subsidiaries – ₹ 21.78 lakhs (PY ₹ 1.77 Lakhs)
- e) Term Loan Repayment and interest – Nil (PY ₹ 131.31 Lakhs)

#### Corporate Governance:

In pursuance of Clause 49 of the Listing Agreement entered into with the stock exchanges, a separate section on Corporate Governance has been incorporated in the annual report for the information of shareholders. A certificate from the auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 also forms part of the annual report.

#### Acknowledgements:

Your Directors wish to place on record their gratitude to the Company's shareholders, customers, vendors and bankers for their continued support to KNRCL's growth initiatives Your Directors also wish to place on record, their appreciation of the contribution made by employees at all levels, who through their competence, sincerity, hard work, solidarity and dedicated support, have enabled your Company to make rapid strides in its business initiatives Your Directors also thank the Central and State Governments and their various agencies, particularly, the National Highway Authority of India and other Governmental agencies for extending their support during the year, and look forward to their continued support.

On behalf of the Board of Directors  
of KNR Constructions Limited

Sd/-

**K Narasimha Reddy**  
Managing Director

Sd/-

**K Jalandhar Reddy**  
Executive Director

Place: Hyderabad  
Date: 14.08.2014

Annexure A

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 (as amended) and forming part of the Directors' Report for the period ended 31st March 2014.

Sl. No	Name of the Employee & Age	Designation	Gross Remuneration	Qualification	Date of commencement of Employment	Particulars of last employment
1	Shri K Narasimha Reddy 66 Years	Managing Director	1,23,04,394	B. A	11th July 1995	First Employment
2	Shri K Jalandhar Reddy 43 Years	Executive Director	63,95,690	B.E (Computers)	11th July 1995	First Employment
3	Shri M Rajesh Reddy 42 Years	Executive Director	63,60,000	B.E (Electronics)	21st March 2005	First Employment

Notes:

- Gross Remuneration includes salary, taxable allowances and value of perquisites as per the Income-tax Rules, 1962 and Company's contribution to provident fund.

On behalf of the Board of Directors  
of KNR Constructions Limited

Sd/-  
**K Narasimha Reddy**  
Managing Director

Sd/-  
**K Jalandhar Reddy**  
Executive Director

Place: Hyderabad

Date: 14.08.2014

**Annexure B**  
Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary Companies

Sl. No.	Particulars	Amount in ₹							
		KNR Agrotech & Beverages Private Limited	KNR Constructions LLC	KNRC Holdings and Investments Private Limited	KNRCL FZE	KNR Infrastructure Projects Private Limited	KNR Energy Limited	KNR Walar Tollways Private Limited	
1	Financial Year of the Company	31.03.2014	31.12.2013	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014
2.	(a) Number of Shares held by the Company at the end of the financial year of the Subsidiary Company	10,000	1,62,500	10,000	5	10,000	50,000	10,000	10,000
	(b) Extent of interest of holding Company at the end of the financial year of the Subsidiary Company	100%	65%	100%	100%	100%	100%	100%	100%
3	Net aggregate amount of profit/losses of the subsidiary for the above financial year of the subsidiary not dealt within the Company's Accounts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	(a) for the financial year of the subsidiary – Profit /Loss	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	(b) For the previous financial years since it became subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Net aggregate amount of profit/losses of the subsidiary for the above financial year of the subsidiary dealt within the Company's Accounts	Nil	Nil	(24500)	(2467)	40267349	Nil	(275543)	Nil
	(a) for the financial year of the subsidiary – Profit /Loss	Nil	Nil	(297814)	(3101311)	(40088476)	Nil	Nil	Nil
	(b) For the previous financial years since it became subsidiary	Nil	Nil						

1. There is no change in the Holding Companies interest in the Subsidiary Companies between the end of the financial year of the subsidiary companies and the end of the holding company's financial year ( i.e 31.03.2014)
2. There are no material changes which have occurred between the end of the financial year of the subsidiary companies and the end of the holding company's financial year ( i.e 31.03.2014) in respect of
  - a. Subsidiary's Fixed Assets
  - b. It s investments
  - c. The company lent by it
  - d. The money borrowed

## Annexure C

Financial information regarding subsidiary companies

Particulars	Amount in ₹							
	KNR Agrotech & Beverages Private Limited	KNR Constructions LLC	KNRCL FZE	KNR Infrastructure Projects Private Limited KNR	KNRC Holdings and Investments Private Limited	Energy Limited KNR	Walayar Tollways Private Limited	
Capital	100,000	34260852	6253150	100000	100000	500000	9000000	
Share Application Money	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Reserves	Nil	1307365	(4466124)	178873	(322314)	Nil	898724457	
Secured Loans	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Unsecured Loans	39547187	Nil	5732464	691067	22367039	20116896	3048833162	
Total Assets	39690599	37006746	10984404	1099630	22154725	20626896	4444821221	
Total Liabilities	39690599	37006746	10984404	1099630	22154725	20626896	4444821221	
Investments ( except in case of investment in subsidiaries)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Turnover/Other Income	Nil	Nil	Nil	40606584	Nil	Nil	18263928	
Profit Before Taxation	Nil	Nil	(2467)	40377039	(24500)	Nil	(275543)	
Provision for Taxation	Nil	Nil	Nil	109690	Nil	Nil	Nil	
Profit After Taxation	Nil	Nil	(2467)	40267349	(24500)	Nil	(275543)	
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

## REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

### 1. Company's Philosophy

KNR Constructions Limited ("KNRCL") is committed to implement sound corporate governance practices with a view to bring transparency, accountability and equity in all facets of its operations and maximizing shareholders value. KNRCL is committed to achieve the good standards of Corporate Governance on continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate culture which aims at true Corporate Governance

### 2. Board of Directors:

The present composition of Board of Directors consists of Six Directors out of which three are Whole Time Directors and three are Non-Executive Directors. The composition and the category of Directors are as under:

SI No.	Name	Designation	Category
1.	Shri B. V. Rama Rao	Chairman	Independent / Non- Executive Director
2.	Shri L. B. Reddy	Director	Independent / Non- Executive Director
3.	Shri J. S. R. Chandra Mouli*	Director	Independent / Non- Executive Director
4.	Shri K. Narasimha Reddy	Managing Director	Promoter/ Executive Director
5.	Shri K. Jalandhar Reddy	Executive Director	Promoter/ Executive Director
6.	Shri M. Rajesh Reddy	Executive Director	Promoter/ Executive Director
7.	Smt. K Yashoda #	Additional Director	Promoter/ Non-Executive Director

(\* resigned w.e.f 24.05.2014)

(# appointed as additional director in the Board Meeting held on 30.05.2014)

### Conduct of Board Proceedings

The day to day business is conducted by the executives of the Company under the directions of Managing Director and Executive Directors and the supervision of the Board. The Board holds periodical meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to the oversight of the business and the management.

- Review, monitor and approve major financial and business strategies and corporate actions
- Assess critical risk facing the company and review options for their mitigation
- Ensure that processes are in place for maintaining the integrity of
  - o the Company;
  - o the financial statements;
  - o compliance with laws;
  - o relationship with customers, suppliers and other stakeholders;
- Delegation of appropriate authority to the committees / executive directors / senior executives of the company for effective management of operations

## Number of Board Meetings held

Eight Board Meetings were held during the year 2013-2014. The intervening period between two Board Meetings was well within the maximum gap of four months prescribed under Clause 49 of Listing Agreement.

The details of the Board Meetings are as under:

Sl. No.	Dates	Board Strength	No. of Directors Present
1	13.04.2013	7	5
2	30.05.2013	6	6
3	09.07.2013	6	6
4	13.08.2013	6	5
5	14.09.2013	6	4
6	29.10.2013	6	5
7	14.11.2013	6	6
8	14.02.2014	6	6

Attendance of Directors at the Board Meetings, last Annual General Meeting (AGM) and number of other directorships and chairmanships / memberships of each Director in various companies as on 31st March 2014 is as under:

Name	Attendance of the meetings during the Year		No. of other Directorships #	No. of Memberships / chairmanships of other companies @
	Board Meetings	Last AGM		
Shri B. V. Rama Rao	7	Yes	Nil	Nil
Shri L. B. Reddy	8	Yes	1	Nil
Shri J. S. R. Chandra Mouli *	7	No	Nil	Nil
Shri K. Narasimha Reddy	7	Yes	3	Nil
Shri K. Jalandhar Reddy	7	Yes	1	Nil
Shri M. Rajesh Reddy	7	No	Nil	Nil
Smt. K Yashoda #	N.A	N.A	Nil	Nil

(\* resigned w.e.f 24.05.2014)

(# appointed as additional director in the Board Meeting held on 30.05.2014)

^ The Directorships held by Directors as mentioned above, do not include Alternative Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies

@ in accordance with Clause 49, Memberships / chairmanships of only the Audit Committee and Shareholders' / Investors Grievance Committees of all Public Limited Companies (excluding KNR Constructions Limited) have been considered.

- Apart from receiving sitting fee for attending meetings, the Independent Directors do not have any material pecuniary relationships or transactions with the Company, its promoters, Directors, senior management or its holding company, subsidiaries and associates which may affect the independence of the Director.

- The Independent Directors are not related to the promoters or persons occupying management positions at the Board level or at one level below the Board.
- The Independent Directors have not been executives of the Company in the immediately preceding three financial years.
- They are not partners or executives or were not so during the preceding three years of the
  - Statutory audit firm or the internal audit firm associated with the Company.
  - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- The Independent Directors are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence.
- They are not the substantial shareholders of the Company i.e. do not own 2 per cent or more of the block of voting shares.

### Details of Directors

Brief resume of all the Directors of the company are furnished hereunder:

Shri B. V. Rama Rao, aged 74 years, is Non-Executive and Independent Chairman of our Company. He holds a Masters Degree in Economics from Osmania University, Master's in Public Administration from Kennedy School of Government, Harvard, USA and was also conferred the title of Overseas Fellow Member of the Economic Development Institute, by the World Bank. Shri B V Rama Rao joined the Indian Administrative Service in 1973 and has over 34 years of experience in areas such as development, administration and industrial management. During his stint with the Indian Administrative Service, Shri B V Rama Rao has served in various positions including Chief Secretary to the Government of Andhra Pradesh and Chairman and Managing Director, Nizam Sugars Limited until his retirement in 1997.

Shri B V Rama Rao joined the Board of Directors of the Company with effect from 26th December 2005 and he is currently the Chairman of the Board and Member of Audit Committee and Remuneration Committee and Director of Yona Smelletes Private Limited.

Shri B V Rama Rao does not hold any Equity Shares in the Company as on 31st March 2014

Shri L. B Reddy, aged 72 years, is the Non-Executive and Independent Director of the Company. Shri Reddy is a Fellow Member of The Institute of Chartered Accountants of India and is a Senior Partner in M/s L B Reddy & Co., a Chartered Account Firm. Shri Reddy started his career with Syndicate Bank and has worked in various capacities in the Bank before retiring as General Manager. He has over three decades of experience in areas such as planning, accounts, inspection, computer policy and development. He was also on deputation from Syndicate Bank to Rayalaseema Gramina Bank as Chairman for six years.

Shri L B Reddy joined the Board of Directors of the Company with effect from December 26, 2005 and he is currently the Chairman of Audit Committee and Member of Remuneration Committee in the Company and Director of New Era Insurance Services Limited.

Shri L B Reddy does not hold any Equity Shares in the Company as on 31st March 2014

Shri K. Narasimha Reddy aged 66 years, is the Founder Promoter and the Managing Director of the Company. He holds a Bachelor's degree in Arts from Kakatiya University. He has over 40 years of experience in the roads and infrastructure sector, and has been the driving force behind the Company's establishment and growth, and Company has grown to the current size and scale under his able leadership. He started his career in 1968 as sub-contractor for other construction companies. In 1979, he formed a partnership in the name and style of M/s K Narasimha Reddy & Company, which was engaged in the business of undertaking civil and mechanical contracts. Shri Reddy has extensive knowledge and experience in project planning, scheduling, cost controls, and quantity surveying in addition to overall construction project management. Shri Reddy oversees the implementation of all the projects and has formulated the corporate vision of the Company.

Shri K Narasimha Reddy is presently the Managing Director of KNR Constructions Limited and director of Patel KNR Heavy Infrastructures Limited, Patel KNR Infrastructures Limited, KNR Energy Limited, KNR Muzaffarpur Holdings Private Limited, KNRC Holdings and Investments Private Limited, KNR Muzaffarpur Barauni Tollway Private Limited, KNR Walayar Tollways Private Limited, Roche Polymers & Additives Private Limited, Gradient Realty Ventures Private Limited, Gradient Estates Private Limited and Asara Constructions & Projects Private Limited as on 31st March 2014

Shri Narasimha Reddy is holding 1,13,58,610 Equity Shares in the Company as on 31st March 2014.

Smt. K Yashoda, aged 62 years, is the Promoter and Non-Executive Director of KNR Constructions Limited. She is the wife of the Company's founder Promoter and Managing Director, Shri K Narasimha Reddy.

Smt. K Yashoda is the Non-Executive Director of KNR Constructions Limited and Director of Smitha Reality Private Limited, Smitha Agro Developers Private Limited, Siriadhvaitah Agri Solutions Private Limited, Siriadhvaitha Agro Developers Private Limited, Yashoda Landscape Private Limited, Narsimha Landscape Private Limited and Yashdoa Meadows Private Limited as on 31st March 2014

Smt. K Yashoda is holding 20,96,209 Equity Shares in the Company as on 31st March 2014.

Shri K Jalandhar Reddy, aged 43 years, is the Promoter and Executive Director of KNR Constructions Limited. He is the son of the Company's founder Promoter and Managing Director, Shri K Narasimha Reddy. He holds a Bachelor's Degree in Computer Engineering from Bangalore University. He has over 18 years of experience in the roads and infrastructure sector. He started his career with KNR Constructions as a project manager and was elevated as Executive Director from the year 1997. He heads the tendering and bidding activities of the company, as also is in charge of the projects of the Company which are executed in Southern India

Shri Jalandhar Reddy is presently the Executive Director of KNR Constructions Limited and Director of KNR Infrastructures Projects Private Limited, Vishnu Publicity Solutions Private Limited, Trapezoid Software Solutions Private Limited, Mesmeric Software Solutions Private Limited, KNR Agrotech and Beverages Private Limited, Nag Talent Ventures & Infotech Private Limited, KNR Energy Limited, KNR Muzaffarpur Holdings Private Limited, KNRC Holdings and Investments Private Limited, Siriadhvaitha Agrotech Private Limited, KNR Muzaffarpur Barauni Tollway Private Limited, Tagline Traders Private Limited, KNR Walayar Tollways Private Limited, Roche Polymers & Additives Private Limited, Gradient Realty Ventures Private Limited, Gradient Estates Private Limited and Asara Constructions & Projects Private Limited as on 31st March 2014

Shri Jalandhar Reddy is holding 49,98,087 Equity Shares in the Company as on 31st March 2014.

Shri M. Rajesh Reddy, aged 42 years, is the Promoter and Executive Director of the Company. He holds a Bachelors Degree in Electronics Engineering from Kuvempu University, Karnataka. He has over 13 years of work experience, of which five years in the roads and infrastructure sector. He is responsible for corporate finance, co-ordination with various construction sites all over India and the day to day administrative activities of our Company.

Shri Rajesh Reddy is presently the Executive Director of KNR Constructions Limited and Director of KNR Infrastructures Projects Private Limited, Trapezoid Software Solutions Private Limited, Vishnu Publicity Solutions Private Limited, Mesmeric Software Solutions Private Limited, Nag Talent Venturs & Infotech Private Limited, KNR Energy Limited, Tagline Traders Private Limited and KNR Agrotech & Beverages Private Limited as on 31st March 2014

Shri M Rajesh Reddy is holding 18,32,115 Equity Shares in the Company as on 31st March 2014

### 3. Committees of the Board

The Company has the following standing committees of the Board.

#### a. Audit Committee

Composition, Name of the Members and Chairman

In terms of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Board of Directors of the Company has constituted an Audit Committee comprising of Two Non-Executive and Independent Directors and One Executive Director.

Name	Designation	Category
Shri L. B. Reddy	Chairman	Non-Executive and Independent Director
Shri B. V. Rama Rao	Member	Non-Executive and Independent Director
Shri K. Jalandhar Reddy	Member	Executive and Non-Independent Director

Mr. M. V. Venkata Rao is the Secretary to the Audit Committee.

The Minutes of the meetings of the Audit Committee are circulated to all the members of the Board along with the Agenda.

**Terms of reference of the Committee are as follows:**

- Review the un-audited quarterly results and Annual accounts of the company
- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other services
- Reviewing with the management, the annual financial statements before submission to the Board focusing primarily on:
  - (i) Any changes in accounting policies and practices
  - (ii) Major accounting entries based on exercise of judgment by the management
  - (iii) Qualifications in draft audit reports
  - (iv) Significant adjustments arising out of the audit
  - (v) The going concern assumption
  - (vi) Compliance with accounting standards
- Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspicion of fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the board
- Discussion with external auditors before the audit commences, on the nature and scope of audit and also post- audit to ascertain any areas of concern
- Reviewing the company's financial and risk management policies
- To look into and review the reasons for substantial defaults, if any, in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

**Attendance of the members at the Audit Committee Meetings:**

During the current financial year 2013-2014 Four Audit Committee Meetings were held and the details of the Audit Committee Meetings are as under:-

Sl. No.	Dates	Committee Strength	No. of Directors Present
1	30.05.2013	3	3
2	13.08.2013	3	3
3	14.11.2013	3	3
4	14.02.2014	3	3

b. Remuneration Committee

The Nomination and Remuneration Committee has been constituted to formulate and recommend to the Board all elements of the remuneration package of the Managing Director and Executive Directors, including performance / achievement bonus and perquisites payable to the Whole Time Directors.

In terms of Clause 49 of the Listing Agreement, the Board of Directors of the Company has constituted this Committee comprising of all the Three Members being Non-Executive and majority being Independent Directors:

Name	Designation	Category
Shri L B Reddy	Chairman	Non-Executive and Independent Director
Shri B V Rama Rao	Member	Non-Executive and Independent Director
Shri K Yashoda	Member	Non-Executive and Non-Independent Director

Mr. M. V. Venkata Rao is the Secretary to the Remuneration Committee.

The Minutes of the meetings of the Remuneration Committee are circulated to all the members of the Board along with the Agenda.

**The terms of reference of the Nomination and Remuneration Committee are as follows:**

- The Remuneration Committee recommends to the board the compensation terms of the executive directors
- Framing and implementing on behalf of the Board and the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment
- Considering, approving and recommending to the Board the changes in designation and increase in salary of the executive directors
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors
- Bringing about objectivity in fixing the remuneration package while striking a balance between the interest of the Company and the shareholders

Remuneration paid to the Directors during 2013-2014:

Amount in ₹

Name	Position	Sitting Fee	Salary & Perquisite	Total
<b>INDEPENDENT DIRECTORS</b>				
Shri B. V. Rama Rao	Chairman /Director	2,20,000	–	2,20,000
Shri L. B. Reddy	Director	2,40,000	–	2,40,000
Shri J. S. R. Chandra Mouli *	Director	1,40,000	–	1,40,000
<b>WHOLE TIME DIRECTORS</b>				
Shri K. Narasimha Reddy	Managing Director	–	1,23,04,394	1,23,04,394
Shri K. Jalandhar Reddy	Executive Director	–	63,95,690	63,95,690
Shri M. Rajesh Reddy	Executive Director	–	63,60,000	63,60,000

(\* resigned w.e.f 24.05.2014)m

**Shares held by the Non-Executive Directors as on 31st March 2014 are as under:**

Name of the Non-Executive Directors	No. of shares held as on the date
Shri B. V. Rama Rao	Nil
Shri L. B. Reddy	Nil
Shri J. S. R. Chandra Mouli*	Nil

(\* resigned w.e.f 24.05.2014)

**C. Stakeholders Relationship Committee**

This Committee comprises of the following members

Name	Designation	Category
Smt. K Yashoda	Chairman	Executive and Non-Independent Director
Shri KJalandhar Reddy	Member	Executive and Non-Independent Director
Shri M. Rajesh Reddy	Member	Non-Executive and Independent Director

The terms of reference of the Stakeholders Relationship Committee are as follows:

To allot the equity shares of the Company, and to supervise and ensure:

- (i) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- (ii) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- (iii) Issue of duplicate / split / consolidated share certificates;
- (iv) Review of cases for refusal of transfer / transmission of shares and debentures;
- (v) Reference to statutory and regulatory authorities regarding investor grievances;
- (vi) And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

**Shareholders complaints Status:**

Opening	Nil
Received During the Period	03
Resolved During the Period	03
Pending	Nil

**Name and designation of Compliance Officer**

Mr. M. V. Venkata Rao, Company Secretary

**4. General Body Meetings:**

The details of date, location and time of the last three Annual General Meetings held are as under:

Financial Year	Date and Time	Venue
2010-11	22nd September 2011 10.00 a.m	Hotel Green Park, Ameerpet, Hyderabad – 500016 Andhra Pradesh, India
2011-12	8th August 2012 3.30 p.m	C-125, Anand Niketan, New Delhi - 110021
2012-13	14th August 2013 11.30 a.m	Anand Niketan Club, Anand Niketan, New Delhi - 110021

No Special Resolutions were passed in the Annual General Meetings during the last 3 years.

#### 5. Postal Ballot:

No Special Resolutions was passed through Postal Ballots during the Financial Year 2013-2014. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

#### 6. DISCLOSURES;

- a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their relatives, or subsidiaries etc., that may have potential conflict with the interest of the Company at large

The disclosures with regard to transactions with related parties are given in the Notes to the Accounts of the audited financial statements for the year ended 31st March 2014. These transactions are not in conflict with the interest of the Company.

- b. Disclosure of Accounting Treatment

The financial statements are prepared on accrual basis of accounting and in accordance with Indian GAAP and as per the provisions of the Companies Act, 1956 (the Act) and comply with material aspects with the accounting standards notified in Section 211 (3C) of the Act read with the Companies (Accounting Standard) Rules, 2006

- c. Board Disclosures

- i. Risk Management

Currently, the Company's risk management approach comprises of the following:

- Governance of Risk
- Identification of Risk
- Assessment and control of Risk

The risks are being identified by a detailed study. Senior Management are analysing and working in mitigating them through co-ordination among the various departments. Insurance coverage and personal accident coverage for lives of all employees are also being taken.

Your company put in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.

Presentation to the Board of Directors and the Audit Committee is made on risk management. The Board and the Audit Committee provides oversight and review the risk management policy periodically.

- ii. Internal Control System

Your company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well-defined delegation of power and defined limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances.

- d. Code of Conduct

The Board has laid down a Code of Conduct covering the ethical requirements to be complied with covering all the Board Members and Senior Management Personnel of the company. An affirmation of compliance with the code is received from them on an annual basis

- e. CEO / CFO Certification

The CEO / CFO Certification on the financial statements and internal control are separately annexed.

## 7. Compliance with Non-mandatory requirements

- a. Non-Executive Chairman's Office: The Company doesn't maintain any office of the Non-executive chairman and any expenditure incurred by him in performance of his duties will be reimbursed by the Company.
- b. Tenure of Independent Directors: In terms of the Governance Policy of the Company, all Directors including Independent Directors except Managing Director are appointed / re-appointed for a period of three to five years or a shorter duration in accordance with retirement guidelines as determined by the Board from time to time. No maximum tenure for Independent Directors has been specifically determined by the Board.
- c. Remuneration Committee: The Company has a Remuneration Committee under the nomenclature "Remuneration Committee", the details of which are provided in this Report under the section "Committees of Board – Remuneration Committee"
- d. Shareholders Rights: The Quarterly, half-yearly and annual financial results of the Company are published in newspapers on all India basis and complete set of annual report is sent to every Shareholder of the Company
- e. Audit Qualifications: During the financial year 2013-2014, there are no audit qualifications in the Company's financial statements.
- f. Training of Board Members: Strategic supervision of the Company is the responsibility of the Board. To achieve this, the Board undertakes periodic review of various matters including business-wise performance and related matters, risk management, borrowings, internal & external audit findings etc., Directors are also briefed on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic development.
- g. Mechanism for evaluation of Non-Executive Directors: The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board has not evolved any method/mechanism for appointment of non-executive directors.
- h. Whistle Blower Policy: The Company encourages open door policy where every employee have access to the Head of the Business / Department, employees are free to report existing / probable violation of laws, regulations or unethical conduct in the organization.

## 8. Means of Communication

Quarterly Results sent to each shareholders residence	No
Newspaper wherein Quarterly / Half-yearly / Yearly financial results are published	Financial Express, Business Standard, Financial Chronicle, Economic Times– English and Surya – Telugu
Any website where results or official news are displayed	www.knrcl.com
Whether it also displays official news release	Yes, the official news releases are posted on the Company's website
The presentations made to institutional investors or to the analysts	No presentations is made to institutional investors or the analysts
Whether Management discussion and analysis report is part of the Annual Report	Yes

## SEBI Complaints Redressal System (SCORES)

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

## NSE Electronic Application Processing System (NEAPS)

To provide diverse range of services to corporates listed on NSE, with effect from January 23, 2013, NSE has launched NSE Electronic Application Processing System (NEAPS) which is a web based application for filing corporate announcements under the portal <https://www.connect2nse.com/LISTING>. Your company is registered with NEAPS and all the filings are being done through this module developed by NSE.

## BSE Corporate Compliance & Listing Centre

BSE has announced the launch of its online portal-BSE Corporate Compliance & Listing center for submission of various filings by listed companies with BSE, with effect from February 8, 2013.

The portal <http://listing.bseindia.com> is designed to make corporate filings easy, convenient and environment friendly for listed companies. Your company is registered with the portal and all the necessary filings are being done through this module developed by BSE

## 9. GENERAL SHAREHOLDERS INFORMATION

- |      |  |   |  |
|------|--|---|--|
| i.   | Annual General Meeting   | : | 19th Annual General Meeting<br>Tuesday the 30th September 2014 |
|      | Time   | : | 11.30 AM   |
|      | Venue  | : | Hotel Mappel Emerald, NH-8, Rajokri, New Delhi - 110038        |
| ii.  | Financial Year   | : | 1st April 2013 to 31st March 2014                              |
| iii. | Book closure dates   | : | 25th September 2014 to 30th September                          |
| iv.  | Dividend Payment date  | : | 2014 (both days inclusive)                                     |
| v.   | Financial Calendar for the year 2013-2014  |   |  |
|      | Financial Reporting for the first quarter ended 30th June 2014                   |   | on or before 14th August 2014                                  |
|      | Financial Reporting for the second quarter / half-year ended 30th September 2014 |   | on or before 14th November 2014                                |
|      | Financial Reporting for the third quarter / nine months ended 31st December 2014 |   | on or before 14th February 2015                                |
|      | Financial Reporting for the fourth quarter / year ended 31st March 2015          |   | on or before 30th May 2015                                     |

### vi. Listing on Stock Exchanges

#### Name and Address of the Stock Exchange

Bombay Stock Exchange Limited (BSE)  
1st Floor, New Trading Ring, Rotunda Building, P J Towers,  
Dalal Street, Fort, Mumbai – 400001  
Tel: +91 22 2272 1233 / 34, Fax: +91 22 2272 2037 / 39 / 41 / 61

National Stock Exchange of India Limited (NSE)  
Exchange Plaza, Floor 5, Plot #C/1,  
Bandra Kurla Complex, Bandra (E), Mumbai – 400051  
Tel: +91 22 2659 8235 / 8236, Fax: +91 22 2659 8237 / 38

The listing fees payable to BSE and NSE for 2013-14 have been paid in full.

**vii. Script Code / Symbol**

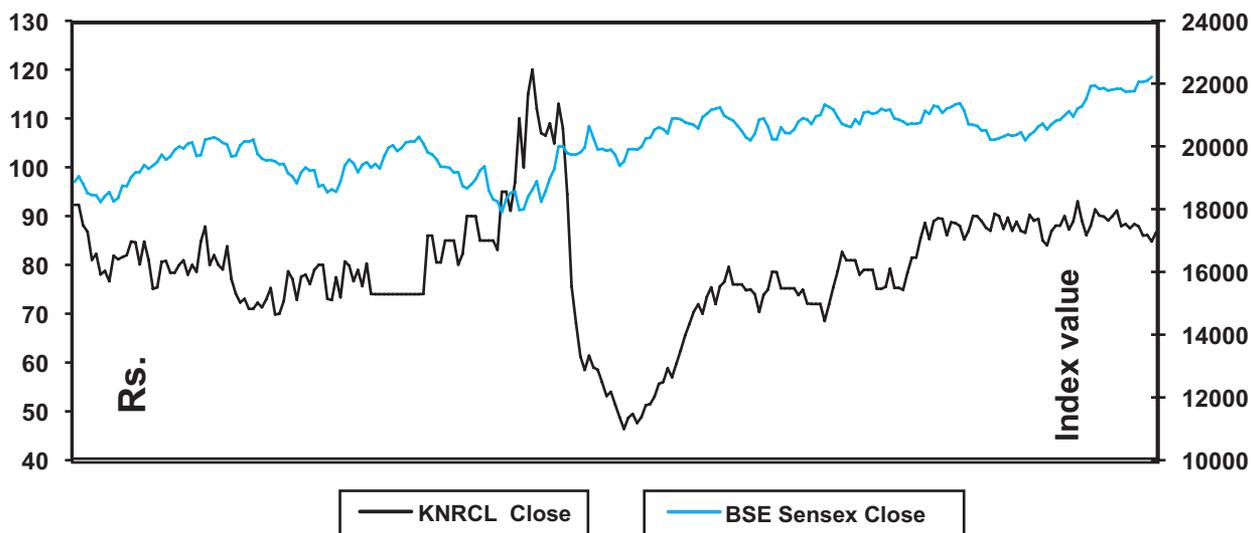
- a. Stock Exchanges  
Bombay Stock Exchange Limited : 532942  
National Stock Exchange of India Limited : KNRCON
- b. Demat ISIN Number in NSDL and CDSL for the equity shares : INE634I01011  
The annual custodian fee for the financial year 2013-14 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- c. Corporate Identity Number (CIN)  
The CIN allotted by the Ministry of Corporate Affairs, Government of India is L74210DL1995PLC238364, and the Company is registered within the jurisdictions of the Registrar of Companies, National Capital Territory of Delhi and Haryana.

**viii. Market Price Data:**

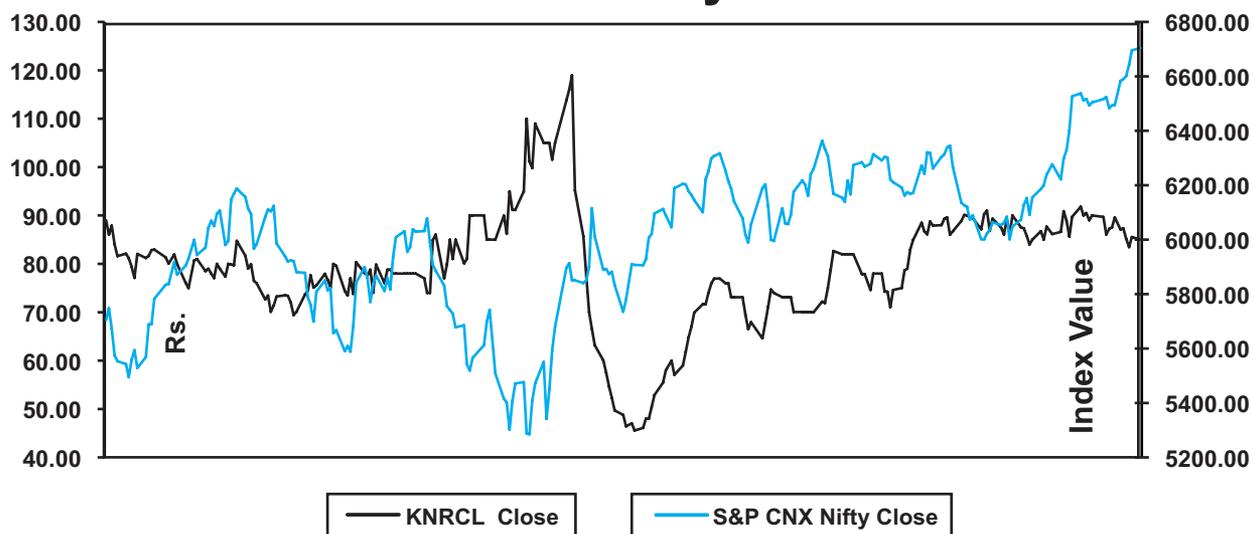
Month	B S E Limited , (BSE)		National Stock Exchange of India Limited (NSE)	
	High Price	Low Price	High Price	Low Price
April 2013	93.00	75.10	90.00	74.80
May 2013	89.45	70.05	88.00	69.05
June 2013	81.00	65.80	80.60	66.00
July 2013	88.00	65.00	80.70	74.00
August 2013	120.00	76.25	110.00	80.00
September 2013	114.00	48.80	139.00	47.25
October 2013	75.40	46.40	75.95	45.35
November 2013	79.60	66.85	78.75	62.00
December 2013	84.70	68.50	82.65	67.00
January 2014	93.80	74.50	92.25	68.00
February 2014	91.35	81.55	93.95	82.10
March 2014	96.80	80.55	97.90	80.00

ix. Performance in comparison to broad based indices – Sensex (BSE) and Nifty (NSE)

### KNRCL - BSE Sensex Price Chart



### KNRCL - S&P Nifty Price Chart



- x. Registrar & Share Transfer Agents:  
(for shares held in both Physical and Demat mode)

Link Intime India Pvt Ltd  
C-13, Pannalal Silk Mill Compound,  
LBS Road, Bhandup (West),  
Mumbai – 400078  
Phone: +91 – 22 -25960320  
Fax: +91 – 22 – 25960329

**xi. Share Transfer System:**

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the documents being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Shares Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All requests for Dematerialisation of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days of receipt.

**EQUITY SHARES IN SUSPENSE ACCOUNT**

As per Clause 5A of the Listing Agreement, the Company reports that 945 Equity Shares are lying in the suspense account as on 31st March 2014

**SECRETARIAL AUDIT**

A Practicing Company Secretary of the Institute of Company Secretaries of India, has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL

**xii. Distribution of shareholding as on 31st March, 2014**

Range		No. of Shareholders		No of shares held	
From	To	Number	% of total	Number	% of total
1	500	5032	91.92	478377	1.70
501	1000	241	4.40	172017	0.61
1001	2000	106	1.94	159434	0.57
2001	3000	22	0.40	59193	0.21
3001	4000	14	0.26	48097	0.17
4001	5000	8	0.15	37144	0.13
5001	10000	16	0.29	112207	0.40
10001	And above	35	0.64	27056991	96.21
<b>Total</b>		<b>5474</b>	<b>100.00</b>	<b>28123460</b>	<b>100.00</b>

**xiii. Pattern of Shareholding as on 31st March 2014**

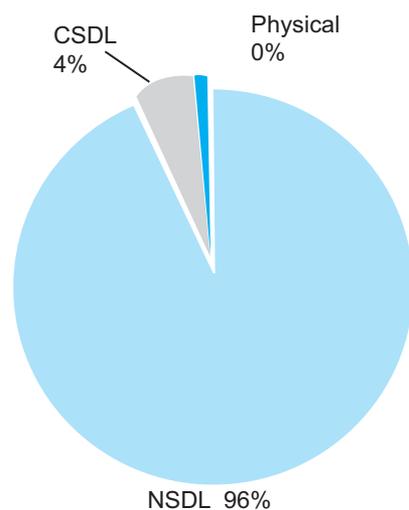
Sl. No.	Category	No. of Holders	No. of Shares	%
1	Promoter and Promoter Group	7	20815021	74.01
2	Mutual Funds	1	2258492	8.03
3	Foreign Institutional Investors	1	5000	0.02
4	Corporate Bodies	112	2465703	8.77
5	Non-Resident Individuals	101	54585	0.19
6	Residents ( individuals / clearing members/office bearers and others)	5252	2524659	8.98
	<b>Total</b>	<b>5757</b>	<b>28123460</b>	<b>100.00</b>

**xiv. Dematerialisation of Shares & Liquidity**

The Company's shares are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

As on 31st March 2014 a total of 2,80,18,456 Equity Shares were dematerialised representing 99.63 % of the total paid up equity share capital of the Company.

	No. of Shares	% of Total
NSDL	26968336	95.59
CDSL	1050110	3.73
Physical	105004	0.37
<b>Total</b>	<b>28123460</b>	<b>100.00</b>



**xv. Address for Correspondence:**

(Query on the Annual Report shall reach 15 days before the date of AGM)

Company Secretary  
 KNR Constructions Limited  
 "KNR House", 4th Floor,  
 Plot No. 114, Phase I, Kavuri Hills,  
 Hyderabad – 5000033  
 Andhra Pradesh, India39  
 Ph: + 91 - 40 - 40268759 / 61 / 62  
 Fax: + 91 - 40 – 40268760

Registrar & Share Transfer Agents:  
 (for shares held in both Physical and Demat mode)

Link Intime India Pvt Ltd  
 (Unit: KNR Constructions Limited)  
 C-13, Pannalal Silk Mill Compound,  
 LBS Road, Bhandup (West),  
 Mumbai – 400078  
 Phone: +91 – 22 -25960320  
 Fax: +91 – 22 – 25960329

**xvi. Unclaimed Dividend**

Section 124 of the Companies Act, 2013, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the investors education and protection fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned as follows, if unclaimed within a period of seven year, will be transferred to the IEPF:

Year	Type of Dividend	Dividend Per Share	Date of Declaration	Due date for transfer	Amount in ₹. *
2008	Final	1.00	30.09.2008	30.10.2015	64209.00
2009	Final	2.00	09.09.2009	09.10.2016	70786.00
2010	Final	2.00	29.09.2010	29.10.2017	58154.00
2011	Final	2.00	22.09.2011	22.10.2018	69140.00
2012	Final	1.00	08.08.2012	08.09.2019	29937.00
2013	Final	1.00	14.09.2013	14.10.2020	26468.00

\* as on 31.03.2014

## DECLARATION

As provided under Clause 49 of Listing Agreement with the Stock Exchanges, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for Board Members and senior management personnel in respect of the Financial Year ended 31st March 2014.

For KNR Constructions Limited

Sd/-  
**K Narasimha Reddy**  
Managing Director

Place : Hyderabad  
Date : 14.08.2014

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
KNR Constructions Limited

We have examined the compliance with the conditions of the Corporate Governance by KNR Constructions Limited (“the company”) for the year ended 31st March 2014, as stipulated in Clause 49 of Listing Agreement of the said Company with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sukumar Babu & Co  
Chartered Accountants

Sd/-  
**C. Sukumar Babu**  
Partner  
Membership No. 200/24293

Place: Hyderabad  
Date: 14.08.2014

## CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

In relation to the Audited Financial Accounts of the Company as at 31st March, 2014, we hereby certify that

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which are aware and the steps have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

For KNR Constructions Limited

Sd/-  
**K. Narasimha Reddy**  
Managing Director

Sd/-  
**G. Sravana Kumar**  
General Manager (F&A)

Place: Hyderabad  
Date: 14.08.2014

## SECRETARIAL AUDIT REPORT

To  
The Members  
KNR Constructions Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions of the Act, Rules and Regulations as mentioned below and the adherence to good corporate practices by KNR Constructions Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2014 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by KNR Constructions Limited (the Company) for the financial year ended on March 31, 2014 according to the provisions of:

- i. The Companies Act, 1956 / 2013 (the Act) and the rules made thereunder as applicable;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2001;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (as amended upto 2011);
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;

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

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- The Listing Agreements entered into by the Company National Stock Exchange Limited and BSE Ltd;

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

The Company was not required to comply with the provisions of other regulations listed in the Form No. MR – 3 prescribed under the Companies Rules, 2014, as there were no instances / events falling within the purview of these regulations during the financial year.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The change in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to Schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and as informed by the Company, there were no dissenting views of members of the Board at any Board / Committee meeting held during the financial year.

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

We further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards, etc.

For Ch. Veeranjanyulu & Associates  
Company Secretaries

Sd/-

(Ch. Veeranjanyulu)

CP No. 6392

Place : Hyderabad  
Date : 14.08.2014

# Independent Auditor's Report

To the Members of  
KNR Constructions Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of KNR Constructions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that gives a true and fair view and are free from material misstatement whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.

- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for SUKUMAR BABU & CO.,  
Chartered Accountants  
Firm Regn. No: 004188S

Sd/-  
**C. SUKUMAR BABU**  
Partner  
Membership No: 024293

Place: Hyderabad  
Date: 30-05-2014

**The Annexure referred to in paragraph 1 of Our Report of even date to the members of KNR Constructions Limited on the accounts of the company for the year ended 31st March, 2014.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i) In respect of its fixed assets**
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals and; no material discrepancies were noticed on such verification.
  - c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed of during the year and therefore does not affect the going concern assumption.
- ii) In respect of its inventories**
  - a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii)**
  - a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has granted loans / advances, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
  - b) There are no specific agreements for these transactions and were made on an on account basis. In the absence of agreements for these loans/advances, the terms and conditions and their impact on the interests of the Company cannot be ascertained.
  - c) The Company has given loans / advances to its wholly owned subsidiaries during the year. In respect of the said loans / advances , the maximum amount outstanding at any time during the year is Rs.14653.36 lakhs and the year ending balance is Rs.14381.71 lakhs.
  - d) In the absence of agreements, the transactions were made on an on-account basis and hence the question of regularity of payment of principal and interest dose not arise.
  - e) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
- iv)** In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- v)**
  - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

- b) As per information & explanations given to us and in our opinion, the transactions entered into by the company with parties covered u/s 301 of the Act does not exceed five lakhs rupees in a financial year. Therefore requirement of reasonableness of transactions does not arise.
- vi) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- vii) As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie prescribed accounts and records have been made and maintained.
- ix) **In respect of statutory dues:**
  - a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date of becoming payable.
  - b) The disputed statutory dues aggregating to Rs. 3423.82 lakhs that have not been deposited on account of matters pending before appropriate authorities are as under :

Name of statute	Nature of dues	₹ in lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	26.18	F.Y 2000-01	Deputy Commissioner of Income Tax, Central Circle-3, Hyderabad
	Income Tax	116.05	F.Y 2002-03	- Do -
	Income Tax	13.34	F.Y 2005-06	- Do -
	Income Tax	864.32	F.Y 2006-07	Deputy Commissioner of Income Tax, Central Circle-3, and Commissioner of Appeals – I, Hyderabad
	Income Tax	41.11	F.Y 2007-08	Deputy Commissioner of Income Tax, Central Circle-3, and Commissioner of Appeals – VII, Hyderabad
	Income Tax	21.96	F.Y 2008-09	- Do -
	Income Tax	156.67	F.Y 2009-10	- Do -
	Income Tax	850.81	F.Y 2010-11	- Do -
	Income Tax	28.29	F.Y 2011-12	- Do -
	Interest on TDS delay payments	9.86	F.Y 2009-10	Deputy Commissioner of Income Tax , Circle 14(2), Hyderabad
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	21.39	F.Y 2000-01	Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	VAT	307.36	F.Y 2008-09	Sales Tax Appellate Tribunal, (STAT) and CTO, Vengal Rao Nagar Circle, Hyderabad.
	VAT	431.72	F.Y 2009-10	Sales Tax Appellate Tribunal (STAT) and CTO, Vengal Rao Nagar Circle, Hyderabad.
Karnataka Value Added Tax Act, 2005	VAT	100.00	F.Y 2005-06	Sales Tax Appellate Tribunal, Bangalore.
	VAT	30.52	F.Y 2006-07	- Do -
	VAT	81.52	F.Y 2008-09	- Do -
	VAT	12.16	F.Y 2010-11	- Do -
	Entry Tax	67.44	F.Y 2005-06	- Do -
Service Tax Act,	Service Tax	243.12	F.Y 2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal, Bangalore.
	<b>TOTAL</b>	<b>3423.82</b>		

Note: Company has given bank guarantees for an amount of Rs 241.63 lakhs to the Karnataka State Government against disputed VAT demands.

- x) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- xiv) According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
- xv) According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
- xvi) Based on our audit procedures and the information given by the management, we report that the company has availed term loans which were prima facie applied by the Company during the year for the purposes for which the same were obtained.
- xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long term investment by the Company.
- xviii) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- xix) The Company has no outstanding debentures during the period under audit.
- xx) The Company has not raised any money by public issue during the year.
- xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

for SUKUMAR BABU & CO.,  
Chartered Accountants  
(Firm Regn. No.004188S)

Sd/-  
**C. SUKUMAR BABU**  
Partner  
Membership No: 024293

Place: Hyderabad  
Date: 30-05-2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

(₹ in Lakhs)

PARTICULARS	NOTE No.	As At 31-03-2014		As At 31-03-2013	
<b>I EQUITY AND LIABILITIES</b>					
<b>1) SHAREHOLDERS' FUNDS</b>					
a) Share Capital	3	2,812.35		2,812.35	
b) Reserves and Surplus	4	48,519.88	<b>51,332.23</b>	42,753.24	<b>45,565.59</b>
<b>2) SHARE APPLICATION MONEY</b>		-		-	
Pending Allotment					
<b>3) NON - CURRENT LIABILITIES</b>					
a) Long-Term Borrowings	5	828.36		364.54	
b) Deferred Tax Liabilities (Net)	6	-		-	
c) Other Long Term Liabilities	7	9,862.90		13,681.37	
d) Long-Term Provisions	8	113.80	<b>10,805.06</b>	109.04	<b>14,154.95</b>
<b>4) CURRENT LIABILITIES</b>					
a) Short-Term Borrowings	9	4,983.36		6,356.39	
b) Trade Payables	10	7,859.26		10,627.52	
c) Other Current Liabilities	11	16,224.99		7,719.66	
d) Short-Term Provisions	12	4,252.06	<b>33,319.67</b>	10,981.18	<b>35,684.75</b>
<b>TOTAL</b>			<b>95,456.96</b>		<b>95,405.29</b>
<b>II ASSETS</b>					
<b>1) NON-CURRENT ASSETS</b>					
a) Fixed Assets	13				
i) Tangible Assets		26,370.30		29,009.79	
ii) Intangible Assets		2.14		3.57	
iii) Capital Work-In-Progress		29.39		385.93	
b) Non-Current Investments	14	2,484.33		3,013.47	
c) Deferred Tax Assets (Net)	6	1,179.75		360.34	
c) Long-Term Loans and Advance	15	16,121.87		6,418.19	
d) Other Non-Current Assets	16	8,630.31	<b>54,818.09</b>	5,764.68	<b>44,955.97</b>
<b>2) CURRENT ASSETS</b>					
a) Current Investments	17	1,519.18		1,818.53	
b) Inventories	18	3,406.53		2,972.60	
c) Trade Receivables	19	11,708.51		12,128.95	
d) Cash and Cash Equivalents	20	1,118.20		721.96	
e) Short-Term Loans and Advances	21	14,656.71		23,373.52	
f) Other Current Assets	22	8,229.74	<b>40,638.87</b>	9,433.76	<b>50,449.32</b>
<b>TOTAL</b>			<b>95,456.96</b>		<b>95,405.29</b>
<b>Significant Accounting Policies</b>	<b>1 &amp; 2</b>				

Notes referred to above form an integral part of the accounts

As per our report of even date attached

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

Partner

Membership No: 024293

Place : Hyderabad

Date : 30-05-2014

For and on behalf of the Board

Sd/-

**K.Narasimha Reddy**  
Managing Director

Sd/-

**K. Jalandhar Reddy**  
Executive Director

Sd/-

**G.Sravana Kumar**  
GM (F&A)

Sd/-

**M.V.Venkata Rao**  
Company Secretary

## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

PARTICULARS	NOTE No.	For The Year Ended 31-03-2014	For The Year Ended 31-03-2013
I Gross Revenue from Operations		89,226.81	76,589.61
Less : Company Share's in Joint Ventures		5,747.33	7,377.11
Net Revenue from Operations	23	83,479.48	69,212.50
II Other income	24	1,551.51	1,749.56
<b>III Total Revenue (I + II)</b>		<b>85,030.99</b>	<b>70,962.06</b>
<b>IV Expenses:</b>			
Cost of materials consumed	25	29,063.07	20,188.87
Other Construction Expenses	26	36,039.11	32,720.73
Employee benefits expense	27	3,494.50	2,950.53
Finance costs	28	1,719.45	1,125.45
Depreciation and amortization expense	29	5,723.15	5,566.96
Other expenses	30	2,303.29	1,707.83
<b>Total expenses</b>		<b>78,342.57</b>	<b>64,260.37</b>
V Profit before exceptional and extraordinary items and tax (III - IV)		6,688.42	6,701.69
VI Exceptional items		-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>		<b>6,688.42</b>	<b>6,701.69</b>
VIII Extraordinary Items		-	-
<b>IX Profit before tax (VII- VIII)</b>		<b>6,688.42</b>	<b>6,701.69</b>
X Tax expense:	31		
1) Current tax		1,409.59	1,921.33
2) Deferred tax		(819.42)	(432.59)
XI Profit (Loss) for the period from continuing operations (IX - X)		6,098.25	5,212.95
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>6,098.25</b>	<b>5,212.95</b>
XVI Earnings per equity share: (In Rs.)			
1) Basic		21.68	18.54
2) Diluted		21.68	18.54
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 Sukumar Babu & Co.,**

Chartered Accountants  
(Firm Regn. No. 004188S)

**C.Sukumar Babu**

Partner

Membership No: 024293

Place : Hyderabad

Date : 30-05-2014

For and on behalf of the Board

Sd/-

**K.Narasimha Reddy**  
Managing Director

Sd/-

**K. Jalandhar Reddy**  
Executive Director

Sd/-

**G.Sravana Kumar**  
GM (F&A)

Sd/-

**M.V.Venkata Rao**  
Company Secretary

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31st March, 2014

(₹ in Lakhs)

PARTICULARS	For The Year Ended 31-03-2014		For The Year Ended 31-03-2013	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax		6,688.42		6,701.69
<i>Adjustments for</i>				
Depreciation & Amortization Expenses	5,723.15		5,566.96	
Provision for Gratuity	6.02		1.87	
Provision for Doubtful Advances and Deposits	27.37		-	
Loss on sale of assets and Discarded	15.99		1.72	
Profit on sale of Assets	(134.62)		(22.04)	
Interest and Financial Charges	1,747.62		1,124.55	
Interest Received	(43.96)	7,341.57	(37.43)	6,635.63
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>14,029.99</b>		<b>13,337.32</b>
(Increase)/Decrease in Trade and Other Receivables	(2,561.94)		(10,246.59)	
(Increase)/Decrease in Inventories	(433.93)		(295.91)	
"Increase/(Decrease) in Trade Payable, Liabilities and Provisions (excluding Proposed Dividend & Income Tax)"	4,642.06	1,646.19	(35.33)	(10,577.83)
<b>CASH GENERATED / (USED) FROM OPERATIONS</b>		<b>15,676.18</b>		<b>2,759.49</b>
Taxes (paid) / Refunds		(2,353.28)		(2,655.80)
<b>NET CASH USED IN OPERATING ACTIVITIES - (A)</b>		<b>13,322.90</b>		<b>103.69</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets and other Capital Expenditure	(2,773.02)		(3,866.79)	
Bank Balances not considered as cash and cash equivalents	(309.33)		80.22	
Loans/Advances to Subsidiaries/Associates	(5,986.48)		(2,707.70)	
Proceeds from sale of Fixed Assets	255.05		37.65	
Investments in Joint Ventures / SPV's / Mutual Funds	828.49		632.27	
"Foreign Exchange Translation Adjustment (arising on translation of Foreign branch transactions)"	(2.58)		0.34	
Interest Received	40.43		37.43	
TDS on Interest Received	(44.42)		(22.54)	
<b>NET CASH FLOW / (USED IN) INVESTING ACTIVITIES - (B)</b>		<b>(7,991.86)</b>		<b>(5,809.12)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Long Term Funds Borrowed / (Repaid)	3,344.88		(152.58)	
Increase / (decrease) in short term borrowings	(1,373.03)		1,705.90	
Mobilization and Machinery advances received from customers / (Repaid)	(5,166.94)		5,560.58	
Interest paid	(1,720.01)		(1,124.84)	
Dividend and Dividend Tax paid	(329.03)		(326.85)	
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES - (C)</b>		<b>(5,244.13)</b>		<b>5,662.21</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS - (A+B+C)</b>		<b>86.91</b>		<b>(43.22)</b>
Cash and Cash Equivalents at the beginning of the year		323.61		366.83
Cash and Cash Equivalents at March, 31, 2014 (Refer Note 20)		410.52		323.61

(₹ in Lakhs)

PARTICULARS	For The Year Ended 31-03-2014	For The Year Ended 31-03-2013
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Notes:

1 Cash and Cash equivalents includes:

Cash in Hand	31.27	235.17
Bank Balance -Current Account	379.25	88.44

The above current account balances includes Rs. 3.19 lakhs (P.Y Rs. 2.95 lakhs) in Unclaimed Dividend Account and Rs.0.09 lakhs (P.Y 0.09 lakhs) in IPO refund account.

- 2 The Cash flow statement is prepared in accordance with the Indirect Method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.
- 3 Previous year's figures have been regrouped, wherever necessary.
- 4 Figures in brackets represent cash outflows.

As per our report of even date attached

**For Sukumar Babu & Co.,**

Chartered Accountants  
(Firm Regn. No. 004188S)

Sd/-

**C.Sukumar Babu**

Partner

Membership No: 024293

Place : Hyderabad

Date : 30-05-2014

For and on behalf of the Board

Sd/-

**K.Narasimha Reddy**

Managing Director

Sd/-

**G.Sravana Kumar**

General Manager (F&A)

Sd/-

**K. Jalandhar Reddy**

Executive Director

Sd/-

**M.V.Venkata Rao**

Company Secretary

## **SIGNIFICANT ACCOUNTING POLICIES**

### **1 CORPORATE INFORMATION:**

- 1.1 The shares of the Company are listed on the stock exchanges in India in 2008 pursuant to the Public offer of equity shares. The Company is engaged in the infrastructure sector, primarily in the construction of roads, bridges, flyovers and irrigation projects.

### **2 SIGNIFICANT ACCOUNTING POLICIES:**

#### **2.1 Basis of Accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year unless otherwise stated separately herein below.

#### **2.2 Use of Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue, expenses and provisions etc., during the reported period. Actual figures could differ from those estimates.

#### **2.3 Fixed Assets and Depreciation**

Fixed Assets are stated at cost of acquisition, or construction including any attributable cost of bringing the assets to its working condition for its intended use less accumulated depreciation. Depreciation is provided on Written Down Value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for plant & equipment in the case of AP-7, OR-07, Bijapur, Chennai-OR, MP-Chindwara, MP-NH69 and Walayar projects which are depreciated under SLM method based on the useful lives of the same. The management has estimated the useful life of the plant & equipment. Assets costing up to Rs. 5,000 are depreciated fully in the year of purchase.

#### **2.4 Impairment Of Assets**

The carrying amount of assets other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flows discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount.

#### **2.5 Borrowing Costs**

Borrowing Costs that are directly attributable to the acquisition or construction of a qualifying asset is capitalized for the period till the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time i.e., more than twelve months to get ready for its intended use. All other borrowing costs are charged to revenue.

#### **2.6 Investments**

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair market value.

## 2.7 Inventories

Raw Materials, construction materials and stores & spares are valued at weighted average cost. Cost excludes refundable duties and taxes.

## 2.8 Employee Benefits

### A) Short Term Employee Benefits :

Short term employee benefits such as Leave Encashment, Bonus and Medical re-imburement are recognized in the period during which the services have been rendered.

### B) Long Term Employee Benefits :

#### i) Gratuity

The provision for gratuity is made based on valuation done by the independent actuaries. The company has taken Group Gratuity Policy of L.I.C. of India and premium paid is recognized as expenditure when it is incurred. Actuarial gains and losses in respect of gratuity are charged to statement of profit and loss.

#### ii) Provident Fund

Contributions to Provident Fund (a defined contribution plan) are made to Regional Provident Fund Commissioner and are charged to revenue.

#### iii) Other Benefits

Service Compensation is accounted for on cash basis.

## 2.9 Share Issue Expenses

Share issue expenses are written off over a period of 10 years.

## 2.10 Revenue Recognition

Contract revenue is recognized using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. Full provision is made for any loss in the year in which it is foreseen.

## 2.11 Joint Venture Projects

In respect of Joint Ventures which are jointly controlled entities (JCE), the company's share in JCE profit is taken as income. The company's share of turnover in JCE is added to the turnover of the Company to arrive at the overall company's exposure to work contracts. Investments in joint ventures are stated at cost with adjustment to respective share of profit / loss in JCE.

## 2.12 Foreign Exchange Translation And Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. In respect of monetary items denominated in foreign currencies, exchange differences arising out of settlement or on conversion at the closing rate are recognized in the statement of profit and loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognized in the Statement of Profit and Loss.

Foreign branches are classified as non-integral foreign operations. Assets and Liabilities (both monetary and non-monetary) are translated at the closing rate at the year end. Income and expenses are translated at the monthly average rate at the end of the respective month. All resulting exchange differences are accumulated in a separate account titled 'Foreign Currency Translation Reserve' till the disposal of the net investments.

### 2.13 Taxes on Income

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws applicable. Provision for deferred tax is made for timing differences arising between taxable income and accounting income using the tax laws and tax rates enacted or subsequently enacted as of the balance sheet date. Deferred Tax Assets are recognized only if there is a virtual certainty that there will be sufficient taxable income in future.

During the year under consideration, we have arrived at the net tax payable after claiming deduction of profits under section 80IA of the Income Tax Act., on eligible projects taking into account, the decisions of Tribunal, in cases of various assessees. As a result the taxable income is reduced by Rs. 52,99,08,798/- as per the Income Tax Act., and provision for tax has been calculated accordingly.

### 2.14 Earnings per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20, Earnings Per Share notified by the Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares attributable to the Equity Share holders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti dilutive.

### 2.15 Leases

Lease rentals of Quarry Land is written off over the period of its useful life. Leasehold land rental charges is written off over the period of the lease.

### 2.16 Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes to accounts when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

### 2.17 Cash flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## NOTES TO FINANCIAL STATEMENTS

### for The Year Ended 31st March , 2014

(₹ in Lakhs)

#### 3. Share Capital

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>EQUITY SHARE CAPITAL</b>		
Authorised Share capital 35,000,000 (PY 35,000,000) Equity Shares of Rs. 10/- each	3,500.00	3,500.00
Issued, subscribed & fully paid share capital 28,123,460 (PY 28,123,460) Equity Shares of Rs. 10/- each  (Out of the above 13,499,260 Equity Shares of Rs. 10/- each were allotted in the FY 2005-06 as fully paid up Bonus Shares in the ratio of 2:1 by Capitalising Rs. 1349.93 lakhs from General Reserve)	2,812.35	2,812.35
<b>Total</b>	<b>2,812.35</b>	<b>2,812.35</b>

3.1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- . Each holder of equity shares is entitled to one vote per share.

3.2 The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

3.3 The Board of Directors, in their meeting on 30-05-2014 declared dividend of Rs. 1/- per equity share. The total dividend appropriation for the year ended March 31 , 2014 amounted to Rs. 329.03 Lakhs including corporate dividend tax of Rs.47.79 Lakhs.

3.3 The details of shareholder holding more than 5% shares as at March 31, 2014 and March 31, 2013 is set out below:

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Kamidi Narasimha Reddy	11,358,610	40.39	9,526,495	33.87
Kamidi Jalandhar Reddy	4,998,087	17.77	4,998,087	17.77
Kamidi Yashoda	2,096,209	7.45	2,096,209	7.45
Jetti Venkata Panindra Reddy	-	-	1,832,115	6.51
Mereddy Rajesh Reddy	1,832,115	6.51	1,832,115	6.51
Patel Engineering Ltd	1,777,116	6.32	1,942,574	6.91
HDFC Trustee Company Ltd	2,258,492	8.03	2,258,492	8.03

3.5 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, 2014		As at March 31, 2013	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	28,123,460	2,812.35	28,123,460	2,812.35
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Brought Back	-	-	-	-
Number of Equity Shares at the end of the year	28,123,460	2,812.35	28,123,460	2,812.35

## 4 RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>SECURITIES PREMIUM RESERVE</b>		
Opening Balance	12,599.31	12,599.31
Add : Additions in current year	-	-
Less: Written Back in current year	-	-
<b>Closing Balance</b>	<b>12,599.31</b>	<b>12,599.31</b>
<b>GENERAL RESERVE</b>		
Opening Balance	2,697.00	2,567.00
Add : Transferred from Surplus in statement of Profit and Loss	152.00	130.00
Less: Written Back in current year	-	-
<b>Closing Balance</b>	<b>2,849.00</b>	<b>2,697.00</b>
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Opening Balance	0.65	0.31
Add: Additions in current year	(2.58)	0.34
Less: Written Back in current year	-	-
<b>Closing Balance</b>	<b>(1.93)</b>	<b>0.65</b>
<b>SURPLUS</b>		
Opening balance	27,456.28	22,702.36
Add: Profit/(Loss) for the current year	6,098.25	5,212.95
Amount available for appropriation	33,554.53	27,915.31
Less: Appropriations		
Proposed Dividend	281.23	281.23
Dividend Tax	47.80	47.80
Transferred to General Reserve	152.00	130.00
<b>Closing Balance</b>	<b>33,073.50</b>	<b>27,456.28</b>
<b>Total</b>	<b>48,519.88</b>	<b>42,753.24</b>

## 5 LONG- TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>SECURED LOANS</b>		
Term Loan		
From Banks		
Rupee Loans	243.89	276.18
From Others		
Rupee Loans	581.36	85.55
<b>Sub- total</b>	<b>825.25</b>	<b>361.73</b>
<b>UN SECURED LOANS</b>		
Loans & Advances from Related Parties		
From Director	3.11	2.81
<b>Sub- total</b>	<b>3.11</b>	<b>2.81</b>
<b>Total</b>	<b>828.36</b>	<b>364.54</b>

\* Current maturities are included in Note 11 - other current liabilities

- 5.1 Term Loans availed from banks and others are secured by hypothecation of specific assets comprising plant and equipment and vehicles acquired out of the said loans and personal guarantee of a director.
- 5.2 All term loans from banks and others are repayable in 35/24 equal monthly installments. The rate of interest for these loans vary between 10% - 12.75% per annum on an average.

## 6 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Deferred Tax Liability		
Related to fixed assets	(855.71)	(302.48)
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	324.04	57.86
<b>Total</b>	<b>(1,179.75)</b>	<b>(360.34)</b>

## 7 OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Others		
Retention Deposits and Withheld Amount Payable	3,210.25	2,109.31
Security Deposits Payable	889.05	641.52
Trade Advances received from Clients against BG's		
Mobilization Advance	4,946.21	8,460.49
Machinery Advance	817.39	2,470.05
<b>Total</b>	<b>9,862.90</b>	<b>13,681.37</b>

**8 LONG TERM PROVISIONS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>Provision for employee benefits</b>		
Gratuity	113.80	109.04
<b>Total</b>	<b>113.80</b>	<b>109.04</b>

**9 SHORT TERM BORROWINGS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>LOANS REPAYABLE ON DEMAND</b>		
<b>SECURED LOANS</b>		
From Banks		
Cash Credit ( Refer Note 9.1)	4,584.87	6,354.80
<b>Sub- total</b>	<b>4,584.87</b>	<b>6,354.80</b>
<b>UN-SECURED LOANS</b>		
Loans and advances from related parties		
From Directors	398.49	1.59
(There is no specific agreement with the above parties)		
<b>Sub- total</b>	<b>398.49</b>	<b>1.59</b>
<b>Total</b>	<b>4,983.36</b>	<b>6,356.39</b>

**9.1 Working Capital Facilities: Cash Credit facilities from consortium of banks are secured by:**

- 1 Hypothecation of entire current assets on pari passu basis with other participating banks,
- 2 First pari passu charge on equitable mortgage of land & buildings, the market value of which is Rs 12.87 crores as on 20-03-2012
- 3 First pari passu charge on equitable mortgage of 5 acres of agricultural land of approximate value of Rs 2.76 Crores
- 4 First pari passu charge on equitable mortgage of industrial factory buildings without machinery, the market value of which is Rs. 23.28 crores
- 5 Hypothecation of certain equipments of written down value as on 31.03.2013 is Rs 38.77 Crores
- 6 Personal guarantee of Directors.
- 7 First pari passu charge on equitable mortgage of property in the name of Company and Director of approximate value of Rs 25.40 Crores

**9.2 Short term loans from Banks:**

The company availed short term loans from bank during the year having a maturity of less than one year which carry interest rate ranging between 10.9% to 12.75% per annum.

**10 TRADE PAYABLES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Sundry Creditors (Suppliers/Service)	3,113.74	3,414.91
Bills Payable (Sub-contractors/Labour)	4,745.52	7,212.61
<b>Total</b>	<b>7,859.26</b>	<b>10,627.52</b>

**11 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Current maturities of long-term borrowings (Refer Note 5)		
<b>Term Loans</b>		
From Banks		
Rupee Loans	263.13	178.28
Car Finance Loan	-	13.61
From Others		
Rupee Loans	3,000.43	190.61
	<b>3,263.56</b>	<b>382.50</b>
Interest accrued but not due on borrowings	30.78	3.17
Due to Customers	8,283.29	101.57
Unclaimed dividends and IPO Refund	3.33	3.10
Outstanding Expenses	508.26	717.27
Security Deposit Payable	-	30.19
Material Advance received from clients	2,928.50	5,371.54
<b>Other Payables</b>		
Income Tax	-	30.04
Provident Fund	23.85	13.76
Employee State Insurance	0.17	0.14
TDS/TCS	148.24	197.12
Entry Tax	10.93	30.66
Service Tax	6.86	13.20
VAT	815.02	550.69
Royalty	201.23	273.59
Professional Tax	0.97	1.12
<b>Total</b>	<b>16,224.99</b>	<b>7,719.66</b>

**12 SHORT TERM PROVISIONS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>PROVISION FOR EMPLOYEE BENEFITS</b>		
Gratuity (Funded)	9.54	8.28
<b>Sub- total</b>	<b>9.54</b>	<b>8.28</b>
<b>OTHERS</b>		
Provision for Income Tax	3,282.94	10,478.14
Provision for Wealth Tax	4.15	4.52
Provision for Proposed Dividend	281.23	281.23
Provision for Dividend Tax	47.80	47.80
Provision for Labour Cess	626.40	161.21
<b>Sub- total</b>	<b>4,242.52</b>	<b>10,972.90</b>
<b>Total</b>	<b>4,252.06</b>	<b>10,981.18</b>

## 13 FIXED ASSETS

(₹ in Lakhs)

Sl No	PARTICULARS	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK	
		As at April 1, 2013	Additions	Deductions/ Adjustments	As at March 31, 2014	For the period	Deductions/ Adjustments	As at March 31, 2014	As at March 31, 2013
I	<b>Tangible Assets</b>								
	Land - Free Hold *	5,920.60	134.42	-	6,055.02	-	-	6,055.02	5,920.60
	Buildings	1,813.08	136.89	-	1,949.97	83.40	-	1,684.09	1,630.60
	Plant and Equipment	41,570.07	2,705.99	1,269.13	43,006.93	5,354.52	1,180.93	17,970.67	20,707.40
	Furniture and Fixtures	246.33	6.67	-	253.00	26.24	-	121.08	140.65
	Vehicles	1,051.70	125.13	161.06	1,015.77	144.81	112.89	443.40	511.25
	Office equipment	117.53	11.17	0.06	128.64	11.13	0.01	72.08	72.09
	Computers & Accessories	91.88	9.29	-	101.17	12.28	-	22.50	25.49
	Ships	2.43	-	-	2.43	0.25	-	1.46	1.71
	<b>Sub-total</b>	<b>50,813.62</b>	<b>3,129.56</b>	<b>1,430.25</b>	<b>52,512.93</b>	<b>5,632.63</b>	<b>1,293.83</b>	<b>26,370.30</b>	<b>29,009.79</b>
II	<b>Intangible Assets</b>								
	Computer software	11.89	-	-	11.89	1.43	-	2.14	3.57
	<b>Sub-total</b>	<b>11.89</b>	<b>-</b>	<b>-</b>	<b>11.89</b>	<b>1.43</b>	<b>-</b>	<b>2.14</b>	<b>3.57</b>
III	<b>Capital Work In Progress</b>								
	<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29.39</b>	<b>385.93</b>
	<b>TOTAL</b>	<b>50,825.51</b>	<b>3,129.56</b>	<b>1,430.25</b>	<b>52,524.82</b>	<b>5,634.06</b>	<b>1,293.83</b>	<b>26,401.83</b>	<b>29,399.29</b>
	Previous Year	47,359.55	3,523.71	57.75	50,825.51	5,477.87	40.42	21,812.15	29,399.29

\* Land includes Rs. 1615.12 (P.Y Rs. Rs. 1615.12) held in the name of Directors, relatives of Directors for and on behalf of the Company.

## 14 NON-CURRENT INVESTMENTS

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/Controlled Entity / Others	Nature of the Share	Face value of the share	No. of Shares/ Units		Quoted / Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Amount in Lakhs			"Whether stated at Cost Yes / No"	"If Answer to Column (14) is 'No' - Basis of Valuation"
					31-03-14	31-03-13			31-03-14	31-03-13	31-03-14	31-03-13	12		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>I</b>	<b>TRADE INVESTMENTS</b>														
	<b>A Investment in Equity Instruments</b>														
	KNR Agrotech & Beverages Pvt Ltd.	Subsidiary	Equity	10	10000	10000	Unquoted	Fully Paid	100%	100%	1.00	1.00	Yes		
	KNR Infrastructure Projects Pvt Ltd	Subsidiary	Equity	10	10000	10000	Unquoted	Fully Paid	100%	100%	1.00	1.00	Yes		
	KNR Energy Ltd	Subsidiary	Equity	10	50000	50000	Unquoted	Fully Paid	100%	100%	5.00	5.00	Yes		
	KNRC Holding & Investment Private Ltd	Subsidiary	Equity	10	10000	10000	Unquoted	Fully Paid	100%	100%	1.00	1.00	Yes		
	KNR Muzaffarpur Barauni Tollway Pvt Ltd	Subsidiary	Equity	10	459000	459000	Unquoted	Fully Paid	100%	100%	45.90	45.50	Yes		
	KNR Constructors - LLC, at Oman	Subsidiary	Equity	1 Omani Rial	162500	162500	Unquoted	Fully Paid	65%	65%	206.07	206.07	Yes		
	KNRCL - FZE, at RAK	Subsidiary	Equity	100000 AED	5	5	Unquoted	Fully Paid	100%	100%	48.88	48.88	Yes		
	Patei-KNR Infrastructures Ltd.	Associate	Equity	10	14800000	14800000	Unquoted	Fully Paid	40%	40%	1,480.00	1,480.00	Yes		
	Patei-KNR Heavy Infrastructure Ltd.	Associate	Equity	10	9529500	9529500	Unquoted	Fully Paid	40%	40%	952.95	952.95	Yes		
	KNR Wajayar Tollways Pvt Ltd	Subsidiary	Equity	10	900000	10000	Unquoted	Fully Paid	100%	100%	90.00	1.00	Yes		
	<b>B Investments in partnership firms / AOP</b>														
	NCC - KNR - JV	Joint Ventures							Project wise	Project wise	(62.52)	602.63			
	KNR - PATEL - JV	Joint Ventures							51%	51%	(413.69)	(412.03)			
	KNR - SLEC - JV	Joint Ventures							60%	60%	(32.19)	(28.32)			
	KNR - BPL - JV	Joint Ventures							49%	49%	1.93	1.93			
	KNR - GVR - JV	Joint Ventures							51%	51%	7.04	21.43			
	KNR - JKM - KAMALA - JV	Joint Ventures							50%	50%	99.13	74.13			
	KNR - SLMJ - JV	Joint Ventures							60%	60%	11.97	0.89			
	KNR-JKM-JV	Joint Ventures							51%	51%	24.85	(6.00)			
<b>II</b>	<b>OTHER INVESTMENTS</b>														
	<b>A Investments in Government or Trust securities</b>														
	National Savings Certificates	Others									1.01	1.01	Yes		
	<b>B Investments in Mutual Funds</b>														
	SBI Infrastructure Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes		
	SBI Magnum Comma Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes		
	SBI PSU Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes		
	<b>Total</b>										<b>2,484.33</b>	<b>3,013.47</b>			

## 14.1 DETAILS OF INVESTMENT IN THE CAPITAL OF FIRM / AOP BY THE COMPANY

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
NCC-KNR -JV	-	-
Nagarjuna Construction Company Limited	(62.52)	602.63
KNR Constructions Limited		
<b>Total Capital</b>	<b>(62.52)</b>	<b>602.63</b>
KNR-SLEC -JV	(32.19)	(28.32)
KNR Constructions Limited	54.06	78.14
Sri Laxmi Engineering Company		
<b>Total Capital</b>	<b>21.87</b>	<b>49.82</b>
KNR- BPL- JV	1.93	1.93
KNR Constructions Limited	(0.26)	(0.26)
Backbone Projects Limited		
<b>Total Capital</b>	<b>1.67</b>	<b>1.67</b>
KNR- GVR-JV	7.04	21.43
KNR Constructions Limited	(27.35)	(60.65)
GVR Infra Projects Limited		
<b>Total Capital</b>	<b>(20.31)</b>	<b>(39.22)</b>
KNR- JKM - KAMALA- JV	99.13	74.13
KNR Constructions Limited	181.83	161.74
JKM Infra Projects Private Limited		
KAMALA Constructions	181.83	161.74
<b>Total Capital</b>	<b>462.79</b>	<b>397.61</b>
KNR- PATEL-JV	(413.69)	(412.03)
KNR Constructions Limited	329.49	331.81
Patel Engineering Limited		
<b>Total Capital</b>	<b>(84.20)</b>	<b>(80.22)</b>
KNR-SLMI-JV	11.97	0.89
KNR Constructions Limited	10.11	(27.89)
SLMI Infraprojects Pvt. Ltd.,		
<b>Total Capital</b>	<b>22.08</b>	<b>(27.00)</b>
KNR-JKM-JV	24.85	(6.00)
KNR Constructions Limited	20.70	7.95
JKM Infra Projects Private Limited		
<b>Total Capital</b>	<b>45.55</b>	<b>1.95</b>

## 14.2 Aggregate amount of non current-investments

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
a) Aggregate Value of Quoted Investment		
- Cost	15.00	15.00
- Market Value	17.48	16.64
b) Aggregate Value of Unquoted Investment	2,469.33	2998.47

**15 LONG TERM LOANS AND ADVANCES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>UNSECURED, CONSIDERED GOOD;</b>		
Mobilization Advances paid to Sub-contractors	654.52	1,040.81
<b>Capital Advance</b>		
Advances paid for properties	51.22	239.17
<b>Loans and advances to related parties</b>		
Subsidiary Company	14,381.71	4,313.22
Associate Company	1,034.42	824.99
<b>Total</b>	<b>16,121.87</b>	<b>6,418.19</b>

**16 OTHER NON-CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Others		
Retention Money and Withheld Amount Receivable	7,098.93	4,941.17
Deposits	1,264.10	467.13
IPO Expenses (Unamortized) - Miscellaneous Asset	267.28	356.38
<b>Total</b>	<b>8,630.31</b>	<b>5,764.68</b>

**17. CURRENT INVESTMENTS**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/Controlled Entity / Others	Nature of the Share	Face value of the share	No. of Shares/ Units		Quoted / Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Amount in Lakhs		"Whether stated at Cost Yes / No"	"If Answer to Column (14) is 'No' - Basis of Valuation"
					31-03-14	31-03-13			31-03-14	31-03-13	31-03-14	31-03-13		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
I	TRADE INVESTMENTS													
	PATEL - KNR - JV	Joint Ventures							50%	50%	1,519.18	1,818.53	Yes	
	Total										1,519.18	1,818.53		

**DETAILS OF INVESTMENT IN THE CAPITAL OF FIRM / AOP BY THE COMPANY**

NAME OF THE FIRM	NAMES OF THE PARTNER	Amount in Lakhs	
		31-03-2014	31-03-2013
PATEL- KNR -JV	Patel Engineering Limited KNR Constructions Limited	477.26 1,519.18	- -
	<b>Total Capital</b>	<b>1,996.44</b>	<b>-</b>

**18 INVENTORIES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>Inventories</b>		
Raw materials	2,416.11	2,950.83
Stores and spares	876.86	21.77
<b>Goods-in-transit</b>		
Raw materials	113.56	-
<b>Total</b>	<b>3,406.53</b>	<b>2,972.60</b>

**19 TRADE RECEIVABLE**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>Unsecured, Considered Good*</b>		
Over Six months	1,745.34	4,429.59
Others	9,963.17	7,699.36
* Includes Rs. 6192.55 lakhs (P.Y Rs. 1363.20 lakhs) due from company in which Company is interested		
<b>Total</b>	<b>11,708.51</b>	<b>12,128.95</b>

**20 CASH AND BANK BALANCES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>Cash and Cash Equivalents</b>		
Balance with Banks		
On Current accounts with Scheduled Banks	375.97	59.80
Un-claimed Dividend	3.19	2.95
Un-Claimed IPO Refund	0.09	0.09
In Deposit Accounts with maturity less than 3 months	-	25.60
Cash on hand (Refer Note 20.1)	31.27	235.17
<b>Sub- total</b>	<b>410.52</b>	<b>323.61</b>
<b>Other Bank Balances (including interest there on)</b>		
Margin Money deposits (Refer note 20.2)	657.49	351.95
Long Term Deposits more than 12 months maturity	50.19	46.40
<b>Sub- total</b>	<b>707.68</b>	<b>398.35</b>
<b>Total</b>	<b>1,118.20</b>	<b>721.96</b>

20.1 Cash on Hand includes Rs. 0.76 lakhs (P.Y Rs. 1.20 lakhs) held in Foreign Currency

20.2 Margin Money Deposits have been lodged with Banks against Guarantees / Letters of credit issued by them.

**21 SHORT TERM LOANS AND ADVANCES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>UNSECURED, CONSIDERED GOOD</b>		
Others		
Advances to Sub-contractors and Labour	6,506.79	5,071.55
Advances to Suppliers and others (Other than capital advances)	646.87	825.06
Advances to Subsidiaries / Associates (SPV)	8.56	4,300.00
Staff Imprest and Salary Advances	83.32	82.48
Advance Taxes paid (including Wealth Tax)	6,631.28	12,838.72
Prepaid Expenses	162.31	236.39
Advance paid for Land Lease	0.23	19.32
Loan to Other Parties	617.35	-
<b>Total</b>	<b>14,656.71</b>	<b>23,373.52</b>

**22 OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
VAT Receivable	579.88	218.79
Interest Receivable / Interest accrued but not received	3.53	-
Due from Customers / Unbilled Revenue	7,482.77	8,415.80
<b>Sub- total</b>	<b>8,066.18</b>	<b>8,634.59</b>
Deposits and Other Receivables	191.13	831.17
Less: Provision for Doubtful Deposits	27.57	32.00
<b>Sub- total</b>	<b>163.56</b>	<b>799.17</b>
<b>Total</b>	<b>8,229.74</b>	<b>9,433.76</b>

**23 REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Income from Contracts	83,702.90	68,867.94
Other Operating Income		
Share Of Profit / Loss From Joint Ventures	(276.42)	198.60
Hire Charges Received	53.00	145.96
	83,479.48	69,212.50
Less: Excise Duty	-	-
<b>TOTAL</b>	<b>83,479.48</b>	<b>69,212.50</b>

**24 OTHER INCOME**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Interest Income	1,054.93	235.51
<b>Other non-operating income</b>		
Profit on Sale of Asset	134.62	22.04
Scrap Sales	22.85	0.30
Rental Income	0.14	0.07
Discount Received from suppliers	7.95	8.44
Liabilities no longer required Written Back	106.43	777.32
Insurance Claim Received	103.26	42.15
Forex Gains	0.01	-
Miscellaneous Income	121.32	663.73
<b>TOTAL</b>	<b>1,551.51</b>	<b>1,749.56</b>

**25 COST OF MATERIALS CONSUMED**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>Construction Materials, Stores &amp; Spares</b>		
Opening Stock	2,972.60	2,676.69
Add: Net Purchases	29,497.00	20,484.78
	32,469.60	23,161.47
Less: Closing Stock	3,406.53	2,972.60
<b>TOTAL</b>	<b>29,063.07</b>	<b>20,188.87</b>

**26 OTHER CONSTRUCTION EXPENSES**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>Work Contract Expenses</b>		
Sub-contract Expenses	22,056.96	20,330.90
Spreading & Assortment Exp.	6,150.53	7,077.21
Power and Fuel	182.44	180.03
Seigniorage charges / Royalty	466.91	684.13
Transport, Loading & Un Loading Charges	2,169.69	1,099.85
“Recoveries by Clients (Including Labour Welfare Cess & Other Tax)”	767.69	323.18
Sales Tax / VAT	2,474.03	1,750.14
Repairs to Buildings & Others	94.53	43.67
Repairs to Machinery	166.32	261.05
Repairs to Vehicles	147.73	149.48
Miscellaneous expenses	1,362.28	821.09
<b>TOTAL</b>	<b>36,039.11</b>	<b>32,720.73</b>

**27 EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Salaries, Wages and Other Benefits	3,110.41	2,535.90
Directors Remuneration	240.00	285.00
Contribution to Provident and Other Funds	91.72	86.73
Staff welfare Expenses	52.37	42.90
<b>TOTAL</b>	<b>3,494.50</b>	<b>2,950.53</b>

**28 FINANCE COSTS**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>Interest Expense on</b>		
Working Capital	731.70	525.04
Term Loans	525.18	65.58
Suppliers Credit	-	0.16
Advance from Directors	3.87	4.46
Other advances	138.74	194.83
	1,399.49	790.07
Less: Interest received from Banks & Others	43.96	37.43
	1,355.53	752.64
<b>Other Borrowing Costs</b>		
Bank Charges	9.71	9.75
Processing Charges	102.57	64.94
BG / LC Charges	235.85	259.79
Net gain/loss on foreign currency transactions and translation	15.79	38.33
<b>TOTAL</b>	<b>1,719.45</b>	<b>1,125.45</b>

**29 DEPRECIATION AND AMORTIZATION EXPENSE**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Depreciation	5,634.06	5,477.87
Issue Expense Written off	89.09	89.09
<b>TOTAL</b>	<b>5,723.15</b>	<b>5,566.96</b>

**30 OTHER EXPENSES**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>Administration And Other Expenses</b>		
Travelling & Conveyance (includes Boarding & Lodging Expenses)	152.90	136.39
Postage & Telegrams and Telephones	61.71	48.89
Business Promotion Expenses	5.80	10.10
Advertisement and publicity	18.18	35.22
Legal & Professional Charges	348.06	321.85
Insurance	288.61	310.18
Rates and taxes excluding taxes of Income	508.61	324.01
<b>Payments to the auditor</b>		
for Audit	2.00	2.37
for taxation matters	1.00	1.00
for other services	2.00	2.00
Prior period items (Net off Expenses / Income)	20.34	19.98
Printing & Stationery	56.48	48.88
Tender Expenses	61.96	89.89
Office Maintenance	48.09	47.11
Rent Expenses	142.75	154.12
Electricity Charges	102.49	48.20
Directors Sitting Fees	6.00	5.00
Loss on sale of Assets / Discarded	15.99	1.72
Bad Debts / Advances/ Debit Bal. Written Off	307.26	16.11
Provision for Doubtful Advances and Deposits	27.37	-
Donation	5.83	1.87
Miscellaneous Expenses	119.86	82.94
<b>TOTAL</b>	<b>2,303.29</b>	<b>1,707.83</b>

**31 TAX EXPENSE**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>A - Current Tax</b>		
Current tax on profits for the year	1,276.30	1,921.33
Adjustments in respect of prior years	133.29	-
<b>Sub-Total</b>	<b>1,409.59</b>	<b>1,921.33</b>
<b>B - Deferred Tax</b>		
Deferred Tax Liability / (Asset) due to timing difference	(819.42)	(432.59)
<b>Sub-Total</b>	<b>(819.42)</b>	<b>(432.59)</b>
<b>TOTAL</b>	<b>590.17</b>	<b>1,488.74</b>

**32. EARNING PER SHARE**

Sl. No.	Particulars	2013-14	2012-13
a.	Net Profit for the year after tax (₹ in lakhs)	6098.25	5212.95
b.	Weighted Average number of equity shares for basic EPS ( in ₹ lakhs)	281.23	281.23
c.	Face Value per share(₹)	10	10
d.	Basic EPS (₹)	21.68	18.54

**33. CONTINGENT LIABILITIES NOT PROVIDED FOR**

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2014	March 31, 2013
a.	Bank Guarantees		
	- for Company	24486.32	22411.49
	- for Joint Ventures'	1779.31	2740.40
	-for Subsidiaries	Nil	3410.00
	- for Associates (SPV's )	Nil	Nil
	- for Tax matters	241.63	241.63
	<b>Total</b>	<b>26507.26</b>	<b>28803.52</b>
b.	Corporate guarantees given to banks and financial institutions for financial assistance extended to Subsidiaries, Associates and Joint Ventures	5000.00	19642.25
c.	Letters of Credit	9.74	Nil
d.	Demands against the Company not acknowledged as debts and not provided for in respect of which the Company has filed appeal.		
	- Income Tax and Interest on TDS	4010.86	3106.83
	- Sales Tax / VAT / Entry Tax	1930.11	1882.88
	- Service Tax	243.12	243.12
e.	Claims against the Company not acknowledged as debts	662.86	202.42
f.	Joint and several liabilities in respect of joint venture projects and liquidated damages in respect of delays in completion of projects - Amounts are not ascertainable.		

#### 34. ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT (NET OF ADVANCES) NOT PROVIDED FOR

Sl. No.	Particulars	₹ in lakhs	
		2013-14	2012-13
a.	For Construction Equipments	Nil	10.32
b.	For Equity investment in BOT Projects	Nil	10562.00
c.	For Immovable properties	Nil	3.71

#### 35. MANAGERIAL REMUNERATION

Sl. No.	Particulars	₹ in lakhs	
		2013-14	2012-13
a.	Salaries, allowances and perquisites	240.40	285.00
b.	Sitting Fees	6.00	5.00
c.	Contribution to Provident Fund by employer	10.20	16.43
	<b>Total</b>	<b>256.60</b>	<b>306.43</b>

Note: The salaries does not include provision for gratuity.

#### 36. EXPENDITURE / REMITTANCE AND ADVANCES RECEIVED IN FOREIGN CURRENCY

Sl. No.	Particulars	₹ in lakhs	
		2013-14	2012-13
<b>I</b>	<b>Expenditure / Remittance</b>		
a.	On account of Travel/Other expenses (including boarding & lodging Expenses)	6.55	0.47
b.	On account of Capital Goods & Spares	199.03	1,234.52
c.	On account of Advance / Loan	21.78	1.77
d.	On account of Term Loan re-payment (including interest and other charges)	Nil	131.31
<b>II</b>	<b>Income / Advances Received</b>	<b>Nil</b>	<b>Nil</b>

#### 37. REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDEND

The company has not remitted any amount in foreign currencies on account of dividend during the year and has remitted dividend to the non- resident shareholders in Indian currency during the year ended March 31, 2014 and the details of the same given below:

Sl. No.	Particulars	₹ in lakhs	
		2013-14	2012-13
a.	Number of non-resident shareholders	107	108
b.	Number of equity shares held by them	56719	57782
c.	i) Amount of dividend paid (Amount in Rupees)	56,719	57,782
	ii) Year to which dividend relates	2012-13	2011-12

**38. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD – 7 (REVISED) “Construction Contracts”**

Sl. No.	Particulars	₹ in lakhs	
		2013-14	2012-13
a.	Contract Revenue recognized as revenue during the year	82799.72	67980.43
b.	Contract costs incurred and recognized Profits, less losses	82799.72	67980.43
c.	Advances received net of recoveries from Progressive bills	8119.93	14585.36
d.	Retention Deposits	7098.93	4941.17
e.	Gross amount due from customers	7482.77	8415.80
f.	Gross amount due to customers	8283.29	101.57

**39. Particulars of Loans and Advances in the nature of loans as required by clause 32 of the Listing Agreement**

Sl. No.	Name of the Company	₹ in lakhs			
		Balance as on		Maximum outstanding	
		31-03-2014	31-03-2013	2013-14	2012-13
<b>A.</b>	<b>Subsidiaries</b>				
	KNR Agrotech & Beverages Pvt Ltd.,	393.50	332.21	393.50	332.21
	KNRCL - FZE	57.32	48.62	57.32	48.62
	KNR Infrastructure Projects Pvt. Ltd.,	6.91	275.98	278.56	275.98
	KNR Energy Ltd.,	201.17	200.81	201.17	200.81
	KNRC Holdings and Investments Pvt Ltd.,	218.67	216.98	218.67	216.98
	KNR Muzaffarpur Holdings Pvt. Ltd.,	0.35	0.27	0.35	0.27
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	2.79	2.26	2.79	2.46
	KNR Walayar Tollways Pvt. Ltd.,	13501.00	3232.89	13501.00	3232.89
<b>B.</b>	<b>Associates</b>				
	Patel KNR Infrastructure Ltd.,	-0.49	-0.81	-0.81	Nil
	Patel KNR Heavy Infrastructure Ltd.,	1034.92	5125.80	5126.97	6204.64
<b>C.</b>	<b>Loans and Advances where there is no repayment schedule</b>				
	KNR Agrotech Beverage Pvt. Ltd.,	393.50	332.21	393.50	332.21
	KNRCL – FZE	57.32	48.62	57.32	48.62
	KNR Infrastructure Projects Pvt. Ltd.,	6.91	275.98	278.56	275.98
	KNR Energy Ltd.,	201.17	200.81	201.17	200.81
	KNRC Holdings and Investments Pvt Ltd.,	218.67	216.98	218.67	216.98
	KNR Muzaffarpur Holdings Pvt. Ltd.,	0.35	0.27	0.35	0.27
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	2.79	2.26	2.79	2.46
	KNR Walayar Tollways Pvt. Ltd.,	13501.00	3232.89	13501.00	3232.89
	Patel KNR Infrastructure Ltd.,	-0.49	-0.81	-0.81	Nil
	Patel KNR Heavy Infrastructure Ltd.,	1034.92	5125.80	5126.97	6204.64

Sl. No.	Name of the Company	₹ in lakhs			
		Balance as on		Maximum outstanding	
		31-03-2014	31-03-2013	2013-14	2012-13
<b>D.</b>	<b>Loans where no interest is charged or interest is below that specified in sec. 372A of Companies Act, 1956</b>				
	KNR Agrotech Beverage Pvt Ltd., *	393.50	332.21	393.50	332.21
	KNRCL – FZE*	57.32	48.62	57.32	48.62
	KNR Infrastructure Projects Pvt. Ltd.,*	6.91	275.98	278.56	275.98
	KNR Energy Ltd.,*	201.17	200.81	201.17	200.81
	KNR Holding and Investment Pvt Ltd.,*	218.67	216.98	218.67	216.98
	KNR Muzaffarpur Holdings Pvt. Ltd.,*	0.35	0.27	0.35	0.27
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,**	2.79	2.26	2.79	2.46
	KNR Walayar Tollways Pvt. Ltd.,**	13501.00	3232.89	13501.00	3232.89
	Patel KNR Infrastructures Ltd., **	-0.49	-0.81	-0.81	Nil
	Patel KNR Heavy Infrastructures Ltd.,**	1034.92	5125.80	5126.97	6204.64
<b>E.</b>	<b>Loans to firms / Companies in which directors are interested</b>		<b>Nil</b>		<b>Nil</b>

\* These un-secured loans are given to wholly owned subsidiary companies and are interest free.

\*\* These interest free un secured loans are given to Special Purpose Vehicles (SPV's) formed for the purpose of execution of BOT Annuity (Road) Projects as per the terms and conditions of the respective concession agreements.

40. The Company has not received any intimation from 'Suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

#### 41. Segmental Reporting

The Company's operations consists of Construction activities. Hence, there are no reportable segments under the Accounting Standard 17 of the ICAI.. During the year under report, the Company has engaged in business in India only and not in any other Country. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

42. In the case of Patel-KNR-JV, the share of loss for the financial year 2012-13 was not accounted for during the same year due to non availability of information. Share of loss of the said JV amounting to Rs. 186.60 lakhs for the financial year 2012-13 has been accounted for during the FY 2013-14 based on its un-audited financial statements.

43. As per the Accounting Standard-27 on "Financial Reporting of Interest in Joint Venture" issued by, the Institute of Chartered Accountants of India, the particulars of Joint Venture and its interest therein are as follows:

(₹ in Lakhs)

Name of the company	Per-centage of Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
Patel-KNR-JV*	50%	6620.66	6620.66	Nil	Nil	156.43	810.68
KNR-Patel-JV*	51%	435.62	435.62	Nil	Nil	Nil	4.46
NCC-KNR-JV	Project wise	9.48	9.48	Nil	Nil	0.25	11.42
KNR-SLEC-JV*	60%	68.41	68.41	Nil	Nil	0.05	0.11
KNR-BPL-JV	49%	581.02	581.02	142.04	Nil	1885.66	1885.66
KNR-GVR-JV	51%	446.51	446.51		Nil	1986.43	1926.46
KNR-JKM-KAMAL-JV	50%	1330.09	1330.09	Nil	Nil	3170.14	3089.80
KNR-JKM-JV	51%	2814.31	2814.31	Nil	Nil	4169.47	4083.04
KNR-SLMI-JV	Project wise	1940.18	1940.18	Nil	Nil	4829.36	4815.25

\* As per the Un-Audited financial statements.

#### 44. Related Party Transactions

A. Following is the list of related parties and relationships:

Sl.No	Particulars	Sl.No	Particulars
<b>A)</b>	<b>Direct Subsidiaries</b>	<b>E)</b>	<b>Key Management Personnel</b>
	KNR Agrotech & Beverages Pvt Ltd.,		Sri K. Narasimha Reddy , M.D
	KNR Constructions LLC, Oman		Sri K. Jalandhar Reddy, E.D
	KNR – FZE, Dubai		Sri M. Rajesh Reddy, E.D
	KNR Infrastructure Projects Pvt Ltd.,		Sri M. V.Venkata Rao, C.S
	KNR Energy Ltd.,		Sri G. Sravana Kumar, G.M
	KNRC Holdings and Investments Pvt. Ltd.,		
	KNR Walayar Tollways Pvt. Ltd.,		
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,*		
<b>B)</b>	<b>Subsidiaries of KNRC Holdings and Investment Pvt. Ltd.,</b>		
	KNR Muzaffarpur Holdings Pvt. Ltd.,		
	Mesmeric Software Solutions Pvt. Ltd.,		
	Nag Talent Ventures & Infotech Pvt. Ltd.,		
	Roche Polymers and Additives Pvt. Ltd.,		
	Gradient Estates Pvt. Ltd.,		
	Gradient Realty Ventures Pvt. Ltd.,		
	Asara Construction & Projects Pvt. Ltd.,		
<b>C)</b>	<b>Joint Ventures</b>	<b>F)</b>	<b>Relatives of Key Management Personnel</b>
	KNR – Patel JV		NIL
	Patel – KNR JV		
	NCC-KNR JV		

SI.No	Particulars	SI.No	Particulars
		G)	Enterprises owned or significantly influenced by key management personnel or their relatives
	KNR – SLEC JV		Yuvashakthi Enterprises (Firm)
	KNR-BPL JV		Vishnu Publicity Solutions Pvt. Ltd.,
	KNR-GVR JV		Trapezoid Software Solutions Pvt. Ltd.,
	KNR-JKM-KAMALA JV		Mincom Enterprises Pvt Ltd.,
	KNR-JKM JV		Siriadhvaitha Agrotech Pvt. Ltd.,
	KNR-SLMI JV		Tagline Traders Pvt. Ltd.,
			Narsimha Landscape Pvt. Ltd.,
D)	<b>Associates</b>		Siriadhvaitha Agro Developers Pvt. Ltd.,
	Patel KNR Infrastructures Ltd.,		Siriadhvaitha Agro Solutions Pvt. Ltd.,
	Patel KNR Heavy Infrastructures Ltd.,		Smitha Agro Developers Pvt. Ltd.,
			Smitha Reality Pvt. Ltd.,
			Yashoda Landscape Pvt. Ltd.,
			Yashoda Meadows Pvt. Ltd.,

\* KNR Constructions Limited indirectly with its subsidiary i.e., KNR Muzzfarpur Holdings Pvt. Ltd holds 51% in the equity share capital of KNR Muzaffarpur Barauni Tollway Private Limited .

#### B. Related party transactions during the year ended 31st March 2014 are as follows:

(Previous year's figures are given in brackets below the current year figures)

(₹ in Lakhs)

SI. No.	Particulars	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
1	Net Investments / (-Returns)	89.00	-	-641.06	-	-
		(45.90)	(-)	(-876.77)	(-)	(-)
2	Un-secured advance / loan given / (re-paid) – Rupee	10071.55	-4068.76	49.00	-	-
		(3783.34)	(-1078.83)	(-)	(-)	(-)
3	Un-secured advance / loan given – Foreign currency	-	-	-	-	-
		(3.19)	(-)	(-)	(-)	(-)
4	Un-secured loan received - Rupee	-	-	-	400.00	-
		(-)	(-)	(-)	(204.02)	(-)
5	Un-secured loan re paid	(-)	(-)	(-)	(6.59)	(-)
		(-)	(-)	(-)	(202.43)	(-)
6	Fixed Assets purchased from Patel-KNR-JV	-	-	135.66	-	-
		(-)	(-)	(-)	(-)	(-)

7	Net Share of Profit	-	-	-276.42	-	-
		(-)	(-)	(198.60)	(-)	(-)
8	Sub-Contract Jobs given	-	-	73.26	-	-
		(-)	(-)	(37.30)	(-)	(-)
9	Sub-Contract / (EPC) / Maintenance Jobs received	35612.29	903.18	6393.15	-	-
		(-)	(887.51)	(1299.25)	(-)	(-)
10	Remuneration paid (including other benefits and contribution to Provident Fund)	-	-	-	278.51	-
		(-)	(-)	(-)	(328.29)	(-)
11	Land Lease and Office Rent Paid	-	-	-	25.87	-
		(-)	(-)	(-)	(43.31)	(-)
12	Interest Paid	-	-	-	3.78	-
		(-)	(-)	(-)	(4.46)	(-)
13	BG Commission received	-	-	0.47	-	-
		(-)	(-)	(20.89)	(-)	(-)
14	Professional Charges received from Patel-KNR_JV by Directors	-	-	-	-	-
		(-)	(-)	(-)	(22.37)	(-)
15	Purchase of Equity shares in KNR Infra Projects Pvt Ltd., consideration amount paid	(-)	(-)	(-)	(-)	(-)
		(-)	(-)	(-)	(1.00)	(-)
16	Corporate Guarantee Given			5000.00	-	-
		(6000.00)	(13142.25)	(500.00)	(-)	(-)
17	Bank Guarantee Given			1779.31	-	-
		(3410.00)	(-)	(2740.40)	(-)	(-)
18	Sale of fixed assets	(-)	(-)	(-)	25.85	(-)
		(-)	(-)	(-)	(-)	(-)
19	Debit balance written off	262.79	(-)	(-)	(-)	(-)
		(-)	(-)	(-)	(-)	(-)
20	Debit balances outstanding as on 31st March, 2014 –	4750.01	214.94	3325.54	25.85	-
		(-)	(62.01)	(2858.29)	(-)	(-)
21	Credit balances outstanding as on 31st March, 2014 –	-	-	1536.19	398.49	-
		(-)	(-)	(4280.77)	(17.74)	(-)

Note: The amounts mentioned above in the case of M/s. KNR-SLEC-JV, M/s. KNR Constructions LLC, PATEL KNR JV, KNR PATEL JV and M/s KNR FZE are based on the un-audited financial statements of the respective entities.

45. There is no impairment Loss on fixed assets on the basis of review carried out by the management in accordance with Accounting Standard-28 issued by the Institute of Chartered Accountants of India. Further during the review of assets of the company, those assets which are found having nil market value have been written off in the accounts.
46. Debit and credit balances of parties are subject to confirmation by the respective parties.
47. The Company has taken unsecured advances / loans from its directors, the details of which are furnished below:

(₹ in Lakhs)

Name of the Party	Relation-ship	Opening Balance as on 01-04-2013	Loan received During the year	Net interest (after deducting TDS)	Loan re-paid during the year	Outstanding as on 31-03-2014
K. Narasimha Reddy	M.D	1.59	400.00	3.48	6.59	398.48
K. Narasimha Reddy -at Dubai Branch	M.D	2.81	0.30	Nil	Nil	3.11

\*The amount has arisen on account of translation of closing balance in foreign currency.

48. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached

For and on behalf of the Board

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

Sd/-  
**C.Sukumar Babu**  
Partner  
Membership No: 024293

Place : Hyderabad  
Date : 30-05-2014

Sd/-  
**K.Narasimha Reddy**  
Managing Director

Sd/-  
**G.Sravana Kumar**  
General Manager (F&A)

Sd/-  
**K. Jalandhar Reddy**  
Executive Director

Sd/-  
**M.V.Venkata Rao**  
Company Secretary

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# Consolidated Financial Statements

## **INDEPENDENT** **Auditor's Report**

The Board of Directors of  
KNR Constructions Limited

We have audited the accompanying consolidated financial statements of KNR Constructions Limited ('the Company') and its Subsidiaries, Joint Ventures and Associates (collectively referred to as 'the Group'), which comprise the consolidated Balance Sheet as at March 31, 2014 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

We did not audit the financial statements of certain subsidiaries, jointly controlled entities and associates, whose financial statements reflect Group's share of total assets of Rs. 49801.26 lakhs as at March 31, 2014, Group's share of total revenue of Rs. 5772.89 lakhs, and Group's share of profit/(loss) of Rs. (395.69) lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these Subsidiaries, Joint Ventures, Associates is based solely on the report of other auditors except in case of those concerns referred to in note no: 38 forming part of the accounts.

There are Joint Venture entities which did not get their accounts duly audited for the current Financial Year. The details of such entities are given in the note annexed here to. In such a situation, the financials of such entities are considered for consolidation based on the financial statements certified by the constituent partners of these entities. As a result, the figures in financial statements of these entities may change subsequently post audit which may have an effect on the consolidated financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- a. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the consolidated Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

for SUKUMAR BABU & CO.,  
Chartered Accountants  
Firm Regn. No: 004188S

Sd/-  
**C. SUKUMAR BABU**  
Partner  
Membership No: 024293

Place: Hyderabad  
Date: 30-05-2014

# CONSOLIDATED BALANCE SHEET

## AS AT 31st March, 2014

(₹ in Lakhs)

PARTICULARS	NOTE No.	As At	
		31-03-2014	31-03-2013
<b>I EQUITY AND LIABILITIES</b>			
<b>1) SHAREHOLDERS' FUNDS</b>			
a) Share Capital	3	2,812.35	2,812.35
b) Reserves and Surplus	4	58,283.20	43,557.08
<b>2) SHARE APPLICATION MONEY</b>			
Pending Allotment		-	-
<b>3) MINORITY INTEREST</b>			
		5,595.21	5,340.09
<b>4) NON - CURRENT LIABILITIES</b>			
a) Long-Term Borrowings	5	34,298.54	8,040.61
b) Deferred Tax Liabilities (Net)	6	-	-
c) Other Long Term Liabilities	7	6,974.43	13,109.62
d) Long-Term Provisions	8	113.80	109.04
<b>5) CURRENT LIABILITIES</b>			
a) Short-Term Borrowings	9	5,014.73	6,356.39
b) Trade Payables	10	7,808.90	11,172.03
c) Other Current Liabilities	11	18,921.57	10,669.86
d) Short-Term Provisions	12	5,621.80	11,382.07
<b>TOTAL</b>		<b>145,444.53</b>	<b>112,549.14</b>
<b>II ASSETS</b>			
<b>1) NON-CURRENT ASSETS</b>			
a) Fixed Assets	13		
i) Tangible Assets		27,217.22	29,608.42
ii) Intangible Assets		3.97	5.40
iii) Capital Work-In-Progress		164.01	486.08
iv) Intangible Assets Under Development		58,369.25	10,492.23
b) Non-Current Investments	14	2,561.88	3,070.33
c) Deferred Tax Assets (Net)	6	1,255.08	360.51
d) Long-Term Loans and Advance	15	3,550.17	6,932.17
e) Other Non-Current Assets	16	8,304.45	6,359.23
<b>2) CURRENT ASSETS</b>			
a) Current Investments	17	-	1,818.53
a) Inventories	18	5,301.95	4,727.09
b) Trade Receivables	19	7,546.44	11,593.72
c) Cash and Bank Balances	20	5,728.92	2,337.35
d) Short-Term Loans and Advances	21	16,973.91	25,247.47
e) Other Current Assets	22	8,467.28	9,510.61
<b>TOTAL</b>		<b>145,444.53</b>	<b>112,549.14</b>
<b>Significant Accounting Policies</b>	<b>1 &amp; 2</b>		

Notes referred to above form an integral part of the accounts

As per our report of even date attached

For Sukumar Babu &amp; Co.,

Chartered Accountants

(Firm Regn. No. 004188S)

Sd/-

**C.Sukumar Babu**

Partner

Membership No: 024293

Place : Hyderabad

Date : 30-05-2014

For and on behalf of the Board

Sd/-

**K.Narasimha Reddy**

Managing Director

Sd/-

**G.Sravana Kumar**

General Manager (F&amp;A)

Sd/-

**K. Jalandhar Reddy**

Executive Director

Sd/-

**M.V.Venkata Rao**

Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## for The Year Ended 31st March, 2014

(₹ in Lakhs)

PARTICULARS	NOTE No.	For The Year Ended 31-03-2014	For The Year Ended 31-03-2013
I Gross Revenue from Operations	23	89,503.23	76,497.03
II Other income	24	1,718.22	1,847.29
<b>III Total Revenue (I + II)</b>		<b>91,221.45</b>	<b>78,344.32</b>
<b>IV Expenses:</b>			
Cost of materials consumed	25	29,066.98	20,299.55
Other Construction Expenses	26	41,873.92	39,597.63
Changes in Inventories of Finished Goods, Stock-in-Process	27	(193.51)	203.63
Employee benefits expense	28	3,520.92	2,956.53
Finance costs	29	1,788.67	1,207.56
Depreciation and amortization expense	30	5,858.38	5,595.87
Other expenses	31	2,097.87	1,775.39
<b>Total expenses</b>		<b>84,013.23</b>	<b>71,636.16</b>
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>7,208.22</b>	<b>6,708.16</b>
VI Exceptional items		-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>		<b>7,208.22</b>	<b>6,708.16</b>
VIII Extraordinary Items		-	-
<b>IX Profit before tax (VII- VIII)</b>		<b>7,208.22</b>	<b>6,708.16</b>
X Tax expense:	32		
1) Current tax		1,473.15	2,005.88
2) Deferred tax		(819.42)	(432.63)
<b>XI Profit for the year (before adjustment for Minority Interest)</b>		<b>6,554.49</b>	<b>5,134.91</b>
Add / (Less) Share of profit / (loss) from Associates		(508.68)	(228.14)
Add / (Less) Prior year share of profit from Associates		-	-
Add: Share of Loss transferred to Minority Interest		-	-
<b>Profit for the year (after adjustment for Minority Interest)</b>		<b>6,045.81</b>	<b>4,906.77</b>
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>6,045.81</b>	<b>4,906.77</b>
XVI Earnings per equity share: (In Rs.)	33		
1) Basic		21.50	17.45
2) Diluted		21.50	17.45
<b>Significant Accounting Policies</b>	<b>1 &amp; 2</b>		

### Notes referred to above form an integral part of the accounts

As per our report of even date attached

For and on behalf of the Board

**For Sukumar Babu & Co.,**

Chartered Accountants  
(Firm Regn. No. 004188S)

Sd/-

**C.Sukumar Babu**

Partner

Membership No: 024293

Sd/-

**K.Narasimha Reddy**

Managing Director

**K. Jalandhar Reddy**

Executive Director

Sd/-

**G.Sravana Kumar**

General Manager (F&A)

Sd/-

**M.V.Venkata Rao**

Company Secretary

Place : Hyderabad

Date : 30-05-2014

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2014

(₹ in Lakhs)

PARTICULARS	For The Year Ended 31-03-2014		For The Year Ended 31-03-2013	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax		7,208.22		6,708.16
<i>Adjustments for</i>				
Depreciation & Amortization Expenses	5,858.38		5,595.87	
Provision for Gratuity	6.02		1.87	
Provision for doubtful advances	27.37		-	
Loss on sale of assets and Discarded	15.99		1.72	
Profit on sale of Assets	(196.07)		(22.04)	
Interest and Financial Charges	1,825.82		1,206.66	
Interest Received	(52.94)	7,484.57	(37.43)	6,746.65
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>14,692.79</b>		<b>13,454.81</b>
(Increase)/Decrease in Trade and Other Receivables	9,415.42		(14,247.34)	
(Increase)/Decrease in Inventories	(574.86)		1,704.61	
"Increase/(Decrease) in Trade Payables and Other Liabilities (excluding Proposed Dividend & Income Tax)"	3,336.66	12,177.22	2,765.12	(9,777.61)
<b>CASH GENERATED / (USED) FROM OPERATIONS</b>		<b>26,870.01</b>		<b>3,677.20</b>
Minority Interest and Share of profit from associates		(508.68)		(228.14)
Taxes paid		(2,422.53)		(3,120.07)
<b>NET CASH USED IN OPERATING ACTIVITIES - (A)</b>		<b>23,938.80</b>		<b>328.99</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets and other Capital Expenditure	(51,229.03)		(14,900.27)	
Bank Balances not considered as cash and cash equivalents	(309.33)		85.48	
Proceeds from sale of Fixed Assets	375.72		1,089.29	
Investments in Joint Ventures / SPV's / Mutual Funds	2,326.98		(1,590.16)	
"Foreign Exchange Translation Adjustment (arising on translation of Foreign branch transactions)"	19.34		12.96	
Minority Interest	255.12		5,231.15	
Interest Received	115.72		91.00	
TDS on Interest Received	(44.42)		(22.54)	
<b>NET CASH FLOW / (USED IN) INVESTING ACTIVITIES - (B)</b>		<b>(48,489.90)</b>		<b>(10,003.09)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Long Term Funds Borrowed / (Repaid)	27,797.33		8,923.27	
Mobilization and Machinery advances received from customers	(6,949.37)		3,469.32	
Capital Grant	8,990.00		-	
Interest paid	(1,875.59)		(1,129.57)	
Dividend and Dividend Tax paid	(329.03)		(326.85)	
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES - (C)</b>		<b>27,633.34</b>		<b>10,936.17</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS - (A+B+C)</b>		<b>3,082.24</b>		<b>1,262.07</b>
Cash and Cash Equivalents at the beginning of the year		1,939.00		676.93
Cash and Cash Equivalents at the end of the year (Refer Note 20)		5,021.24		1,939.00

(₹ in Lakhs)

PARTICULARS	For The Year Ended 31-03-2014	For The Year Ended 31-03-2013
-------------	----------------------------------	----------------------------------

Notes:

- |    |  |          |          |
|----|--|----------|----------|
| 1  | Cash and Cash equivalents includes:  |          |          |
|    | Cash in Hand   | 63.33    | 254.76   |
|    | Bank Balance -Current Account  | 4,957.91 | 1,684.24 |
| 2. | The above current account balances includes Rs. 3.19 lakhs (P.Y Rs. 2.95 lakhs) in Unclaimed Dividend Account and Rs.0.09 lakhs (P.Y 0.09 lakhs) in IPO refund account.  |          |          |
| 3. | The Cash flow statement is prepared in accordance with the Indirect Method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities. |          |          |

Previous year's figures have been regrouped, wherever necessary.

Figures in brackets represent cash outflows.

As per our report of even date attached

For and on behalf of the Board

**For Sukumar Babu & Co.,**

Chartered Accountants  
(Firm Regn. No. 004188S)

Sd/-  
**C.Sukumar Babu**  
Partner  
Membership No: 024293

Sd/-  
**K.Narasimha Reddy**  
Managing Director

Sd/-  
**K. Jalandhar Reddy**  
Executive Director

Place : Hyderabad  
Date : 30-05-2014

Sd/-  
**G.Sravana Kumar**  
General Manager (F&A)

Sd/-  
**M.V.Venkata Rao**  
Company Secretary

## CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

### 1 CORPORATE INFORMATION:

- 1.1 The shares of the Company are listed on the stock exchanges in India in 2008 pursuant to Public offer of equity shares. The Company, its subsidiaries and jointly controlled entities collectively referred to as "Group" is engaged in the infrastructure sector and is undertaking turnkey EPC contracts as well as BOT projects on Public Private Partnership basis. The group's range of verticals comprises of roads, bridges, flyovers, irrigation projects, agriculture and trading business.

### 2 SIGNIFICANT ACCOUNTING POLICIES:

#### 2.1 Basis of Accounting and preparation of financial statements

The consolidated financial statements relates to KNR Constructions Limited ("the Company"), its subsidiary companies, jointly controlled entities and Associates (the "Group"). The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and un realised profits or losses on intra group transactions as per Accounting Standard 21 on "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006.
- b) Interest in jointly controlled entities has been consolidated by using the 'proportionate consolidation' method as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' notified by the Companies (Accounting Standard) Rules, 2006.
- c) In case of associates where the Company directly or indirectly through its subsidiaries holds more than 20% of equity, investments in associates are accounted for under the equity method as per Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006.
- d) The financial statements of the subsidiaries, jointly controlled entities and the associates used in consolidation are drawn up to the same reporting date as that of the Company, i.e. March 31, 2014 except the foreign subsidiary KNR Constructions LLC in which case the reporting period is from 1-1-13 to 31-12-13.
- e) The excess of cost to the Company of its investment in the subsidiaries and the jointly controlled entities over the Company's share of equity is recognized in the financial statements as Goodwill and tested for impairment annually.
- f) The excess of the Company's share of equity of the subsidiaries and jointly controlled entities on the acquisition date over its cost of investment is treated as Capital Reserve.
- g) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the company.
- h) Minority Interest in the net assets of consolidated subsidiaries consists of
  - i) the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
  - ii) the minorities' share of movements in the equity since the date the parent subsidiary relationship came into existence.
- i) Minority interest in the net profit for the year in the case of subsidiaries whose accounts are consolidated is identified and adjusted against the profit after tax of the group.

- j) Intra-group balances and intra-group transactions and the resulting unrealized profits have been eliminated.
- k) In case of foreign subsidiaries being non- integral foreign operations, revenue items are consolidated at monthly average of exchange rates prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized as “ Foreign Currency Translation Reserve”.
- l) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company’s separate financial statements.

**2.2** Investments in subsidiaries, jointly controlled entities and associates have been accounted as per Accounting Standard 13 on “Accounting for Investments” notified by the Companies (Accounting Standard) Rules, 2006.

### **2.3 Basis of Accounting and preparation of financial statements**

The consolidated accounts have been prepared on accrual basis under historical cost convention in accordance with the Generally Accepted Accounting Principles in India and Accounting Standards prescribed in Companies (Accounting Standard) Rules, 2006 to the extent applicable.

### **2.4 Use of Estimates :**

The preparation of the financial statements in conformity with Indian GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue, expenses and provisions etc., during the reported period. Actual figures could differ from those estimates.

### **2.5 Fixed Assets and Depreciation:**

Fixed Assets of KNRC are stated at cost of acquisition or construction including any attributable cost of bringing the assets to its working condition for its intended use less accumulated depreciation. Depreciation is provided on Written Down Value method at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for plant & machinery in the case of AP-7, OR-07, Bijapur, Chennai-OR, MP-Chindwara, MP-NH69, AEP-8, Eturunagarm and Walayar projects which are depreciated under SLM method based on useful lives of the assets. The management has estimated the useful life of the assets of plant & machinery. Assets costing up to Rs. 5,000 are depreciated fully in the year of purchase.

Fixed Assets of Subsidiaries, Joint Ventures and Associates are depreciated using straight-line method based on useful lives as estimated by the management. As this practice is followed by the subsidiaries and joint ventures and associates consistently, it is not practicable to make adjustments to the financial statements of the Subsidiaries, Joint Ventures and Associates when there are used by the company in applying proportionate consolidation.

### **2.6 Borrowing Costs:**

Borrowing Costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time i.e., more than 12 months to get ready for its intended use. All other borrowing costs are charged to revenue.

### **2.7 Investments:**

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

## 2.8 Inventories:

Work in progress is valued at cost whereas in the case of joint ventures, the same is valued at contract rates. Raw Materials and Stores & Spares of the company are valued on weighted average cost method. Cost comprises of all costs of purchase (other than refundable duties and taxes), whereas in the case of Joint Ventures, the same are valued at cost.

## 2.9 Employee Benefits :

Liability for employee benefits both short and long term for present and past services which are due as per the terms of employment are accounted in accordance with Accounting Standard (AS)-15 on "Employee Benefits" issued by the Companies (Accounting Standard) Rules, 2006.

### i) Gratuity

The provision for gratuity is made based on valuation by the independent actuaries . The company has taken Group Gratuity Policy of L.I.C. of India and premium paid is recognized as expenses when it is incurred. Actuarial gains and losses in respect of gratuity are charged to Statement of Profit and Loss.

### ii) Provident Fund

Contributions to Provident Fund (a defined contribution plan) are made to Regional Provident Fund Commissioner and are charged to revenue

### iii) Other Benefits

Leave Encashment, Service Compensation, Bonus, and medical re-imburement are accounted on cash basis.

## 2.10 Preliminary/Issue Expenses

Preliminary / Issue expenses are amortized over a period of 10 years.

## 2.11 Revenue Recognition :

Contract revenue is recognized using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. Full provision is made for any loss in the year in which it is foreseen.

Work done but not yet billed in the case of Joint ventures which has been consolidated proportionately is accounted as work-in-progress.

## 2.12 Joint Venture Projects

- i) In respect of Joint Venture Contracts in the nature of jointly controlled operations, the assets controlled, liabilities incurred, the share of income and expenses incurred are recognized in the agreed proportions under respective heads in the financial statements.
- ii) Assets, Liabilities and Expenditure arising out of contracts executed wholly by the Company pursuant to a joint venture agreement are recognized under respective head in the financial statements. Income from the contract is accounted for net of joint venture's share under turnover in these financials statements.
- iii) Share of turnover attributable to the Company in respect of contracts executed by the other joint venture partners pursuant to Joint Venture Agreement is accounted under Turnover in these financial statements.

### 2.13 Foreign exchange translation and foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. In respect of monetary items denominated in foreign currencies, exchange differences arising out of settlement or on conversion at the closing rate are recognized in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Statement of Profit and Loss.

Foreign branches are classified as non-integral foreign operations. Assets and Liabilities (both monetary and non-monetary) are translated at the closing rate at the year end. Income and expenses are translated at the monthly average rate at the end of the respective month. All resulting exchange differences are accumulated in a separate account titled 'Foreign Currency Translation Reserve' till the disposal of the net investments.

### 2.14 Leases

Lease rentals of Quarry Land is written off over the period of its useful life. Leasehold land rental charges is written off over the period of the lease.

### 2.15 Preparatory Work Expenses

Preparatory work expenses in the case of joint ventures are written off in proportion to the value of work done.

### 2.16 Taxes

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws applicable. Provision for deferred tax is made for timing differences arising between taxable income and accounting income using the tax laws and tax rates enacted or subsequently enacted as of the balance sheet date. Deferred Tax Assets are recognized only if there is a virtual certainty that there will be sufficient taxable income in future.

### 2.17 Impairment of Assets

Any losses on account of impairment of assets on each balance sheet date arrived in terms of AS-28 issued by the ICAI is charged to the Statement of Profit and Loss of the respective period.

### 2.18 Earnings per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20, Earnings Per Share notified by the Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Share holders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti dilutive.

### 2.19 Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

### 2.20 Cash flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## NOTES TO FINANCIAL STATEMENTS

### for The Year Ended 31st March , 2014

#### 3. Share Capital

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>EQUITY SHARE CAPITAL</b>		
<b>Authorised Share capital</b> 35,000,000 (PY 35,000,000) Equity Shares of Rs. 10/- each	3,500.00	3,500.00
<b>Issued, subscribed &amp; fully paid share capital</b> 28,123,460 (PY 28,123,460) Equity Shares of Rs. 10/- each  (Out of the above 13,499,260 Equity Shares of Rs. 10/- each were allotted in the F.Y 2005-06 as fully paid up Bonus Shares in the ratio of 2:1 by Capitalising Rs. 1349.93 lakhs from General Reserve)	2,812.35	2,812.35
<b>Total</b>	<b>2,812.35</b>	<b>2,812.35</b>

- 3.1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- . Each holder of equity shares is entitled to one vote per share.
- 3.2 The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.
- 3.3 The Board of Directors, in their meeting on 30-05-2013 declared dividend of Rs. 1/- per equity share. The total dividend appropriation for the year ended March 31 , 2014 amounted to Rs. 329.03 Lakhs including corporate dividend tax of Rs.47.79 Lakhs.

#### 3.4 The details of shareholder holding more than 5% shares as at March 31, 2014 and March 31, 2013 is set out below:

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Kamidi Narasimha Reddy	11,358,610	40.39	9,526,495	33.87
Kamidi Jalandhar Reddy	4,998,087	17.77	4,998,087	17.77
Kamidi Yashoda	2,096,209	7.45	2,096,209	7.45
Patel Engineering Ltd	1,777,116	6.32	1,942,574	6.91
Jetti Venkata Panindra Reddy	-	-	1,832,115	6.51
Mereddy Rajesh Reddy	1,832,115	6.51	1,832,115	6.51
HDFC Trustee Company Ltd	2,258,492	8.03	2,258,492	8.03

#### 3.5 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, 2014		As at March 31, 2013	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	28,123,460	2,812.35	28,123,460	2,812.35
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Brought Back	-	-	-	-
Number of Equity Shares at the end of the year	28,123,460	2,812.35	28,123,460	2,812.35

#### 4 RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>SECURITIES PREMIUM RESERVE</b>		
Opening Balance	12,599.31	12,599.31
Add : Additions in current year	-	-
Less: Written Back in current year	-	-
<b>Closing Balance</b>	<b>12,599.31</b>	<b>12,599.31</b>
<b>GENERAL RESERVE</b>		
Opening Balance	2,697.00	2,567.00
Add : Transferred from Surplus	152.00	130.00
Less: Written Back in current year	-	-
<b>Closing Balance</b>	<b>2849.00</b>	<b>2,697.00</b>
<b>CAPITAL RESERVE</b>		
Opening Balance	-	-
Add: Additions in current year	8,990.00	-
<b>Closing Balance</b>	<b>8,990.00</b>	<b>-</b>
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Opening Balance	24.62	11.66
Add: Additions in current year	19.34	12.96
Less: Written Back in current year	-	-
<b>Closing Balance</b>	<b>43.96</b>	<b>24.62</b>
<b>SURPLUS</b>		
Opening balance	28,236.15	23,788.41
Add: Profit/(Loss) for the current year	6,045.81	4,906.77
Amount available for appropriation	<b>34,281.96</b>	<b>28,695.18</b>
Less: Appropriations		
Proposed Dividend	281.23	281.23
Dividend Tax	47.80	47.80
Transferred to General Reserve	152.00	130.00
<b>Closing Balance</b>	<b>33,800.93</b>	<b>28,236.15</b>
<b>Total</b>	<b>58,283.20</b>	<b>43,557.08</b>

**5 LONG- TERM BORROWINGS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>SECURED LOANS</b>		
Term Loan		
From Banks		
Rupee Loans	32,496.23	7,775.29
From Others		
Rupee Loans	582.20	85.55
<b>Sub- total</b>	<b>33,078.43</b>	<b>7,860.84</b>
<b>UN SECURED LOANS</b>		
Loans & Advances from Related Parties		
From Director	3.11	179.77
Other Loans & Advances	1,217.00	-
<b>Sub-total</b>	<b>1,220.11</b>	<b>179.77</b>
<b>Total</b>	<b>34,298.54</b>	<b>8,040.61</b>

\* Current maturities are included in Note 11 - other current liabilities

5.1 Term Loans availed from banks and others are secured by hypothecation of specific assets comprising plant and equipment and vehicles acquired out of the said loans and personal guarantee of a director.

5.2 All term loans from banks and others are repayable in 35 equal monthly installments. The rate of interest for these loans vary between 10% - 12.75% per annum on an average.

**6 DEFERRED TAX LIABILITIES (NET)**

Particulars	As at	
	March 31, 2014	March 31, 2013
Deferred Tax Liabilities	(1,255.08)	(360.51)
<b>Total</b>	<b>(1,255.08)</b>	<b>(360.51)</b>

**7 OTHER LONG TERM LIABILITIES**

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>“Loans &amp; Advances from Related Parties (refer note 39)”</b>		
From Associates Company	22.17	-
<b>Others</b>		
Retention Deposits and Withheld Amount Payable	3,816.47	3,271.99
Security Deposits Payable	889.05	641.52
<b>Trade Advances received from Clients against BG's</b>		
Mobilization Advance	1,189.90	6,416.02
Machinery Advance	1,056.84	2,780.09
<b>Total</b>	<b>6,974.43</b>	<b>13,109.62</b>

## 8 LONG TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Provision for employee benefits Gratuity	113.80	109.04
<b>Total</b>	<b>113.80</b>	<b>109.04</b>

## 9 SHORT TERM BORROWINGS

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>LOANS REPAYABLE ON DEMAND</b>		
SECURED LOANS		
From Banks		
Cash Credit ( Refer Note 9.1 and 9.2)	4,584.87	6,354.80
<b>Sub- total</b>	<b>4,584.87</b>	<b>6,354.80</b>
UN-SECURED LOANS		
Loans and advances from related parties (Refer Note 39)		
From Directors	400.46	1.59
From Others	29.40	-
(There is no specific agreement with the above parties)		
<b>Sub- total</b>	<b>429.86</b>	<b>1.59</b>
<b>Total</b>	<b>5,014.73</b>	<b>6,356.39</b>

### 9.1 Working Capital Facilities: Cash Credit facilities from consortium of banks are secured by:

- 1 Hypothecation of entire current assets on pari passu basis with other participating banks,
- 2 First pari passu charge on equitable mortgage of land & buildings, the market value of which is Rs 12.87 crores as on 20-03-2012
- 3 First pari passu charge on equitable mortgage of 5 acres of agricultural land of approximate value of Rs 2.76 Crores
- 4 First pari passu charge on equitable mortgage of industrial factory buildings without machinery, the market value of which is Rs. 23.28 crores
- 5 Hypothecation of certain equipments of written down value as on 31.03.2013 is Rs 38.77 Crores
- 6 Personal guarantee of Directors.
- 7 First pari passu charge on equitable mortgage of property in the name of Company and Director of approximate value of Rs 25.40 Crores

### 9.2 Short term loans from Banks:

The company availed short term loans from bank during the year having a maturity of less than one year which carry interest rate ranging between 10.9% to 12.75% per annum.

## 10 TRADE PAYABLES

Particulars	As at	
	March 31, 2014	March 31, 2013
Sundry Creditors (Suppliers/Service/)	1,986.16	3,152.73
Bills Payable (Sub-contractors/Labour)	5,822.74	8,019.30
<b>Total</b>	<b>7,808.90</b>	<b>11,172.03</b>

**11 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Current maturities of long-term borrowings (Refer Note 5)		
<b>Term Loan</b>		
From Banks		
Rupee Loans	263.13	178.28
Car Finance Loan	-	13.61
From Others		
Rupee Loans	3,000.43	190.61
	<b>3,263.56</b>	<b>382.50</b>
Interest accrued but not due on borrowings;	30.78	80.55
Interest accrued and due on borrowings;	154.82	-
Other payables	1,570.90	2,838.96
Due to Customers	8,283.29	101.57
Unclaimed dividends and IPO Refund	3.33	3.10
Outstanding Expenses	686.86	768.66
Retention Deposits (FSD)	337.93	-
Security Deposits	-	30.19
Material Advance received from clients	3,011.65	5,035.80
<b>Other Payables</b>		
Income Tax	-	30.04
Provident Fund	24.01	13.76
Employee State Insurance	0.17	0.14
TDS/TCS	331.35	363.43
Entry Tax	10.93	30.66
Service Tax	6.86	13.20
VAT	909.56	642.60
Royalty	271.88	273.59
Professional Tax	0.97	1.12
Labour Welfare Cess	22.72	59.99
<b>Total</b>	<b>18,921.57</b>	<b>10,669.86</b>

**12 SHORT TERM PROVISIONS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>PROVISION FOR EMPLOYEE BENEFITS</b>		
Gratuity (Funded)	9.54	8.28
<b>Sub- total</b>	<b>9.54</b>	<b>8.28</b>
<b>OTHERS</b>		
Provision for Income Tax	4,652.68	10,879.03
Provision for Wealth Tax	4.15	4.52
Proposed Dividend	281.23	281.23
Provision for Dividend Tax	47.80	47.80
Provision for Labour Cess	626.40	161.21
<b>Sub- total</b>	<b>5,612.26</b>	<b>11,373.79</b>
<b>Total</b>	<b>5,621.80</b>	<b>11,382.07</b>

(₹ in Lakhs)

**13 FIXED ASSETS**

Sl No	PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
		As at April 1, 2013	Additions	Deductions/ Adjustments	As at March 31, 2014	As at April 1, 2013	For the period	Deductions/ Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
I	<b>Tangible Assets</b>										
	Land - Free Hold * (Including Lease Hold)**	6,482.10	254.17	44.56	6,691.71	6.58	-	-	6.58	6,685.13	6,475.52
	Buildings	1,825.70	188.18	-	2,013.88	183.82	85.33	-	269.15	1,744.73	1,641.88
	Plant and Equipment	41,613.63	2,964.22	1,298.44	43,279.41	20,881.64	5,488.13	1,195.58	25,174.19	18,105.22	20,731.99
	Furniture and Fixtures	250.42	6.87	-	257.29	106.68	27.02	-	133.70	123.59	143.74
	Vehicles	1,055.82	142.75	161.06	1,037.51	542.61	149.54	112.89	579.26	458.25	513.21
	Office equipment	119.92	14.64	0.06	134.50	45.94	12.88	0.01	58.81	75.69	73.98
	Computers & Accessories	93.12	9.32	-	102.44	66.73	12.56	-	79.29	23.15	26.39
	Ships	2.43	-	-	2.43	0.72	0.25	-	0.97	1.46	1.71
	<b>Sub-total</b>	<b>51,443.14</b>	<b>3,580.15</b>	<b>1,504.12</b>	<b>53,519.17</b>	<b>21,834.72</b>	<b>5,775.71</b>	<b>1,308.48</b>	<b>26,301.95</b>	<b>27,217.22</b>	<b>29,608.42</b>
II	<b>Intangible Assets</b>										
	Computer software	11.89	-	-	11.89	8.32	1.43	-	9.75	2.14	3.57
	Goodwill	1.83	-	-	1.83	-	-	-	-	1.83	1.83
	<b>Sub-total</b>	<b>13.72</b>	<b>-</b>	<b>-</b>	<b>13.72</b>	<b>8.32</b>	<b>1.43</b>	<b>-</b>	<b>9.75</b>	<b>3.97</b>	<b>5.40</b>
III	<b>Capital Work In Progress</b>										
	<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164.01</b>	<b>486.08</b>
IV	<b>Intangible Assets Under Development</b>										
	<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,369.25</b>	<b>10,492.23</b>
	<b>TOTAL</b>	<b>51,456.86</b>	<b>3,580.15</b>	<b>1,504.12</b>	<b>53,532.89</b>	<b>21,843.04</b>	<b>5,777.14</b>	<b>1,308.48</b>	<b>26,311.70</b>	<b>85,754.45</b>	<b>40,592.13</b>
	Previous Year	50,589.79	4,039.64	3,172.57	51,456.86	18,460.24	5,486.40	2,103.60	21,843.04	40,592.13	

\* Land includes Rs. 1615.12 lakhs (PY Rs. 1057.99) held in the name of Directors, relatives of Directors for and on behalf of the Company.

**14 NON-CURRENT INVESTMENTS**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/Controlled Entity / Others	Nature of the Share	Face value of the share	No. of Shares/ Units		Quoted / Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)			Amount in Lakhs			"Whether stated at Cost Yes / No"	"If Answer to Column (14) is 'No' - Basis of Valuation"
					31-03-14	31-03-13			31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
<b>I</b>	<b>TRADE INVESTMENTS</b>															
	<b>A Investment in Equity Instruments</b>															
	Patel-KNR Infrastructures Ltd. Add: Share of profit from reserves	Associate	Equity	10	14800000	14800000	Unquoted	Fully Paid	40%	40%	1,480.00 (76.08)	1,480.00 (12.53)	Yes			
	Patel-KNR Heavy Infrastructure Ltd Add: Share of profit from reserves	Associate	Equity	10	9529500	9529500	Unquoted	Fully Paid	40%	40%	952.95 188.74	952.95 633.87	Yes			
											<b>1,141.69</b>	<b>1,586.82</b>				
<b>II</b>	<b>OTHER INVESTMENTS</b>															
	<b>A Investments in Government or Trust securities</b>															
	National Savings Certificates Kisan Vikas Patra	Others Others									1:12 0:15	1.04 -	Yes Yes			
	<b>B Investments in Mutual Funds</b>															
	SBI Infrastructure Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes			
	SBI Magnum Comma Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes			
	SBI PSU Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes			
	<b>Total</b>										<b>2,561.88</b>	<b>3,070.33</b>				

	Aggregate amount of investments	
	31-03-14	31-03-13
a) Aggregate Value of Quoted Investment - Cost - Market Value	15.00 17.48	15.00 16.64
b) Aggregate Value of Unquoted Investment	2,546.88	3,055.33

**15 LONG TERM LOANS AND ADVANCES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>UNSECURED, CONSIDERED GOOD;</b>		
Mobilization Advances paid to Sub-contractors	2,302.75	5,712.04
Capital Advance		
Advances paid for properties	76.22	264.17
Loan and advances to related parties (refer note no 35)		
Associate Companies	1,034.42	824.99
Other Loans and Advances		
Others	136.78	130.97
<b>Total</b>	<b>3,550.17</b>	<b>6,932.17</b>

**16 OTHER NON-CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Retention Money and Withheld Amount Receivable	6,764.45	5,551.30
Others		
Deposits	1,272.10	445.52
IPO Expenses (Unamortized) - Miscellaneous Asset	267.90	362.41
<b>Total</b>	<b>8,304.45</b>	<b>6,359.23</b>

**17. CURRENT INVESTMENTS**

St. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	Nature of the Share	Face value of the share	No. of Shares/ Units		Quoted / Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)			Amount in Lakhs		"Whether stated at Cost Yes / No"	"If Answer to Column (14) is 'No' - Basis of Valuation"
					31-03-14	31-03-13			31-03-14	31-03-13	31-03-14	31-03-13			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
I	<b>TRADE INVESTMENTS</b>														
	PATEL - KNR - JV	Joint Ventures							50%	50%	-	1,818.53			
	<b>Total</b>										-	1,818.53			

**DETAILS OF INVESTMENT IN THE CAPITAL OF FIRM / AOP BY THE COMPANY**

NAME OF THE FIRM	NAMES OF THE PARTNER	Amount in Lakhs	
		31-03-2014	31-03-2013
PATEL- KNR -JV	Patel Engineering Limited* KNR Constructions Limited*	-	-
	<b>Total capital</b>	-	-

\* In the absence of information, the figures could not be given.

**18 INVENTORIES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>Inventory in Hand</b>		
Raw materials	2,461.50	3,018.10
Stores and spares	876.86	21.77
Work in Progress	1,775.62	1,687.22
Stock In Trade	74.41	-
<b>Goods-in-transit</b>		
Raw materials	113.56	-
<b>Total</b>	<b>5,301.95</b>	<b>4,727.09</b>

**19 TRADE RECEIVABLE**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>UNSECURED, CONSIDERED GOOD</b>		
Over Six months	1,436.36	3,802.65
Others	6,110.08	7,791.07
<b>Total</b>	<b>7,546.44</b>	<b>11,593.72</b>

**20 CASH AND BANK BALANCES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>Cash and Cash Equivalents</b>		
Balance with Banks		
Current accounts	1,335.66	1,652.11
Un-claimed Dividend	3.19	3.04
Un-Claimed IPO Refund	0.09	-
In Deposit Accounts with maturity less than 3 months	3,618.97	29.09
Cash on hand	63.33	254.76
<b>Sub- total</b>	<b>5,021.24</b>	<b>1,939.00</b>
<b>Other Bank Balances</b>		
Margin Money deposits (Refer note 20.2)	657.49	351.95
Long Term Deposits more than 12 months maturity	50.19	46.40
<b>Sub- total</b>	<b>707.68</b>	<b>398.35</b>
<b>Total</b>	<b>5,728.92</b>	<b>2,337.35</b>

20.1 Cash on Hand includes Rs. 12.72 lakhs (PY Rs. 12.14 lakhs) held in Foreign Currency.

20.2 Margin Money Deposits have been lodged with Banks against Guarantees / Letters of credit issued by them.

**21 SHORT TERM LOANS AND ADVANCES**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>UNSECURED, CONSIDERED GOOD</b>		
Others		
Advances to Sub-contractors, Labour	7,166.73	6,503.44
Advances to Associates (SPV)	-	4,300.00
Advances to Suppliers and others (Other than capital advances)	757.71	892.94
Staff Imprest and Salary Advances	268.11	82.51
Advance Taxes paid (including Wealth Tax)	7,979.95	13,212.87
Prepaid Expenses	183.83	236.39
Advance for Land Lease	0.23	19.32
Loan to Other Parties	617.35	-
<b>Total</b>	<b>16,973.91</b>	<b>25,247.47</b>

**22 OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Retention Money Receivable	242.24	-
VAT Receivable	597.02	218.79
Interest Receivable / Interest accrued but not received	13.86	76.64
Due from Customers / Unbilled Revenue	7,482.77	8,415.80
Preliminary Expenses not Writtenoff	4.81	0.13
<b>Sub- total</b>	<b>8,340.70</b>	<b>8,711.36</b>
Deposits and Other Receivables	154.15	831.25
Less: Provision for Doubtful Deposits	27.57	32.00
<b>Sub- total</b>	<b>126.58</b>	<b>799.25</b>
<b>Total</b>	<b>8,467.28</b>	<b>9,510.61</b>

**23 REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Work Contract Revenue	89,450.23	76,245.05
Sale of Goods (Domestic)	-	106.02
	89,450.23	76,351.07
Other Operating Revenues Hire Charges Received	53.00	145.96
	89,503.23	76,497.03
Less: Excise Duty	-	-
<b>TOTAL</b>	<b>89,503.23</b>	<b>76,497.03</b>

**24 OTHER INCOME**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Interest Income	1,078.60	331.83
<b>Other non-operating income</b>		
Profit on Sale of Asset	196.07	22.04
Scrap Sales	22.85	0.30
Rental Income	0.14	0.07
Discount Received from suppliers	7.95	8.44
Liabilities no longer required Written Back	251.09	777.32
Insurance Claim Received	52.66	42.15
Forex Gains	0.01	-
Miscellaneous Income	108.85	665.14
<b>TOTAL</b>	<b>1718.22</b>	<b>1,847.29</b>

**25 COST OF MATERIALS CONSUMED**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Opening Stock	3,085.25	2,850.48
Add: Net Purchases	29,508.06	20,488.93
	32,593.31	23,339.41
Less: Closing Stock	3,526.33	3,039.86
<b>TOTAL</b>	<b>29,066.98</b>	<b>20,299.55</b>

**26 OTHER CONSTRUCTION EXPENSES**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>Work Contract</b>		
Sub-contract Expenses	27,649.74	26,749.00
Spreading & Assortment Exp.	6,194.76	7,111.76
Power and Fuel	182.44	180.03
Seigniorage charges / Royalty	466.91	1,016.41
Transport, Loading & Un Loading Charges	2,179.00	1,099.85
Recoveries by Clients (Including Labour Welfare Cess & Other Tax)	845.66	323.18
Sales Tax / VAT	2,582.15	1,842.11
Repairs to Buildings & Others	94.57	43.67
Repairs to Machinery	166.32	261.05
Repairs to Vehicles	147.73	149.48
Miscellaneous expenses	1,364.64	821.09
<b>TOTAL</b>	<b>41,873.92</b>	<b>39,597.63</b>

**27 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Opening Balance of WIP *	1,582.11	1,890.85
Less: Closing Balance of WIP	1,775.62	1,687.22
<b>TOTAL</b>	<b>(193.51)</b>	<b>203.63</b>

\* There is a difference in opening balance of current year and closing balance of last year amounting to Rs 150.50 lakhs, as the figures of Patel-KNR JV were not consolidated in the absence of information in the last financial year.

**28 EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Salaries, Wages and Other Benefits	3,135.60	2,541.90
Directors Remuneration	240.00	285.00
Contribution to Provident and Other Funds	91.72	86.73
Staff welfare Expenses	53.60	42.90
<b>TOTAL</b>	<b>3,520.92</b>	<b>2,956.53</b>

**29 FINANCE COSTS**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>Interest Expense on</b>		
Working Capital	731.70	525.04
Term Loans	525.18	65.58
Advance from Directors	3.87	4.46
Other advances	204.63	256.08
	<b>1,465.38</b>	<b>851.16</b>
Less: Interest received from Banks & Others	52.94	37.43
	<b>1,412.44</b>	<b>813.73</b>
<b>Other Borrowing Costs</b>		
Bank Charges	10.44	10.54
Processing Charges	102.57	64.94
BG / LC Charges	247.43	280.02
Net gain/loss on foreign currency transactions and translation	15.79	38.33
<b>TOTAL</b>	<b>1,788.67</b>	<b>1,207.56</b>

**30 DEPRECIATION AND AMORTIZATION EXPENSE**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Depreciation	5,769.19	5,479.02
Issue Expense Written off	89.19	116.85
<b>TOTAL</b>	<b>5,858.38</b>	<b>5,595.87</b>

**31 OTHER EXPENSES**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>Administration And Other Expenses</b>		
Travelling & Conveyance (Including Boarding & Lodging Expenses)	157.82	138.23
Postage & Telegrams and Telephones	63.94	49.06
Business Promotion Expenses	5.80	10.10
Advertisement and publicity	18.18	35.22
Legal & Professional Charges	382.64	350.46
Insurance	288.90	310.18
Rates and taxes excluding taxes of Income	510.33	338.04
Payments to the auditor		
for Audit	2.14	4.55
for taxation matters	1.00	1.00
for other services	2.00	2.00
Prior period items (Net off Expenses / Income)	20.34	19.98
Printing & Stationery	56.60	48.88
Tender Expenses	61.96	89.89
Office Maintenance	48.09	47.22
Rent Expenses	142.75	174.10
Electricity Charges	109.68	48.20
Directors Sitting Fees	6.00	5.00
Loss on sale of Assets / Discarded	15.99	1.72
Bad Debts / Advances/ Debit Bal. Written Off	45.01	16.11
Provision for Doubtful Advances and Deposits	27.37	-
Donation	5.83	1.87
Miscellaneous Expenses	125.50	83.58
<b>TOTAL</b>	<b>2,097.87</b>	<b>1,775.39</b>

**32 TAX EXPENSE**

(₹ in Lakhs)

Particulars	2013-14	2012-13
<b>A - Current Tax</b>		
Current tax on profits for the year	1,339.86	2,005.88
Adjustments in respect of prior years	133.29	-
<b>Sub-Total</b>	<b>1,473.15</b>	<b>2,005.88</b>
<b>B - Deferred Tax</b>		
Deferred Tax Liability / (Asset) due to timing difference	(819.42)	(432.63)
<b>Sub-Total</b>	<b>(819.42)</b>	<b>(432.63)</b>
<b>TOTAL</b>	<b>653.73</b>	<b>1,573.25</b>

### 33. EARNING PER SHARE

Sl. No.	Particulars	2013-14	2012-13
a.	Net Profit for the year after tax (₹ in lakhs)	6045.81	4906.77
b.	Weighted Average number of equity shares for basic EPS ( ₹ in lakhs)	281.23	281.23
c.	Face Value per share (₹)	10	10
d.	Basic and Diluted EPS (₹)	21.50	17.45

### 34. THE DETAILS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATE COMPANIES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE GIVEN BELOW:

Particulars	Country of Incorporation	March 31, 2014	March 31, 2013
<b>Subsidiaries of the Company</b>			
KNR Agrotech & Beverages Pvt. Ltd.,	India	100%	100%
KNR Constructions LLC	Sultanate of Oman	65%	65%
KNRCL – FZE	UAE	100%	100%
KNR Infrastructure Projects Pvt. Ltd.,	India	100%	100%
KNR Energy Ltd.,	India	100%	100%
KNRC Holdings and Investments Pvt. Ltd.,	India	100%	100%
KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	1.39%	1.39%
KNR Walayar Tollways Pvt. Ltd.,	India	100%	100%
<b>Subsidiaries of KNRC Holdings and Investments Pvt. Ltd.,</b>			
KNR Muzaffarpur Holdings Pvt Ltd.,	India	100%	100%
Mesmeric Software Solutions Pvt. Ltd.,	India	100%	100%
Nag Talent Ventures & Infotech Pvt. Ltd.,	India	100%	100%
Roche Polymers and Additives Pvt. Ltd.,	India	100%	100%
Gradient Estates Pvt. Ltd.,	India	100%	100%
Gradient Realty Ventures Pvt. Ltd.,	India	100%	100%
Asara Construction & Projects Pvt. Ltd.,	India	100%	100%
<b>Subsidiaries of KNR Muzaffarpur Holdings Pvt. Ltd.,</b>			
KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	49.61%	49.61%
<b>Associates of the Company</b>			
Patel KNR Infrastructures Ltd.,	India	40%	40%
Patel KNR Heavy Infrastructures Ltd.,	India	40%	40%
<b>Jointly Controlled Entities of the Company</b>			
Patel-KNR JV	India	50%	50%
KNR-Patel JV	India	51%	51%
KNR-SLEC JV	India	60%	60%
KNR-BPL JV	India	49%	49%
NCC-KNR JV	India	Project wise	Project wise
KNR-GVR JV	India	51%	51%
KNR-JKM-KAMALA JV	India	50%	50%
KNR-JKM JV	India	51%	51%
KNR-SLMI JV	India	Project wise	60%

**35. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

(₹ in Lakhs)

Sl. No.	Particulars	March 31, 2014	March 31, 2013
a	Corporate Guarantee	5000.00	19642.25
b	Bank Guarantees	26507.26	28803.52
c	Claims not acknowledged as debts	662.86	202.42
d	Demands against the Company not acknowledged as debts and not provided for in respect of which the company has filed appeal.		
	- Income Tax and Interest on TDS *	4080.46	3176.43
	- Sales Tax / VAT / Entry Tax	1930.11	1882.88
	- Service Tax	243.12	243.12
e	Letters of Credit	9.74	Nil
f	Estimated amount of contracts remaining to be executed on capital account	Nil	10576.03
g	Joint and several liabilities in respect of joint venture projects and liquidated damages in respect of delays in completion of projects - amounts are not ascertainable.		

\* This contingent liability is subject to interest on tax liability and adjustment of brought forward losses of earlier years on account of disallowance of claims made by various joint ventures u/s 80IA with retrospective effect and disputes pending at various appellate authorities.

**36.** The Company has not received any intimation from 'Suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

**37. Segmental Reporting**

The Company's operations consist of construction activities. Hence, there are no reportable segments under Accounting Standard – 17. During the year under report, the company has engaged in business in India only and not in any other Country. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

**38. Financial Reporting of Foreign Subsidiary , Associates and Joint Ventures**

The financial statements of the foreign subsidiary, M/s. KNR Constructions LLC are drawn up to 31st December 2013 and are un-audited. The financial statements of M/s KNR-Patel-JV, M/s. Patel-KNR-JV and M/s KNR-SLEC-JV are also un-audited. There are no significant transactions between the reporting dates of the said subsidiary and the parent company necessitating adjustments to its accounts.

### 39. Related Party Transactions

#### A. List of Related Parties and relationships

Sl.No	Particulars	Sl.No	Particulars
A)	<b>Subsidiaries</b>	E)	<b>Key Management Personnel</b>
	KNR Agrotech & Beverages Pvt. Ltd.,		Sri K.Narasimha Reddy , M.D
	KNR Constructions LLC, Oman		Sri K.Jalandhar Reddy, E.D
	KNRCL – FZE		Sri M.Rajesh Reddy, E.D
	KNR Infrastructure Projects Pvt. Ltd.,		Sri. M.V.Venkata Rao, C.S
	KNR Energy Ltd.,		Sri. G.Sravana Kumar, G.M
	KNRC Holdings and Investments Pvt. Ltd.,		
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,		
	KNR Walayar Tollways Pvt. Ltd.,		
B)	<b>Step-Down Subsidiaries of KNRC Holding and Investment Pvt. Ltd.,</b>	F)	<b>Relatives of Key Management Personnel</b>
	KNR Muzaffarpur Holdings Pvt. Ltd.,		Nil
	Mesmeric Software Solutions Pvt. Ltd.,		
	Nag Talent Ventures & Infotech Pvt. Ltd.,		
	Roche Polymers and Additives Pvt. Ltd.,		
	Gradient Estates Pvt. Ltd.,		
	Gradient Realty Ventures Pvt. Ltd.,		
	Asara Construction & Projects Pvt. Ltd.,		
C)	<b>Joint Ventures</b>	G)	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>
	KNR-Patel JV		Yuvashakthi Enterprises (Firm)
	Patel - KNR JV		Vishnu Publicity Solutions Ltd.,
	NCC-KNR JV		Trapezoid Software Solutions Pvt. Ltd.,
	KNR-LEC JV		Mincom Enterprises Pvt Ltd.,
	KNR-BPL JV		Siriadhvaitha Agrotech Pvt. Ltd.,
	KNR-GVR JV		Tagline Traders Pvt. Ltd.,
	KNR-JKM-KAMAL JV		Narsimha Landscape Pvt. Ltd.,
	KNR-JKM JV		Siriadhvaitha Agro Developers Pvt. Ltd.,
	KNR-SLMI JV		Siriadhvaitha Agro Solutions Pvt. Ltd.,
			Smitha Agro Developers Pvt. Ltd.,
D)	<b>Associates</b>		Smitha Reality Pvt. Ltd.,
	Patel-KNR Infrastructures Ltd.,		Patel-KNR Heavy Infrastructures Ltd.,
	Yashoda Meadows Pvt. Ltd.,		Yashoda Landscape Pvt. Ltd.,

**B. Related party transactions during the year ended 31st March 2014 are as follows:**

(₹ in Lakhs)

(Previous year's figures are given in brackets below the current year figures)

Sl. No	Particulars	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
1	Un-secured loan given	-2441.26	-	-	-
		(-647.30)	(-)	(-)	(-)
2	Un-secured loan received - Rupee	-	-	400.00	-
		(-)	(-)	(204.02)	(-)
3	Un-secured loan re-paid - Rupee	(-)	(-)	6.59	(-)
		(-)	(-)	(202.43)	(-)
4	Fixed Assets Purchased from Patel-KNR-JV	-	135.66	-	-
		(-)	(-)	(-)	(-)
5	Sub-Contract Jobs given	-	36.63	-	-
		(-)	(18.65)	(-)	(-)
6	Sub-Contract / (EPC) Jobs received	903.18	2658.89	-	-
		(887.51)	(658.34)	(-)	(-)
7	Remuneration paid (including other benefits and contribution to Provident Fund by Employer)	-	-	278.51	-
		(-)	(-)	(328.29)	(-)
8	Land Lease and Office Rent Paid	-	-	43.63	-
		(-)	(-)	(61.07)	(-)
9	Interest` Paid	-	-	3.87	-
		(-)	(-)	(4.46)	(-)
10	BG Commission received	-	0.24	-	-
		(-)	(10.45)	(-)	(-)
11	Professional Charges Received from Patel-KNR-JV by Directors	-	-	-	-
		(-)	(-)	(22.37)	(-)
12	Sale of Fixed Assets	-	-	25.85	-
		(-)	(-)	(-)	(-)
13	Debit balances outstanding as on 31st March, 2014 –	214.94	1558.52	25.85	-
		(62.01)	(1742.80)	(-)	(-)
14	Credit balances outstanding as on 31st March,2014 –	-	709.49	398.49	-
		(-)	(1222.76)	(192.84)	(-)

40. There was no impairment Loss on fixed assets on the basis of review carried out by the management in accordance with Accounting Standard-28 issued by the Institute of Chartered Accountants of India. Further during the review of assets of the company, those assets which were found having nil market value have been written off in the accounts.
41. Debit and credit balances of parties are subject to confirmation by the respective parties.
42. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification /disclosure.
- 

As per our report of even date attached  
**For Sukumar Babu & Co.,**  
Chartered Accountants  
(Firm Regn. No. 004188S)

For and on behalf of the Board

Sd/-  
**C.Sukumar Babu**  
Partner  
Membership No: 024293

Sd/-  
**K.Narasimha Reddy**  
Managing Director

Sd/-  
**K. Jalandhar Reddy**  
Executive Director

Place : Hyderabad  
Date : 30-05-2014

Sd/-  
**G.Sravana Kumar**  
General Manager (F&A)

Sd/-  
**M.V.Venkata Rao**  
Company Secretary

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**KNR CONSTRUCTIONS LIMITED**

(CIN : L74210DL1995PLC238364)

Registered Office: C-125, Anand Niketan, New Delhi - 110021

E-mail : investors@knrcl.com. www.knrcl.com

**ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING**

(to be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of KNR Constructions Limited.

I hereby record my presence at the 19<sup>th</sup> Annual General Meeting of the shareholders of KNR Constructions Limited on Tuesday, the 30<sup>th</sup> of September, 2014 at 11.30 A.M. at the Registered office of the company at Hotel Mapple Emerald, NH – 8, Rajokri, New Delhi - 110 038

DP ID*	Reg. Folio No.
Client ID*	No. of Shares

\* Applicable if shares are held in electronic form

Name & Address of Member

---

Signature of Shareholder/Proxy/  
Representative(Please Specify)





**KNR CONSTRUCTIONS LIMITED**

(CIN : L74210DL1995PLC238364)

Registered Office: C-125, Anand Niketan, New Delhi - 110021

E-mail : investors@knrcl.com. www.knrcl.com

**Form No. MGT-11**

**Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :	L74210DL1995PLC238364		
<b>Name of the company :</b>	<b>KNR Constructions Limited</b>		
Registered office :	C-125, Anand Niketan, New Delhi - 110021		
Name of the member(s) :			
Registered Address :			
Email Id :			
Folio No / Client ID :		DP ID :	

I / We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name		
Address	Signature	
E-mail Id		
or failing him		
2. Name		
Address	Signature	
E-mail Id		

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 19th Annual General Meeting of the company, to be held on Tuesday, the 30th day of September, 2014 at 11.30 A.M. at Hotel Mapple Emerald, NH – 8, Rajokri, New Delhi - 110 038 and at any adjournment thereof in respect of such resolutions as are indicated below :

<b>Resolutions</b>	<b>For</b>	<b>Against</b>
1. Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2. Declaration of Dividend on Equity Shares		
3. Re-appointment of Shri. K. Jalandhar Reddy who retires by rotation		
4. Re-appointment of Shri. M. Rajesh Reddy who retires by rotation		
5. Appointment of Auditors and fixing their remuneration		
6. Appointment of Smt. K. Yashoda as an Director		
7. Appointment of Shri. B.V. Rama Rao as an Independent Director		
8. Appointment of Shri. L.B. Reddy as an Independent Director		
9. Approval of the Remuneration of the Cost Auditors		
10. Approval for authorising Board of Directors for borrowing powers as per Section 180 (1) (c) of Companies Act, 2013		
11. Approval for authorising Board of Directors for mortgage and /or create charge on the assets of the Company as per Section 180 (1) (a) of Companies Act, 2013		

Signed this ..... day of ..... 2014.

Signature of shareholder : \_\_\_\_\_ Signature of Proxy holder(s) : \_\_\_\_\_

Affix Revenue Stamp
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Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





If undelivered, please return to:

**KNR Constructions Limited**

“KNR House”, 3rd & 4th Floors, Plot No. 114,  
Phase I, Kavuri Hills, Hyderabad - 500 033.

**www.knrcl.com**