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# **STRONG PERFORMANCE. STRONGER OUTLOOK.**

KNRCL is a leading infrastructure company that can be most relied-upon to deliver excellent outcomes for National and State highway projects - regardless of geographical terrain or project complexity.

The year gone by was a reaffirmation of our capabilities.

It was one which was marked by strong performance - both operationally and financially.

Once again through superior execution skills, strong machinery backup and efficient procurement planning, KNRCL is completing projects ahead of its scheduled time, redefining the bar of excellence in the industry. For other projects in progress, we continue to move steadfast towards their completion with the finesse associated with your Company.

Our strong performance is also reflected in our high internal rate of return for our projects, achieved through cost and operational efficiencies across all our operations. Boosting our financial robustness, it sets a cycle in motion by allowing us to bid for new projects. We have already secured large ticket orders in this year, which will help us to grow in size, reputation and profitability. And in the current economic landscape where infrastructure creation is being given the highest priority, capitalising on the unfolding opportunities will take us resolutely on the trajectory of delivering even greater value.

**Yes, we have delivered an impressive performance today. But for us, the journey has just begun. For we believe, our strong performance today is a precursor of even stronger performance tomorrow.**

# ABOUT US

Established in 1995, KNR Constructions Limited (henceforth referred to as KNRCL or the Company) is a multi-domain infrastructure project development company. We are among the leading providers of integrated engineering, procurement and construction (EPC) services for the construction and maintenance of road and highway networks of the nation. Leveraging our experience and expertise in the EPC segment, we have also successfully diversified into the important sectors of irrigation and urban water infrastructure.

KNRCL has a pan India presence with state/NHAI projects across 12 states in India. These operations conducted across a range of geographies, on different and challenging terrains, has enabled

us to amass a full range of skills and capabilities. With our competencies well proven in creating infrastructure landmarks, we are continually expanding this presence further.

Delivering outstanding projects with timely execution has been a function of our resources, which include approximately 800 talented employees and a diversified fleet of speciality construction equipment. An ISO 14001:2004, 9001:2008 and OHSAS 18001:2007 certified company; KNRCL is also renowned for extensive knowledge and experience, technological advancements, superior safety and commitment to deliver. The trust and belief reposed in us by our clients can be gauged by the 'Repeat Orders' we have secured over the years.

**“ KNRCL has a pan India presence with state/NHAI projects across 12 states in India ”**

## KNRCL IN NUMBERS

**>20**

Years of experience  
in project execution

**4**

Portfolio of BOT  
projects

**2**

Irrigation projects  
undertaken

**12**

States where projects  
have been executed

**5,888**  
**km**

Road projects  
executed

**₹470.6**  
**Crores**

Block of Plant &  
Machinery

**6**

Flyovers  
built/under  
implementation

**1,240+**

Pieces of in-house  
construction  
equipment

**25**

Bridges and  
viaducts built/under  
construction

**800+**

Qualified and  
experienced  
employees



# STRONG PERFORMANCE THROUGH SOLID FUNDAMENTALS



## Vision

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

To add more business verticals to the organisation in the fields of construction of Elevated Metro Rail and Railway Projects.



## Pan India Presence

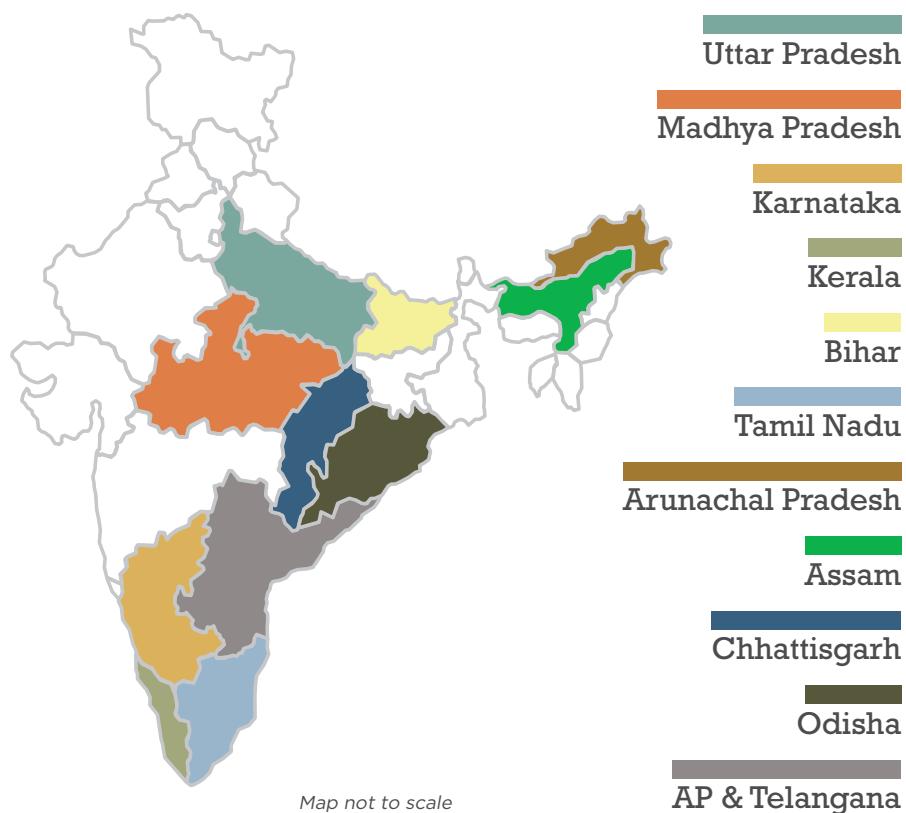
Partnering India's progress, we map our performance by mapping our presence across the length and breadth of the country. Technically complex projects, tough terrains, difficult weather conditions - our domain expertise and experience

enable us to conquer them all. Facilitating better infrastructure, we will continue to expand our presence to power India 2.0 and our own performance.



## Strategy

- Focus on projects involving higher degree of engineering skills
- Maintain a strong in-house repository of best-in-class construction equipment
- Execute all projects on time or ahead of schedule
- Secure project contracts from reputed clients or concessionaires
- Scale growth by entering into strategic joint ventures
- Capitalise on the growing opportunities in India's infrastructure landscape



# MEASURING OUR PERFORMANCE

(₹ crores)

<b>Income statement</b>	<b>FY16</b>	<b>FY15</b>	<b>FY14</b>	<b>FY13</b>	<b>FY12</b>	<b>FY11</b>
Orders in hand	3,463.50	1,318.13	1,296.03	2,629.06	3,042.02	1,443.36
Turnover (excluding share in JV's)	902.55	876.02	837.03	688.68	749.49	782.98
Operating Profit	155.41	126.14	125.80	116.44	133.78	135.64
Profit Before Tax (PBT)	130.13	72.30	66.88	67.02	78.42	83.56
Profit After Tax (PAT)	161.12	73.01	60.98	52.13	52.76	56.82
Cash Profit	204.26	127.07	118.21	107.80	104.14	98.27

(₹ crores)

<b>Balance sheet</b>	<b>FY16</b>	<b>FY15</b>	<b>FY14</b>	<b>FY13</b>	<b>FY12</b>	<b>FY11</b>
Share Capital	28.12	28.12	28.12	28.12	28.12	28.12
Reserves and Surplus	698.84	541.08	485.20	427.53	378.69	329.19
Net Worth	726.07	567.42	510.65	452.09	402.36	351.97
Secured Loans	38.25	68.30	86.74	180.30	109.17	161.61
Unsecured Loans	78.50	28.03	4.02	0.04	0.02	0.02
Capital Employed	733.94	569.34	521.57	459.27	410.17	371.34
EPS (₹)	57.29	25.96	21.68	18.54	18.76	20.21
Cash EPS (₹)	72.62	45.18	42.07	38.34	37.03	34.97
Book Value per share (₹)	258.17	201.76	181.57	160.75	143.07	125.15

# PERFORMANCE REINFORCED BY TIMELY EXECUTION



## Walayar

-Vadakkancherry  
Project

**880 days**  
instead of  
**910 days**

### Awarded

**“Best Completed  
Project Before Time”**

At KNRL, we firmly emphasise and practice a disciplined approach while executing our projects. This unwavering focus in project execution has enabled us to accomplish an industry leading performance for project completion. To put it in perspective, in a sector which is categorised for delays, we have an immaculate record of timely project delivery and in many cases, even ahead of schedule. This pre-commissioning of projects has enabled us to earn early construction bonus and respect from our clients.

Undertaken on Build-Operate-Transfer (BOT) mode, the completion of the prestigious Walayar-Vadakkancherry Project in Kerala is yet another example of our project execution prowess. The 57.75 km road project consisted of conversion from two lanes to four lanes of the specified section of NH-47.

We completed the project one month ahead of scheduled date of completion, receiving the Provisional Completion Certificate for 100% of Project length on October 31, 2015. Our exemplary project execution was endorsed by the highest authority as the project was recognised as the “Best Completed Project before time” by the National Highways Authority of India.

The project is an important road corridor as it serves as an arterial link to most of the important cities in Southern India, including the economically vibrant cities of Salem, Erode and Coimbatore. The stretch is also used by commercial traffic plying to Kochi Port and Kochi International Container Transhipment Terminal. Several prestigious industries are also located on this stretch. Toll collection has commenced on 100% stretch.



## Muzaffarpur

- Barauni Road Project

**90% completed**

### Provisional COD

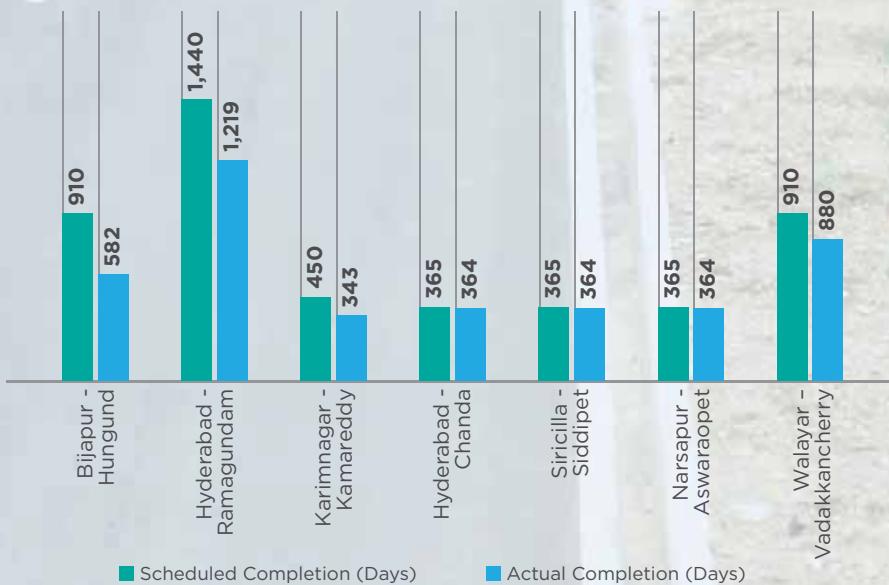
received

The significance of this route lies in its seamless connectivity between the industrial towns of Muzaffarpur and Barauni in Bihar. While Muzaffarpur is an important place for wholesale cloth trade and the largest city of northern Bihar, Barauni city is situated on holy river Ganga and also an important industrial city of Bihar having major industrial units such as IOC refinery, Barauni Thermal Power Plant, Hindustan Fertilizers Corporation and Barauni Dairy.

Reiterating our unwavering commitment levels, the Muzaffarpur - Barauni Road Project in the state of Bihar is progressing as per track. The project consists of two laning of the specified section on NH-28, covering a distance of 107.4 km. The Company received the provisional Commercial Operations Date (COD) for 75% of the project length on June 3, 2016 and toll operation was commenced from June 9, 2016.



## Excellent Execution Record



### How we make it possible

- ▶ In-house repository of state-of-the-art machinery
- ▶ High involvement of top management at every stage
- ▶ Professional and dedicated team members

# PERFORMANCE DRIVEN BY SOLID BASE OF BUSINESS

## Strong Order Book

FY16 was an outstanding year in terms of project awards for your Company. Our domain strength in the EPC segment helped us secure cumulative order of ₹ 2,874 crores. FY17 has also begun on a very promising note, for in the first quarter of this fiscal, we have secured three projects worth ₹ 1,091 crores. Of these three projects, two are irrigation projects in the State of Telangana, on joint venture basis with our share worth ₹ 676 crores. The third is an EPC road project worth ₹ 415 crores in the state of Tamil Nadu. As on May 30, 2016,

our order book position is ₹ 4,550 crores to be executed within the next 2.5 – 3 years. This strong base of business provides the Company with robust revenue visibility.

To improve our execution outlook, we will continue to bid for projects and expect to win projects in the coming months.

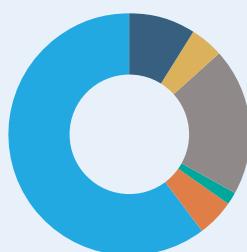
## Sound Financials

Strong oversight and operational efficiencies in project management and execution has strengthened our financial position. Our debt-equity

ratio is among the lowest in the industry, which we believe places us at an advantage point to bid for new projects. Currently, we are qualified to bid for projects amounting to approximately ₹ 1,200 crores.

We have delivered a steady profit performance over the years. While FY16 was an exceptional year with EBITDA margins touching 23% and profit performance increasing by over 120% over the previous year due to tax refunds, we are confident that our strong revenue visibility and our superior execution skills will nevertheless help us deliver industry impressive margins going forward.

Order book: State-wise



As on March 31, 2016

Order book of ₹ 45,542 million as on May 30, 2016\*



\* Excluding project execution from April 1, 2016 upto May 30, 2016

# PERFORMANCE OUTLOOK STRENGTHENED BY OPPORTUNITIES

Infrastructure creation in India is now at - a growth trajectory with the present government identifying infrastructure investment as one of the key nine pillars to 'Transform India'. At KNRCL, with our proven track record in this sphere, we see considerable opportunities for us to be part of this transformation.

For encouraging private sector participation, the government has also shown firm commitment towards improving the regulatory and funding environment. Debottlenecking the process of securing various permissions and reducing the footprint of

bureaucracy for speedy execution, phased structural reforms to revive stalled projects, awarding projects only once more than 80% of the land is available, easing financial norms are among the encouraging measures taken by the government.

The present year is likely to be a robust year in project awards with 25,000 km of road projects expected to be awarded by the government in FY17, as against 10,098 km awarded in FY16, an increase of nearly 2.5 times. Further, the government has also introduced a new form of project

awarding - Hybrid Annuity Model (HAM) - wherein the government will provide 40 per cent of the project cost to the developer to start work, while the remaining investment has to be made by the developer. It is anticipated that project awarding during the year would largely be under EPC and the Hybrid Annuity Route. With the EPC segment being our strength and the HAM model offering significant benefits, this should provide ample growth opportunities for your Company and we are optimistic of delivering an even better performance in the years to come.



# MANAGING DIRECTOR'S LETTER



## Dear Shareholders,

It gives me great satisfaction to report that FY 2015-16, was a year of strong performance by your Company. We take pride in helping provide the infrastructure needed to fuel the nation's progress and better people's lives. During the past year, this work translated into excellently executed projects that met timelines, budgets, as well as stringent quality and compliance standards. We also continued to move forward in our growth journey by securing several large-size orders, reinforcing the trust reposed in the quality of our services. Further, India is at the cusp of major transformation and infrastructure development has been identified by the present government as a key support pillar to facilitate this transformation. These developments collectively make me very enthusiastic about the future of your Company.

Before I share the future prospects of your Company, first a review of the financial and operational highlights for the year gone by.

FY 2015-16 was in tune with our high performance standards. Total turnover stood at ₹ 902.54 crores in FY 16 up from ₹ 876.13 crores in FY 2014-15. Net profit increased to ₹ 161.12 crores as compared to ₹ 73.01 crores in the previous year. This exceptional amount was due to tax refund of previous years and interest on tax refund classified as other Income. The profit also includes receipt of one of the claims in our joint venture entity. Moreover, our financial discipline is amply reflected in our strong balance sheet. The Company's debt-equity ratio continues to be among the lowest in the industry, which gives us adequate headroom to fund new projects.

In the infrastructure sector, KNRCL is respected for its timely and efficient project execution skills. Our operational achievements during the year once again validate as to why we are the preferred EPC partner for many developers and authorities. The project of four laning of Walayar-Vadakkancherry section in the State of Kerala was completed before time in 880 days instead of 910 days, i.e. one month ahead of scheduled date of completion. We are also delighted

to share that the project was recognised as the "Best Completed Project Before Time" by the National Highways Authority of India (NHAI). This industry plaudit reinforces our commitment to achieve higher benchmarks and reinforce our competitive edge to create more opportunities for growth. The project of two laning of Muzaffarpur-Barauni Section is also progressing as per track and is nearing completion as per its stipulated time.

While we ended FY 2015-16 on a very strong note with an order book of ₹ 3,463.5 crores, we have commenced FY 2016-17 on an even stronger note. In the first quarter itself of the current fiscal, we have secured three EPC contracts worth ₹ 1,090.7 crores - two for irrigation and one for highway construction. While the breadth of this new order wins provide robust revenue visibility for the coming years, the depth of our technical excellence will facilitate us to deliver better value for our stakeholders.

The infrastructure sector as a whole received a major impetus with the value of contracts awarded by the government increasing sharply during the year under review. Increased regulatory stability, easing of financial norms, less bureaucracy and better coordination across various authorities were among

**“ In the infrastructure sector, KNRCL is respected for its timely and efficient project execution skills. Our operational achievements during the year once again validate as to why we are the preferred EPC partner for many developers and authorities ”**

**₹902.54  
Crores**  
Total turnover

**₹161.12  
Crores**  
Net profit

the other measures undertaken for improving the development of India's infrastructure sector.

The Roads and Highway sector was a key beneficiary of the government's sustained focus on this sector. The NHAI awarded 4,171 km during FY 2015-16 compared to 3,068 km that were awarded in FY 2014-15. Out of the 4,171 km, 3,070 km were EPC projects, 803 km BOT projects and 351 km Hybrid Annuity projects. The construction of 6,000 km of national highways, which marked a year-on-year increase of nearly 36%, was another noteworthy highlight, underlining the government's pro-active stance in accelerating road construction.

It is against this backdrop that I see the existing optimism in the infrastructure sector continuing in the coming years. In the Roads and Highway sector, the current fiscal year has already begun on a very encouraging note with budgetary allocation being increased by 27% to ₹ 550 billion. Further, the government has set a target of awarding 25,000 km for FY 2016-17 as against 10,000 km in the previous year. Pick-up in awarding is expected to be dominated by the EPC route followed by the HAM route, segments in which your Company is a keen participant. Strong government thrust is also being

witnessed in the irrigation sector with budgetary allocation for FY 2016-17 increasing by two-fold over the previous year. With these industry developments gaining momentum, we remain confident that our reputation as a leading EPC player positions us well to harness the growing opportunities both in road construction and irrigation projects.

Our reputation is embodied in the extraordinary commitment and professionalism of our people. I would like to take this opportunity to thank the talented team members of KNRCL for their efforts. With your continued contribution, we will continue to provide the best of engineering and construction services.

I would like to close by expressing my gratitude to our stakeholders, Central and State Government authorities, Banks, Stock Exchanges. As we look to capitalise on the emerging opportunities, we have a reinforced sense of purpose and intend to build on her performance. With your firm belief in us, we will continue to move resolutely towards scaling growth.

Yours Sincerely,

**K Narasimha Reddy**  
Managing Director

# CORPORATE INFORMATION



## Board of Directors

### Executive Directors

Shri K Narasimha Reddy  
Shri K Jalandhar Reddy

### Non-Executive Directors

Shri B V Rama Rao  
Shri L B Reddy  
Smt. K Yashoda



## 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 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

### Vice President (F & A)

Shri S Vaikuntanathan

### 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 21<sup>st</sup> Annual General Meeting of KNR Constructions Limited will be held on Friday the 30<sup>th</sup> day of September 2016 at 11.00 AM at Hotel Maple 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 31<sup>st</sup> March, 2016 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, 2016 and the Balance Sheet as on that date.
- 2 To confirm the Interim Dividend declared @ Rs. 1.00 Per Equity shares of Rs. 10.00 Each to the Shareholders for the financial year 2015-2016
- 3 To appoint a Director in place of Smt. K Yashoda (DIN:05157487), who retires by rotation and being eligible, offers herself for reappointment
- 4 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 31<sup>st</sup> March 2017.”

### Special Business

5. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2017 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, 2017, on a remuneration of Rs. 300,000 excluding taxes as may be applicable, be and is hereby ratified.”

By Order of the Board of Directors

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

Place: Hyderabad  
Date: 14.08.2016

### NOTES:

- a. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 24<sup>th</sup> September 2016 to Friday the 30<sup>th</sup> day of September 2016 (both days inclusive) for the purpose of Annual General Meeting.
- 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.

**In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed there under and Clause 35B of the Listing Agreement, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.**

The instructions for e-voting are as under:

The voting period begins on Tuesday, 27<sup>th</sup> September, 2016 (9.00 a.m. IST) and ends on Thursday, 29<sup>th</sup> September, 2016 (5.00 p.m. IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23<sup>rd</sup> September, 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

The Notice of AGM of the Company can be downloaded from [www.cdsindia.com](http://www.cdsindia.com) and [www.knrci.com](http://www.knrci.com)

**A. In case of members receiving e-mail (for Members whose e-mail addresses are registered with the Company/Depositories):**

- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on Shareholders
- (iii) 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.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) If you are a first time user follow the steps given below

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income TaxDepartment (Applicable for both demat shareholders as well as physicalshareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with theCompany/Depository Participant are requested to use the sequencenumber which is printed on Attendance Slip indicated in the PANField.</li> </ul>
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in thecompany records for the said demat account or folio in dd/mm/yyyyformat.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or inthe company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. Ifthe details are not recorded with the depository or company pleaseenter the member id / folio number in the Dividend Bank details fieldas mentioned in instruction (iii)</li> </ul>
(vii)	After entering these details appropriately, click on "SUBMIT" tab.
(viii)	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.
(ix)	For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
(x)	Click on the EVSN for the relevant < <b>KNR Constructions Limited</b> > on which you choose to vote.
(xi)	<p>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.</p> <p>The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.</p>
(xii)	Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.
(xiii)	<p>After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed.</p> <p>If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.</p>
(xiv)	Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
(xv)	You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
(xvi)	If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- (xvii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- iv. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- v. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.knrci.com](http://www.knrci.com) and on the website of CDSL and communicated to the BSE Limited (BSE), and the National Stock Exchange of India Limited (NSE) where the shares of the Company are listed.
- vi. Any person who acquires shares of the Company and becomes member of the Company after dispatch of the Notice and holding shares as on the cut -off date i.e. 23<sup>rd</sup> September 2016 may follow the same procedure as mentioned above for e-Voting. However, if you are already registered with CDSL for remote e-voting then you can use your existing password for casting your vote.

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

### ITEM NO. 5

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on 14<sup>th</sup> August 2016, 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.

By Order of the Board of Directors

Sd/-

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

Place: Hyderabad

Date: 14.08.2016

## Management Discussion and Analysis

### Macro Economic Perspective

Amidst weak global economic growth, the Indian economy with a growth rate of 7.6% in FY16 stood out as a beacon of stability. This was the highest in five years despite continued disappointing pace of global growth and two consecutive years of deficient monsoons in India. Improvement in key macro-economic parameters and focused government initiatives to drive sustainable growth led to the progress in India's GDP performance.

Supported by benign global commodity prices, India's retail inflation moderated, thereby making room for nominal interest rate cuts. The achievement of the fiscal deficit target of 3.9% of GDP was another noteworthy highlight of FY16. This was despite Plan expenditure being Rs. 5,800 crore more than budget estimate (BE) of Rs. 4.65 lakh crore - a deviation from previous years when Plan expenditure needed to be curtailed from BE to meet deficit targets. Under the Plan spending, the capital spending, which is considered critical for stimulating economic activity, got a major boost. Plan capital spending rose by 50% to Rs 1.43 lakh crore in FY16 from Rs 96,135 crore in the previous fiscal. The sharp increase in Plan capital spending has been largely instrumental in driving higher GDP growth in FY16 as compared to the GDP growth of 7.2% in FY15.

The economy is expected to accelerate the growth momentum in FY 2017 facilitated by the government's thrust on reforms and creating a proper investment climate, expected revival of the rural sector and sustained increase in capital expenditure. At a time when global economy is facing increasing downside risks due to volatility in financial markets, migration and terrorism, IMF forecasts India to be the fastest growing major economy in FY17, ahead of China.

### Infrastructure Creation

Infrastructure development is a vital component in encouraging a country's economic growth. The accessibility and quality of infrastructure provides economic incentives to investors and multiplies the growth of other sectors in an economy, apart from enhancing the efficiency of transportation and communication and providing significant job opportunities.

Cognizant of the fact that inadequate infrastructure has restricted India's economic growth the government in recent years has made a sustained effort to accelerate infrastructure creation. The Union Budget 2016-17 identified infrastructure investment as one of the nine support pillars to 'Transform India'. Several measures have been initiated in sync with this focus. Budgetary allocation under the key infrastructure areas have been increased - roads and highways increased by 27% to Rs. 550 billion, irrigation increased by twofold to Rs. 170 billion and railways by 17% to Rs. 1170 billion. This reflects the government's commitment to provide the much needed investment push to reinvigorate the infrastructure sector. The other initiatives which have been implemented in recent times to propel infrastructure development include fast tracking of stalled projects, several interventions in infrastructure policies to revive private sector participation, introducing new forms of financing (REITs and InvITs) to create a financial regime which is conducive for private investment, introducing new business models of ordering [viz. the hybrid annuity model (HAM) and the toll - operate - transfer (ToT) route] and announcing suitable incentives to attract FDI.

The renewed focus on infrastructure last fiscal saw a sharp rise on infrastructure spends by the government and public sector companies. As per research estimates, while the value of tenders floated rose 58% to Rs 6.24 lakh crore, contracts worth Rs 3.4 lakh crore were awarded, an increase of 33%. Continuing on the path of infrastructure transformation, a record budgetary allocation of Rs. 2.21 trillion has been announced for creating and upgrading infrastructure in FY16-17. As per recent estimates, India needs over \$1.5 trillion in investment in the next 10 years to bridge infrastructure gap, underlying the strong opportunities in this sector.

### Roads

For a vast country like India, an inter-linked and well-maintained road network is critical not only for industrial development but also for socio-economic growth. With a road network length of ~ 4.8 million km, India has the world's second most extensive road network.

Roads in India remain the most important mode of transport, accounting for over 80% of passenger traffic and over 60% of freight traffic. The National and State Highways are even more over-burdened as they account for 2% and 3% respectively of the total road network, 40% of the passenger traffic uses the national highways and 60% of the passenger traffic uses the state highways. The strained capacity due to high traffic volume heightens the compelling

need to augment road network and lanes. There is also the urgent need to upgrade roads and ensure their maintenance as long stretches are of poor quality.

#### *Performance in FY16*

The road and highway sector has achieved a considerable turnaround in FY16. In FY16, India built a record high of 6,029 km of roads and highways. This surpassed the previous record of 5,732 km of national highway attained in FY13.

The pace of road construction is also gaining momentum. In 2014, the Minister for Road Transport, Highways & Shipping Mr. Nitin Gadkari had set a two-year target of constructing 30km of road every day. When compared with the then prevailing construction rate of 2 km per day, down from 7 km a year earlier, this was considered highly unattainable. While still short of the 30km per day target, road construction has accelerated to an all-time high pace of 20 km per day (as of April 2016), underlying that steps are being taken in the right direction.

#### *Promising Opportunities*

Being carried out over several phases and implemented by NHAI, the National Highways Development Project (NHDP) envisages improving the arterial routes of the national highway network to international standards. Over 12,264 kms of projects are yet to be awarded under this project, which should be rolled out over the next two years. More projects are expected to be announced as currently only ~50% of the national highways are included in the NHDP. Additionally, projects are also expected to be awarded for expansion of roads to four lane or more as currently only ~24% of the national highway network is four lane or higher.

25,000 km of road projects are expected to be awarded by the government in FY17, as against 10,098 km awarded in FY16, an increase of nearly 2.5 times. Of the total length of National Highways targeted for award, 15,000 km would fall under the target of National Highways Authority of India (NHAI) and 10,000 km under the target of the Road Ministry and National Highways and Infrastructure Development Corporation (NHIDCL). The construction target has also been increased 2.5 times to 16,000 km for the fiscal, translating into building over 40 km of highways a day. It has also given the nod to Bharat Mala Project that aims to develop 6,000 km of new roads in border areas at an estimated cost of Rs 76,000 crores and another 2,500 km of road to connect religious and tourism centres in mountainous terrain is expected to come up at an estimated cost of Rs 51,000 crore.

#### **Irrigation**

With only 46 per cent of India's net cultivated area of 141 million hectare being under irrigation, agriculture in India is subject to the vagaries of monsoon. To reduce this dependence and mitigate the risks to the farmers caused by crop failure due to unavailability of water, there is a major need for improving irrigation facilities. Irrigation also helps to bring more land under cultivation, thereby creating more job opportunities and strengthening the rural economy.

With an aim to make irrigation facilities more robust and ensure effective water management, the FY2016-17 Budget announced several measures.

The highlights:

- ◆ Setting up a long-term irrigation fund in NABARD with a corpus of Rs. 20,000 crore.
- ◆ Under the Pradhan Mantri Krishi Sinchay Yojana (PMKSY), 28.5 lakh hectares are to be brought under irrigation.
- ◆ 89 irrigation projects under Accelerated Irrigation Benefits Programme (AIBP), which are languishing for a long time, will be fast tracked.

#### **Company Overview**

KNR Constructors Limited (KNRCL) is among the leading infrastructure companies of India. Over the years, since its incorporation in 1995, through exemplary track performance of constructing landmark infrastructure projects in record time, KNRCL has moved to a special echelon. KNRCL's strength lies in its ability to provide EPC services across various fast growing sectors namely construction and maintenance of roads, highways, flyovers and bridges. Its clientele in the road segment includes National Highway Authority of India (NHAI), state governments and private companies. The Company is also an established player in irrigation and water management segments.

KNRCL has forayed into infrastructure projects independently as well as through collaborations. Its excellent track record of execution has made it the preferred partner for executing road projects. Collaboration with like-minded companies has enabled KNRCL to undertake high-value projects and increase its geographic presence.

KNRCL has successfully completed more than 5,888 km of projects across 12 states in India. In-house specialised and construction equipment as against leasing the same and the services of skilled personnel are the Company's key differentiators enabling its impressive performance. Leveraging its experience and expertise in the construction business, the Company is well-positioned to foray into new business areas while strengthening existing business activities.

### **Major Achievements during the Year**

#### **New Projects Awarded**

During the year under review, KNRCL has been awarded a number of projects which further strengthens its position as a leading provider of construction services across the infrastructure space. As on 31st March, 2016, the order book stood at about Rs. 34,635 million comprising of Rs. 34,068 million in road sector and Rs. 567 mn in irrigation projects.

Post 31<sup>st</sup> March, 2016 the Company has secured additional road and irrigation projects till June 30, 2016 worth Rs. 10,907 million, which are mentioned below :-

Project	Project Award Date	Project Completion Date	Client	Value (In Rs. Million)
Irrigation Works - Formation of Veeranjaneya Reservoir at Yedula(V), Gopalpet (M) and Earth work excavation of approach channel, Open Canal including Constructions of CM & CD Work between Veeranjaneya Reservoir at Yedula (V) to Venkatadri reservoir at Vattem (V) in Mahabubnagar District in the name of KNR-SEW-GVR(JV).  KNRCL's share in the JV is 51%.	7 April, 2016	30 months from the date of agreement	Superintending Engineer, I & CADD, PRLIS Circle No 1, Nagarkurnool, Government of Telangana	6005
Irrigation works - Earth work Excavation of approach channel, Open canal including construction of CM & CD works and Head Regulator from Anjanagiri Reservoir at Narlapur (V) towards Veeranjaneya Reservoir at Yedula(V) in Mahabubnagar District in the name of PSK-KNR-GVR(JV)  KNRCL's share in the JV is 51%	7 April, 2016	30 months from the date of agreement	Superintending Engineer, I & CADD, PRLIS Circle No 1, Nagarkurnool, Government of Telangana	3831
Rehabilitation and up-gradation of NH-209 from Km.123.550 to Km.150.400 of Dindigul - Bangalore Road (Pollachi to Coimbatore Section) to four lane with paved shoulder in the State of Tamil Nadu under NHDP – IV on EPC basis.	25 May, 2016	24 months from the appointed date.	Ministry of Road Transport & Highways	4149

#### **Other Operational Highlights**

##### **Excellent execution of Walayar – Vadakkancherry BOT Project**

The project of four laning of Walayar – Vadakkancherry section in the State of Kerala was completed before time in 880 days instead of 910 days, i.e. one month ahead of scheduled date of completion based on provisional completion certificate for 100% of project length. The Final Completion Certificate for 100% of Project length was received on 31st

October 2015. The Project received the prestigious award of "Best Project Completed before Schedule Time" in India from the NHAI.

Toll collection commenced on this route from May 18, 2015 and the current average per day toll collection is approx. Rs. 11 lacs. The project road serves as an arterial link to many commercial cities in the South and is likely to witness traffic growth following the expected uptick in economic activity, completion of adjacent stretches by other developers, leading to higher toll revenue.

#### ***Provisional Commercial Operational Date (COD) for Muzaffarpur - Barauni Project***

The project of two laning of Muzaffarpur – Barauni Section NH-28 from Km 519.600 to Km 627.000 in the State of Bihar under NHDP Phase IV on DBFOT Basis - Toll Basis received the provisional COD for 75% of the project length on June 3, 2016 and toll operation was commenced from June 9, 2016.

#### **Opportunities**

The Road sector is a key focus area for catalysing public investments under the government's renewed impetus to infrastructure creation. The construction and award of 10,000 km roads each over the current fiscal, upgradation of 50,000 km of state highways into national highways and rolling out of 85 per cent of the stuck projects involving investment of Rs 1 lakh crore are among the key initiatives announced by the government to spur road development. Further, a slew of policy reforms have been taken in the past two-three years for creating an enabling regulatory and financial environment for private sector participation in road projects. The continued thrust by the government to accelerate road and highway development augurs well for KNRCL, a well-established player in road and highways constructions.

Moreover, the uptick in project awarding is expected to be largely via the EPC route. For FY17e, of the target of 10,000kms has been set for NHAI, ~50% are expected to be awarded through the EPC segment as against ~3,000kms awarded through EPC in FY16. KNRCL with its proven track record in the EPC sphere is well placed to reap the upcoming opportunities in the Indian Roads and Highway sector and contribute significantly to road development.

#### **Risk and Risk Mitigation**

1. **Competition Risk** – With increased project awarding by the government, the road and construction industry is expected to attract several domestic as well as international players. This increase in competition may lead to an aggressive bidding environment, resulting in price cut and low operating margins as well as lower market share of project awards.

Risk Mitigation - With two decades of industry experience and led by a proven management team, who have honed their project managing skills right from the drawing board to the final execution, the Company is confident of meeting present and future competition and enjoy continued growth. To further mitigate this risk, where considered prudent, the Company forms strategic partnerships and joint ventures with quality players. This facilitates synergies both in the financial and technical arenas and enables it to compete with the larger players.

2. **Slow-down in Road Sector:** Any slowdown on part of the government to award road projects could adversely affect growth prospects.

Risk Mitigation - The present government has taken focused steps to ensure that infrastructure creation moves at an accelerated pace, thus reducing the possibility of this risk to a considerable extent. Moreover, the Company already has sufficient order backlog to ensure growth momentum in the medium term.

3. **Construction Risk** – Infrastructure projects involve complex design and engineering, significant procurement of equipment and supplies and extensive construction management and other activities conducted over extended time periods, sometimes in remote locations. This could lead to cost-time overruns, thereby impacting profitability.

Risk Mitigation - KNRCL with its vast experience of project management, balanced capital structuring and efficient cost control measures is well geared to mitigate this risk. Further, in-house repository of specialised construction equipment reduces dependence on external sources, expedite execution and sustain margins.

4. **Raw Material Risk**— Increase in the cost of raw materials, particularly steel and cement, or their unavailability over the tenor of the contract can impact schedules and profit margins.

Risk Mitigation - The Company enters into long term arrangement with suppliers for requisite raw materials for the tenure of the project, thus guaranteeing a continuous flow. Backward integration by sourcing aggregates from its mines, for road projects under execution also enables it to control costs. Also, leveraging its industry experience, the Company effectively supervises the availability of raw materials thus keeping the cost escalation risk to a minimum.

5. **Interest Rates** – Rising interest rates during the life span of a project, fuelled by inflation, can decrease profit margins.

Risk Mitigation – The Company factors this risk into the cost of project before bidding for it. Despite this, the Company is open to resorting to interest rate hedging in case the need arises.

- 6. Traffic Growth Risk**– Revenue from the Company's Toll-based BOT projects are subject to risks associated with unpredictability of traffic growth.

Risk Mitigation – The Company's operational toll-based BOT project caters to traffic plying between South India's economically vibrant cities and towns. Major industries are also located on this stretch. With the anticipated uptick in economic activity, commercial traffic is expected to maintain a positive growth momentum, thus reducing the possibility of low toll revenues.

- 7. Regulatory Risk** – The complex nature of infrastructure projects means that the Company has to interface with various regulatory authorities throughout the project life cycle, making them especially vulnerable to regulatory action. These requirements are complex and subject to frequent changes as well as new restrictions. Failure to comply with these requirements may result in significant liability to the Company.

Risk Mitigation - To deal with this risk effectively, the Company has a regulatory compliance review mechanism in place. Through this the Company gets regular updates and makes changes in its compliance on a real time basis.

- 8. 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.

Risk Mitigation - With greater thrust on infrastructure by successive governments, this risk has been alleviated to 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 financial performance and operational performance:**

1. Turnover: The Gross Sales of the Company increased to Rs. 902.54 crore in FY16 from Rs. 876.13 crore in FY15, clocking a growth of about 3%.
2. Share Capital: The Company has not allotted any shares during the year under review and the paid up share capital as on 31st March 2016 is Rs. 28.12 crore divided into 2,81,23,460 Equity Shares of Rs. 10/- each.
3. Reserves and Surplus: The Reserves and Surplus of the Company has gone up to Rs. 698.84 crore in FY16 from Rs. 541.08 crore in FY15 on account of profit made during the year.
4. Net worth: The Company's Net Worth increased to Rs. 726.07 crore in FY16 from Rs. 567.42 crore in FY15 mainly on account of internal generation of profit.
5. Secured / unsecured loans: There was an increase of loans from Rs. 96.30 crore to Rs. 116.75 crore.
6. Fixed Assets: The Company's Fixed Assets (Gross Block) increased by Rs. 30.13 crore in FY16 from Rs. 548.22 crore to Rs. 578.35 crore, which have been acquired for execution of new contracts awarded to the Company during the year.
7. Provision for Tax: The Company has provided for a sum of Rs.(30.99) crore as current year tax.
8. Net Profit: The Company's Net Profit after Tax and extraordinary expenses during the year was Rs. 161.12 crore as compared to Rs. 73.01 crore in FY15. This exceptional amount was due to Income tax refund of previous years on account of 80IA benefit and interest on tax refund classified as other Income. It also includes our share of profits in one of our JV's entities towards a claim.
9. Dividend: The Board of Directors has declared an interim dividend Rs. 1 per share (being 10 %) and total payout works out to Rs.3.38 crore (including dividend tax).
10. Earnings Per Share (EPS): The Company's EPS has increased to Rs. 57.29 in the current year from Rs. 25.96 in the previous year.

#### **Human Resources Development and Industrial Relations**

The Company believes that its talented and committed employees provides it a competitive edge in this highly competitive industry and enables accomplishment of a strong project execution track record. At KNRCL, all HR policies and practices are aligned towards nurturing its people to achieve their personal as well as organisational goals. Increasing the skills of the people, talent management, performance evaluation are the key practices initiated with respect to its employees. During the year, industrial relations remained cordial, with a strong spirit of bonhomie and camaraderie prevailing among the rank and file of employees. The Company employed a total of **854** employees during the year.

#### **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 Members,

Your Directors are pleased to present the Twenty First Annual Report and the Company's audited financial statement for the financial year ended March 31, 2016.

### FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2016 is summarised below:

₹ in Lakhs

PARTICULARS	2015-16	2014-15
Gross Income (including other income)	93304.08	88858.81
Profit before interest and depreciation	18590.02	13859.97
<b>Less:</b> Interest and financial charges	1262.67	1224.30
Profit Before depreciation	17327.35	12635.67
<b>Less:</b> Depreciation and amortization	4314.43	5405.58
<b>Profit before tax</b>	13012.92	7230.09
Provision for tax (including Deferred Tax )	(3099.41)	(71.15)
<b>Profit after tax</b>	16112.33	7301.24
<b>Net Profit for the year</b>	16112.33	7301.24
Profit brought forward from previous year	38661.54	33073.50
Less: Depreciation on transition to Schedule II of the Companies Act,2013	0.00	1374.72
Profit available for appropriation	54773.87	39000.02
<b>Appropriations:</b>		
Dividend	281.23	281.23
Dividend tax	57.25	57.25
Balance carried forward	54435.39	38661.54
Paid Up capital	2812.35	2812.35
Reserves and Surplus	69883.70	54108.20

### RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The highlights of the Company's performance are asunder:

Revenue from operations Rs. 88510.69 Lakhs

PBDIT(Excluding Other Income) increased by 23.20 % to Rs. 15540.68 Lakhs

Profit before Tax increased by 79.98% to Rs. 13012.92 Lakhs

Cash Profit increased by 60.75% to Rs. 20426.76Lakhs

Net Profit increased by 120.68% to Rs. 16112.33 Lakhs

The order book position as on 31<sup>st</sup> March 2016 stands at Rs. 346350.00 Lakhs.

### Reserves

The Company is not proposing to transfer any amount to the General Reserves of the Company out of the profits made during the year. The total Reserves & Surplus (including capital reserves, securities premium Reserves, General Reserves and P&L Account accumulated) as on 31<sup>st</sup> March 2016 is Rs. 69883.70 Lakhs as against the Paid-up capital of Rs. 2812.35 Lakhs

## Dividend

The Board of Directors on 15th March 2016, declared an interim dividend of Rs. 1.00 ( i.e 10%) on each fully paid equity share of Rs. 10/-, which was paid to the members, whose names appeared on the Register of Members as on 23rd March 2016.

Considering the capital requirement, the Board of Directors do not recommend any final dividend on the equity shares and the interim dividend declared is the dividend on equity shares of the Company for the financial year ended 31st March 2016.

The dividend payout 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.

## Management Discussion and Analysis Statement

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

## Transfer to the Investor Education and Protection Fund

In terms of Section 125 of the Companies Act, 2013, an amount of Rs. 64209/- being unclaimed dividend for the Financial Year 2007-2008 was transferred to the Investor Education and Protection fund (IEPF) established by the Central Government during the year under review.

## Subsidiaries, Joint Ventures and Associate Companies

During the year under review, no companies have become or ceased to be company's subsidiaries and during the year the following Joint Ventures were entered by the company i.eKNR – TBCPL – JV and SEL – KNR JV andas per the provisions of section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies and Joint Ventures is prepared in Form AOC-1 and it forms part of the consolidated financial statements and hence not repeated here for the sake of brevity.

The Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website: [www.knrci.com](http://www.knrci.com)

## Consolidated Financial Statements

The consolidated financial statements, in terms of Section 129 of the Companies Act, 2013 and Clause 32 of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in the Companies (Accounting Standards) Rules, 2014 forms a part of this annual report.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its Subsidiaries on its website [www.knrci.com](http://www.knrci.com) and copy of separate audited accounts of its Subsidiaries will be provided to the members at their request.

## Directors' Responsibility Statement:

Pursuant to the requirements under Section 134 (3) (c ) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, Your Directors hereby confirmed that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (b) 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, 2016 and of the profit of the Company for the year ended on that date;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: [http://www.knrci.com/images/knrci\\_CSR.pdf](http://www.knrci.com/images/knrci_CSR.pdf)

### **Composition of the CSR Committee**

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

The Company has identified three focus areas of engagement which are as under:

1. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
2. Rural development projects
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

The Company as part of its Corporate Social Responsibility (CSR) initiative, undertook projects like promotion of education in rural areas, infrastructure and maintenance and renovation of old age homes.

The Annual Report on CSR activities is annexed herewith as "Annexure I" to this report and CSR Policy is posted on the website of the Company and the web link is [http://www.knrci.com/images/knrci\\_CSR.pdf](http://www.knrci.com/images/knrci_CSR.pdf)

## **DIRECTORS**

In accordance with the requirements of the Companies Act, 2013 Smt. K Yashoda, Director of the Company is 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 Director 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.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

The Board of Directors has complete access to the information within the Company. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when MD / ED are asked to make presentations about performance of the Company to the Board. Apart from this, they also have independent interactions with the Statutory Auditors, the Internal Auditors and external advisors appointed from time to time. Further, they meet without the presence of any management personnel and their meetings are conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

### **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 30<sup>th</sup> May 2016 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 AUDITOR & CONTROLS**

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. Internal Auditors findings are discussed and suitable corrective actions are taken as per the directions of Audit Committee on an on-going basis to improve efficiency in operations.

The Company's internal control systems are well established and commensurate with the nature of its business and the size and complexity of its operations. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. The recommendations/suggestions of the internal auditors are discussed in the Audit Committee meetings periodically.

### **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 2016-17.

### **SECRETARIAL AUDITOR**

The Board has appointed M/s. VCSR & Associates, Company Secretaries, to conduct Secretarial Audit for the FY 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure II to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: [http://www.knrci.com/images/policy\\_on\\_materiality.pdf](http://www.knrci.com/images/policy_on_materiality.pdf)  
Your Directors draw attention of the members to Notes to the financial statement which sets out related party transactions and disclosures.

#### **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 – Rs. 5.12 lakhs (P.Y Rs. 4.05 lakhs)
- b) Import of capital goods and Stores & Spares Rs. 513.09 lakhs(P.Y Rs. 287.64 Lakhs)
- c) Advance / Loan to Subsidiaries – Nil(P.Y Nil Lakhs)
- d) Term Loan Repayment and interest – Nil(P.Y Nil Lakhs)

#### **FIXED DEPOSITS**

Your Company has not accepted any deposits covered by the provisions of Section 73 of the Companies Act, 2013 and the Rules framed there under.

#### **INDUSTRIAL RELATIONS**

Your Directors are happy to report that the Industrial Relations have been extremely cordial at all levels throughout the year. Your Directors record their appreciation for sincere efforts, support and co-operation of all employees being extended from time to time to accelerate the growth of the Company.

#### **DISCLOSURES**

##### **Audit Committee**

The Audit Committee comprises majority Independent Directors namely Shri L . B Reddy (Chairman), Shri B V Rama Rao, and Shri K Jalandhar Reddy as other members. All the recommendations made by the Audit Committee were accepted by the Board.

##### **Vigil Mechanism**

The Company has a Vigil mechanism and Whistle blower policy in terms of the Listing Agreement, under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Protected disclosures can be made by a whistle blower through a dedicated e-mail, or a letter to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link:[http://www.knrci.com/images/knrci\\_whistleblower.pdf](http://www.knrci.com/images/knrci_whistleblower.pdf)

## **Meetings of the Board**

Nine meetings of the Board of Directors were held during the year under review. For further details, please refer report on Corporate Governance of this Annual Report.

## **Code of Conduct**

A declaration regarding compliance with the code of conduct signed by the Company's Managing Director is published in the Corporate Governance Report which forms part of the annual report.

## **Particulars of Loans given, Investments made, Guarantees given and Securities provided**

Particulars of loans given, investments made, guarantees given and securities provided are provided in the standalone financial statement.

## **Extract of Annual Return**

Extract of Annual Return of the Company is annexed herewith as **Annexure III** to this Report.

## **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

i) The percentage of increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2015-16 (Rs. in lakhs)	% increase in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	K Narasimha Reddy Managing Director	240.00	38.73%	161	Profit before Tax increased by 79.98% and Profit After Tax increased by 120.68% in financial Year 2015-16
2	K Jalandhar Reddy Executive Director and CFO	127.20	41.18%	85	
3	M V Venkata Rao Company Secretary	12.88	22.09%	9	
4	S.Vaikuntanathan, V.P (F&A)*	6.31	N.A	4	
5	G. Sravana Kumar, CGM (F&A)**	28.15	19.69%	19	

\*Sri. S.Vaikuntanathan, V.P (F&A) has joined on 07-01-2016.

\*\*Sri. G. Sravana Kumar, CGM (F&A) has resigned on 30-11-2015.

During the period under review, no employee of the Company is employed throughout the financial year and in receipt of Rs.60 lakhs or more, or employed for part of the year and in receipt of Rs.5 lakhs or more a month, under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- ii) The median remuneration of employees of the Company during the financial year was Rs. 1.48 lakhs;
- iii) In the financial year, there was decrease of 18.83% in the median remuneration of employees;
- iv) There were 854 employees on the rolls of Company as on March 31, 2016

- v) Relationship between average increase in remuneration and company performance:-The Profit before tax for the financial year ended March 31, 2016 increased by 79.98% whereas the decrease in median remuneration was 18.83%
- vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration of Key Managerial Personnel was Rs.414.54 lakhs whereas the Profit before tax was Rs. 13012.92 lakhs in 2015-16
- vii) a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2016 at NSE was Rs. 1,43,401.52 lakhs (Rs. 1,19,468.46 lakhs as on March 31, 2015)
  - b) Price Earnings ratio of the Company at NSE was 8.90 as at March 31, 2016 and was 16.36 as at March 31, 2015;
- viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 13.60% whereas the increase in the managerial remuneration for the same financial year was 16.62%;
- ix) The key parameters for any variable component of remuneration availed by the directors: Not applicable
- x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year –Not Applicable; and
- xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

#### **Policy on Sexual Harassment**

The Company has adopted policy on Prevention of Sexual Harassment of women at Workplace in accordance with The Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company has not received any complaints pertaining to Sexual Harassment.

#### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOP referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

#### **Appreciation and 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 Constructors Limited

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

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

Place: Hyderabad

Date: 14.08.2016

**KNR Constructors Limited**

**ANNEXURE – I**
**Annual Report on Corporate Social Responsibility (CSR) activities for the FY 2015-16 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.**

1	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes	Refer Section: Corporate Social Responsibility in this Report for the composition of the Committee. CSR Policy can be accessed at the link <a href="http://www.knrci.com/images/knrci_CSR.pdf">http://www.knrci.com/images/knrci_CSR.pdf</a>
2	Average net profit of the Company for last three financial years	Rs.6743.41 Lakhs
3	Prescribed CSR Expenditure (two percent of the amount as in item 2 above)	Rs. 134.87 Lakhs
4	Details of CSR spent for the financial year 2015-16	Details given below
	Total amount spent for the financial year 2015-16	Rs. 125.54 Lakhs
	Cumulative unspent amount (including previous years)	Rs. 137.79 Lakhs
	Manner in which the amount spent during the financial year	Details given below

Manner in which the amount spent during the financial year is detailed below:

Rs. In Lakhs

Sl. No	CSR project or Activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise. in Rupees	Amount Spent on the projects or programs Subheads (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period. in Rupees	Spent: Direct or through implementing Agency.
1	School Fee	Promotion of Education	Hyderabad	7.45	5.32	7.45	By the Company
2	School Building	Promotion of Education	Dhamanpet	50.00	45. 76	46.43	By the Company
3	Bridge	Infrastructure Development	Dhamanpeet	152.00	74. 46	74. 46	By the Company
4	Toilets Old Age Home	Improvement of sanitation	Hyderabad	9.50	-	9.50	Chaitanya Trust, Seva Hyderabad
	Total			218.95	125.54	137.84	

## RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

"The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company."

On behalf of the Board of Directors  
of KNR Constructions Limited

Sd/-

**K Narasimha Reddy**  
Managing Director

Sd/-

**K Jalandhar Reddy**  
Executive Director & CFO

Place: Hyderabad  
Date: 14.08.2016

## ANNEXURE – II

### Annual Report on Corporate Social Responsibility (CSR) activities for the FY 2015-16 as per Rule 8 of Companies

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

To  
The Members  
KNR CONSTRUCTIONS LIMITED  
New Delhi

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions of the Acts, Rules and Regulations as mentioned below and the adherence to good corporate practices by M/s. KNR CONSTRUCTIONS LIMITED (herein 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 our opinion thereon.

Based on our 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, 2016 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 M/s. KNR CONSTRUCTIONS LIMITED ('the Company') for the financial year ended on March 31, 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;
- II. The Securities Contract (Regulation) Act, 1956 ('SCRA") and the rules made thereunder;
- III. The Depositories Act, 1956 and the Regulations and the Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- 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, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (as amended from time to time);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) applicable w.e.f. July 01, 2015
- (ii) The Listing Agreements entered by the company with National Stock Exchange of India and BSE Limited upto 30th November, 2015
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from 1st December, 2015;

During the period under review, the company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc.

The Company has identified the following Industry specific laws are applicable to them:

1. The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
2. Inter-State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979

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

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 Changes 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 notices are 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 decisions are 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 we rely on the statutory auditors and other professionals for the compliance by the Company of the applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts.

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, standards, etc.,

For VCSR & Associates  
Company Secretaries

Sd/-  
(Ch.Veeranjaneyulu)  
Partner  
CP No. 6392

Place: Hyderabad  
Date: 14.08.2016

(Annexure)

To

The Members  
KNR CONSTRUCTIONS LIMITED  
New Delhi

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, were followed to provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. We further report that, based on the information provided by the Company its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the Compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For VCSR & Associates  
Company Secretaries

Place: Hyderabad  
Date: 14.08.2016

Sd/-  
(Ch.Veeranjaneyulu)  
Partner  
CP No. 6392

**Annexure III**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I. REGISTRATION AND OTHER DETAILS :</b>	
(i)	CIN:
(ii)	Registration Date
(iii)	Name of the Company
(iv)	Category / sub-category of the Company
(v)	Address of the Registered office and contact details  C-125, ANAND NIKETAN NEW DELHI – 110021 +91 40 40268761 / 62 +91 40 40268760 (Fax) INVESTORS@KNRCL.COM WWW.KNRCL.COM
(vi)	Whether listed company Yes
(vii)	Name, Address and Contact details of Register and Transfer Agent, if any  Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mill Compound, LBS Marg, Bhandup (West) Mumbai - 400078, Maharashtra +91 22 25960320 +91 22 25960329 (Fax) rnt.helpdesk@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	CONSTRUCTIONS	45 - CONSTRUCTION (45203)	100 %

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES** - Attachment - A

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**

- i) Category wise shareholding - Attachment B
- ii) Shareholding of Promoters - Attachment C
- iii) Change in Promoters' Shareholding - Attachment D
- iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) - Attachment E
- v) Shareholding of Directors and Key Managerial Personnel - Attachment F

**V. INDEBTEDNESS**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- A. Remuneration to Managing Director, Whole-time Directors and/or Manager - Attachment H
- B. Remuneration to other directors - Attachment I
- C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD - Attachment J

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES-** - Attachment - K

**Attachment - A**  
**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**



S. No	NAME OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF HOLDING	APPLICAB LE SECTION
1	KNR AGROTECH AND BEVERAGES PRIVATE LIMITED	U74999TG2008PTC058829	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
2	KNR INFRASTRUCTURE PROJECTS PRIVATE LIMITED	U45200TG2005PTC045323	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
3	KNR ENERGY LIMITED	U40108TG2011PTC074236	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
4	KNR WALAYAR TOLLWAYS PRIVATE LIMITED	U45209TG2012PTC082527	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
5	KNR HOLDINGS AND INVESTMENTS PRIVATE LIMITED (KNRCHIPL)	U465100TG2011PTC077131	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
6	PATEL KNR HEAVY INFRASTRUCTURES LIMITED	U70102TG2006PLC049949	ASSOCIATE COMPANY	40%	2 (6)
7	PATEL KNR INFRASTRUCTURES LIMITED	U45201MH2006PLC162856	ASSOCIATE COMPANY	40%	2 (6)
8	MESMERIC SOFTWARE SOLUTIONS PRIVATE LIMITED	U72900TG2008PTC058813	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
9	NAG TALENT VENTURES AND INFOTECH PRIVATE LIMITED	U7220TG2005PTC048640	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
10	GRADIENT ESTATES PRIVATE LIMITED	U70102TG2008PTC062280	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
11	GRADIENT REALITY VENTURES PRIVATE LIMITED	U70102TG2008PTC062313	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
12	ROCHE POLYMERS AND ADDITIVES PRIVATE LIMITED	U24100TG2011PTC072948	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
13	ASARA CONSTRUCTION AND PROJECTS PRIVATE LIMITED	U45209TG2007PTC056847	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
14	KNR MUZAFFARPUR HOLDINGS PRIVATE LIMITED (KMHPL)	U65923TG2011PTC077094	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
15	KNR MUZAFFARPUR BARAUNI TOLLWAY PRIVATE LIMITED	U45209TG2011PTC077925	SUBSIDIARY OF KMHPL	51 %	2 (87)
16	KNRCL FZE, UAE	NA	WHOLLY OWNED SUBSIDIARY	100 %	2 (87)
17	KNR CONSTRUCTONS LLC, OMAN	NA	NA	65 %	2 (87)

**ATTACHMENT B****IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2015				Shareholding at the end of the year - 2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	18425241	0	18425241	65.51	17086141	0	17086141	60.75	-4.76
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	Sub Total (A)(1)	18425241	0	18425241	65.51	17086141	0	17086141	60.75	-4.76
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	18425241	0	18425241	65.51	17086141	0	17086141	60.75	-4.76
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	5832899	0	5832899	20.74	6871191	0	6871191	24.43	3.69
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	245292	0	245292	0.87	981511	0	981511	3.49	2.61
(f)	Financial Institutions / Banks	7206	0	7206	0.02	2426	0	2426	0.01	-0.01
(g)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									
	Sub Total (B)(1)	6085397	0	6085397	21.63	7855128	0	7855128	27.93	6.29
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	1579942	14	1579958	5.61	1284418	14	1284432	4.56	-1.05
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1171882	0	1171882	4.16	1083401	0	1083401	3.85	-0.31

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2015				Shareholding at the end of the year - 2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b)	NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)				0.00					
	Hindu Undivided Family	0	0	0	0.00	51993	0	51993	0.18	0.18
	Non Resident Indians (Non Repat)	8960	0	8960	0.03	18583	0	18583	0.06	0.03
	Non Resident Indians (Repat)	44906	0	44906	0.15	54817	0	54817	0.19	0.03
	Office Bearers	270	0	270	0.01	270	0	270	0.00	0.00
	Clearing Member	28875	0	28875	0.09	25817	0	25817	0.09	-0.01
	Bodies Corporate	780173	0	780173	2.77	662878	0	662878	2.35	-0.41
	Sub Total (B)(3)	3612808	14	3612822	12.84	3182177	14	3182191	11.31	-1.53
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	9698205	14	9698219	34.48	11037305	14	11037319	39.24	4.7615
	Total (A)+(B)	28123446	14	28123460	100.00	28123446	14	28123460	100.00	0.00
(C)	Non Promoter - Non Public									0.00
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	Total (A)+(B)+(C)	28123446	14	28123460	100.00	28123446	14	28123460	100.00	

**ATTACHMENT C**
**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**ii. Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	KAMIDI NARASIMHA REDDY	10798719	38.3975	0.00	9798719	34.8418	0.00	-3.5557
2	JALANDHAR REDDY KAMIDI	4335021	15.4143	0.00	4025921	14.3152	0.00	-1.0991
3	KAMIDI YASHODA	1761501	6.2635	0.00	1761501	6.2635	0.00	0.0000
4	MEREDDY RAJESH REDDY	1500000	5.3336	0.00	1500000	5.3336	0.00	0.0000
5	KRISHNA REDDY VERAMALLA	30000	0.1067	0.00	0	0.0000	0.00	-0.1067
	<b>Total</b>	<b>18425241</b>	<b>65.5156</b>	<b>0.00</b>	<b>17086141</b>	<b>60.7541</b>	<b>0.00</b>	<b>-4.7615</b>

**ATTACHMENT D****IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****III) Change in Promoters' Shareholding (please specify, If there is no change)**

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		No.of Shares Held	% OF TOTAL SHARES OF THE COMPANY	Date of Transaction	No. of Shares	No of Shares Held	% OF TOTAL SHARES OF THE COMPANY
1	KAMIDI NARASIMHA REDDY	10798719	38.3975			10798719	38.3975
	Transfer			10 Apr 2015	(1000000)	9798719	34.8418
	AT THE END OF THE YEAR					9798719	34.8418
2	JALANDHAR REDDY KAMIDI	4335021	15.4143			4335021	15.4143
	Transfer			10 Apr 2015	(309100)	4025921	14.3152
	AT THE END OF THE YEAR					4025921	14.3152
3	KAMIDI YASHODA	1761501	6.2635			1761501	6.2635
	AT THE END OF THE YEAR					1761501	6.2635
4	MEREDDY RAJESH REDDY	1500000	5.3336			1500000	5.3336
	AT THE END OF THE YEAR					1500000	5.3336
5	KRISHNA REDDY VERAMALLA	30000	0.1067			30000	0.1067
	Transfer			28 Aug 2015	(30000)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000

**ATTACHMENT E**
**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**iv) Share holding Pattern of top ten Shareholders:**

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		No of Shares Held	% of Total Shares of the Company	Date of Trans-Action	No. of Shares	No of Shares Held	% of Total Shares of the Company
1	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPORTUNITIES FUND	2347797	8.3482			2347797	8.3482
	AT THE END OF THE YEAR					2347797	8.3482
2	TATA EQUITY OPPORTUNITIES FUND	1208000	4.2953			1208000	4.2953
	Transfer			10 Apr 2015	300000	1508000	5.3621
	Transfer			24 Jul 2015	(2000)	1506000	5.3550
	Transfer			04 Sep 2015	(3400)	1502600	5.3429
	Transfer			20 Nov 2015	(50000)	1452600	5.1651
	Transfer			27 Nov 2015	(25000)	1427600	5.0762
	Transfer			04 Dec 2015	(20000)	1407600	5.0051
	Transfer			31 Dec 2015	(5000)	1402600	4.9873
	AT THE END OF THE YEAR					1402600	4.9873
3	ICICI PRUDENTIAL INFRASTRUCTURE FUND	541210	1.9244			541210	1.9244
	Transfer			10 Apr 2015	500000	1041210	3.7023
	Transfer			10 Jul 2015	(14177)	1027033	3.6519
	Transfer			17 Jul 2015	(65314)	961719	3.4196
	AT THE END OF THE YEAR					961719	3.4196
4	L&T MUTUAL FUND TRUSTEE LIMITED-L&T BUSINESS CYCLES FUND	451610	1.6058			451610	1.6058
	Transfer			10 Apr 2015	280432	732042	2.6030
	Transfer			24 Apr 2015	20787	752829	2.6769
	Transfer			08 May 2015	8310	761139	2.7064
	Transfer			05 Jun 2015	5632	766771	2.7264
	Transfer			12 Jun 2015	355	767126	2.7277
	Transfer			17 Jul 2015	15000	782126	2.7810
	Transfer			24 Jul 2015	22113	804239	2.8597
	Transfer			31 Jul 2015	60933	865172	3.0763
	Transfer			21 Aug 2015	(7200)	857972	3.0507
	Transfer			28 Aug 2015	11794	869766	3.0927
	Transfer			18 Sep 2015	3587	873353	3.1054
	Transfer			27 Nov 2015	4095	877448	3.1200
	Transfer			04 Dec 2015	3200	880648	3.1314
	Transfer			11 Dec 2015	(6397)	874251	3.1086
	Transfer			18 Dec 2015	(6869)	867382	3.0842
	Transfer			25 Dec 2015	(46533)	820849	2.9187
	Transfer			31 Dec 2015	(2400)	818449	2.9102
	Transfer			08 Jan 2016	(2012)	816437	2.9030

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		No. OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANS-ACTION	No. OF SHARES	No. OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
	Transfer			22 Jan 2016	10000	826437	2.9386
	Transfer			29 Jan 2016	(40348)	786089	2.7951
	Transfer			05 Feb 2016	(58000)	728089	2.5889
	Transfer			19 Feb 2016	(218)	727871	2.5881
	Transfer			18 Mar 2016	18518	746389	2.6540
	Transfer			25 Mar 2016	(287)	746102	2.6530
	Transfer			31 Mar 2016	(1869)	744233	2.6463
	AT THE END OF THE YEAR					744233	2.6463
	COPTHALL MAURITIUS INVESTMENT LIMITED	0	0.0000			0	0.0000
5	Transfer			29 Jan 2016	496625	496625	1.7659
	Transfer			05 Feb 2016	75254	571879	2.0335
	Transfer			12 Feb 2016	12562	584441	2.0781
	Transfer			04 Mar 2016	4556	588997	2.0943
	AT THE END OF THE YEAR					588997	2.0943
6	FRANKLIN INDIA SMALLER COMPANIES FUND	577036	2.0518			577036	2.0518
	Transfer			10 Jul 2015	(43498)	533538	1.8971
	Transfer			17 Jul 2015	(6502)	527036	1.8740
	AT THE END OF THE YEAR					527036	1.8740
7	DSP BLACKROCK MICRO CAP FUND	561292	1.9958			561292	1.9958
	Transfer			21 Aug 2015	5137	566429	2.0141
	Transfer			09 Oct 2015	(48253)	518176	1.8425
	Transfer			22 Jan 2016	(10599)	507577	1.8048
	AT THE END OF THE YEAR					507577	1.8048
8	TATA AIA LIFE INSURANCE CO LTD-WHOLE LIFE MID CAP EQUITY FUND-ULIF 009 04/01/07 WLE 110	275607	0.9800			275607	0.9800
	AT THE END OF THE YEAR					275607	0.9800
9	NEW VERNON INDIA LIMITED	0	0.0000			0	0.0000
	Transfer			10 Jul 2015	39316	39316	0.1398
	Transfer			17 Jul 2015	16024	55340	0.1968
	Transfer			31 Jul 2015	6018	61358	0.2182
	Transfer			21 Aug 2015	11540	72898	0.2592
	Transfer			25 Sep 2015	4982	77880	0.2769
	Transfer			09 Oct 2015	61241	139121	0.4947
	Transfer			30 Oct 2015	26144	165265	0.5876
	Transfer			20 Nov 2015	48132	213397	0.7588
	Transfer			31 Dec 2015	55871	269268	0.9574
	AT THE END OF THE YEAR					269268	0.9574
10	SARAH FAISAL HAWA	240097	0.8537			240097	0.8537
	Transfer			24 Apr 2015	(3000)	237097	0.8431
	Transfer			25 Sep 2015	237097	474194	1.6861
	Transfer			30 Sep 2015	(237097)	237097	0.8431
	AT THE END OF THE YEAR					237097	0.8431

**ATTACHMENT F**
**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**v) Shareholding of Directors and Key Managerial Personnel:**

Sr No	Name & Type of Transaction	Opening 01.04.2015			Closing 31.03.2016			Increase/Decrease in shareholding
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	KAMIDI NARASIMHA REDDY	10798719	38.4	NIL	9798719	34.84	NIL	-1000000
2	JALANDHAR REDDY KAMIDI	4335021	15.41	NIL	4025921	14.315	NIL	-309100
3	K. YASHODA	1761501	6.26	NIL	1761501	6.26	NIL	0
4	MEREDDY RAJESH REDDY	1500000	5.33	NIL	1500000	5.33	NIL	0
5	BANDHAKAVI VENKATA RAMARAO	0	0	NIL	0	0	NIL	0
6	LODUGU BALARAM REDDY	0	0	NIL	0	0	NIL	0
7	M V VENKATA RAO	270	Nil	NIL	270	Nil	NIL	0
	Total	18395511	65.41		17086411	60.76		-1309100

**ATTACHMENT G**
**INDEBTEDNESS -Indebtors of the Company including interest outstanding/accrued but not due for payment**

Amount in ₹

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	82,525,729	280,000,000	-	362,525,729
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	582,422	-	-	582,422
<b>Total (i+ii+iii)</b>	<b>83,108,151</b>	<b>280,000,000</b>	<b>-</b>	<b>363,108,151</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	126,897,521	874,600,000		1,001,497,521
* Reduction	97,209,359	369,600,000		466,809,359
<b>Net Change</b>	<b>29,688,162</b>	<b>505,000,000</b>		<b>534,688,162</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	112,213,891	785,000,000		897,213,891
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	391,902	4,801,216		5,193,118
<b>Total (i+ii+iii)</b>	<b>112,605,793</b>	<b>789,801,216</b>		<b>902,407,009</b>

**ATTACHMENT H**
**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount	Amount in ₹
		K Narasimha Reddy	K Jalandhar Reddy		
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,000,000	12,000,000		36,000,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-		-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-		-
2	Stock Option	-	-		-
3	Sweat Equity	-	-		-
4	Commission - as % of profit - others, specify...	-	-		-
5	Others, please specify Employer PF Contribution	-	720,000		720,000
	Total (A)	24,000,000	12,720,000		36,720,000

**ATTACHMENT I**
**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors			Total Amount	Amount in ₹
		B V Rama Rao	L B Reddy	K Yashoda		
1	Independent Directors	850,000	900,000	-	1,750,000	
	Fee for attending board committee meetings	-	-	-		-
	Commission	-	-	-		-
	Others, please specify	-	-	-		-
	Total (1)	850,000	900,000		1,750,000	
2	Other Non-Executive Directors	-	-	300,000	300,000	
	Fee for attending board committee meetings	-	-	-		-
	Commission	-	-	-		-
	Others, please specify	-	-	300,000	300,000	
	Total (2)	850,000	900,000	300,000	2,050,000	
	Total (B)=(1+2)	850,000	900,000	300,000	2,050,000	
	Total Managerial Remuneration				38,770,000	
	Overall Ceiling as per the Act				144,101,000	

**ATTACHMENT J**
**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Amount in ₹

SN	Particulars of Remuneration	Key Managerial Personnel				
		CEO	CS	VP (F&A) #	GM (F&A) *	Total
1	Gross salary	NA				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1,216,267	6,31,451	20,45,833	38,93,551
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission					
	- as % of profit					
	others, specify...					
5	Others, please specify PF Employer Contribution		72,000	0	1,20,000	1,92,000
	<b>Total</b>		1,288,267	6,31,451	21,65,833	40,85,551

# w.e.f 07.01.2016

\* upto 30.11.2015'

**ATTACHMENT K**
**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

# Report On Corporate Governance

In accordance with Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE), the report containing the details of Corporate Governance systems and processes at KNR Constructions Limited (KNRCL) is given below:

## 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 Five Directors out of which two 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 K. Narasimha Reddy	Managing Director	Promoter/Executive Director
4.	Shri K. Jalandhar Reddy	Executive Director	Promoter/Executive Director
5.	Smt. K Yashoda	Director	Promoter /Non-Executive Director

## 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 facings the company and review options for their mitigation
- ◆ Ensure that processes are in place for maintaining the integrity of
  - the Company;
  - the financial statements;
  - compliance with laws;
  - 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

## Governance Policies

At KNRCL, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are:

- ◆ Code of Conduct
- ◆ Code of Conduct for Prohibition of Insider Trading
- ◆ Whistle Blower Policy
- ◆ Code of Conduct for Board of Directors and Officers of Senior Management
- ◆ Corporate Social Responsibility Policy
- ◆ Sexual Harassment Policy

## Number of Board Meetings held

Nine Board Meetings were held during the year 2015-2016. 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	24.04.2015*	2	2
2	06.05.2015	5	5
3	30.05.2015	5	4
4	14.08.2015	5	5
5	30.09.2015	5	3
6	14.11.2015	5	5
7	13.02.2016	5	5
8	15.03.2016	5	5
9	22.03.2016 *	2	2

\* meeting of independent directors only

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 2016 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	8	No	Nil	Nil
Shri L. B. Reddy	9	Yes	1	Nil
Shri K. Narasimha Reddy	6	Yes	3	Nil
Shri K. Jalandhar Reddy	6	Yes	1	Nil
Smt. K Yashoda	6	No	Nil	Nil

- ^ 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.

#### **Familiarisation programmes for Board Members**

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments were made at the separate meetings of the Independent Directors held during the year and information in this regard can be viewed from our company's website [www.knrci.com](http://www.knrci.com)

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

#### **Meetings of Independent Directors**

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted formally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views. The Independent Directors takes appropriate steps to present their views to the Managing Director.

Two such meeting of Independent Directors was held during the year on 24<sup>th</sup> April 2015 and 22<sup>nd</sup> March 2016 without the presence of Executive Directors and management personnel. The details of the attendance of the Independent Directors in the meeting are as below.

Name	No. of meetings held during the year 2015-16	
	Held	Attended
Shri B. V. Rama Rao	2	2
Shri L. B. Reddy	2	2

#### Details of Directors

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

**Shri B. V. Rama Rao**, aged 76 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 26<sup>th</sup> December 2005 and he is currently the Chairman of the Board and Member of Audit Committee, Remuneration Committee and Corporate Social Responsibility Committee

Shri B V Rama Rao does not hold any Equity Shares in the Company as on 31<sup>st</sup> March 2016

**Shri L. B Reddy**, aged 74 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 Grameena 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, Member of Remuneration Committee and Corporate Social Responsibility Committee in the Company and Director of New Era Insurance Services Private Limited, Sri Seshadri Industries Private Limited, Indira Television Limited and Virtual Agri Services Private Limited

Shri L B Reddy does not hold any Equity Shares in the Company as on 31<sup>st</sup> March 2016

**Shri K. Narasimha Reddy** aged 68 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 quality 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 Constructors 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 Constructors & Projects Private Limited as on 31<sup>st</sup> March 2016

Shri Narasimha Reddy is holding 97,98,719 Equity Shares in the Company as on 31<sup>st</sup> March 2016.

**Smt. K Yashoda**, aged 64 years, is the Promoter and Non-Executive Director of KNR Constructors 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 Constructors Limited and Director of Smitha Reality Private Limited, Smitha Agro Developers Private Limited, Siriadhvaitha Agri Solutions Private Limited, Siriadhvaitha Agro Developers Private Limited, Yashoda Landscape Private Limited, Narsimha Landscape Private Limited and Yashoda Meadows Private Limited as on 31<sup>st</sup> March 2016

Smt. K Yashoda is holding 17,61,501 Equity Shares in the Company as on 31<sup>st</sup> March 2016.

**Shri K Jalandhar Reddy**, aged 45 years, is the Promoter and Executive Director of KNR Constructors 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 Constructors 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 Constructors 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 Constructors & Projects Private Limited as on 31<sup>st</sup> March 2016

Shri Jalandhar Reddy is holding 40,25,921 Equity Shares in the Company as on 31<sup>st</sup> March 2016.

### 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 2015-2016 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	30.05.2015	3	2
2	14.08.2015	3	3
3	14.11.2015	3	3
4	13.02.2016	3	3

## b. Nomination and 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
Smt. 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
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the Remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Remuneration paid to the Directors during 2015-2016:

Amount in Rs.				
Name	Position	Sitting Fee	Salary & Perquisite	Total
<b>INDEPENDENT DIRECTORS / NON EXECUTIVE DIRECTORS</b>				
Shri B. V. Rama Rao	Chairman /Director	8,50,000	—	8,50,000
Shri L. B. Reddy	Director	9,00,000	—	9,00,000
Smt. K Yashoda	Director	3,00,000	-	3,00,000
<b>WHOLE TIME DIRECTORS</b>				
Shri K. Narasimha Reddy	Managing Director	—	2,40,00,000	2,40,00,000
Shri K. Jalandhar Reddy	Executive Director	—	1,27,20,000	1,27,20,000

Shares held by the Non-Executive Directors as on 31st March 2016 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
Smt. K Yashoda	17,61,501

**c. Stakeholders Relationship Committee**

This Committee comprises of the following members

Name	Designation	Category
Smt. K Yashoda	Chairman	Non-Executive and Non-Independent Director
Shri K Jalandhar Reddy	Member	Executive and Non-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	04
Resolved During the Period	04
Pending	Nil

#### **Name and designation of Compliance Officer**

Mr. M. V. Venkata Rao, Company Secretary

KNR Constructions Limited

KNR House, Plot No. 114, Phase I,  
Kavuri Hills, Hyderabad – 500033

Contact No. + 91 40 4026 8761 / 62

E-mail - investors@knrcl.com

Fax - +91 40 4026 8760

#### **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
2012-13	14th September 2013 11:30 a.m	Anand Niketan Club, Anan Niketan, New Delhi - 110021
2013-14	30th September 2014 11:30 a.m	Hotel Maple Emerald, NH-8, Rajokri, New Delhi - 110038
2014-15	30th September 2015 11:00 a.m	Hotel Maple Emerald, NH-8, Rajokri, New Delhi - 110038

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

#### **5. Postal Ballot:**

During the year, Special Resolutions as proposed in Postal Ballot Notice dated 28.12.2015 were passed on 03.02.2016 through postal ballot which related to following items:

1. Re-appointment of Shri K Narasimha Reddy, Managing Director
2. Re-appointment of Shri K Jalandhar Reddy, Executive Director

Shri Ch. Veeranjaneyulu, Practicing Company Secretary was appointed as the scrutinizer for overseeing the Postal Ballot process. The above resolutions have been passed with the requisite majority.

The Company has complied with the procedures for the postal ballot in terms section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and amendments thereto made from time to time.

#### **6. DISCLOSURES:**

##### **a. Related Party Transactions**

During the year ended March 31, 2016, there were no materially significant related party transactions, which could have potential conflict with the Company's interests at large. Statement in summary form of transactions with related parties is placed before the audit committee for review. All related party transactions are negotiated on an arms length basis, and are intended to further the Company's interests. In compliance with the accounting standard 18, transactions with related parties are disclosed in the notes to accounts.

**b. Details of non-Compliance etc**

The Company complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets; no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI.

**c. Disclosure of Accounting Treatment**

The Company has followed the accounting standards in the preparation of its financial statements

**d. 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 puts 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.

**e. 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

**f. 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 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 2015-2016, 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 fulfills 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:

The Company's quarterly results are published in Financial Express, Business Standard, Financial Chronicle and Janasatta – Hindi, and are displayed on website [www.knrcl.com](http://www.knrcl.com).

News releases, presentations, among others:

Official news releases and official media releases are sent to Stock Exchanges.

Presentations to institutional investors / analysts:

Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results through earnings call. The transcripts of the earnings call are also uploaded on the Company's website [www.knrcl.com](http://www.knrcl.com)

Website:

The Company's website [www.knrcl.com](http://www.knrcl.com) contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

Annual Report:

The Annual Report containing, inter alia, Audited Standalone Financial Statement, Consolidated Financial Statement, Directors' Report, Auditors' Report, Corporate Governance Report and other important information is circulated to members and others entitled thereto.

Management Discussion and Analysis (MDA) Report

The report on MDA is annexed to the Director's Report and forms part of the Annual Report.

Disclosures to Stock Exchanges:

The Company informs BSE and NSE all price sensitive matters or such other matters which in its opinion are material and of relevance to the members.

NSE Electronic Application Processing System (NEAPS):

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Dedicated e-mail ID

[Investors@knrcl.com](mailto:Investors@knrcl.com)

## 9. GENERAL SHAREHOLDERS INFORMATION

i.	Annual General Meeting	:	21 <sup>st</sup> Annual General Meeting Friday the 30 <sup>th</sup> September 2016
	Time	:	11.00 AM
	Venue	:	Hotel Mappel Emerald, NH-8, Rajkora, New Delhi - 110038
ii.	Financial Year	:	1 <sup>st</sup> April 2015 to 31 <sup>st</sup> March 2016
iii.	Book closure dates	:	24 <sup>th</sup> September 2016 to 30 <sup>th</sup> September 2016 (both days inclusive)
iv.	Dividend Payment date	:	NA
v.	Financial Calendar for the year 2016-2017		
	Financial Reporting for the first quarter ended 30 <sup>th</sup> June 2016		on or before 14 <sup>th</sup> September 2016
	Financial Reporting for the second quarter / half-year ended 30 <sup>th</sup> September 2016		on or before 14 <sup>th</sup> December 2016
	Financial Reporting for the third quarter / nine months ended 31 <sup>st</sup> December 2016		on or before 14 <sup>th</sup> February 2017
	Financial Reporting for the fourth quarter / year ended 31 <sup>st</sup> March 2017		on or before 30 <sup>th</sup> May 2017
vi.	List on Stock Exchanges		

### Name and Address of the Stock Exchange

BSE 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 2015-16 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 2015-16 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

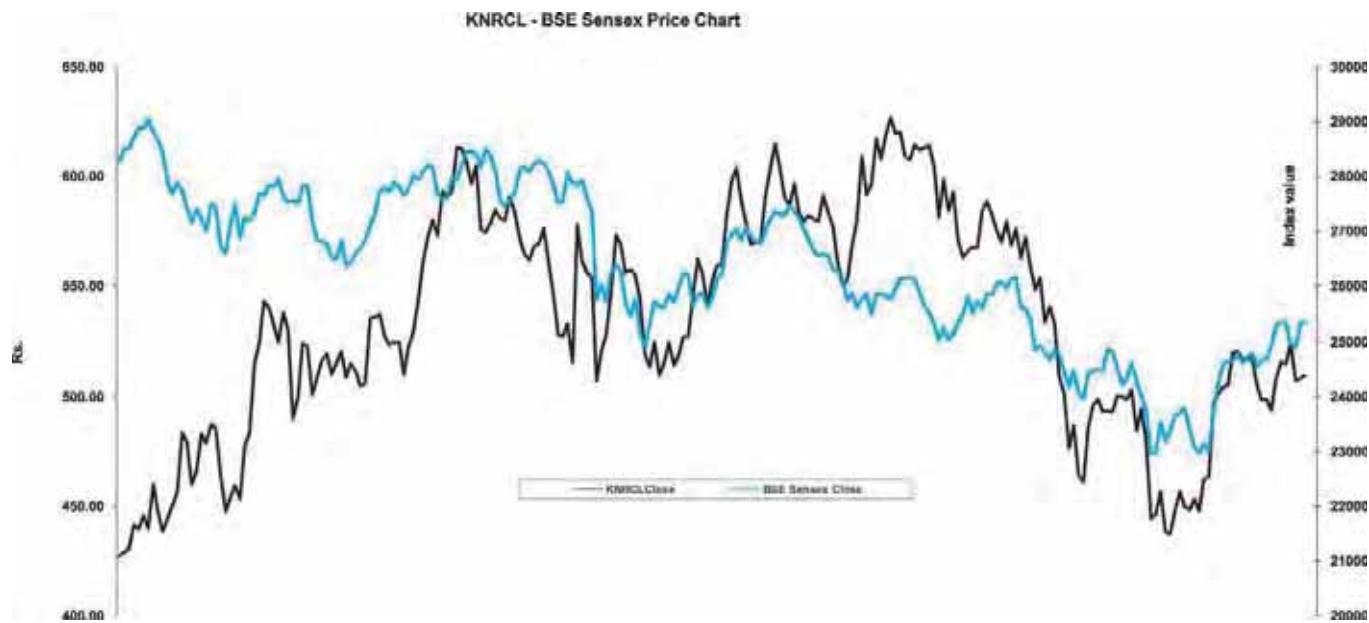
c. Corporate Identity Number (CIN)

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 pricedata :

Month	BSE Limited , (BSE)		National Stock Exchange of India Limited (NSE)	
	High Price	Low Price	High Price	Low Price
April 2015	493.90	425.00	494.35	422.00
May 2015	560.40	444.10	560.00	441.50
June 2015	550.00	494.00	550.00	493.0
July 2015	625.00	515.00	625.00	520.00
August 2015	590.25	475.00	591.80	477.95
September 2015	570.00	500.25	572.00	500.00
October 2015	620.00	555.00	621.00	557.50
November 2015	651.75	540.00	652.95	529.00
December 2015	628.50	558.00	630.00	556.00
January 2016	583.75	460.00	585.00	459.00
February 2016	517.20	408.00	520.00	410.00
March 2016	534.90	464.00	532.00	460.05

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



**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 share 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 31<sup>st</sup> March 2016

**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 31<sup>st</sup> March, 2016**

Range		No. of Shareholders		No of shares held	
From	To	Number	% of total	Number	% of total
1	500	8221	92.9872	731305	2.6003
501	1000	319	3.6082	239157	0.8504
1001	2000	128	1.4478	192823	0.6856
2001	3000	42	0.4751	103482	0.3680
3001	4000	19	0.2149	67228	0.2390
4001	5000	16	0.181	75863	0.2697
5001	10000	30	0.3393	214669	0.7633
10001	And above	66	0.7465	26498933	94.2236
	Total	8841	100.00	28123460	100.00

xiii. Pattern of Shareholding as on 31st March 2016

	Category	Total Shares	Total Percent
1	CLEARING MEMBER	25817	0.0918
2	OTHER BODIES CORPORATE	662878	2.3570
3	FINANCIAL INSTITUTIONS	2223	0.0079
4	FOREIGN INST. INVESTOR	858265	3.0518
5	MUTUAL FUND	6871191	24.4322
6	NON NATIONALISED BANKS	203	0.0007
7	NON RESIDENT INDIANS	54817	0.1949
8	NON RESIDENT (NON REPATRIABLE)	18583	0.0661
9	OFFICE BEARERS	270	0.0010
10	PUBLIC	2367833	8.4194
11	PROMOTERS	17086141	60.7541
12	FOREIGN PORTFOLIO INVESTOR (CORPORATE)	123246	0.4382
13	HINDU UNDIVIDED FAMILY (HUF)	51993	0.1849
	<b>TOTAL</b>	<b>28123460</b>	<b>100.00</b>

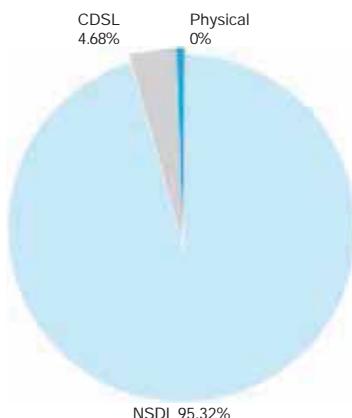
xiv. Dematerialisation of Shares & Liquidity

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 31<sup>st</sup> March 2016 a total of 2,81,23,446 Equity Shares were dematerialised representing 99.99 % of the total paid up equity share capital of the Company.

Dematerialisation of Shares and Liquidity as on 31<sup>st</sup> March 2016

	No. of Shares	% of Total
NSDL	26808133	95.32
CDSL	1315313	4.68
Physical	14	0.00
<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 AGM)

**Company Secretary**

KNR Constructors Limited  
"KNR House", 3<sup>rd</sup> Floor,  
Plot No. 114, Phase I, Kavuri Hills,  
Hyderabad – 5000033  
Andhra Pradesh, India  
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 Constructors 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 shall 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 years, will be transferred to the IEPF:

Year	Type of Dividend	Dividend Per Share	Date of Declaration	Due date for transfer	Amount in Rs.*
2009	Final	2.00	09.09.2009	09.10.2016	70786.00
2010	Final	2.00	29.09.2010	29.10.2017	58084.00
2011	Final	2.00	22.09.2011	22.10.2018	68720.00
2012	Final	1.00	08.08.2012	08.09.2019	29517.00
2013	Final	1.00	14.09.2013	14.10.2020	25229.00
2014	Final	1.00	30.09.2014	30.10.2021	44719.00
2015	Final	1.00	30.09.2015	30.10.2022	19117.00
2016	Interim	1.00	15.03.2016	15.04.2023	173047.50

\* as on 31.03.2016

**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 31<sup>st</sup> March 2016.

**For KNR Constructors Limited**

Sd/-

**K Narasimha Reddy**  
Managing Director

Place: Hyderabad

Date: 14.08.2016

**KNR Constructors Limited**



## 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 31<sup>st</sup> March 2016, 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 to 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: 14.08.2016

## CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

In relation to the Audited Financial Accounts of the Company as at 31<sup>st</sup> March, 2016, 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 volatile 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/-  
**K Jalandhar Reddy**  
Executive Director & CFO

Sd/-  
**S Vaikuntanathan**  
VP (F&A)

Place: Hyderabad  
Date: 14.08.2016

# Independent Auditors' Report

To the Members of  
**KNR Constructions Limited**

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KNR Constructions Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; of the state of affairs of the Company as at 31st March, 2016, and its profit/loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

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

2. As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit.
  - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act have been audited by us.
  - d) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and the returns.
  - e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f) There are no observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the company.
  - g) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - h) There are no qualification, reservation or adverse remark on the maintenance of accounts and other matters connected therewith.
  - i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-A".
  - j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its material financial position.
    - ii. The Company did not have any long term contracts including derivative contract for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Place: Hyderabad  
 Date: 30-05-2016

## Annexures to the Independent Auditor's Report

Annexures to the Independent Auditor's Report of KNR Constructions Ltd., for the Year ended as on 31<sup>st</sup> March 2016

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

- i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.
- c) The title deeds of immoveable properties are held in the name of the company except the following assets.

Total Number of cases (Lands)	Whether leasehold/ freehold	Gross block and net block as on 31-03-16 (Amount in Lakhs)	Remarks
33	Freehold	841.90	Lands are registered in the name of directors, relatives of directors for and on behalf of the company due to restrictions in registration of the lands in the name of the Company, by the land laws of respective states in which the land is situated.*

\*Company has taken undertaking from respective parties for having no interest in the lands.

- ii. a) As explained to us, inventories have been physically verified at regular intervals during the year by the management. In our opinion, having regard to the nature of business and location of inventory, the frequency of verification is reasonable.
- 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 according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- iii. a) The Company has granted interest free un-secured loans / advances to subsidiary companies during the year and the maximum amount involved during the period and the balances of said loans/advance were aggregating to Rs.18427.85 Lakhs and Rs. 33088.48 Lakhs respectively.
- b) There are no specific agreements for these transactions except in the case of one of the subsidiaries which states that the interest free unsecured loans are to be granted as per the terms and conditions of common loan agreements entered into by the subsidiary company with its lenders. In all other cases un-secured loans are given on an 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. Hence, the question of regularity of payment of principal and interest does not arise.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.

- vi. As per the information and the explanation given by the management, maintenance of cost records has been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that *prima facie* prescribed accounts and records have been made and maintained.
- vii. a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Sales Tax, Cess, and other statutory dues have been generally regularly deposited with appropriate authorities.
- b) The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under :

Name of statute	Nature of dues	Rupees in lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Tax paid under protest	F.Y 2006-07	Commissioner of Appeals – II, Hyderabad
Income Tax Act, 1961	Interest on TDS delay payments	9.86	F.Y 2009-10	Deputy Commissioner of Income Tax , Circle 14(2), Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	VAT	45.35	F.Y 2010-11	Appellate Deputy Commissioner (C.T), Hyderabad.
Madhya Pradesh Value Added Tax Act, 2002	VAT	308.54	F.Y 2013-14	Commissioner of Appeals - Gwalior
	Entry Tax	45.69	F.Y 2010-11	- Do -
	Entry Tax	33.29	F.Y 2013-14	- Do -
Orissa Value Added Tax Act,	Entry Tax	28.87	F.Y 2009-10 to 11-12	Orissa High Court

- c) The Company has transferred un-claimed IPO refund amount of Rs 64,209/- to the Investor Education and Protection Fund Account, during this year, as per rules made in the Companies Act, 1956.
- viii. During the year the company has not defaulted in repayment of loans or borrowing to the bank. The company has taken loan or borrowings from financial institution and banks. The company has not issued debentures.
- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.
- xi. The company has paid managerial remuneration, in accordance with provision of the section 197 of the Companies Act, 2013.
- xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.

- xiii. In our opinion and according to the information provided to us, the transaction entered with the related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion and according to the information provided to us, the company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

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

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

Place: Hyderabad

Date: 30-05-2016

## **Annexure-A**

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

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

We have audited the internal financial controls over financial reporting of KNR Constructions Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

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

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

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance

with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for SUKUMAR BABU & CO.,

Chartered Accountants

(Firm Regn. No.004188S)

Sd/-

C. SUKUMAR BABU

Partner

Membership No: 024293

Place: Hyderabad

Date: 30-05-2016

## BALANCE SHEET as at March 31, 2016

(₹ in Lakhs)

PARTICULARS	Note No.	As At 31-03-2016		As At 31-03-2015	
<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	69,883.70	72,696.05	54,108.20	56,920.55
<b>2) SHARE APPLICATION MONEY</b>			-		-
<b>3) NON - CURRENT LIABILITIES</b>					
a) Long-Term Borrowings	5	698.13		13.14	
b) Deferred Tax Liabilities (Net)	6		-		-
c) Other Long Term Liabilities	7	17,866.58		6,713.26	
d) Long-Term Provisions	8	230.62	18,795.33	171.82	6,898.22
<b>4) CURRENT LIABILITIES</b>					
a) Short-Term Borrowings	9	10,552.51		8,804.61	
b) Trade Payables	10	11,208.25		7,050.51	
c) Other Current Liabilities	11	9,459.67		17,753.00	
d) Short-Term Provisions	12	5,093.50	36,313.93	2,919.11	36,527.23
<b>TOTAL</b>			127,805.31		100,346.00
<b>II ASSETS</b>					
<b>1) NON-CURRENT ASSETS</b>					
a) Fixed Assets	13				
i) Tangible Assets		24,082.38		22,426.80	
ii) Intangible Assets		3.31		0.70	
iii) Capital Work-In-Progress		593.79		263.04	
b) Non-Current Investments	14	3,547.53		2,276.63	
c) Deferred Tax Assets (Net)	6	2,759.45		2,391.86	
d) Long-Term Loans and Advance	15	39,017.74		17,859.18	
e) Other Non-Current Assets	16	6,886.55	76,890.75	7,322.23	52,540.44
<b>2) CURRENT ASSETS</b>					
a) Current Investments	17	790.63		874.06	
b) Inventories	18	3,534.98		3,590.59	
c) Trade Receivables	19	12,936.34		17,650.15	
d) Cash and Cash Equivalents	20	1,613.80		1,572.60	
e) Short-Term Loans and Advances	21	22,759.17		15,061.77	
f) Other Current Assets	22	9,279.64	50,914.56	9,056.39	47,805.56
<b>TOTAL</b>			127,805.31		100,346.00

Corporate information and Significant accounting policies 1 & 2

See accompanying notes forming part of the financial statements

As per our report of even date attached

For Sukumar Babu & Co.,

Chartered Accountants

(Firm Regn. No. 004188S)

Sd/-

C.Sukumar Babu

Partner

Membership No: 024293

Place : Hyderabad

Date : 30-05-2016

KNR Constructions Limited

For and on behalf of the Board

Sd/-

K.Narasimha Reddy

Managing Director

Sd/-

S.Vaikuntanathan

Vice President (F&A)

Sd/-

K. Jalandhar Reddy

Executive Director & CFO

Sd/-

M.Venkata Rao

Company Secretary

## STATEMENT OF PROFIT AND LOSS for the Year Ended March 31, 2016 (₹ in Lakhs)

PARTICULARS	NOTE No.	Year ended 31-03-2016	Year ended 31-03-2015
<b>I Gross Revenue from Operations</b>		<b>101,084.02</b>	<b>93,096.33</b>
Less : Company Share's in Joint Ventures		10,829.28	5,483.22
Net Revenue from Operations	23	90,254.74	87,613.11
<b>II Other income</b>	24	<b>3,049.34</b>	<b>1,245.70</b>
<b>III Total Revenue (I + II)</b>		<b>93,304.08</b>	<b>88,858.81</b>
<b>IV Expenses:</b>			
Cost of materials consumed	25	27,917.35	33,699.91
Other Construction Expenses	26	40,134.18	33,262.59
Employee benefits expense	27	4,351.80	3,807.59
Finance costs	28	1,262.67	1,224.30
Depreciation and amortization expense	29	4,314.43	5,405.58
Other expenses	30	2,310.73	4,228.75
<b>Total expenses</b>		<b>80,291.16</b>	<b>81,628.72</b>
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>13,012.92</b>	<b>7,230.09</b>
<b>VI Exceptional items</b>		-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>		<b>13,012.92</b>	<b>7,230.09</b>
<b>VIII Extraordinary Items</b>		-	-
<b>IX Profit before tax (VII- VIII)</b>		<b>13,012.92</b>	<b>7,230.09</b>
<b>X Tax expense:</b>	31		
1) Current tax		1,640.44	1,028.86
2) Prior Period Taxes		(4,372.26)	112.10
3) Deferred tax		(367.59)	(1,212.11)
<b>XI Profit (Loss) for the period from continuing operations (IX - X)</b>		<b>16,112.33</b>	<b>7,301.24</b>
<b>XII Profit/(loss) from discontinuing operations</b>		-	-
<b>XIII Tax expense of discontinuing operations</b>		-	-
<b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>16,112.33</b>	<b>7,301.24</b>
<b>XVI Earnings per equity share: (In Rs.)</b>			
1) Basic		57.29	25.96
2) Diluted		57.29	25.96
<b>Corporate information and Significant accounting policies</b>	1 & 2		

See accompanying notes forming part of the financial statements

As per our report of even date attached

For Sukumar Babu & Co.,

Chartered Accountants

(Firm Regn. No. 004188S)

Sd/-

C.Sukumar Babu

Partner

Membership No: 024293

Place : Hyderabad

Date : 30-05-2016

For and on behalf of the Board

Sd/-  
K.Narasimha Reddy

Managing Director

Sd/-

S.Vaikuntanathan

Vice President (F&A)

Sd/-

K. Jalandhar Reddy

Executive Director & CFO

Sd/-

M.V.Venkata Rao

Company Secretary

## CASH FLOW STATEMENT for the Year Ended March 31, 2016

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016		Year ended 31-03-2015
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax		13,012.92	7,230.09
Adjustments for			
Depreciation & Amortization Expenses	4,314.43		5,405.58
Provision for Gratuity	61.90		61.18
Provision for Doubtful Advances and Deposits	(11.31)		741.54
CSR Expenditure	125.54		12.31
Loss on sale of assets and Discarded	54.30		1.21
Profit on sale of Assets	(323.04)		(264.52)
Interest and Financial Charges	1,270.13		1,279.74
Interest Received	(61.07)	5,430.88	(81.29)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		18,443.80	14,385.84
(Increase)/Decrease in Trade and Other Receivables	(361.70)		(8,452.01)
(Increase)/Decrease in Inventories	55.61		(184.06)
"Increase/(Decrease) in Trade Payable, Liabilities and Provisions" (excluding Proposed Dividend & Income Tax)"	7,423.23	7,117.14	459.22 (8,176.85)
<b>CASH GENERATED / (USED) FROM OPERATIONS</b>		25,560.94	6,208.99
Taxes (paid) / Refunds		218.56	(2,502.64)
<b>CASH USED FOR CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE</b>		(125.54)	(12.31)
<b>NET CASH USED IN OPERATING ACTIVITIES - (A)</b>		25,653.96	3,694.04
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets and other Capital Expenditure	(6,413.21)		(3,101.99)
Bank Balances not considered as cash and cash equivalents	(163.11)		(329.33)
Loans/Advances to Subsidiaries/Associates	(18,571.24)		(328.76)
Proceeds from sale of Fixed Assets	467.67		385.38
Investments in Joint Ventures / SPV's / Mutual Funds	(1,187.47)		852.82
"Foreign Exchange Translation Adjustment" (arising on translation of Foreign branch transactions)"	1.65		0.28
Interest Received	29.36		74.57
TDS on Interest Received	(76.12)		(50.00)
<b>NET CASH FLOW / (USED IN) INVESTING ACTIVITIES - (B)</b>		(25,912.47)	(2,497.03)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long Term Funds Borrowed / (Repaid)	293.65		(3,263.43)
Increase / (decrease) in short term borrowings	1,747.90		3,821.25
Interest paid	(1,227.99)		(1,300.73)
Dividend and Dividend Tax paid	(338.48)		(329.03)
Interim Dividend Paid and Dividend Tax paid	(338.48)		-
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES - (C)</b>		136.60	(1,071.94)
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS - (A+B+C)</b>		(121.91)	125.07
Cash and Cash Equivalents at the beginning of the year		532.31	407.24
Cash and Cash Equivalents at March 31, 2016 (Refer Note 20)		410.40	532.31

**Notes:**

- 1 Cash and Cash equivalents includes:

Cash in Hand	57.70	55.66
Bank Balance -Current Account	352.70	476.65

The above current account balances includes Rs. 4.89 lakhs (P.Y Rs. 3.61 lakhs) in Unclaimed Dividend Account and Rs. Nil (P.Y Nil) 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 : 30-05-2016

For and on behalf of the Board

Sd/-

[K.Narasimha Reddy](#)

Managing Director

Sd/-

[S.Vaikuntanathan](#)

Vice President (F&A)

Sd/-

[K.Jalandhar Reddy](#)

Executive Director & CFO

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 have been prepared under the historical cost convention method on accrual basis of accounting in accordance with the generally accepted accounting principles in India ("GAAP"). The Company has prepared these financial statements to comply with the accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year

#### 2.2 Use of Accounting Estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities ) and the reported income and expenses during the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

#### 2.3 Fixed Assets and Depreciation (Tangible / Intangible)

Fixed Assets are stated at cost of acquisition, less accumulated depreciation and amortization and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Capital work-in-progress: Fixed Assets under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation is provided on useful lives of the asset, as per the Schedule II of the Companies Act 2013. The management has estimated the useful life of the assets as given below table.

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

Notes forming part of the financial statements

Sl.No.	Description	Useful life given as per Companies Act 2013	Company's estimated useful life
1.	Buildings		
	- RCC structure	60 years	60 years
	- Temporary structure	3 Years	3 Years
2.	Plant and Machinery		
	- Concreting, crushing, piling equipment's and road making equipment's	12 Years	7 Years *
	- Heavy Lift equipment's		
	- Cranes < 100 tons	15 Years	7 Years *
	- Earth-moving equipment's	9 Years	7 Years *
	- Construction Accessories	12 Years	3 Years **
	- Others including Material Handling / Pipeline / Welding Equipment's	12 Years	7 Years *
3.	Furniture and fittings	10 Years	10 Years
4.	Motor Vehicles		
	- Motor cycles, Scooters and other mopeds	10 Years	10 Years
	- Motor buses, motor lorries, motor cars and motor taxies	8 Years	8 Years
5.	Ships		
	- Speed boats	13 Years	13 Years
6.	Office equipment's	5 Years	5 Years
7.	Computers and data processing units		
	- Servers and networks	6 Years	6 Years
	- End user devices, such as, desktops, laptop etc.,	3 Years	3 Years
	Intangible Assets		
	- Computer Software's	As per accounting standard	3 Years
8.	Laboratory equipment's	10 years	7 years *

\* The Company estimated life of the asset as 7 years.

\*\* The Company estimated life of the asset as 3 years as the assets have been used for more number of times / shifts as compared to the other ones.

## Notes forming part of the financial statements

### 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 has been 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, stores and spares are valued at weighted average cost or net realisable value whoever is less. Cost excludes refundable duties and taxes.

### 2.8 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 recorded in accordance with Accounting Standard AS-15.

#### A) Short Term Employee Benefits :

Short term employee benefits such as Leave Encashment, Bonus and Medical re-imbursement 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.

## Notes forming part of the financial statements

### 2.9 Share Issue Expenses

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

### 2.10 Revenue Recognition

- i) 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.
- ii) Other Operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.
- iii) Interest income is accounted for on accrual basis. Dividend income is accounted for when the right to receive the same is established and other incomes are accounted as and when the right to receive arises.

### 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 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.

### 2.13 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 incomes 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.

Minimum Alternate Tax (MAT) paid in a year is charged to statement of profit and loss as current Tax. The company recognizes MAT Credit available as an asset to the extent there is convincing evidence that the company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit, the said assets is created by way of credit to the statement of Profit and Loss and shown as "MAT credit entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the assets to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

During the year under consideration, we have arrived at the net tax payable after claiming deduction of profits under section 80-IA of the Income Tax Act, on eligible projects taking into account the decisions of Tribunals in the cases of various assesses.

## Notes forming part of the financial statements

### 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 Shareholders 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

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as operating lease. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

### 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 forming part of the financial statements

**3 SHARE CAPITAL**

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>EQUITY SHARE CAPITAL</b>		
Authorised Share capital 35,000,000 (P.Y 35,000,000) Equity Shares of Rs. 10/- each	3,500.00	3,500.00
Issued, subscribed & fully paid share capital 28,123,460 (P.Y 28,123,460) Equity Shares of Rs. 10/- each	2,812.35	2,812.35
<b>Total</b>	<b>2,812.35</b>	<b>2,812.35</b>

**3.1 Terms/ Rights attached to equity shares**

- a. 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.
- b. 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.
- c. The Board of Directors, in their meeting on 15-03-16 declared interim dividend of Rs. 1/- per equity share. The total dividend appropriation for the year ended March 31 , 2016 amounted to Rs. 338.48 Lakhs including corporate dividend tax of Rs.57.25 Lakhs.
- d. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**3.2 The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 is set out below:**

Name of the shareholder	As at 31-03-2016		As at 31-03-2015	
	No. of Shares held	% holding	No. of Shares held	% holding
Kamidi Narasimha Reddy	9,798,719	34.84	10,798,719	38.40
Kamidi Jalandhar Reddy	4,025,921	14.32	4,335,021	15.41
Kamidi Yashoda	1,761,501	6.26	1,761,501	6.26
Mereddy Rajesh Reddy	1,500,000	5.33	1,500,000	5.33
HDFC Trustee Company Ltd	2,347,797	8.35	2,347,797	8.35

**3.3 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 31-03-2016		As at 31-03-2015	
	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

Notes forming part of the financial statements

## 4 RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	As At 31-03-2016	As At 31-03-2015
<b>SECURITIES PREMIUM RESERVE</b>		
Opening Balance	12,599.31	12,599.31
Add : Additions in current year	-	-
Less: Written Back in current year	-	-
Closing Balance	<b>12,599.31</b>	<b>12,599.31</b>
<b>GENERAL RESERVE</b>		
Opening Balance	2,849.00	2,849.00
Add : Transferred from Surplus in statement of Profit and Loss	-	-
Less: Written Back in current year	-	-
Closing Balance	<b>2,849.00</b>	<b>2,849.00</b>
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Opening Balance	(1.65)	(1.93)
Add: Additions in current year	1.65	0.28
Less: Written Back in current year	-	-
Closing Balance	<b>-</b>	<b>(1.65)</b>
<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
Opening balance	38,661.54	33,073.50
Less: Depreciation on transition to Schedule II of the Companies Act,2013	-	1,374.72
Add: Net Profit/(Loss) for the current year	16,112.33	7,301.24
Amount available for appropriation	<b>54,773.87</b>	<b>39,000.02</b>
Less:		
Interim / Proposed Dividend	281.23	281.23
Dividend Tax	57.25	57.25
Closing Balance	<b>54,435.39</b>	<b>38,661.54</b>
Total	<b>69,883.70</b>	<b>54,108.20</b>

Notes forming part of the financial statements

## 5 LONG-TERM BORROWINGS

(₹ in Lakhs)

Particulars	As At 31-03-2016	As At 31-03-2015
<b>SECURED</b>		
TERM LOANS *		
From Banks		
Rupee Loans (refer note 5.1)	898.13	13.14
Total	898.13	13.14

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

### 5.1 Term Loans from Banks

- i) HDFC Bank Ltd.,
  - Secured by Hypothecation of specific assets purchased out of the loan, comprising Plant & Machinery
- ii) Axis Bank Ltd.,
  - Secured by Hypothecation of specific assets purchased out of the loan, comprising Plant & Machinery
- iii) ICICI Bank Ltd.,
  - Secured by Hypothecation of specific assets purchased out of the loan, comprising Plant & Machinery

The details of rate of interest and repayment terms of term loans are as under

SL No.	Particulars	Number Of Loans Outstanding As At		Outstanding Balance As At (Rs. in lakhs)		Interest Range % Per Annum	Number Of Outstanding Installments As At		Frequency of Installments	Commencing From - To
		31-03-2016	31-03-2015	31-03-2016	31-03-2015		31-03-2016	31-03-2015		
i)	HDFC Bank Ltd.,	6	2	372.30	127.27	9.50% to 9.86%	01 to 29	13 to 14	Monthly	June 15, 2013 to August 15, 2018
ii)	Axis Bank Ltd.,	6	5	668.10	116.63	9.87% to 10.23%	26 to 35	8 to 9	Monthly	July, 15, 2015 to February 15, 2019
iii)	ICICI Bank Ltd.,	1	Nil	81.74	Nil	9.50%	32	Nil	Monthly	January 01, 2016 to November 01, 2018

Notes forming part of the financial statements

## 6 DEFERRED TAX LIABILITIES / (ASSETS) - (NET)

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Deferred Tax Liability / (Asset)		
Related to fixed assets	(1,948.75)	(1,829.72)
Disallowances under the Income Tax Act, 1961	810.70	562.14
<b>Total</b>	<b>(2,759.45)</b>	<b>(2,391.86)</b>

## 7 OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Others</b>		
Mobilization Advance	13,529.85	2,714.31
Machinery Advance	-	31.51
Security Deposits	1,230.77	897.14
Retention Deposits and Withheld Amount	3,105.96	3,070.30
<b>Total</b>	<b>17,866.58</b>	<b>6,713.26</b>

## 8 LONG TERM PROVISIONS

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Provision for employee benefits (refer note: 8.1)		
Gratuity	230.62	171.82
<b>Total</b>	<b>230.62</b>	<b>171.82</b>

- 8.1 In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity covering employees. The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India (LIC) and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end. The management understands that LIC's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return of Central Government bonds.

Notes forming part of the financial statements

**9 SHORT TERM BORROWINGS**

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>SECURED LOANS</b>		
<b>LOANS REPAYABLE ON DEMAND</b>		
<b>FROM BANKS</b>		
Working capital Demand Loan (Refer note 9.2)		400.00
Cash Credit ( Refer Note 9.1)	2,702.51	5,604.61
Sub- total	2,702.51	6,004.61
<b>UN-SECURED LOANS</b>		
<b>LOANS AND ADVANCES FROM RELATED PARTIES</b>		
From Directors (refer note: 9.3) (There is no specific agreement with the above parties)	7,850.00	2,800.00
Sub- total	7,850.00	2,800.00
<b>Total</b>	10,552.51	8,804.61

**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, valued at Rs. 30.38 Crores
- 3 First pari passu charge on equitable mortgage of industrial factory buildings without machinery, valued at Rs. 25.49 Crores on 09-03-2015
- 4 Hypothecation of certain equipment's of written down value as on 31.03.2015 is Rs 45.03 Crores
- 5 Personal guarantee of Directors.

**9.2** The interest rate for working capital demand loan and cash credit facilities varies from 10.80% to 12.40 % per annum

**9.3** The company availed short term un-secured loans from directors, which are repayable on demand and carries interest at 10.00% to 11% per annum.

## Notes forming part of the financial statements

### 10 TRADE PAYABLES

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Sundry Creditors (Suppliers)	4,072.02	3,066.42
Bills Payable (Sub-contractors/Labour/Service)	7,136.23	3,984.09
<b>Total</b>	<b>11,208.25</b>	<b>7,050.51</b>

**10.1** There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes on account of principal amount together with interest and accordingly, no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

### 11 OTHER CURRENT LIABILITIES

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Current maturities of long-term borrowings (Refer Note 5)		
<b>Term Loans</b>		
<b>From Banks</b>		
Rupee Loans	424.01	230.76
<b>From Other parties</b>		
Rupee Loans	-	581.36
	<b>424.01</b>	<b>812.12</b>
Interest accrued but not due on borrowings and others	51.93	9.79
Advance received from clients	3,422.51	2,856.59
Due to Customers	3,639.82	12,235.30
Unclaimed dividends, Shares and IPO Refund (Refer notes 11.1)	4.97	3.68
Other Payables		
Others	599.50	165.45
Outstanding Expenses	808.66	783.31
Statutory dues	508.27	886.76
<b>Total</b>	<b>9,459.67</b>	<b>17,753.00</b>

**11.1** During this period un-paid dividend amount transferred to IEPF A/c for an amount of Rs. 64,209/- for relating to F.Y 2007-08 dividend. The balance un-paid dividend no due for payment to the Investor Education and Protection Fund as at Balance Sheet date.

### 12 SHORT TERM PROVISIONS

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>PROVISION FOR EMPLOYEE BENEFITS</b>		
Gratuity	15.80	12.70
	<b>Sub- total</b>	<b>15.80</b>
<b>OTHERS</b>		
Provision for Income Tax	3,974.61	1,517.00
Provision for Wealth Tax	-	4.13
Provision for Proposed Dividend	-	281.23
Provision for Dividend Tax	-	57.25
Provision for Labour Cess	1,103.09	1,046.80
	<b>Sub- total</b>	<b>5,077.70</b>
<b>Total</b>	<b>5,093.50</b>	<b>2,919.11</b>

## Notes forming part of the financial statements



Particulars	Gross Block			Accumulated Depreciation / Amortisation			Net Block	
	As at April 1, 2015	Additions	Deductions/ Adjustment	As at Mar 31, 2016	As at April 1, 2015	For the Period	Deductions/ Adjustment	As at Mar 31, 2016
<b>Tangible Assets</b>								
Land - Free Hold *	6,486.16	453.38	-	6,939.54	-	-	-	6,939.54
Buildings	1,890.69	121.20	-	2,014.89	510.56	146.05	628.61	1,385.28
Plant and Equipment	44,769.10	5,172.90	2,882.63	47,059.37	30,832.87	3,845.27	31,988.51	15,090.86
Furniture and Fixtures	257.78	16.81	26.79	247.80	165.59	28.07	168.66	79.14
Motor Vehicles	1,144.41	274.57	80.92	1,338.06	671.67	194.53	805.63	532.43
Office equipment	141.78	21.93	42.92	120.79	102.45	24.10	39.75	86.80
Computers & Accessories	117.00	17.59	29.18	105.41	98.11	15.59	85.15	33.99
Ships/Boats	2.43	-	-	2.43	1.30	0.25	-	1.55
<b>Sub-total</b>	<b>54,008.35</b>	<b>6,078.38</b>	<b>3,002.44</b>	<b>57,125.29</b>	<b>32,382.55</b>	<b>4,223.88</b>	<b>2,863.50</b>	<b>33,742.91</b>
<b>Intangible Assets</b>								
Computer software	12.70	4.08	6.85	9.93	12.00	1.48	6.86	6.62
<b>Sub-total</b>	<b>12.70</b>	<b>4.08</b>	<b>6.85</b>	<b>9.93</b>	<b>12.00</b>	<b>1.48</b>	<b>6.86</b>	<b>6.62</b>
<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>TOTAL</b>	<b>54,022.05</b>	<b>6,082.46</b>	<b>3,069.29</b>	<b>57,135.22</b>	<b>32,394.55</b>	<b>4,225.24</b>	<b>2,870.16</b>	<b>33,749.53</b>
<b>Previous Year</b>	<b>52,524.82</b>	<b>2,688.34</b>	<b>57.111</b>	<b>54,122.05</b>	<b>26,152.38</b>	<b>669.21 **</b>	<b>449.04</b>	<b>32,394.55</b>
								<b>22,690.54</b>

\* Land Includes Rs. 841.90 lakhs (P.Y. Rs. Rs. 841.90 lakhs) held in the name of Directors, relatives of Directors for and on behalf of the Company.

\*\* Accumulated depreciation includes an amount of Rs. 1374.72 lakhs for the assets having no useful life after retaining residual value as required under the Companies Act, 2013.

## Notes forming part of the financial statements

Sl. No.	Name of the Body Corporate	Subsidiary / Associate / JV Controlled Entity / Others	Nature of the Share / Unit	Face value of the share	No. of Shares / Units	31-03-16	31-03-15	Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)	Amount in Lakh	Whether stated at Cost Yes / No	If Answer to Column (14) is 'No' - Basis of Valuation	(₹ in Lakhs)
<b>I TRADE INVESTMENTS</b>														
1	A Investment in Equity Instruments													
	KNR AgroTech & Beverages Pvt Ltd	Subsidiary	Equity	10	10000	100000	Unquoted	Fully Paid	100%	100%	1,00	1,00	Yes	
	KNR Infrastructure Projects Pvt Ltd	Subsidiary	Equity	10	10000	100000	Unquoted	Fully Paid	100%	100%	1,00	1,00	Yes	
	KNR Energy Ltd	Subsidiary	Equity	10	50000	500000	Unquoted	Fully Paid	100%	100%	5,00	5,00	Yes	
	KNRC Holding & Investment Private Ltd	Subsidiary	Equity	10	10000	100000	Unquoted	Fully Paid	100%	100%	1,00	1,00	Yes	
	KNR Muzaffarpur Barauni Tollways Pvt Ltd (refer note 14.1)	Subsidiary *	Equity	10	450000	4500000	Unquoted	Fully Paid	0.65%	0.83%	45.90	45.90	Yes	
	KNR Constructors - LLC, at Oman	Subsidiary	Equity	1	Orignal Rial	162500	Unquoted	Fully Paid	65%	65%	206.07	206.07	Yes	
	KNRCL - FZE, at PAK	Subsidiary	Equity	100000	AED	5	Unquoted	Fully Paid	100%	100%	48.88	48.88	Yes	
	KNR Walyar Tollways Pvt Ltd (refer note 14.2)	Subsidiary	Equity	10	900000	9000000	Unquoted	Fully Paid	100%	100%	90.00	90.00	Yes	
	Patel-KNR Infrastructures Ltd.	Associate	Equity	10	14800000	14800000	Unquoted	Fully Paid	40%	40%	1,480.00	1,480.00	Yes	
	Patel-KNR Heavy Infrastructure Ltd	Associate	Equity	10	9525000	9525000	Unquoted	Fully Paid	40%	40%	952.50	952.50	Yes	
<b>B Investments in partnership firms / AOP</b>														
	Joint Ventures													
	NCC - KNR - JV	Joint Ventures												
	KNR - PATEL - JV	Joint Ventures												
	KNR - SLEC - JV	Joint Ventures												
	KNR - BPL - JV	Joint Ventures												
	KNR - GVR - JV	Joint Ventures												
	KHR - JKMR - KAMALA - JV	Joint Ventures												
	KNR - SLMI - JV	Joint Ventures												
	KNR-JKMR-JV	Joint Ventures												
	KNR-TBCL-JV	Joint Ventures												
	KNR-PBEPL-JV	Joint Ventures												
	Sub-Total - I										3,527.47	2,255.62		
<b>II OTHER INVESTMENTS</b>														
	A Investments in Government or Trust securities													
	National Savings Certificates	Others												
	Others										1,06	1,01	Yes	
	<b>B Investments in Mutual Funds</b>													
	SBI Infrastructure Fund	Others												
	SBI Magnum Comma Fund	Others												
	SBI PSU Fund	Others												
	SBI Equity Opportunities Fund - Series I	Others												
	Build-Total - II										20.06	20.01		
	Total (I+II)										3,647.53	2,276.63		

\* KNR Constructions Limited indirectly with its subsidiary i.e., KNR Muzaffarpur Holdings Pvt. Ltd holds 51% in the equity share capital of KNR Muzaffarpur Barauni Tollways Private Limited.  
 14.1 1,44,000 Shares (P.Y. 1,44,000) equity share have been pledged with Punjab National Bank for the term loan availed by KNR Muzaffarpur Barauni Tollways Pvt Ltd  
 14.2 4,58,000 Shares (P.Y. 4,58,000) equity share have been pledged with Central Bank of India for the term loan availed by KNR Walyar Tollways Pvt Ltd

Notes forming part of the financial statements

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

(₹ in Lakhs)

NAME OF THE FIRM	NAMES OF THE PARTNER	Closing Balance		Share of Profit / (Loss) during the year	
		31-03-16	31-03-15	31-03-16	31-03-15
NCC-KNR -JV	Nagarjuna Construction Company Limited KNR Constructions Limited	-	-	-	-
		0.61	(68.92)	(22.38)	(0.71)
		0.61	(68.92)	(22.38)	(0.71)
KNR-SLEC -JV	KNR Constructions Limited Sri Laxmi Engineering Company	(32.43)	(32.39)	(0.03)	(0.20)
		53.40	53.92	(0.02)	(0.09)
		20.97	21.53	(0.05)	(0.29)
KNR-BPL- JV	KNR Constructions Limited Backbone Projects Limited	1.93	1.93	-	-
		(0.26)	(0.26)	-	-
		1.67	1.67	-	-
KNR- GVR-JV	KNR Constructions Limited GVR Infra Projects Limited	5.41	-	9.41	-
		172.81	54.85	10.75	(0.67)
		178.22	54.85	20.16	(0.67)
KNR- JKM -KAMALA- JV	KNR Constructions Limited JKM Infra Projects Private Limited KAMALA Constructions	125.03	125.03	-	25.89
		122.84	194.77	-	12.94
		194.77	194.77	-	12.94
KNR- PATEL-JV	KNR Constructions Limited Patel Engineering Limited	442.44	514.57	-	51.77
		(773.89)	(415.47)	1,284.45	(1.77)
		(11.50)	327.78	1,234.08	(0.45)
KNR-SLMI-JV	KNR Constructions Limited SLMI Infraprojects Pvt. Ltd.,	(785.39)	(87.69)	2,518.53	(2.22)
		(11.11)	24.41	15.71	16.51
		10.30	15.56	14.23	15.60
KNR-JKM-JV	KNR Constructions Limited JKM Infra Projects Private Limited	(0.81)	38.97	29.94	32.11
		1,212.97	51.34	31.12	50.83
		99.45	69.54	29.90	48.84
KNR-TBCPL-JV	KNR Constructions Limited TBCPL	1,312.42	120.88	61.02	99.07
		(132.16)	(261.11)	134.94	-
		197.83	(148.77)	12.95	(3.76)
KNR-PBEPL-JV	KNR Constructions Limited PBEPL	65.67	(409.88)	147.89	(3.76)
		299.31	-	(0.10)	-
		(0.03)	-	(0.03)	-
		Total	208.26	-	(0.13)

**14.4 Aggregate amount of non current-investments**

Particulars	Amount in Lakhs	
	31-03-16	31-03-15
a) Aggregate Value of Quoted Investment		
- Cost	19.00	19.00
- Market Value	25.85	27.80
b) Aggregate Value of Unquoted Investment	3,528.53	2,257.63

Notes forming part of the financial statements

15 LONG TERM LOANS AND ADVANCES

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>UNSECURED, CONSIDERED GOOD:</b>		
Capital Advances	20.89	66.73
Deposits	1,752.53	1,516.70
Loans and advances to related parties		
Subsidiaries	33,088.48	14,660.63
Associates	1,037.73	1,036.79
Other Loans and Advances		
Mobilization Advances paid to Sub-contractors	3,118.11	578.33
	<b>Total</b>	
	<b>39,017.74</b>	<b>17,859.18</b>

16 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>UNSECURED, CONSIDERED GOOD:</b>		
Long Term Trade Receivables (including trade receivables on deferred credit terms)		
Retention Money and Withheld Amounts	6,797.46	7,144.04
Others		
IPO Expenses (Unamortized) - Miscellaneous Asset	89.09	178.19
	<b>Total</b>	
	<b>6,886.55</b>	<b>7,322.23</b>

Notes forming part of the financial statements

17 CURRENT INVESTMENTS										(₹ in Lakhs)	
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	Nature of the Shares	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', State of Variation
3	4	5	6	7	8	9	10	11	12	13	14
1	TRADE INVESTMENTS										15
	Investments in partnership firms / AOP <sup>a</sup>										
	PATEL-KNR-JV	Joint Venture									
	Total										

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

NAME OF THE FIRM	NAME OF THE PARTNER	Amount in Lakhs		Share of Profit / Loss during
		31-03-16	31-03-15	
PATEL-KNR-JV	Patel Engineering Limited KNR Consultfudons Limited	304.90 790.63 1,145.53	210.87 874.06 1,064.59	31-03-16 44.01 44.81 88.22 31-03-15 -69.39 -69.29 (108.20)

Notes forming part of the financial statements

**18 INVENTORIES**

(₹ in Lakhs)

PARTICULARS	As at	
	31-03-2016	31-03-2015
Raw materials	1,833.22	2,763.08
Goods-in transit	187.21	69.86
	2,020.43	2,832.94
Stores and spares	1,485.36	630.59
Goods-in transit	29.19	127.06
	1,514.55	757.65
<b>Total</b>	<b>3,534.98</b>	<b>3,590.59</b>

The above inventories are valued at weighted average cost or net realizable value whichever is less

**19 TRADE RECEIVABLE**

(₹ in Lakhs)

PARTICULARS	As at	
	31-03-2016	31-03-2015
<b>UNSECURED, CONSIDERED GOOD*</b>		
Outstanding for more than six month from the due date	2,537.65	3,223.01
Other Debts	10,398.69	14,427.14
* Includes Rs. 1257.39 lakhs (P.Y Rs. 8688.17 lakhs) due from company in which Company/Directors are interested		
<b>Total</b>	<b>12,936.34</b>	<b>17,650.15</b>

**20 CASH AND CASH EQUIVALENTS**

(₹ in Lakhs)

PARTICULARS	As at	
	31-03-2016	31-03-2015
<b>Cash and Bank Balances (refer note 20.3)</b>		
<b>Balance with Banks</b>		
In Current Accounts	352.70	299.65
In Deposit Accounts with maturity less than three months	-	177.00
<b>Cheques, drafts on hand</b>		
<b>Cash on hand (Refer Note 20.1)</b>	57.70	55.66
	Sub-total	410.40
		532.31
<b>Other Bank Balances (including interest there on)</b>		
Margin Money deposits (Refer note 20.2)	379.79	704.89
Long Term Deposits more than three months maturity	105.25	-
	Sub-total	485.04
		704.89
<b>Earmarked balances with Banks</b>		
Un-claimed Dividend	4.89	3.61
Long Term Deposits	713.47	331.79
	Sub-total	718.36
		335.40
<b>Total</b>		<b>1,613.80</b>
		<b>1,572.60</b>

20.1 Cash on Hand includes Rs. 2.61 lakhs (P.Y Rs. 3.61 lakhs) held in Foreign Currency

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

20.3 Balances meet the definition of "Cash and Cash Equivalents" as per AS-3 'Cash Flow Statements'.

Notes forming part of the financial statements

## 21 SHORT TERM LOANS AND ADVANCES

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>LOANS AND ADVANCES TO RELATED PARTIES UNSECURED, CONSIDERED GOOD</b>		
Advances to Subsidiaries / Associates (SPV)	198.48	56.03
Sub- total	198.48	56.03
<b>OTHERS UNSECURED, CONSIDERED GOOD</b>		
Advances to Sub-contractors and Labour	5,234.91	4,516.50
Advances to Suppliers and others (Other than capital advances)	1,460.17	809.63
Staff Imprest and Salary Advances	145.85	85.07
Advance Taxes paid (including Wealth Tax)	11,320.06	6,277.20
MAT Credit	1,460.46	673.50
WCT Receivable	1,523.87	1,412.34
Prepaid Expenses	538.02	180.24
Loan to Other Parties	877.35	1,051.26
Sub- total	22,560.69	15,005.74
<b>Total</b>	<b>22,759.17</b>	<b>15,061.77</b>

21.1 The advance tax paid, includes Rs. 2037.31 lakhs receivable from I.T Dept. as per the assessment orders.

## 22 OTHER CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Unsecured, Considered Good</b>		
Interest Receivable / Interest accrued but not received	41.96	10.25
Due from Customers / Unbilled Revenue	8,560.40	8,626.55
Receivables from Others	589.56	373.77
Deposits and Other Receivables	87.72	45.82
<b>Considered Doubtful</b>		
Other Receivable	757.80	769.11
Sub- total	10,037.44	9,825.50
Less: Provision for Doubtful Other receivable	757.80	769.11
<b>Total</b>	<b>9,279.64</b>	<b>9,056.39</b>

Notes forming part of the financial statements

**23 REVENUE FROM OPERATIONS**

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Income from Contracts	88,510.69	87,602.30
Other Operating Income		
Share Of Profit / Loss From Joint Ventures	1,501.03	(8.84)
Hire Charges Received	243.02	19.65
Total	90,254.74	87,613.11

**24 OTHER INCOME**

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Interest Income	222.32	424.87
Interest on I.T refunds	1,172.40	-
Other non-operating income		
Profit on Sale of Asset	323.04	264.52
Scrap Sales	150.74	33.86
Rental Income	0.01	0.09
Discount Received from suppliers	64.56	19.53
Liabilities no longer required Written Back	500.86	375.02
Insurance Claim Received	90.49	51.43
Forex Gains	(0.23)	-
Miscellaneous Income	525.15	76.38
Total	3,049.34	1,245.70

**25 COST OF MATERIALS CONSUMED**

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Construction Materials, Stores & Spares		
Opening Stock	3,590.59	3,406.53
Add: Net Purchases	27,861.74	33,883.97
Less: Closing Stock	31,452.33	37,290.50
Total	3,534.98	3,590.59
	27,917.35	33,699.91

Notes forming part of the financial statements

**26 OTHER CONSTRUCTION EXPENSES**

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Sub-contract Expenses	16,836.98	16,062.09
Spreading & Assortment Exp.	15,874.93	9,893.29
Power and Fuel	183.17	73.61
Seigniorage charges / Royalty	597.44	746.35
Transport, Loading & Un Loading Charges	1,842.87	1,711.56
Recoveries by Clients	14.95	346.23
Value Added Tax	2,594.68	2,537.87
Repairs to Buildings & Others	56.44	84.50
Repairs to Machinery	183.34	221.40
Repairs to Vehicles	111.94	121.02
Miscellaneous expenses	1,837.44	1,464.67
<b>Total</b>	<b>40,134.18</b>	<b>33,262.59</b>

**27 EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Salaries, Wages and Other Benefits	3,792.17	3,317.78
Directors Remuneration	360.00	310.00
Contribution to Provident and Other Funds	89.68	96.66
Staff welfare Expenses	109.95	83.15
<b>Total</b>	<b>4,351.80</b>	<b>3,807.59</b>

**28 FINANCE COSTS**

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
<b>Interest Expense on</b>		
Working Capital Demand Loans and Cash Credit	262.42	486.26
Term Loans	65.46	261.39
Suppliers Credit	7.02	-
Loan from Directors	458.30	200.79
Others	36.51	66.28
	<b>829.71</b>	<b>1,014.72</b>
Less: Interest received from Banks	61.07	81.29
	<b>768.64</b>	<b>933.43</b>
<b>Other Borrowing Costs</b>		
Processing Charges	164.15	68.98
BG / LC Charges	276.27	196.04
Bank and Other Financial Charges	42.44	19.25
Net gain/loss on foreign currency transactions and translation	11.17	6.60
<b>Total</b>	<b>1,262.67</b>	<b>1,224.30</b>

Notes forming part of the financial statements

#### **29 DEPRECIATION AND AMORTIZATION EXPENSE**

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Depreciation & Amortization	4,225.34	5,316.49
Issue Expense Written off	89.09	89.09
<b>Total</b>	<b>4,314.43</b>	<b>5,405.58</b>

#### **30 OTHER EXPENSES**

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Travelling & Conveyance (includes Boarding & Lodging Expenses)	216.09	183.29
Postage & Telegrams and Telephones	79.65	73.30
Business Promotion Expenses	12.09	9.52
Advertisement and publicity	39.09	27.02
Legal & Professional Charges	439.43	246.58
Insurance	283.71	237.16
Rates and taxes excluding taxes of Income	404.92	354.06
Payments to the auditor		
for Audit	2.00	2.00
for taxation matters	1.00	1.00
for other services	2.00	2.00
Prior period items [Net off ] - Expenses / (Income)	(288.22)	1,666.17
Printing & Stationery	75.38	64.20
Tender Expenses	20.86	54.77
Office Maintenance	59.76	38.14
Rent Expenses	241.36	171.62
Electricity Charges	184.45	224.55
Directors Sitting Fees	20.50	14.80
Loss on sale of Assets / Discarded	54.30	1.21
Bad Debts / Advances Written Off	262.77	23.33
Provision for Doubtful Advances, Receivables and Deposits	-	757.80
Donation	8.05	13.68
Miscellaneous Expenses	66.00	50.24
CSR Expenses	125.54	12.31
<b>Total</b>	<b>2,310.73</b>	<b>4,228.75</b>

Notes forming part of the financial statements

### 31 TAX EXPENSE

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
<b>A - Current Tax</b>		
Current tax on profits for the year	2,456.66	1,517.00
Adjustments in respect of prior years	(4,372.26)	112.10
MAT credit entitlement	(816.22)	(488.14)
	<b>Sub-Total</b>	
	<b>(2,731.82)</b>	<b>1,140.96</b>
<b>B - Deferred Tax</b>		
Deferred Tax Liability / (Asset) due to timing difference	(367.59)	(1,212.11)
	<b>Sub-Total</b>	
	<b>(367.59)</b>	<b>(1,212.11)</b>
Total		
	<b>(3,099.41)</b>	<b>(71.15)</b>

31.1 Adjustments in respect of prior years, includes share of Income Tax adjustment of JV is Rs. 260.68 lakhs

### 32. Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lakhs)

Sl. No.	Particulars	As at 31-03-2016	As at 31-03-2015
<b>I – Contingent Liabilities</b>			
a. <b>Claims against the company not acknowledged as debt</b>			
1 - Disputed Income Tax and Interest on TDS	14.46	1719.58	
2 - Disputed Sales Tax / VAT / Entry Tax	607.33	1549.33	
3 - Disputed Service Tax	Nil	223.12	
4 - Others (Civil cases)	50.76	173.73	
b. <b>Guarantees</b>			
- for Joint Ventures	2568.65	2380.18	
Corporate guarantees given to banks and financial institutions for financial assistance extended to Subsidiaries, Associates and Joint Ventures - for Joint Ventures	Nil	5000.00	
c. <b>Other money for which the company is contingently liable</b>			
Joint and several liabilities in respect of joint venture projects and liquidated damages in respect of delays in completion of projects.	Amount not ascertainable	Amount not ascertainable	
During the year the company has got benefit of deduction 80-IA (4) on eligible projects under Income Tax Act for the A.Y 2006-07 to 2012-13 against our appeals filed at ITAT for an amount of Rs. 4111.56 lakhs. The department has filed appeals against ITAT orders at Hon'ble High Court of Andhra Pradesh and Telangana. The company considers it appropriate not to create a liability for the above said amount on the basis legal opinion and decided cases.			

Notes forming part of the financial statements

Sl. No.	PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>II - Commitments</b>			
a.	Estimated amount of contracts remaining to be executed on capital account and (net of advances) not provided for	247.98	Nil
b.	Other commitments		
	Estimated amount of committed funding by way of equity/loans to subsidiary companies	Nil	3600.00
	Future Export commitments on account of import of machinery and equipment at concessional rate of duty under EPCG scheme	Nil	1651.59

### 33. Earning Per Share

Sl. No.	PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
a.	Net Profit for the year after tax (₹ in lakhs)	16112.32	7301.24
b.	Weighted Average number of equity shares for basic EPS (in lakhs)	281.23	281.23
c.	Face Value per share (in ₹)	10	10
d.	Basic EPS (in ₹)	57.29	25.96

### 34. Expenditure / Remittance In Foreign Currency

(₹ in lakhs)

Sl. No.	PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
a.	On account of Travel/Other expenses (including boarding & lodging Expenses)	5.12	4.05
b.	On account of Advance / Loan	Nil	Nil
c.	Income / Advances Received	Nil	Nil

### 35. Employee Benefits

As per the Accounting Standard-15 on "Employee Benefits", the disclosures of Employee Benefits as defined in the accounting Standard are given as below:

#### (a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:  
(₹ in lakhs)

Particulars	31-03-2016	31-03-2015
Employer's Contribution to Provident Fund	81.40	81.44

#### (b)Defined Benefit Plan:

The company made annual contributions to the Employee's Group Gratuity cash accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees.

The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method as per actuarial valuation carried out at the year end.

## Notes forming part of the financial statements

The following tables set out the funded status of the gratuity plan and the amount recognized by the company's financial statements as at the year end.

Particulars		
	(₹ in Lakhs)	
	31-03-2016	31-03-2015
<b>Components of Employer Expense</b>		
Current Service Cost	14.30	11.40
Interest Cost on Benefit Obligation	16.18	11.67
Expected Return On Plan Assets	(1.47)	(1.85)
Net Actuarial Gain /Loss Recognized	39.96	45.46
Past Service Cost	-	-
<b>Total expense recognized in Profit &amp; Loss Account</b>	<b>68.97</b>	<b>66.68</b>
<b>Actual Return on Plan Assets</b>	<b>(1.47)</b>	<b>(1.85)</b>
<b>Net Asset /Liability recognized in Balance Sheet</b>		
Define Benefit Obligation	261.77	202.31
Fair Value Of Plan Assets	(15.35)	(17.79)
Status(Surplus/Deficit)	246.42	184.52
Unrecognized Past Service Cost	-	-
Net Asset/Liability recognized in Balance Sheet	<b>246.42</b>	<b>184.52</b>
<b>Changes in the Present Value of Defined Benefits Obligation</b>		
Opening Defined Benefit Obligation	202.31	145.86
Interest Cost	16.18	11.67
Current Service Cost	14.30	11.40
Benefits Paid	(10.98)	(12.08)
Actuarial(gains)losses on obligation	39.96	45.46
<b>Closing Defined Benefit obligation</b>	<b>261.77</b>	<b>202.31</b>
<b>Changes in Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	17.80	22.52
Expected Return	1.47	1.85
Contributions	7.06	5.51
Benefits Paid	(10.98)	(12.08)
Actuarial Gain/loss	-	-
<b>Closing Fair value of Plan Assets</b>	<b>15.35</b>	<b>17.80</b>
<b>The Principal assumption used in determining gratuity as shown below</b>		
<b>Discount Rate</b>	<b>8.00%</b>	<b>8%</b>
<b>Expected Rate of Return</b>	<b>8.35%</b>	<b>9%</b>
<b>Salary escalation rate</b>	<b>10.00%</b>	<b>10%</b>

The estimates of future salary increase has been considered in actuarial valuation, taking into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes forming part of the financial statements

### 36. 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, 2016 and the details of the same are given below:

Sl. No.	Particulars	31-03-2016	31-03-2015
a.	Number of non-resident shareholders	539	168
b.	Number of equity shares held by them	193627	63690
c.	i) Amount of dividend paid (Amount in Rupees)	1,93,627	63,690
	ii) Year to which dividend relates	2014-15 & 2015-16	2013-14

### 37. Disclosure pursuant to Accounting Standard – 7 (Revised) "Construction Contracts"

Sl. No.	Particulars	(₹ in Lakhs)	
		31-03-2016	31-03-2015
a.	Contract Revenue recognized as revenue during the year	82120.26	86653.80
b.	Aggregate Contract costs incurred and recognized Profits, (less recognized losses) up to the reporting date for contracts in progress	318340.20	388391.81
c.	Amount of advances received for contracts in progress	14930.78	4243.02
d.	Amount of retention money for contracts in progress	5056.94	5227.59
e.	Gross amount due from customers for contract work in progress	6397.10	6463.25
f.	Gross amount due to customers for contract work in progress	3639.82	12235.30

### 38. Value of imports calculated on CIF basis

(₹ in Lakhs)

Sl. No.	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
a.	Material Purchases	Nil	Nil
b.	Stores & Spares	68.23	118.00
c.	Capital goods	444.86	169.64
	Total	513.09	287.64

### 39. Consumption of Materials, Stores and Spares

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
	Value (%)	Value (%)
(i) Imported	68.23 (0.24%)	118.00 (0.34%)
(ii) Indigenous	27849.12(99.76%)	34203.67 (99.66%)
<b>Total</b>	<b>27917.35</b>	<b>34321.67</b>

Notes forming part of the financial statements

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

₹ in lakhs

Sl. No	Name of the Company	Balance as on		Maximum outstanding during the year ended	
		31-03-2016	31-03-2015	31-03-2016	31-03-2015
<b>A. Subsidiaries</b>					
	KNR Agrotech & Beverages Pvt Ltd.,	441.86	426.92	441.86	426.92
	KNRCL - FZE	43.25	59.51	59.51	59.51
	KNR Infrastructure Projects Pvt. Ltd.,	8.87	8.48	8.87	8.48
	KNR Energy Ltd.,	362.64	362.47	362.64	362.47
	KNR Holding and Investment Pvt Ltd.,	302.91	301.54	302.91	301.54
	KNR Muzaffarpur Holdings Pvt. Ltd.,	1.47	0.72	1.47	0.72
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	5276.50	0.00	5276.50	3.02
	KNR Walayar Tollways Pvt. Ltd.,	26651.00	13501.00	26651.00	13501.00
<b>B. Associates</b>					
	Patel KNR Infrastructure Ltd.,	0.00	0.00	0.00	-0.49
	Patel KNR Heavy Infrastructure Ltd.,	1037.73	1033.69	1037.73	1033.85
<b>C. Loans and Advances where there is no repayment schedule</b>					
	KNR Agrotech Beverage Pvt. Ltd.,	441.86	426.92	441.86	426.92
	KNRCL – FZE	43.25	59.51	59.51	59.51
	KNR Infrastructure Projects Pvt. Ltd.,	8.87	8.48	8.87	8.48
	KNR Energy Ltd.,	362.64	362.47	362.64	362.47
	KNR Holding and Investment Pvt Ltd.,	302.91	301.54	302.91	301.54
	KNR Muzaffarpur Holdings Pvt. Ltd.,	1.47	0.72	1.47	0.72
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	5276.50	0.00	5276.50	3.02
	KNR Walayar Tollways Pvt. Ltd.,	26651.00	13501.00	26651.00	13501.00
	Patel KNR Infrastructure Ltd.,	0.00	0.00	0.00	-0.49
	Patel KNR Heavy Infrastructure Ltd.,	1037.73	1033.69	1037.73	1033.85
<b>D. Loans where no interest is charged or interest is below section 186 of Companies Act, 2013</b>					
	KNR Agrotech Beverage Pvt Ltd., *	441.86	426.92	441.86	426.92
	KNRCL – FZE*	43.25	59.51	59.51	59.51
	KNR Infrastructure Projects Pvt. Ltd., *	8.87	8.48	8.87	8.48
	KNR Energy Ltd., *	362.64	362.47	362.64	362.47
	KNR Holding and Investment Pvt Ltd., *	302.91	301.54	302.91	301.54
	KNR Muzaffarpur Holdings Pvt. Ltd., *	1.47	0.72	1.47	0.72
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd., **	5276.50	0.00	5276.50	3.02
	KNR Walayar Tollways Pvt. Ltd., **	26651.00	13501.00	26651.00	13501.00
	Patel KNR Infrastructure Ltd., **	0.00	0.00	0.00	-0.49
	Patel KNR Heavy Infrastructure Ltd., **	1037.73	1033.69	1037.73	1033.85
<b>E. Loans to firms / Companies in which directors are interested</b>					
		Nil	Nil	Nil	Nil

\* 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 Road Projects as per the terms and conditions of the respective common loan agreements.

**41. 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.**

**42. 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.

## Notes forming part of the 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-cent-age of Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
Patel-KNR-JV*	50%	7393.75	7393.75	Nil	Nil	5622.59	5533.37
KNR-Patel-JV*	51%	798.04	798.04	Nil	Nil	4208.02	356.59
NCC-KNR-JV	Project wise	0.71	0.71	Nil	Nil	0.00	22.38
KNR-SLEC-JV	60%	67.90	67.90	Nil	Nil	0.00	0.05
KNR-BPL-JV	49%	444.08	444.08	82.09	Nil	575.41	575.41
KNR-GVR-JV	51%	638.09	638.09	Nil	Nil	616.94	587.77
KNR-JKM-KAMAL-JV*	50%	1632.57	1632.57	Nil	Nil	202.65	208.24
KNR-JKM-JV*	51%	3175.63	3175.63	Nil	Nil	3252.06	3163.74
KNR-SLMI-JV	Project wise	912.03	912.03	Nil	Nil	8487.01	8443.68
KNR-TBCPL-JV*	51%	1207.46	1207.46	Nil	Nil	5119.44	4896.37
KNR-PBEPL-JV	75%	299.33	299.33	Nil	Nil	0.56	0.69

\* 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) Direct Subsidiaries</b>		<b>E) 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 & CFO	
KNR – FZE, Dubai		Sri M. V.Venkat Rao, C.S.	
KNR Infrastructure Projects Pvt Ltd.,		Sri. S.Vaikuntanathan, V.P (F&A) **	
KNR Energy Ltd.,		Sri. G. Sravana Kumar, CGM (F&A) ***	
KNRC Holding and Investment Pvt. Ltd.,			
KNR Walayar Tollways Pvt. Ltd.,			
KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,*			
<b>B) Subsidiaries of KNRC Holdings and Investment Pvt. Ltd.,</b>		<b>F) Relatives of Key Management Personnel</b>	
KNR Muzaffarpur Holdings Pvt. Ltd.,		Smt. K. Yashoda, (wife of Sri. K. Narasimha Reddy) Non-Executive Director	
Mesmeric Software Solutions Pvt. Ltd.,		Sri. M. Rajesh Reddy	
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.,			

Notes forming part of the financial statements

C)	<b>Joint Ventures</b>	G)	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>
	KNR – Patel JV		Vishnu Publicity Solutions Pvt. Ltd.,
	Patel – KNR JV		Trapezoid Software Solutions Pvt. Ltd.,
	NCC-KNR JV		Siriadhvaitha Agrotech Pvt. Ltd.,
	KNR – SLEC JV		Tagline Traders Pvt. Ltd.,
	KNR-BPL JV		Narsimha Landscape Pvt. Ltd.,
	KNR-GVR JV		Siriadhvaitha Agro Developers Pvt. Ltd.,
	KNR-JKM-KAMALA JV		Siriadhvaitha Agro Solutions Pvt. Ltd.,
	KNR-JKM JV		Smitha Agro Developers Pvt. Ltd.,
	KNR-SLMI JV		Smitha Reality Pvt. Ltd.,
	KNR-TBCPL-JV		Yashoda Landscape Pvt. Ltd.,
	SEL-KNR-JV - Bangladesh		
	KNR-PBEPL-JV		
D)	<b>Associates</b>		
	Patel KNR Infrastructures Ltd.,		
	Patel KNR Heavy Infrastructures Ltd.,		

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

\*\* Sri. S.Vaikuntanathan, V.P (F&A) has joined on 07-01-2016.

\*\*\* Sri. G. Sravana Kumar, CGM (F&A) has resigned on 30-11-2015.

B. Related party transactions during the year ended 31<sup>st</sup> March 2016 are as follows:

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

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiaries & Step Down Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
1	Net Investments / (-Returns)	-	-	-574.29	-	-
		(-)	(-)	(-847.99)	(-)	(-)
2	Net advance given / (received)	18421.89	1.44	196.19	-	-
		(324.21)	(-317.64)	(376.52)	(-)	(-)
3	Un-secured loan given	-	-	1760.20	-	-
		(-)	(-)	(500.00)	(-)	(-)

Notes forming part of the financial statements

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiaries & Step Down Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
4	Un-secured loan repayment received	- (-)	- (-)	1760.20 (549.00)	- (-)	- (-)
5	Un-secured loan received	- (-)	- (-)	- (-)	8746.00 (4747.13)	- (-)
6	Un-secured loan re-paid	- (-)	- (-)	- (-)	3696.00 (2342.13)	- (-)
7	Fixed Assets purchased	- (-)	- (-)	- (135.66)	- (-)	- (-)
8	Corporate Guarantee Given	- (-)	- (-)	- (5000.00)	- (-)	- (-)
9	Bank Guarantee Given	- (-)	- (-)	2568.65 (2380.18)	- (-)	- (-)
10	Net Share of Profit / (Loss)	- (-)	- (-)	1501.03 (-8.84)	- (-)	- (-)
11	Sub-Contract Jobs given	- (-)	- (-)	4747.71 (-)	- (-)	- (180.23)
12	Sub-Contract / (EPC) / Maintenance Jobs received	8535.07 (41055.11)	5930.39 (948.50)	2528.64 (9621.19)	- (-)	- (-)
13	Remuneration paid (including other benefits and contribution to Provident Fund by Employer)	- (-)	- (-)	- (-)	414.54 (355.47)	- (-)
14	Land Lease and Office Rent Paid	- (-)	- (-)	- (-)	27.32 (26.62)	- (-)
15	Dividend Paid	- (-)	- (-)	- (-)	311.72 (188.96)	30.00 (-)
16	Interest Paid	- (-)	- (-)	- (-)	458.30 (200.79)	- (-)
17	Directors Sitting Fee	- (-)	- (-)	- (-)	3.00 (2.20)	- (-)
18	Interest Received	- (-)	- (-)	37.93 (5.41)	- (-)	- (4.06)
19	BG Commission received	- (-)	- (-)	1.53 (0.46)	- (-)	- (-)
20	Sale of Aggregates	- (-)	- (-)	391.95 (-)	- (-)	- (-)

## Notes forming part of the financial statements

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiaries & Step Down Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
21	Hire charges Received	- (-)	- (-)	195.38 (-)	- (-)	- (-)
22	Prior period Income Tax share from JV	- (-)	- (-)	-260.68 (-)	- (-)	- (-)
23	Prior period adjustments	- (-)	- (-)	36.56 (-)	- (-)	- (-)
24	Debit balances outstanding as at 31 <sup>st</sup> March, 2016					
	KNR Walayar Tollways Pvt. Ltd.,	27088.67 (7341.68)	- (-)	- (-)	- (-)	- (-)
	KNR Agrotech Pvt. Ltd.,	441.86 (426.92)	- (-)	- (-)	- (-)	- (-)
	KNRCL - FZE	43.25 (59.51)	- (-)	- (-)	- (-)	- (-)
	KNR Infra Projects Pvt Ltd.,	8.87 (8.48)	- (-)	- (-)	- (-)	- (-)
	KNRC Holdings and Investments Pvt Ltd.,	302.91 (301.54)	- (-)	- (-)	- (-)	- (-)
	KNR Energy Pvt. Ltd.,	362.64 (362.47)	- (-)	- (-)	- (-)	- (-)
	KNR Muzaffarpur Baruni Tollyway Pvt Ltd.,	5276.50 (2.57)	- (-)	- (-)	- (-)	- (-)
	KNR Muzaffarpur Holdings Pvt Ltd.,	1.47 (0.72)	- (-)	- (-)	- (-)	- (-)
	Patel-KNR- Infrastructure Ltd.,	- (-)	348.40 (4.75)	- (-)	- (-)	- (-)
	Patel KNR Heavy Infrastructure Ltd.,	- (-)	45.69 (39.67)	- (-)	- (-)	- (-)
	Patel-KNR-JV	- (-)	- (-)	2262.110 (2077.55)	- (-)	- (-)
	KNR-BPL-JV	- (-)	- (-)	130.20 (219.05)	- (-)	- (-)
	KNR-SLMI-JV	- (-)	- (-)	269.12 (2115.90)	- (-)	- (-)

Notes forming part of the financial statements

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiaries & Step Down Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
25	<b>Credit balances outstanding as at 31<sup>st</sup> March, 2016</b>					
	KNR Constructions LLC	256.91	-	-	-	-
		(242.07)	(-)	(-)	(-)	(-)
	KNR Muzaffarpur Baruni Tollways Pvt Ltd.,	118.56	-	-	-	-
		(-)	(-)	(-)	(-)	(-)
	Patel-KNR- Infrastructure Ltd.,	-	-	-	-	-
		(-)	(320.00)	(-)	(-)	(-)
	Patel-KNR Heavy Infrastructure Ltd.,	-	158.73			
		(-)	(-)	(-)	(-)	(-)
	Patel-KNR-JV	-	-	470.46	-	-
		(-)	(-)	(410.98)	(-)	(-)
	KNR-SLMI-JV	-	-	-	-	-
		(-)	(-)	(206.66)	(-)	(-)
	KNR-BPL-JV	-	-	296.44	-	-
		(-)	(-)	(390.27)	(-)	(-)
	Sri. K. Narasamha Reddy	-	-	-	7410.92	-
		(-)	(-)	(-)	(1503.28)	(-)
	Sri. K. Jalandhar Reddy	-	-	-	511.00	-
		(-)	(-)	(-)	(708.11)	(-)
	Sri. K. Yashoda	-	-	-	-	-
		(-)	(-)	(-)	(600.00)	(-)

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

C. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year ended.

(₹ in lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
<b>Net Investments / (-Returns) in JV's</b>		
- Patel -KNR-JV	-128.03	-545.72
- KNR-Patel-JV	-1906.86	0.00
- KNR-TBCPL-JV	0.00	-261.11
<b>Net advance given / (received)</b>		
- KNRC Holdings and Investments Pvt Ltd.,	0.00	82.87
- KNR Energy Ltd.,	0.00	161.30
- KNR Walayar Tollways Pvt Ltd.,	13150.00	44.90
- KNR Muzaffarpur Baruni Tollways Pvt Ltd.,	5276.50	0.00
- Patel-KNR-JV	0.00	376.52
<b>Un-secured loan received</b>		
- K. Narasimha Reddy	8056.00	2662.13
- K. Jalandhar Reddy	0.00	1485.00
- K. Yashoda	0.00	600.00

KNR Constructions Limited

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
<b>Un-secured loan re-paid</b>		
- K. Narasimha Reddy	2206.00	1557.13
- K. Jalandhar Reddy	715.00	785.00
- K. Yashoda	775.00	0.00
<b>Net Share of Profit / (Loss)</b>		
- PATEL-KNR-JV	1287.75	-99.40
<b>Sub-Contract Jobs given</b>		
- Patel-KNR-JV	4747.71	0.00
- Yuvashakthi Enterprises		333.46
<b>Sub-Contract / (EPC) / Maintenance Jobs received</b>		
- KNR Walayar Tollways Pvt. Ltd.,	8535.07	41055.11
- KNR-SLMI-JV	2246.69	9161.11
- Patel-KNR- Infrastructure Pvt Ltd.,	4141.02	0.00
<b>Remuneration paid for Key Managerial Persons (including other benefits and contribution to Provident Fund by Employer)</b>		
- K. Narasimha Reddy	240.00	173.00
- K. Jalandhar Reddy	127.20	90.01
- M. Rajesh Reddy	0.00	58.30
<b>Land Lease and Office Rent Paid</b>		
- K. Jalandhar Reddy	27.32	26.62
<b>Dividend Paid</b>		
- K. Narasimha Reddy	195.97	107.99
- K. Jalandhar Reddy	80.52	45.35
- K. Yashoda	35.23	19.62
<b>Interest Paid</b>		
- K. Narasimha Reddy	354.80	147.72
- K. Jalandhar Reddy	62.21	31.73
- K. Yashoda	0.00	21.34
<b>Directors Sitting Fee</b>		
- K. Yashoda	3.00	2.20
<b>Interest Received</b>		
- KNR-SLMI-JV	37.07	5.41
<b>BG Commission received</b>		
- NCC-KNR-JV	0.00	0.46
- KNR-TBCPL-JV	1.53	0.00

45. There is no impairment Loss on fixed assets on the basis of review carried out by the management in accordance with the 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 no market value have been written off in the accounts.

Notes forming part of the financial statements

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	Relationship	Opening Balance as on 01-04-2015	Loan received during the year	Net interest (after deducting TDS)	Loan re-paid during the year ( along with interest)	Outstanding as on 31-03-2016
K. Narasimha Reddy	M.D	1500.00	8056.00	319.32	2480.35	7394.97
K. Jalandhar Reddy	E.D & CFO	700.00	515.00	55.99	767.95	503.04
K. Yashoda	Director	600.00	175.00	37.16	812.16	0.00

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

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

Sd/-

**C. Sukumar Babu**  
Partner  
Membership No: 024293  
Place: Hyderabad  
Date: 30-05-2016

**For and on behalf of the Board**

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

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

Sd/-  
**S.Vaikuntanathan**  
Vice President (F&A)

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



# Consolidated Financial Statements

# Independent Auditors' Report

To The Members of

## KNR Constructions LimitedReport on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KNR Constructions Limited (hereinafter referred to as "the Holding Company") and its Subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, comprising the Consolidated Balance Sheet as at 31<sup>st</sup>, March, 2016 the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statement") .

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether the consolidated financial statements are free from material misstatement.

### An audit involves performing procedures to obtain audit evidence about the amounts and the

disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

### Other Matters

- a. We did not audit the financial statements / financial information of two subsidiaries, and six jointly controlled entities, whose financial statements / financial information reflect total assets of Rs. 106672.31 Lakhs as at 31st March, 2016, total revenues of Rs. 8510.05 Lakhs and net cash flows amounting to Rs. 137.22 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/(loss) of Rs. (2444.63) Lakhs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of two associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management

and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

- b. We did not audit the financial statements / financial information of two subsidiary and five jointly controlled entities, whose financial statements / financial information reflect total assets of Rs.7619.68 Lakhs as at 31st March, 2016, total revenues of Rs. 8539.73 Lakhs and net cash flows amounting to Rs.599.54 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements / financial information.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated

financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) According to the information and explanations furnished and reports of the other auditors ,
  - i. There were no pending litigations which would have material impact on the consolidated financial position of the Group, its associates and jointly controlled entities.
  - ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

Sd/-  
**for SUKUMAR BABU & CO.,**  
 Chartered Accountants  
 Firm Regn. No: 004188S

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

Place: Hyderabad  
 Date: 30-05-2016

# CONSOLIDATED BALANCE SHEET As at 31st March, 2016

(₹ in lakhs)

PARTICULARS	Note No.	As At 31-03-2016		As At 31-03-2015	
<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	66,883.87	69,696.22	76,035.39	78,847.74
<b>2) SHARE APPLICATION MONEY</b>			-		-
<b>PENDING ALLOTMENT</b>					
<b>3) MINORITY INTEREST</b>			8,073.72		9,060.47
<b>4) NON - CURRENT LIABILITIES</b>					
a) Long-Term Borrowings	5	63,138.67		63,730.86	
b) Deferred Tax Liabilities (Net)	6	-		-	
c) Other Long Term Liabilities	7	19,973.74		8,433.56	
d) Long-Term Provisions	8	233.99	83,346.40	171.82	72,336.24
<b>5) CURRENT LIABILITIES</b>					
a) Short-Term Borrowings	9	10,552.51		8,804.61	
b) Trade Payables	10	11,890.12		7,544.28	
c) Other Current Liabilities	11	14,730.15		20,580.82	
d) Short-Term Provisions	12	6,849.73	44,022.51	3,990.35	40,920.06
<b>TOTAL</b>			205,138.85		201,164.51
<b>II ASSETS</b>					
<b>1) NON-CURRENT ASSETS</b>					
a) Fixed Assets	13				
i) Tangible Assets		25,130.31		23,491.55	
ii) Intangible Assets		58,183.96		2.53	
iii) Capital Work-In-Progress		710.65		383.44	
iv) Intangible Assets Under Development		42,284.99		110,442.55	
b) Non-Current Investments	14	1,684.44		2,364.39	
c) Deferred Tax Assets (Net)	6	2,834.61		2,467.01	
d) Long-Term Loans and Advance	15	7,576.96		5,145.27	
e) Other Non-Current Assets	16	7,226.93	145,632.85	7,345.00	151,641.74
<b>2) CURRENT ASSETS</b>					
a) Current Investments			-		-
a) Inventories	17	6,183.34		5,572.58	
b) Trade Receivables	18	13,465.88		11,013.29	
c) Cash and Bank Balances	19	4,500.75		4,354.58	
d) Short-Term Loans and Advances	20	26,171.00		17,268.39	
e) Other Current Assets	21	9,185.03	59,506.00	11,313.93	49,522.77
<b>TOTAL</b>			205,138.85		201,164.51

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)

Sd/-

C.Sukumar Babu

Partner

Membership No: 024293

Place : Hyderabad

Date : 30-05-2016

For and on behalf of the Board

Sd/-

K.Narasimha Reddy

Managing Director

Sd/-

S.Vaikuntanathan

Vice President (F&A)

Sd/-

K. Jalandhar Reddy

Executive Director & CFO

Sd/-

M.V.Venkata Rao

Company Secretary

KNR Constructions Limited



**CONSOLIDATED STATEMENT OF  
PROFIT AND LOSS** for the Year Ended 31st March, 2016

(₹ in lakhs)

PARTICULARS	Note No.	Year ended 31-03-2016	Year ended 31-03-2015
I Gross Revenue from Operations	22	99,512.41	93,118.85
II Other income	23	4,241.06	1,288.79
III Total Revenue (I + II)		103,753.47	94,407.64
IV Expenses:			
Cost of materials consumed	24	31,786.16	33,810.04
Other Construction Expenses	25	43,608.34	38,682.49
Changes in Inventories of Finished Goods, Stock-in-Process	26	(632.96)	(160.98)
Employee benefits expense	27	4,668.57	3,822.93
Finance costs	28	5,631.81	1,302.21
Depreciation and amortization expense	29	4,806.69	5,516.77
Other expenses	30	2,663.53	4,286.84
Total expenses		92,532.14	87,260.30
V Profit before exceptional and extraordinary items and tax (III - IV)		11,221.33	7,147.34
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		11,221.33	7,147.34
VIII Extraordinary Items		-	-
IX Profit before tax (VII- VIII)		11,221.33	7,147.34
X Tax expense:	31		
1) Current tax		2,384.10	1,072.14
2) Prior Period Taxes		(4,111.58)	112.10
3) Deferred tax		(367.59)	(1,211.94)
XI Profit for the year (before adjustment for Minority Interest)		13,316.40	7,175.04
Add / (Less) Share of profit / (loss) from Associates		(679.97)	(201.36)
Add / (Less): Share of profit / (loss) transferred to Minority Interest		2.58	2.26
Profit for the year (after adjustment for Minority Interest)		12,639.01	6,975.94
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit (Loss) for the period (XI + XIV)		12,639.01	6,975.94
XVI Earnings per equity share: (In Rs.)	33		
1) Basic		44.94	24.80
2) Diluted		44.94	24.80
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)

Sd/-  
**C.Sukumar Babu**  
Partner  
Membership No: 024293  
Place : Hyderabad  
Date : 30-05-2016

Sd/-  
**K.Narasimha Reddy**  
Managing Director  
Sd/-  
**S.Vaikuntanathan**  
Vice President (F&A)

For and on behalf of the Board

Sd/-  
**K. Jalandhar Reddy**  
Executive Director & CFO  
Sd/-  
**M.V.Venkata Rao**  
Company Secretary

**CONSOLIDATED  
CASH FLOW STATEMENT** for the Year Ended 31st March, 2016

(₹ in Lakhs)

PARTICULARS	Year ended 31-03-2016		Year ended 31-03-2015	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax		11,221.33		7,147.34
Adjustments for				
Depreciation & Amortization Expenses	4,806.69			5,516.77
Provision for Gratuity	65.27			61.18
Loss on sale of assets and Discarded	54.30			4.92
Provision for Doubtful Advances	(11.31)			741.54
Profit on sale of Assets	(323.04)			(264.52)
Interest and Financial Charges	5,681.71			1,373.66
Interest Received	(61.07)	10,212.55	(78.05)	7,355.50
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		21,433.88		14,502.84
(Increase)/Decrease in Trade and Other Receivables	(9,362.00)		(7,946.23)	
(Increase)/Decrease in Inventories	(610.76)		(270.63)	
Increase/(Decrease) in Trade Payables and Other Liabilities (excluding Proposed Dividend & Income Tax)	15,264.52	5,291.76	5,064.87	(3,151.99)
<b>CASH GENERATED / (USED) FROM OPERATIONS</b>		26,725.64		11,350.85
Minority Interest and Share of profit from associates		(677.39)		(199.10)
Taxes paid		(482.04)		(3,311.30)
<b>NET CASH USED IN OPERATING ACTIVITIES - (A)</b>	25,566.21			7,840.45
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets and other Capital Expenditure		(25,785.02)		(54,801.40)
Bank Balances not considered as cash and cash equivalents	186.74		(697.18)	
Proceeds from sale of Fixed Assets	467.67		391.62	
Investments in Joint Ventures / SPV's / Mutual Funds	679.95		197.49	
Foreign Exchange Translation Adjustment (arising on translation of Foreign branch transactions)	18.01		7.13	
Minority Interest	(986.75)		8.02	
Interest Received	64.72		43.32	
TDS on Interest Received	(76.12)		(44.42)	
<b>NET CASH FLOW / (USED IN) INVESTING ACTIVITIES - (B)</b>		(25,430.80)		(54,895.42)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Long Term Funds Borrowed / (Repaid)	1,171.85		34,227.07	
Capital Grant	4,989.94		12,480.06	
Interest paid	(5,287.33)		(1,394.65)	
Dividend and Dividend Tax paid	(338.48)		(329.03)	
Interim Dividend and Dividend Tax paid	(338.48)			
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES - ( C)</b>		197.50		44,983.45
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS - (A+B+C)</b>		332.91		(2,071.52)
Cash and Cash Equivalents at the beginning of the year		2,946.44		5,017.96
Cash and Cash Equivalents at the end of the year (Refer Note 19)		3,279.35		2,946.44

**Notes:**

- 1 Cash and Cash equivalents includes:

Cash in Hand	98.84	75.10
Bank Balance -Current Account	3,180.51	2,871.34

The above current account balances includes Rs. 4.89 lakhs (P.Y Rs. 3.19 lakhs) in Unclaimed Dividend Account and Rs. Nil (P.Y Nil) 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.

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)

For and on behalf of the Board

Sd/-  
**C.Sukumar Babu**  
Partner  
Membership No: 024293  
Place : Hyderabad  
Date : 30-05-2016

Sd/-  
**K.Narasimha Reddy**  
Managing Director  
Sd/-  
**S.Vaikuntanathan**  
Vice President (F&A)

Sd/-  
**K. Jalandhar Reddy**  
Executive Director & CFO  
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 relate 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 unrealised profits or losses on intra group transactions as per Accounting Standard 21 on "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2014.
- 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, 2014.
- 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, 2014.
- 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, 2016.
- 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.

#### Notes forming part of the Consolidated financial statements

- 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, 2014.

#### 2.3 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.

#### 2.4 Fixed Assets and Depreciation:

Fixed Assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred upto that date.

Capital work-in-progress: Fixed Assets under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation is provided on useful lives of the asset, as per the Schedule II of the Companies Act 2013. The management has estimated the useful life of the assets as given below table.

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

Notes forming part of the Consolidated financial statements

Sl.No.	Description	Useful life given as per Companies Act 2013	Company's estimated useful life
1.	<b>Buildings</b>		
	- RCC structure	60 years	60 years
	- Temporary structure	3 Years	3 Years
2.	<b>Plant and Machinery</b>		
	- Concreting, crushing, piling equipment's and road making equipment's	12 Years	7 Years *
	- Heavy Lift equipment's		
	- Cranes < 100 tons	15 Years	7 Years *
	- Earth-moving equipment's	9 Years	7 Years *
	- Construction Accessories	12 Years	3 Years **
	- Others including Material Handling / Pipeline / Welding Equipments	12 Years	7 Years *
3.	<b>Furniture and fittings</b>	10 Years	10 Years
4.	<b>Motor Vehicles</b>		
	- Motor cycles, Scooters and other mopeds	10 Years	10 Years
	- Motor buses, motor lorries, motor cars and motor taxies	8 Years	8 Years
5.	<b>Ships</b>		
	- Speed boats	13 Years	13 Years
6.	<b>Office equipment's</b>	5 Years	5 Years
7.	<b>Computers and data processing units</b>		
	- Servers and networks	6 Years	6 Years
	- End user devices, such as, desktops, laptop etc.,	3 Years	3 Years
	<b>Intangible Assets</b>		
	- Computer Software's	As per accounting standard	3 Years
8.	<b>Laboratory equipment's</b>	10 years	7 years *

\* The Company estimated life of the asset as 7 years.

\*\* The Company estimated life of the asset as 3 years as the assets have been used for more number of times / shifts as compared to the other ones.

## Notes forming part of the Consolidated financial statements

### 2.5 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.

### 2.6 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 in the case of joint ventures 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, 2014.

#### 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-imbursement are accounted on cash basis.

### 2.10 Preliminary/Issue Expenses

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

## Notes forming part of the Consolidated financial statements

### 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.

Other Operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

Interest income is accounted for on accrual basis. Dividend income is accounted for when the right to receive the same is established and other incomes are accounted as and when the right to receive arises.

### 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 financial 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

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as operating lease. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

## Notes forming part of the Consolidated financial statements

### 2.15 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 incomes 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.

### 2.16 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 Shareholders 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.

### 2.17 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 present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

### 2.18 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 forming part of the Consolidated financial statements

(₹ in Lakhs)

**3 SHARE CAPITAL**

Particulars	As at 31-03-2016	As at 31-03-2015
<b>EQUITY SHARE CAPITAL</b>		
<b>Authorised Share capital</b>		
35,000,000 (P.Y 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 (P.Y 28,123,460) Equity Shares of Rs. 10/- each	2,812.35	2,812.35
<b>Total</b>	<b>2,812.35</b>	<b>2,812.35</b>

**3.1 Terms/ Rights attached to equity shares**

- a. 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.
- b. 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.
- c. The Board of Directors, in their meeting on 15-03-16 declared interim dividend of Rs. 1/- per equity share. The total dividend appropriation for the year ended March 31 , 2016 amounted to Rs. 338.48 Lakhs including corporate dividend tax of Rs.57.25 Lakhs.
- d. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**3.2 The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 is set out below:**

Name of the shareholder	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	% held	No. of Shares	% held
Kamidi Narasimha Reddy	9,798,719	34.84	10,798,719	38.40
Kamidi Jalandhar Reddy	4,025,921	14.32	4,335,021	15.41
Kamidi Yashoda	1,781,501	6.28	1,781,501	6.28
Mereddy Rajesh Reddy	1,500,000	5.33	1,500,000	5.33
HDFC Trustee Company Ltd	2,347,797	8.35	2,347,797	8.35

**3.3 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 31-03-2016		As at 31-03-2015	
	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	<b>28,123,460</b>	<b>2,812.35</b>	<b>28,123,460</b>	<b>2,812.35</b>

Notes forming part of the Consolidated financial statements

**4 RESERVES AND SURPLUS**

(₹ in lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<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	2,849.00	2,849.00
Add : Transferred from Surplus	-	-
Less: Written Back in current year		
<b>Closing Balance</b>	<b>2,849.00</b>	<b>2,849.00</b>
<b>CAPITAL RESERVE (GRANT FROM NHAI)</b>		
Opening Balance	21,470.06	8,990.00
Add : Additions in current year	4,989.94	12,480.06
Less : Deductions during the year	(26,460.00)	-
<b>Closing Balance</b>	<b>-</b>	<b>21,470.06</b>
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Opening Balance	51.09	43.96
Add: Additions in current year	18.01	7.13
Less: Written Back in current year	-	-
<b>Closing Balance</b>	<b>69.10</b>	<b>51.09</b>
<b>SURPLUS</b>		
Opening balance	39,065.93	33,803.19
Add: Profit/(Loss) for the current year	12,639.01	6,975.94
Amount available for appropriation		
Less:		
Adjustment of Fixed Assets	-	1,374.72
Interim / Proposed Dividend	281.23	281.23
Dividend Tax	57.25	57.25
<b>Closing Balance</b>	<b>51,366.46</b>	<b>39,065.93</b>
<b>Total</b>	<b>66,883.87</b>	<b>76,035.39</b>

Notes forming part of the Consolidated financial statements

5 LONG-TERM BORROWINGS		(₹ in lakhs)	
PARTICULARS		As at 31-03-2016	As at 31-03-2015
<b>SECURED LOANS</b>			
Term Loan			
From Banks			
Rupee Loans		62,263.13	62,855.32
From Others			
Rupee Loans		0.84	0.84
sub-total		62,263.97	62,856.16
UN SECURED LOANS			
Loans & Advances from Related Parties			
From Directors		2.53	2.53
(There is no specific agreement with the above parties) - Interest free			
Other Loans & Advances		872.17	872.17
sub-total		874.70	874.70
Total		63,138.67	63,730.86

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

### 5.1 Term Loans from Banks

- i) HDFC Bank Ltd.,
  - Secured by Hypothecation of specific assets purchased out of the loan, comprising Plant & Machinery
- ii) Axis Bank Ltd.,
  - Secured by Hypothecation of specific assets purchased out of the loan, comprising Plant & Machinery
- iii) ICICI Bank Ltd.,
  - Secured by Hypothecation of specific assets purchased out of the loan, comprising Plant & Machinery

The details of rate of interest and repayment terms of term loans are as under

Sl. No.	Particulars	Number Of Loans Outstanding As At		Outstanding Balance As At (Rs. In lakhs)		Interest Range % Per Annum	Number Of Outstanding Installments As At		Frequency of Installments	Commencing From - To
		31-03-2016	31-03-2015	31-03-2016	31-03-2015		31-03-2016	31-03-2015		
I	HDFC Bank Ltd.,	6	2	372.3	230.84	9.50% to 9.86%	01 to 29	25 to 26	Monthly	June 15, 2013 to August 15, 2018
II	Axis Bank Ltd.,	6	5	668.10	276.18	9.87% to 10.23%	26 to 35	20 to 21	Monthly	July, 15, 2015 to February 15, 2019
III	ICICI Bank Ltd.,	1	NIL	81.74	NIL	0.09%	32	NIL	Monthly	January 01, 2016 to November 01, 2018

#### Notes forming part of the Consolidated financial statements

- iv) Project Loan of Rs.50,000.00 Lakhs sanctioned by Banks to subsidiary company i.e., KNR Walayar Tollways Private Limited and as on 31.03.2016 the outstanding balance is 35000.00 Lakhs. The company has commenced its commercial operations during the year.

#### Terms of Security

- 1 A first mortgage on all immovable assets (if any) and first charge by way of hypothecation on all moveable assets (including but not limited to all current/non-current assets) both present and future ,ranking Pari-Passu with other lenders save and except assets forming part of the project assets as defined in the Concession Agreement.
- 2 First-charge /assignment on all intangible assets (other than Project Assets as defined in the concession agreement) including but not limited to the goodwill,rights,undertakings and uncalled capital both present and future,ranking pari-passu with other lenders to be availed in the manner and to the extent permissible under the Concession Agreement save and except assets forming part of the Project Assets as defined in the Concession Agreement.
- 3 First-charge on all bank accounts including ,without limitation ,TRA/Escrow Account, and any other bank account to be established by company and each of the other accounts required to created by the company.Provided that the charge on the retention account and other bank accounts as mentioned above shall always be subject to and the payments from the accounts shall always be in the manner and only to the extent of order of priorities of payments as permitted under the Escrow Agreement.
- 4 A first Charge over all rights ,title and interest of the Company related to the project from all contracts,insurances,licenses in to and under all project agreement (including the Concession Agreement ) to which the borrower is party to including contractor guarantees,liquidated damages and all other contracts relating to the project ,provided such charge shall be limited to and to arise to the extent provided under Substitution agreement.
- 5 A Pledge of 51% of total issue, paid up and voting equity share capital of the company held by the sponsor till final settlement date.

#### Terms of Repayment

All term loans from banks are repayable in 48 balloonized quarterly installments ranging from Rs 100 Lakhs to Rs1750 Lakhs beginning from 1st April 2016 to 31st March 2028. The number of Installments outstanding as on 31st March 2016 are 40.The rate of interest is lead bank base rate + 0.5% per annum.

- v) Project Loan of Rs.31,800.00 Lakhs sanctioned by Banks to fellow subsidiary company i.e., KNR Muzaffarpur Barauni Tollways Private Limited and as on 31.03.2015 the subsidiary company availed an amount of Rs.26,985.00 Lakhs

#### Terms of Security

- 1 Mortgage /charge over the company's immovable and movable properties (other than project assets but including all receivables) both present and future;
- 2 Charge/assignment of revenues receivables
- 3 Charge over /assignment of the rights, titles and interests of the company in to and in respect of all project agreements (in accordance with concession agreement).
- 4 Assignment of insurance policies, interest, benefits, claims, guarantees ,performance bonds and liquidated damages;
- 5 Pledge of 51% of the fully paid up Equity share capital of the company;

The aforesaid charge will rank Pari - Passu with the mortgages and charges created/to be created in favour of participating institutions/banks.

#### Terms of Repayment

The above loan is repayable in fifty quarterly unequal installments ranging from 0.16 crores to 10.94 crores beginning from 1<sup>st</sup> January , 2017 to 1<sup>st</sup> April, 2029. The numbers of balance installments as on 31<sup>st</sup> March, 2016 are 50. The interest charged by the lenders is in the range of 12% to 12.50%.Interest is payable monthly.

Notes forming part of the Consolidated financial statements

**6 DEFERRED TAX LIABILITIES (NET)**

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Deferred Tax Liabilities	(2,834.61)	(2,467.01)
Total	(2,834.61)	(2,467.01)

**7 OTHER LONG TERM LIABILITIES**

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Others		
Mobilization Advance	14,744.49	3,429.98
Machinery Advance	18.06	49.56
Security Deposits	1,423.83	1,343.98
Retention Deposits and Withheld Amount	3,787.36	3,610.04
Total	19,973.74	8,433.56

**8 LONG TERM PROVISIONS**

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Provision for employee benefits		
Gratuity	233.99	171.82
Total	233.99	171.82

Notes forming part of the Consolidated financial statements

**9 SHORT TERM BORROWINGS**

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>SECURED LOANS</b>		
<b>LOANS REPAYABLE ON DEMAND</b>		
From Banks		
Working capital Demand Loan (Refer note 9.2)	400.00	400.00
Cash Credit ( Refer Note 9.1 )	2,302.51	5,604.61
Sub- total	2,702.51	6,004.61
<b>UNSECURED LOANS</b>		
Loans and advances from related parties (referred note no: 38)		
From Directors (refer note: 9.3)	7,850.00	2,800.00
(There is no specific agreement with above parties)		
Sub- total	7,850.00	2,800.00
<b>Total</b>	<b>10,552.51</b>	<b>8,804.61</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, valued at Rs. 30.38 Crores
  - 3 First pari passu charge on equitable mortgage of industrial factory buildings without machinery, valued at Rs. 25.49 Crores on 09-03-2015
  - 4 Hypothecation of certain equipment's of written down value as on 31.03.2015 is Rs 45.03 Crores
  - 5 Personal guarantee of Directors.
- 9.2** The interest rate for working capital demand loan and cash credit facilities varies from 10.80% to 12.40 % per annum
- 9.3** The company availed short term un-secured loans from directors, which are repayable on demand and carries interest at 10.00% to 11% per annum.

Notes forming part of the Consolidated financial statements

**10 TRADE PAYABLES**

(₹ in lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Sundry Creditors (Suppliers/Service/)	3,858.00	2,523.76
Bills Payable (Sub-contractors/Labour)	8,032.12	5,020.52
<b>Total</b>	<b>11,890.12</b>	<b>7,544.28</b>

10.1 There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes on account of principal amount together with interest and accordingly, no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**11 OTHER CURRENT LIABILITIES**

(₹ in lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Current maturities of long-term borrowings (Refer Note 5)		
<b>Term Loan</b>		
<b>From Banks</b>		
Rupee Loans	844.01	246.51
<b>From Others</b>		
Rupee Loans	-	581.36
	<b>844.01</b>	<b>827.87</b>
Interest accrued but not due on borrowings;	663.80	239.60
Interest accrued and due on borrowings;	-	619.55
Due to Customers	3,639.82	12,235.30
Unclaimed dividends and IPO Refund (Refer Note 11.1)	4.97	3.68
<b>Other Payables</b>		
Others	3,508.29	975.39
Outstanding Expenses	1,615.12	1,092.97
Retention Deposits and Withheld Amount	425.00	200.99
Security Deposits	0.18	0.18
Material Advance received from clients	3,281.09	2,873.19
Statutory dues	747.87	1,512.10
<b>Total</b>	<b>14,730.15</b>	<b>20,580.52</b>

11.1 During this period un-paid dividend amount transferred to IEPF A/c for an amount of Rs. 64,209/- for relating to F.Y 2007-08 dividend. The balance un-paid dividend no due for payment to the Investor Education and Protection Fund as at Balance Sheet date.

**12 SHORT TERM PROVISIONS**

(₹ in lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>PROVISION FOR EMPLOYEE BENEFITS</b>		
Gratuity	15.80	12.70
	<b>15.80</b>	<b>12.70</b>
<b>OTHERS</b>		
Provision for Income Tax	5,874.33	2,578.61
Provision for Wealth Tax	-	4.13
Proposed Dividend	-	281.23
Provision for Dividend Tax	-	57.25
Provision for Labour Cess	1,159.60	1,068.43
	<b>6,833.93</b>	<b>3,877.85</b>
<b>Total</b>	<b>6,849.73</b>	<b>3,890.35</b>

## Notes forming part of the Consolidated financial statements

Particulars	Gross Block			Accumulated Depreciation/Amortization			Net Block (₹ in Lakhs)
	As at April 1, 2015	Additions	Deductions/A djustment	As at March 31, 2016	As at April 1, 2015	For the Period	
<b>I Tangible Assets</b>							
Land - Free Hold * (Including Lease Hold)	7,368.77	453.38	-	7,822.15	-	-	7,822.15
Buildings	1,954.60	131.25	2,882.63	2,085.85	515.95	118.32	634.27
Plant and Equipment	45,124.63	5,177.42	-	47,419.42	31,072.78	3,875.63	32,238.78
Furniture and Fixtures	259.91	18.08	26.79	251.20	166.67	28.33	25.00
Vehicles	1,159.06	274.57	80.92	1,352.71	680.67	196.77	81.20
Office equipment	145.05	25.01	42.92	127.14	104.56	24.74	39.75
Computers & Accessories	118.77	18.06	29.18	107.65	98.74	16.03	87.22
Ships	2.43	-	-	2.43	1.30	0.25	1.55
<b>Sub-total</b>	<b>56,133.22</b>	<b>6,057.77</b>	<b>3,062.44</b>	<b>59,168.55</b>	<b>32,641.67</b>	<b>4,260.07</b>	<b>2,863.50</b>
<b>II Intangible Assets</b>							
Computer software	12.70	4.26	6.85	10.11	12.00	1.52	6.86
Carriage Way	-	85,091.36	26,460.00	58,631.36	-	452.68	452.68
Goodwill	1.83	-	-	1.83	-	-	-
<b>Sub-total</b>	<b>14.53</b>	<b>85,095.62</b>	<b>26,466.85</b>	<b>58,643.30</b>	<b>12.00</b>	<b>454.20</b>	<b>6.86</b>
<b>III Capital Work in Progress</b>							
	120.40	-	-	120.40	-	3.54	3.54
<b>Sub-total</b>	<b>120.40</b>	<b>-</b>	<b>-</b>	<b>120.40</b>	<b>-</b>	<b>3.54</b>	<b>3.54</b>
<b>IV Intangible Assets Under Development</b>							
	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>56,268.15</b>	<b>91,193.39</b>	<b>29,529.29</b>	<b>117,932.25</b>	<b>32,653.67</b>	<b>4717.81**</b>	<b>2,870.36</b>
<b>Previous Year</b>	<b>53,532.89</b>	<b>3,205.29</b>	<b>590.43</b>	<b>56,147.75</b>	<b>26,311.70</b>	<b>6800.38 ***</b>	<b>458.41</b>

\* Land includes Rs. 841.90 lakhs (P.Y. Rs. 841.90 lakhs) held in the name of Directors, relatives of Directors for and on behalf of the Company.

\*\* Includes Rs. 0.31 lakhs of depreciation pertaining to one of the subsidiary has been capitalised.

\*\*\* Accumulated depreciation includes an amount of Rs. 1374.72 lakhs for the assets having no useful life after retaining residual value as required under the Companies Act, 2013.

Notes forming part of the Consolidated financial statements

**14 NON-CURRENT INVESTMENTS**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV Controlled Entity / Others	Nature of Share of the share in the Entity / Others	Face value of the share	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)	Amount in Lakh	Whether stated at Cost Yes / No	If Answer to Column (14) is 'No' - Basis of Valuation
1	2	3	4	5	6	7	8	9	10	11	12
<b>I TRADE INVESTMENTS</b>											
A Investment in Equity Instruments											
Patal-KNR Infrastructure Ltd.		Associate	Equity	10	14800000	14800000	Unquoted	Fully Paid	40%	1,480.00	Yes
Adi: Share of profit from reserves									(588.58)	(54.60)	
									891.42	1,425.40	
Patal-KNR Heavy Infrastructure Ltd		Associate	Equity	10	8529500	8529500	Unquoted	Fully Paid	40%	852.95	Yes
Adi: Share of profit from reserves									(180.22)	(34.23)	
									772.73	918.72	
<b>II OTHER INVESTMENTS</b>											
A Investments in Government or Trust securities											
National Savings Certificates		Others									
Kisan Vikas Patra		Others									
B Investments in Mutual Funds											
SBI Infrastructure Fund		Others		10	50,000	50,000	Quoted	Fully Paid		5.00	Yes
SBI Magnum Comma Fund		Others		10	50,000	50,000	Quoted	Fully Paid		5.00	Yes
SBI PSU Fund		Others		10	50,000	50,000	Quoted	Fully Paid		5.00	Yes
SBI Equity Opportunities Fund - Series I		Others		10	40,000	-	Quoted	Fully Paid		4.00	Yes
<b>Total</b>									1,685.44	2,345.39	

Aggregate amount of investments

	Amount in Lakh	
	31-03-16	31-03-15
a) Aggregate Value of Quoted Investment		
- Cost	19.00	19.00
- Market Value	25.85	27.80
b) Aggregate Value of Unquoted Investment	1,685.44	2,345.39

Notes forming part of the Consolidated financial statements

15 LONG TERM LOANS AND ADVANCES

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>UNSECURED, CONSIDERED GOOD;</b>		
Capital Advance	1,545.89	1,727.44
Deposits	1,528.34	1,530.37
Loan and advances to related parties (Refer Note 38)		
Associate Companies	1,037.73	1,036.79
<b>Other Loans and Advances</b>		
Others	149.79	149.14
Mobilization Advances paid to Sub-contractors	3,315.21	701.53
<b>Total</b>	<b>7,576.96</b>	<b>5,145.27</b>

16 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>UNSECURED, CONSIDERED GOOD;</b>		
Long Term Trade Receivables		
(including trade receivables on deferred credit terms)		
Retention Money and Withheld Amount Receivable	7,136.00	7,161.24
Others		
IPO Expenses / Preliminary (Not written off) - Miscellaneous Asset	90.93	183.76
<b>Total</b>	<b>7,226.93</b>	<b>7,345.00</b>

17 INVENTORIES

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Inventory in Hand</b>		
Raw materials	1,912.02	2,808.47
Goods-in transit	187.21	69.86
	2,099.23	2,878.33
Stores and spares	1,485.36	630.59
Goods-in transit	29.19	127.06
	1,514.55	757.65
Work in Progress	2,569.56	1,936.60
Goods-in transit	-	-
	2,569.56	1,936.60
<b>Total</b>	<b>6,183.34</b>	<b>5,572.58</b>

The above inventories are valued at weighted average cost or net realizable value whichever is less

Notes forming part of the Consolidated financial statements

18 TRADE RECEIVABLE	(₹ in lakhs)	
PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>UNSECURED, CONSIDERED GOOD:</b>		
Outstanding for more than six month from the due date	2,718.27	3,082.16
Other Debts	10,746.81	7,921.13
<b>Total</b>	<b>13,465.08</b>	<b>11,013.29</b>

19 CASH AND BANK BALANCES	(₹ in lakhs)	
PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Cash and Bank Balances (Refer Note 19.3)</b>		
<b>Balance with Banks</b>		
In Current Accounts	2,171.87	2,694.34
In Deposit Accounts with maturity less than three months	1,008.64	177.00
<b>Cash on hand (Refer Note 19.1)</b>	88.84	76.10
	<b>Sub-total</b>	<b>3,279.35</b>
		<b>2,848.44</b>
<b>Other Bank Balances (including interest there on)</b>		
Margin Money deposits (Refer Note 19.2)	397.64	722.74
Long Term Deposits more than three months maturity	105.40	-
	<b>Sub-total</b>	<b>503.04</b>
		<b>722.74</b>
<b>Earmarked balances with Banks</b>		
Un-claimed Dividend	4.89	3.61
Long Term Deposits	713.47	681.79
	<b>Sub-total</b>	<b>718.36</b>
		<b>685.40</b>
<b>Total</b>	<b>4,500.75</b>	<b>4,354.58</b>

19.1 Cash on Hand includes Rs. 2.61 lakhs (P.Y Rs. 3.61 lakhs) held in Foreign Currency

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

19.3 Balances meet the definition of " Cash and Cash Equivalents" as per AS-3 'Cash Flow Statements'.

Notes forming part of the Consolidated financial statements

## 20 SHORT TERM LOANS AND ADVANCES

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>OTHERS</b>		
<b>UNSECURED, CONSIDERED GOOD</b>		
Advances to Sub-contractors, Labour	6,025.59	4,790.04
Advances to Suppliers and others (Other than capital advances)	1,853.33	869.66
Staff Imprest and Salary Advances	164.59	97.31
Advance Taxes paid (including Wealth Tax)	13,458.71	8,077.35
MAT Credit	1,460.46	673.50
WCT Receivable	1,788.19	1,512.08
Prepaid Expenses	542.78	197.19
Loan to Other Parties	877.35	1,051.26
<b>Total</b>	<b>26,171.00</b>	<b>17,268.39</b>

## 21 OTHER CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Unsecured, Considered Good</b>		
Interest Receivable / Interest accrued but not received	44.94	48.59
Due from Customers / Unbilled Revenue	8,560.40	8,626.55
Receivables from Others	447.85	151.35
<b>Sub- total</b>	<b>9,053.19</b>	<b>8,826.49</b>
Deposits and Other Receivables		
Unsecured, Considered Good	131.84	2,487.44
Considered Doubtful	757.80	769.11
Less: Provision for Doubtful Deposits	889.64	3,256.55
<b>Sub- total</b>	<b>131.84</b>	<b>2,487.44</b>
<b>Total</b>	<b>9,185.03</b>	<b>11,313.93</b>

Notes forming part of the Consolidated financial statements

**22 REVENUE FROM OPERATIONS**

(₹ in lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Work Contract Revenue	96,468.31	93,085.52
Sale of Goods (Domestic)	27.11	13.68
Toll Revenue	2,871.66	-
Other Operating Revenues		
Hire Charges Received	145.33	19.65
<b>TOTAL</b>	<b>99,512.41</b>	<b>93,118.85</b>

**23 OTHER INCOME**

(₹ in lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Interest Income	1,511.07	466.10
Interest on I.T refunds	1,172.40	-
<b>Other non-operating income</b>		
Profit on Sale of Asset	323.04	264.52
Scrap Sales	150.74	33.86
Rental Income	0.01	0.09
Discount Received from suppliers	65.65	19.53
Liabilities no longer required Written Back	500.99	378.22
Insurance Claim Received	90.49	51.43
Forex Gains / (Loss)	(0.23)	(1.34)
Miscellaneous Income	426.90	76.38
<b>TOTAL</b>	<b>4,241.06</b>	<b>1,288.79</b>

**24 COST OF MATERIALS CONSUMED**

(₹ in lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Opening Stock	3,635.98	3,526.33
Add: Net Purchases	31,763.96	33,919.69
	35,399.94	37,446.02
Less: Closing Stock	3,613.78	3,635.98
<b>TOTAL</b>	<b>31,786.16</b>	<b>33,810.04</b>

**25 OTHER CONSTRUCTION EXPENSES**

(₹ in lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
<b>Work Contract Expenses</b>		
Sub-contract Expenses	18,702.70	21,134.01
Spreading & Assortment Exp.	16,488.73	9,924.91
Power and Fuel	190.90	75.11
Seigniorage charges / Royalty	624.64	815.44

Notes forming part of the Consolidated financial statements

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Transport, Loading & Un Loading Charges	1,937.74	1,711.66
Recoveries by Clients (Including Labour Welfare Cess & Other Tax)	14.95	346.23
Sales Tax / VAT	2,896.52	2,679.37
Repairs to Buildings & Others	80.41	84.82
Repairs to Machinery	391.80	313.84
Repairs to Vehicles	168.22	121.09
Miscellaneous expenses	2,131.73	1,476.01
<b>TOTAL</b>	<b>43,608.34</b>	<b>38,682.49</b>

26 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS		
PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Opening Balance of WIP	1,936.60	1,775.62
Less: Closing Balance of WIP	2,569.56	1,936.60
<b>TOTAL</b>	<b>(632.96)</b>	<b>(160.98)</b>

27 EMPLOYEE BENEFITS EXPENSE		
PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Salaries, Wages and Other Benefits	4,087.15	3,332.71
Directors Remuneration	360.00	310.00
Contribution to Provident and Other Funds	89.68	96.66
Staff welfare Expenses	131.74	83.56
<b>TOTAL</b>	<b>4,668.57</b>	<b>3,822.93</b>

28 FINANCE COSTS		
PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
<b>Interest Expense on</b>		
Working Capital	262.42	486.26
Term Loans	4,385.73	261.39
Advance from Directors	458.30	200.79
Other advances	78.64	136.21
	<b>5,185.09</b>	<b>1,084.65</b>
<b>Less: Interest received from Banks</b>	<b>61.07</b>	<b>78.05</b>
	<b>5,124.02</b>	<b>1,006.60</b>
<b>Other Borrowing Costs</b>		
Bank Charges	42.97	19.68
Processing Charges	166.45	68.98
BG / LC Charges	287.20	200.35
Net gain/loss on foreign currency transactions and translation	11.17	6.60
<b>TOTAL</b>	<b>5,631.81</b>	<b>1,302.21</b>

Notes forming part of the Consolidated financial statements

**29 DEPRECIATION AND AMORTIZATION EXPENSE**

(₹ in lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Depreciation & Amortization	4,717.50	5,423.58
Issue Expense Written off	89.19	93.19
<b>TOTAL</b>	<b>4,806.69</b>	<b>5,516.77</b>

**30 OTHER EXPENSES**

(₹ in lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
Travelling & Conveyance (Including Boarding & Lodging Expenses)	223.51	186.99
Postage & Telegrams and Telephones	81.19	73.44
Business Promotion Expenses	12.09	9.52
Advertisement and publicity	45.91	27.47
Legal & Professional Charges	692.25	287.64
Insurance	287.63	237.56
Rates and taxes excluding taxes of Income	415.27	354.10
Payments to the auditor		
for Audit	12.35	7.70
for taxation matters	1.86	1.00
for other services	3.52	2.00
Prior period items [Net off ] - Expenses / (Income)	(288.22)	1,666.17
Printing & Stationery	78.21	64.94
Tender Expenses	20.86	55.54
Office Maintenance	59.76	38.17
Rent Expenses	245.85	171.62
Electricity Charges	184.50	224.66
Directors Sitting Fees	20.50	14.80
Loss on sale of Assets / Discarded	54.30	4.92
Bad Debts / Advances/ Debit Bal. Written Off	287.04	23.96
Provision for Doubtful Advances and Deposits	-	757.80
Donation	8.12	13.71
Miscellaneous Expenses	91.49	50.82
CSR Expenses	125.54	12.31
<b>TOTAL</b>	<b>2,663.53</b>	<b>4,286.84</b>

Notes forming part of the Consolidated financial statements

### 31 TAX EXPENSE

(₹ in lakhs)

PARTICULARS	Year ended 31-03-2016	Year ended 31-03-2015
<b>A - Current Tax</b>		
Current tax on profits for the year	3,200.32	1,560.28
Adjustments in respect of prior years	(4,111.58)	112.10
MAT credit entitlement	(816.22)	(488.14)
	<b>Sub-Total</b>	<b>(1,727.48)</b>
		<b>1,184.24</b>
<b>B - Deferred Tax</b>		
Deferred Tax Liability / (Assets) due to timing difference	(367.59)	(1,211.94)
	<b>Sub-Total</b>	<b>(367.59)</b>
		<b>(1,211.94)</b>
<b>TOTAL</b>	<b>(2,095.07)</b>	<b>(27.70)</b>

### 32. Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

Sl. No.	Particulars	As at 31-03-2016	As at 31-03-2015
<b>I – Contingent Liabilities</b>			
a.	<b>Claims against the company not acknowledged as debt</b>		
	1 - Disputed Income Tax and Interest on TDS	14.46	1752.46
	2 - Disputed Sales Tax / VAT / Entry Tax	607.33	1549.33
	3 - Disputed Service Tax	Nil	223.12
	4 - Others (Civil cases)	50.76	173.73
b.	<b>Guarantees</b>		
	- for Joint Ventures	2568.65	2380.18
	Corporate guarantees given to banks and financial institutions for financial assistance extended to Subsidiaries, Associates and Joint Ventures	Nil	5000.00
c.	<b>Other money for which the company is contingently liable</b>		
	Joint and several liabilities in respect of joint venture projects and liquidated damages in respect of delays in completion of projects.	Amount not ascertainable	Amount not ascertainable
	During the year the company has got benefit of deduction 80-IA (4) on eligible projects under Income Tax Act for the A.Y 2006-07 to 2012-13 against our appeals filed at ITAT for an amount of Rs. 4111.56 lakhs. The department has filed appeals against ITAT orders at Hon'ble High Court of Andhra Pradesh and Telangana. The company considers it appropriate not to create a liability for the above said amount on the basis legal opinion and decided cases.		

Notes forming part of the Consolidated financial statements

Sl. No.	Particulars	As at 31-03-2016	As at 31-03-2015
<b>II - Commitments</b>			
a.	Estimated amount of contracts remaining to be executed on capital account and (net of advances) not provided for	1580.51	14024.02
b.	<b>Other commitments</b>		
	Estimated amount of committed funding by way of equity/loans to subsidiary companies	Nil	3600.00
	Future Export commitments on account of import of machinery and equipment at concessional rate of duty under EPCG scheme	Nil	1651.59

### 33. Earning Per Share

Sl. No.	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
a.	Net Profit for the year after tax (₹ in lakhs)	12639.01	6975.94
b.	Weighted Average number of equity shares for basic EPS (in lakhs)	281.23	281.23
c.	Face Value per share (in ₹)	10	10
d.	Basic and Diluted EPS (in ₹)	44.94	24.80

### 34. The details of Subsidiaries, Jointly Controlled Entities and Associate Companies considered in the consolidated financial statements are given below:

Name of the Entity	Country of Incorporation	Proportion of Ownership Interest	
		Current Year	Previous Year
<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 Holding and Investment Pvt. Ltd.,	India	100%	100%
KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	0.65%	0.83%
KNR Walayar Tollways Pvt. Ltd.,	India	100%	100%

Notes forming part of the Consolidated financial statements

Name of the Entity	Country of Incorporation	Proportion of Ownership Interest	
		Current Year	Previous Year
<b>Subsidiaries of KNRC Holdings and Investment 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	50.35%	50.17%
<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	60% & 51%	60%
KNR-TBCPL-JV	India	51%	Nil
SEL-KNR-JV	Bangladesh India	49%	Nil
KNR-PBEPL-JV	India	75%	Nil

35. 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.

### 36. 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.

### 37. Financial Reporting of Foreign Subsidiary , Associates and Joint Ventures

The financial statements of the foreign subsidiaries i.e., M/s. KNR Constructors LLC & M/s. KNRC-FZE, and PATEL KNR JV, KNR PATEL JV, KNR-JKM-KAMALA-JV, KNR-JKM-JV, KNR-TBCPL-JV are un-audited. There are no significant transactions between the reporting dates of the said subsidiary and the parent company necessitating adjustments to its accounts.

Notes forming part of the Consolidated financial statements

38. Related Party Transactions

A. List of Related Parties and relationships

Sl. No	Particulars	Sl. No	Particulars
<b>A) Subsidiaries</b>		<b>E) 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 & CFO	
KNRCL – FZE		Sri. M.V.Venkata Rao, C.S	
KNR Infrastructure Projects Pvt. Ltd.,		Sri. S.Vaikuntanathan, V.P (F&A) **	
KNR Energy Ltd.,		Sri. G. Sravana Kumar, CGM (F&A) ***	
KNRC Holding and Investment 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>		<b>F) Relatives of Key Management Personnel</b>	
KNR Muzaffarpur Holdings Pvt. Ltd.,		Smt. K. Yashoda, (wife of Sri. K. Narasimha Reddy) Non-Executive Director	
Mesmeric Software Solutions Pvt. Ltd.,		Sri. M. Rajesh Reddy	
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) Joint Ventures</b>		<b>G) Enterprises owned or significantly influenced by key management personnel or their relatives</b>	
KNR-Patel JV		Vishnu Publicity Solutions Pvt. Ltd.,	
Patel - KNR JV		Trapezoid Software Solutions Pvt. Ltd.,	
NCC-KNR JV		Siriadhvaitha Agrotech Pvt. Ltd.,	
KNR-SLEC JV		Tagline Traders Pvt. Ltd.,	
KNR-BPL JV		Narsimha Landscape Pvt. Ltd.,	
KNR-GVR JV		Siriadhvaitha Agro Developers Pvt. Ltd.,	
KNR-JKM-KAMAL JV		Siriadhvaitha Agro Solutions Pvt. Ltd.,	
KNR-JKM JV		Smitha Agro Developers Pvt. Ltd.,	
KNR-SLMI JV		Smitha Reality Pvt. Ltd.,	
KNR-TBCPL-JV		Yashoda Landscape Pvt. Ltd.,	
SEL-KNR-JV		Yashoda Meadows Pvt. Ltd.	
KNR-PBEPL-JV			
<b>D) Associates</b>			
Patel-KNR Infrastructures Ltd.,			
Patel-KNR Heavy Infrastructures Ltd.,			

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

\*\* Sri. S.Vaikuntanathan, V.P (F&A) has joined on 07-01-2016

\*\*\* Sri. G. Sravana Kumar, CGM (F&A) has resigned on 30-11-2015.

Notes forming part of the Consolidated financial statements

B. Related party transactions during the year ended March 31, 2016 are as follows:  
 (Previous year's figures are given in brackets below the current year figures)

(₹ in Lakhs)

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	1.44 (-317.64)	- (-)	- (-)	- (-)
2	Un-secured loan received - Rupee	- (-)	- (-)	8746.00 (4747.13)	- (-)
3	Un-secured loan re-paid - Rupee	- (-)	- (-)	3696.00 (2342.13)	- (-)
4	Sub-Contract Jobs given	- (-)	2373.86 (-)	- (-)	- (-)
5	Sub-Contract / (EPC) Jobs received	5930.39 (948.50)	1042.47 (3899.08)	- (-)	- (-)
6	Remuneration paid (including other benefits and contribution to Provident Fund by Employer)	- (-)	- (-)	414.54 (355.47)	- (-)
7	Land Lease and Office Rent Paid	- (-)	- (-)	27.32 (26.62)	- (-)
8	Interest Paid	- (-)	- (-)	458.30 (200.79)	- (-)
9	Directors Sitting Fees	- (-)	- (-)	3.00 (2.20)	- (-)
10	Dividend paid	- (-)	- (-)	311.72 (188.96)	30.00 (-)
11	BG Commission received	- (-)	0.77 (-)	- (-)	- (-)
12	Sale of Materials	- (-)	195.98 (-)	- (-)	- (-)
13	Hire Charges received	- (-)	97.69 (-)	- (-)	- (-)

Notes forming part of the Consolidated financial statements

Sl. No.	Particulars	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
14	<b>Debit balances outstanding as on 31<sup>st</sup> March, 2016</b>				
Patel-KNR- Infrastructure Ltd.,	348.40	-	-	-	-
	(4.75)	(-)	(-)	(-)	(-)
Patel KNR Heavy Infrastructure Ltd.,	45.69	-	-	-	-
	(39.67)	(-)	(-)	(-)	(-)
Patel-KNR-JV	-	1145.44	-	-	-
	(-)	(1038.78)	(-)	(-)	(-)
KNR-BPL-JV	-	66.40	-	-	-
	(-)	(111.71)	(-)	(-)	(-)
KNR-SLMI-JV	-	107.65	-	-	-
	(-)	(846.23)	(-)	(-)	(-)
15	<b>Credit balances outstanding as on 31<sup>st</sup> March, 2016</b>				
Patel-KNR- Infrastructure Ltd.,	-	-	-	-	-
	(320.00)	(-)	(-)	(-)	(-)
Patel KNR Heavy Infrastructure Ltd.,	158.73	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Patel-KNR-JV	-	235.24	-	-	-
	(-)	(205.50)	(-)	(-)	(-)
KNR-SLMI-JV	-	-	-	-	-
	(-)	(82.66)	(-)	(-)	(-)
KNR-BPL-JV	-	151.18	-	-	-
	(-)	(199.04)	(-)	(-)	(-)
Sri. K. Narasamihha Reddy	-	-	7410.92	-	-
	(-)	(-)	(1503.28)	(-)	(-)
Sri. K. Jalandhar Reddy	-	-	513.53	-	-
	(-)	(-)	(710.64)	(-)	(-)
Sri. K. Yashoda	-	-	-	-	-
	(-)	(-)	(600.00)	(-)	(-)

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

Notes forming part of the Consolidated financial statements

C. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year ended.

(₹ in lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
<b>Net advance given / (received)</b>		
- Patel KNR Infrastructure Pvt. Ltd.,	-	320.00
<b>Un-secured loan received</b>		
- K. Narasimha Reddy	8056.00	2662.13
- K. Jalandhar Reddy	-	1485.00
- K. Yashoda	-	600.00
<b>Un-secured loan re-paid</b>		
- K. Narasimha Reddy	2206.00	1557.13
- K. Jalandhar Reddy	715.00	785.00
- K. Yashoda	775.00	-
<b>Sub-Contract work received</b>		
- KNR Walayar Tollways Pvt. Ltd.,	8535.07	40945.31
- KNR-SLMI-JV	898.68	9161.11
- Patel-KNR- Infrastructure Pvt Ltd.,	4141.02	-
<b>Remuneration paid (including other benefits and contribution to Provident Fund by Employer)</b>		
- K. Narasimha Reddy	240.00	173.00
- K. Jalandhar Reddy	127.20	90.01
- M. Rajesh Reddy	-	58.30
<b>Land Lease and Office Rent Paid</b>		
- K. Jalandhar Reddy	27.32	26.62
<b>Dividend Paid</b>		
- K. Narasimha Reddy	195.79	107.99
- K. Jalandhar Reddy	80.52	45.35
- K. Yashoda	35.23	19.62
<b>Interest Paid</b>		
- K. Narasimha Reddy	354.80	147.72
- K. Jalandhar Reddy	62.21	31.73
- K. Yashoda	-	21.34
<b>Interest Received</b>		
- KNR-SLMI-JV	18.16	2.65
<b>Directors Sitting Fee</b>		
- K. Yashoda	3.00	2.20
<b>Sale of Materials</b>		
- Patel-KNR-JV	195.97	-
<b>Hire Charges Received</b>		
- Patel-KNR-JV	97.69	-

**Notes forming part of the Consolidated financial statements**

39. 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 no market value have been written off in the accounts.
40. Debit and credit balances of parties are subject to confirmation by the respective parties.
41. 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)

Sd/-  
**C.Sukumar Babu**  
Partner  
Membership No: 024293  
Place : Hyderabad  
Date : 30-05-2016

For and on behalf of the Board

Sd/-  
**K.Narasimha Reddy**  
Managing Director  
Sd/-  
**S.Vaikuntanathan**  
Vice President (F&A)  
Sd/-  
**K. Jalandhar Reddy**  
Executive Director & CFO  
Sd/-  
**M.V.Venkata Rao**  
Company Secretary

## FORM AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies /joint ventures  
Part "A" : Subsidiaries

(₹ In Lakhs)

Name of the subsidiary	Reporting period	Exchange rate as on the last date of the financial year.	Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover*	Profit/(loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed Dividend	% of shareholding	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
KNR Agrotech & Beverages Pvt Ltd.,	31st March, 2016	N.A	1.00	(33.48)	412.26	444.74	-	27.11	2.82	-	2.82	-	100%	
KNR Constructors LLC, Oman	31st March, 2016	INR 171.8339 / Rials	206.07	22.92	407.54	178.54	-	-	-	-	-	-	65%	
KNR - FZE, Dubai	31st March, 2016	AED	48.88	(91.96)	0.18	43.25	-	-	(0.03)	-	(0.03)	-	100%	
KNR Infrastructure Projects Pvt Ltd.,	31st March, 2016	N.A	1.00	(2.61)	7.36	8.97	-	-	(0.38)	-	(0.38)	-	100%	
KNR Energy Ltd.,	31st March, 2016	N.A	5.00	(23.12)	344.57	362.69	-	-	(23.12)	-	(23.12)	-	100%	
KNRC Holding and Investment Pvt. Ltd.,	31st March, 2016	N.A	1.00	(3.94)	287.31	308.00	7.75	-	(0.36)	-	(0.36)	-	100%	
KNR Muzaffarpur-Barauni Tollway Pvt. Ltd., *	31st March, 2016	N.A	7,060.00	(15.03)	45,104.75	38,059.78	-	-	(5.26)	-	(5.26)	-	0.65%	
KNR Walayar Tollways Pvt. Ltd.,	31st March, 2016	N.A	90.00	(2,449.60)	60,106.29	62,485.89	-	2,871.66	(2,442.84)	-	(2,442.84)	-	100%	
KNR Muzaffarpur Holdings Pvt. Ltd.,	31st March, 2016	N.A	2,760.10	(26.83)	57.29	878.72	3,554.70	-	(0.65)	-	(0.65)	-	100%	
Mesimanic Software Solutions Pvt. Ltd.,	31st March, 2016	N.A	1.00	-	22.99	21.99	-	-	-	-	-	-	100%	
Nag Talent Ventures & Infotech Pvt. Ltd.,	31st March, 2016	N.A	1.00	(1.40)	33.63	34.03	-	(0.19)	-	(0.19)	-	(0.19)	-	100%
Roche Polymers and Additives Pvt. Ltd.,	31st March, 2016	N.A	1.00	-	1.61	0.61	-	-	-	-	-	-	100%	
Gradient Estates Pvt. Ltd.,	31st March, 2016	N.A	1.00	(1.08)	26.02	26.10	-	(0.16)	-	(0.16)	-	(0.16)	-	100%
Gradient Reality Ventures Pvt. Ltd.,	31st March, 2016	N.A	1.00	(1.08)	0.58	0.66	-	(0.16)	-	(0.16)	-	(0.16)	-	100%
Asara Construction & Projects Pvt. Ltd.,	31st March, 2016	N.A	1.00	(0.99)	56.32	56.31	-	(0.16)	-	(0.16)	-	(0.16)	-	100%

\* KNR Constructors Ltd., holds 0.65% and KNR Muzaffarpur Holdings Pvt. Ltd., a 100% subsidiary of KNR Constructors Ltd., holds 50.35%.



(₹ In Lakhs)

Name of Associates / Joint Ventures	Latest audited Balance Sheet date	Shares of Associates / Joint Ventures held by the Company on 31st year end			Description of how there is significant influence	Reason why the joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year				
		i) Number	ii) Amount of Investment in Joint Venture	iii) Extent of Holding %								
<b>I - Associates</b>												
Patel KNR Infrastructure Ltd., Patel KNR Heavy Infrastructure Ltd.,	31st March, 2016	14800000	1,480.00	40%	SPV Agreement	Consolidated	891.42	(533.98)				
	31st March, 2016	9529500	952.95	40%	SPV Agreement	Consolidated	772.73	(146.00)				
<b>II - Joint Ventures</b>												
KNR-Patel JV *	31st March, 2016	N.A.	790.63	50%	J V Agreement	Consolidated	790.63	44.61				
KNR-Patel JV *	31st March, 2016	N.A.	(773.89)	51%	J V Agreement	Consolidated	(773.89)	1,284.45				
KNR-SLEC JV	31st March, 2016	N.A.	(32.43)	60%	J V Agreement	Consolidated	(32.43)	(0.02)				
KNR-BPL JV	31st March, 2016	N.A.	1.93	49%	J V Agreement	Consolidated	1.93	-				
NCC-KNR JV	31st March, 2016	N.A.	0.61	100%	J V Agreement	Consolidated	0.61	(22.38)				
KNR-GVR JV	31st March, 2016	N.A.	5.41	51%	J V Agreement	Consolidated	5.41	9.41				
KNR-JKM-KAMALA JV *	31st March, 2016	N.A.	125.03	50%	J V Agreement	Consolidated	125.03	(5.73)				
KNR-JKM JV *	31st March, 2016	N.A.	1,212.97	51%	J V Agreement	Consolidated	1,212.97	31.12				
KNR-SLMI JV	31st March, 2016	N.A.	(11.11)	60% & 51%	J V Agreement	Consolidated	(11.11)	15.71				
KNR-TBCPL-JV *	31st March, 2016	N.A.	(131.39)	51%	J V Agreement	Consolidated	(132.16)	134.94				
KNR-PBEPL-JV	31st March, 2016	N.A.	299.31	75%	J V Agreement	Consolidated	299.31	(0.10)				

\* As per the un-audited financial statements

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

Sd/-  
**C.Sukumar Babu**  
Partner  
Membership No: 024293  
Place : Hyderabad  
Date : 30-05-2016

Sd/-  
**K.Narasimha Reddy**  
Managing Director  
Sd/-  
**S.Vaikuntanathan**  
Vice President (F&A)

Sd/-  
**K.Jalandhar Reddy**  
Executive Director & CFO  
Sd/-  
**M.V.Venkata Rao**  
Company Secretary

For and on behalf of the Board



## 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 21<sup>st</sup> Annual General Meeting of the shareholders of KNR Constructions Limited on Friday the 30<sup>th</sup> of September, 2016 at 11.00 A.M. at Hotel Mapple Emerald, NH - 8, Rajkot, New Delhi - 110 038

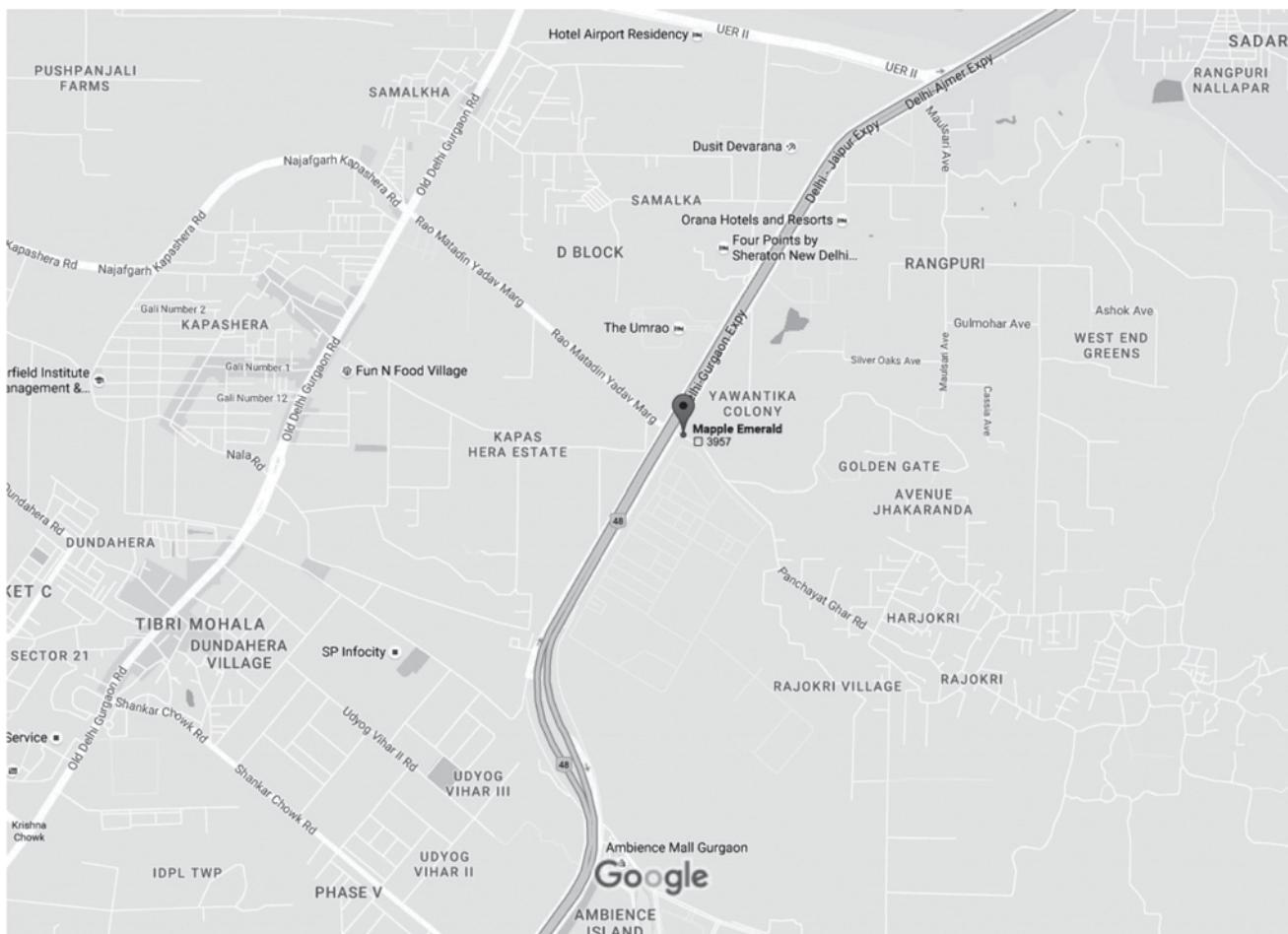
DP ID*	Reg. Folio No.
Client ID*	No. of Shares

\* 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-II**  
**Proxy form**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2015)

CIN	:	L74210DL1995PLC238364
Name of the company	:	<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		
	E-mail Id	Signature	
	or failing him		
2.	Name		
	Address		
	E-mail Id	Signature	

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 21<sup>st</sup> Annual General Meeting of the Company, to be held on Friday, the 30<sup>th</sup> day of September, 2016 at 11.00 A.M. at Hotel Maple Emerald, NH - 8, Rajkot, New Delhi - 110 038 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolutions	For	Against
1. Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2. Confirmation of interim dividend as final dividend for the financial year 2015-2016		
3. Re-appointment of Smt. K. Yashoda who retires by rotation		
4. Appointment of Auditors and fixing their remuneration		
5. Approval of the Remuneration of the Cost Auditors		

Affix  
Revenue  
Stamp

Signed this..... day of ..... 2016.

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

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.

