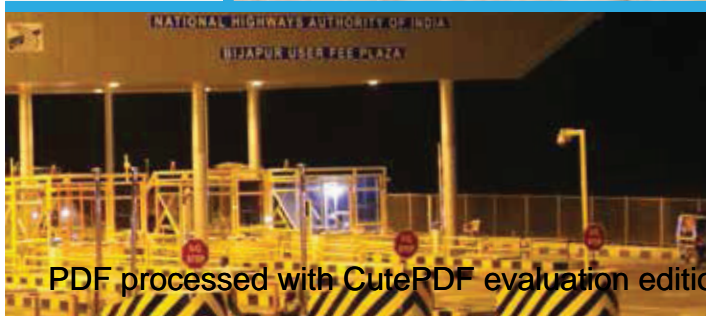




ANNUAL REPORT 2012-13

Building Beyond **BOUNDARIES** Delivering Above **EXPECTATIONS**



KNR Constructions Limited

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ABOUT US

Established in 1995, KNR Constructions Ltd. (KNRCL) is a multi-domain infrastructure project development company.

The Company provides engineering, procurement and construction services (EPC) in technically complex and high value projects across various infrastructure segments, including roads & highways, irrigation and urban water infrastructure management. An ISO 9001:2000 certified company; KNRCL has earned a solid reputation for the construction of roads and highways by its exemplary track record of timely completion.

KNRCL has been involved with creating landmark infrastructure projects across different states in India. Today on the strength of their experience, technological excellence and high performance, the Company is continually expanding its geographic presence.

In addition to executing projects independently, the Company has also forayed into newer locations and business areas by successfully partnering with joint ventures associates. This mutually beneficial relationship has also strengthened KNRCL's capacity to execute and deliver large value projects.



Building Beyond **BOUNDARIES** Delivering Above **EXPECTATIONS**



// Our dream of building India which is a smooth travel has taken us on the journey of building roads, highways, irrigation, and urban water management systems par excellence //

At KNRCL, our dream is to facilitate the building of a nation where boundaries cease to exist and states are connected as a harmonious whole; where moving on the road from one state to another is simply in the mind as infrastructure is splendid at each and every point of travel; where the roads and highways connect and interconnect to bring people closer and delivery of goods and services to each and every corner of the country is a convenient reality and, where water availability is a foregone conclusion rather than a difficult possibility. It is this dream which has fuelled our growth from our inception in 1995 and will propel us to higher heights in the years to come.



Our dream of building India which is a smooth travel has taken us on the journey of building roads, highways, irrigation, and urban water management systems par excellence. From Tamil Nadu to Uttar Pradesh, Madhya Pradesh to Assam, Kerala to Bihar, our engineering, construction and procurement (EPC) prowess stretches across the length and breadth of the country in 14 states.

In this journey of rebuilding India, we have facilitated the country and the people towards growth. The smiles of rural people knowing that their livelihood is no longer dependent on the erratic monsoons to spreading joy among urban commuters by building better and safe roads; the satisfaction of working with in tandem with the governing authorities to develop, operate and maintain technically complex and high value projects to creating a value- driven entity by working with efficiency and integrity, and completing constructions in record time and within budget; we are delivering above expectations and delighting all our stakeholders.

With 4900 kms constructed and 660 kms under construction, strengthening existing business and simultaneously undertaking new infrastructure forays, our goal to build beyond boundaries and ascend prosperity for all is steadily transforming into reality.

4900

lane kms constructed

660

lane kms under construction





Our goal to extend our geographic presence across India received a major boost in the year. To our already impressive list of areas of operation, including Orissa, Bihar, Tamil Nadu, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Assam, Karnataka and Gujarat,

we added road projects in the states of Kerala and Arunachal Pradesh.



VISION

To develop KNRCL as a **centre of excellence** in the field of infrastructure services by striving continuously to provide eco-friendly solutions, adopting state-of-the-art practices and commitment to quality through motivated human resources.

MISSION

// **T**o emerge as the most competent builder of projects across a broad spectrum of work by delivering complete customer satisfaction. //



VALUES

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



OUR INHERENT STRENGTHS



- ✔ Qualified and experienced employees led by a proven management team
- ✔ Exemplary track record of completing projects successfully before time and within budget
- ✔ Adherence to high quality standards ensuring clients come back to us with repeat orders
- ✔ Excellent engineering prowess backed by a strong fleet of sophisticated equipment
- ✔ Strong project management and execution capabilities
- ✔ Expertise in sourcing and maintaining supply chain for raw material leading to cost and time efficiencies
- ✔ Solid reputation as a reliable and trusted partner enabling mutually beneficial Joint Venture partnerships
- ✔ Rich experience as a developer and strong balance sheet making it easier to achieve financial closure for projects





MANAGING DIRECTOR'S LETTER

Dear Shareholders,

An important goal at KNRCL is to contribute tangibly to regional and national development by executing key infrastructure projects in various parts of the country. This year marks a significant step in this direction as we extended our operations in newer areas and received orders from far flung states of the country. The Company has bagged orders for the first time in the state of Kerala and Arunachal Pradesh, showcasing our competency and commitment in infrastructure domain.

Looking back, fiscal 2013 was a year marked by weak GDP growth and disappointing economic performance. High interest rates, spiralling inflation, policy paralysis and absence of political consensus made their repercussions felt on the business environment. Infrastructure sector too suffered with projects being stalled due to delays in financial closure, land acquisition and clearances. Adding to the macro-economic woes, two major works received from GVK Transportation Private Limited in the state of Madhya Pradesh on EPC basis could not take off during the year due to non-achievement of financial closure by them.

Similar to the way our experienced team approaches a difficult and complicated construction project, we confronted these challenges head-on. Adept industry positioning, talented employees ably led, valuable long-term relationships, operational efficiencies and prudent financial strength helped us traverse these challenging

periods. In a sluggish domestic investment scenario, our ability to complete projects on time, streamline projects with consistent quality on focus and manage inherent risks effectively, enabled us to maintain net profit of ₹ 52.13 crores, levels almost similar to previous year, although turnover did decline due to reasons beyond our control.

In the irrigation and water management projects, our project in the state of Andhra Pradesh is progressing on slow phase because of land acquisition issues. We are hopeful that addressing of several policy and structural issues including land acquisition by the government, will help to expedite their implementation and facilitate infrastructure project development.

Looking ahead, while we remain prudently aware of the challenges presented by economic uncertainty and its impact on the construction industry, we also see new opportunities which leveraged appropriately can substantially increase our profitability. With the pipeline of road projects to be awarded by NHAI and State Governments remaining strong, there will be ample growth opportunities. Further, a shift back to the EPC mode by the government, citing lack of investor interest in PPP projects, augurs well for KNRCL, a prominent player in the industry with EPC as its core strength. The road ministry has set a target to award 8,800 km of highway projects this fiscal under EPC route, another encouraging development for your Company as our core strategy is to execute mainly EPC projects and BOT Projects selectively.

Entering 2013-14, we are pleased with our strong order book of ₹ 2456 crores out of which ₹ 2355 crores is from road projects and the rest from irrigation and water projects. By foraying into newer geographies, we are improving the opportunities for the Company and our people for years to come. Our long standing relationships built over the years and our reputation as a reliable and trusted partner enables us to build projects of large size by sharing expertise, risk and resources with joint-venture partners.

We are also exploring ways to apply our competencies to new market sectors such as water segments for pipelines and canals and mining projects that offer solid growth potential.

From roads, highways and bridges, we have been in the business of building infrastructure since our founding in 1995. Our performance over the years is a testament to the skills and professionalism of our team. I would like to thank them personally for their dedication and commitment to the Company vision of pursuit of excellence in the field of infrastructure services.

Finally, I would like to express my sincere gratitude to our stakeholders for trusting our capabilities. Your constant support and patience ensures that we remain committed to the fundamentals of success, irrespective of the challenges in the business. We look forward to your continued support and trust in all our future endeavours.

Thank you.

Yours Sincerely,

K Narasimha Reddy

Managing Director

Further, a shift back to the EPC mode by the government, citing lack of investor interest in PPP projects, augurs well for KNRCL, a prominent player in the industry with EPC as its core strength.



FINANCIAL HIGHLIGHTS

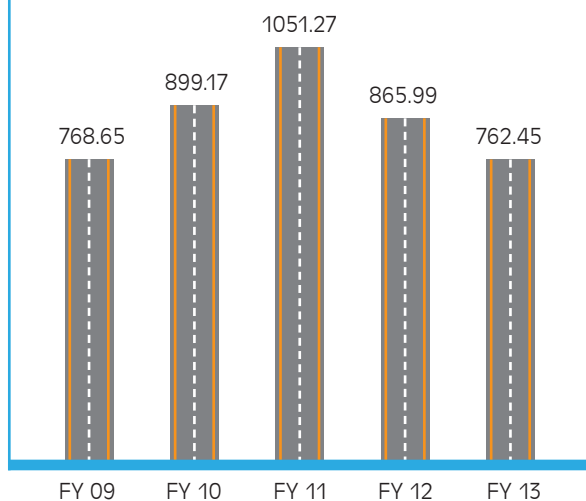
(₹ crores)

Income Statement	FY 13	FY 12	FY 11	FY 10	FY 09
Orders in hand	2629.06	3042.02	1443.36	1818.38	1141.84
Turnover (including share in JV's)	762.45	865.99	1051.27	899.17	768.65
Operating Profit	133.94	139.43	132.82	115.79	102.55
Profit Before Tax (PBT)	67.02	78.42	8356	82.62	66.38
Profit After Tax (PAT)	52.13	52.76	56.82	50.28	43.65
Cash Profit	107.80	104.14	98.27	77.35	69.56

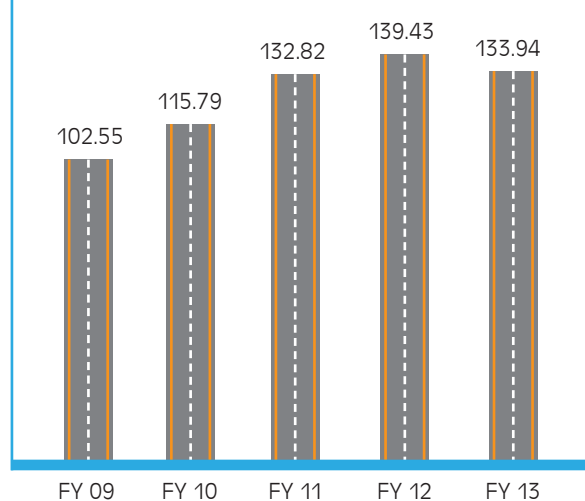
(₹ crores)

Balance Sheet	FY 13	FY 12	FY 11	FY 10	FY 09
Share Capital	28.12	28.12	28.12	28.12	28.12
Reserves and Surplus	427.53	378.69	329.19	278.90	235.20
Net Worth	452.09	402.36	351.97	300.79	256.20
Secured Loans	180.30	109.17	161.61	110.32	135.96
Unsecured Loans	0.04	0.02	0.02	0.24	0.02
Capital Employed	632.43	511.55	513.60	411.35	392.18
EPS (₹)	18.54	18.76	20.21	17.88	15.52
Cash EPS (₹)	38.34	37.03	34.97	27.50	24.73
Book Value per share (₹)	160.75	143.07	125.15	106.95	91.10

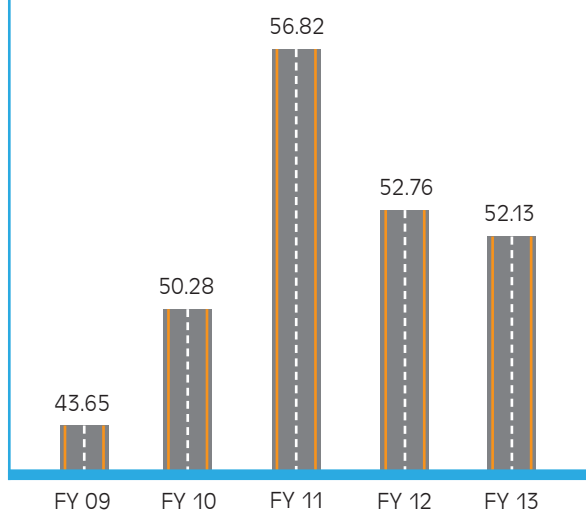
Turnover (₹ crores)



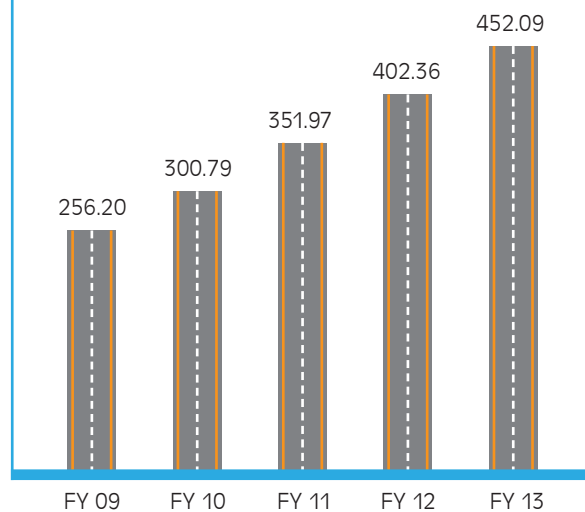
Operating Profit (₹ crores)



PAT (₹ crores)



Net Worth (₹ crores)



CORPORATE INFORMATION

Board of Directors

Executive Directors

Shri K Narasimha Reddy
Shri K Jalandhar Reddy
Shri J V Panindra Reddy*
Shri M Rajesh Reddy

Non-Executive Directors

Shri B V Rama Rao
Shri L B Reddy
Shri J S R Chandra Mouli

(*Vacated Office as per Section 283(1)(g) w.e.f. 13.04.2013)

Board Committees

Audit Committee

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

Remuneration Committee

Shri J S R Chandar Mouli, *Chairman*
Shri B V Rama Rao, *Member*
Shri L B Reddy, *Member*

Investor Grievance & Share Transfer Committee

Shri J S R Chandar Mouli, *Chairman*
Shri M Rajesh Reddy, *Member*
Shri K Jalandhar Reddy, *Member*
Shri L B Reddy, *Member*

Statutory Auditors

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

Investor Service Centre

"KNR House", Plot No. 114, Phase I,
Kavuri Hills, Hyderabad -500033
E-mail: investors@knrcl.com

General Manager (Finance & Accounts)

Shri G Sravana Kumar

Company Secretary

Shri M V Venkata Rao

Registered Office

C-125, Anand Niketan, New Delhi – 110021

Corporate Office

KNR House, 3rd & 4th Floors, Plot No. 114,
Phase – I, Kavuri Hills, Hyderabad - 500033

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 is hereby given that the 18th Annual General Meeting of KNR Constructions Limited will be held on Saturday the 14th day of September 2013 at 11.30 AM at Anand Niketan Club, Anand Niketan, New Delhi – 110 021

Ordinary Business

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and Profit and Loss Account for the Financial Year ended as on that date and the Report of the Board of Directors and Auditors thereon
- 2 To declare Dividend on Equity Shares
- 3 To appoint a Director in place of Shri L B Reddy, who retires by rotation and being eligible, offers himself for reappointment
- 4 To appoint a Director in place of Shri J S R Chandar Mouli, who retires by rotation and being eligible, offers himself for reappointment.
- 5 To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution

“RESOLVED THAT M/s Sukumar Babu & Co., Chartered Accountants (Registration No. 004188S), be and are hereby re-appointed as Statutory Auditors of the Company from the Conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.”

By Order of the Board of Directors

Sd/-

M. V. Venkata Rao

Company Secretary

Place : Hyderabad

Date : 01.08.2013

Notes:

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY The instrument appointing proxy should, however be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting
- (ii) Corporate Members intending to send their authorized representatives to attend the meeting are required to send a certified copy of their Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting
- (iii) Register of members and share Transfer Books shall remain closed from 12.09.2013 to 14.09.2013 (both days inclusive) in connection with the Annual General Meeting
- (iv) Re-appointment of directors; At the ensuing Annual General Meeting Shri L B Reddy and Shri J S R Chandra Mouli, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. The details pertaining to these directors required to be provided pursuant to clause 49 of Listing Agreement are furnished in the statements on the Corporate Governance forming part of this Annual Report. The Board of Directors of your Company recommends the respective re-appointments of the aforesaid Directors.
- (v) Members / proxies should fill in the attendance slip for attending the Meeting.
- (vi) In case of joint holders attending the Meeting, only such joint holders who are higher in the order of the name will be entitled to vote.

MANAGEMENT DISCUSSION AND ANALYSIS

Macro-Economic Perspective

The year gone by was among the most disappointing in the recent times with deterioration in macro-economic indicators including depreciation of the Indian currency, elevated interest rates, widening of the fiscal deficit, double digit inflation and internal policy paralysis stalling economic reforms marking the critical developments. This discouraged domestic and foreign investment and India's GDP languished to a decade low of 5%, a far cry from the near double-digit pace of expansion before the 2008 global financial meltdown. The performance of the infrastructure sectors too have been hampered by resource constraints, delayed investment decisions and slowdown in awarding public-private partnerships (PPP).

The future does seem brighter though. With the government and Reserve Bank taking appropriate measures to revive growth, the economy is expected to regain momentum. According to the World Bank, buoyed by robust domestic demand, strong savings and investment rate, grow this expected to recover gradually to its high long term potential.

Infrastructure Creation

The link between infrastructure and economic development is a continuous process and progress in development has to be preceded, accompanied and followed up by progress in infrastructure if India is to fulfill the objective of generating a self-acceleration process of economic development.

Public Private Partnerships (PPP) are increasingly becoming the preferred mode for construction and operation of commercially viable infrastructure projects in sectors such as highways, airports, ports, railways and urban transit systems. This mutually beneficial partnership helps to leverage public capital to attract private capital and undertake highly capital intensive projects, introduce private sector expertise and cost reducing technologies as well as bring in efficiencies of operation and maintenance. The Planning Commission Deputy Chairman, Mr. Montek Singh Ahluwalia, at a meeting called to set the target for the infrastructure sector for 2013-14, announced government plans to roll out public-private partnership (PPP) projects worth at least Rs 1 lakh Crores in the forthcoming months.

Recognising the critical importance of the infrastructure sector, the Central and State Governments have been according a high priority to infrastructure development. The 12th Five-Year Plan projects an investment of US \$1 trillion in infrastructure, with 47% of it being met by the private sector. Numerous incentives have been provided to attract investment, including promotion of Infrastructure Debt Funds (IDFs) and tax free bonds, a debt segment on the stock exchange, support from financial institutions like the World Bank and the Asian Development Bank, and permission for pension funds to invest in asset backed securities.

Roads

Roads are a major mode of transportation in India today, as they carry almost 90 per cent of the country's passenger traffic and about 65 per cent of its freight. The density of India's 80, 000 km-national highway (NH) network is 0.66 km of highway per square kilometre of land. It is encompassed by over 200 toll plazas, about half of which are handled by various highway developers and the rest by National Highways Authority of India (NHAI).

The Indian Government plays a vital role in developing the road network in the country. It provides various incentives for private and foreign sector investment in the roads sector apart from allowing 100 per cent foreign direct investment (FDI) under the automatic route for support services to land transport such as operation of highway bridges, toll roads, and vehicular tunnels. Such services also include services incidental to transport such as cargo handling, construction and maintenance of roads, bridges; and construction and maintenance of roads and highways offered on build-operate-transfer (BOT) basis, including collection of toll.

Though the number of contracts awarded dipped in 2012-13, road construction was at an all-time high during the year. In total close to 5,800 km of roads were constructed in fiscal 2013, which include 2,800 km of highways and roads with lower quality parameters, which is again the highest in the last four years. About 3,000 km roads were constructed through different geographically targeted programmes of the Ministry such as Special Accelerated Road Development Programme – North East and areas affected by Maoist unrest.

Sources : <http://www.thehindubusinessline.com/industry-and-economy/logistics/about-2800-km-national-highways-builtin-201213/article4567303.ece>

Road development does not only talk about urban space, but is also very important for the growth of rural India. Budget 2013-14 has provided a renewed thrust to rural India. The allocation to rural development is higher by nearly 50 per cent with a focus on improving road infrastructure.

Sources: <http://www.ibef.org/industry/infrastructure-sector-india.aspx>

Irrigation

In an agrarian economy like the India, the importance of irrigation cannot be more overtly emphasized. Besides reducing dependence on monsoons for agricultural production, irrigation facilities help to bring more land under cultivation, reduce instability in output levels, create job opportunities, make available electricity and transport facilities, control floods and prevent droughts.

The approved central sector outlay for the twelfth five year plan itself under the water resources sector (irrigation, flood management and command area development) is about Rs. 4,22,012 Crores. More than half of the irrigation projects that are to be taken up in the current 12th Five-Year Plan are a spill over from the 11th Plan. Huge time and cost overruns are the major cause of concern in the creation of major and minor irrigation projects in the country.

Source : <http://www.financialexpress.com/news/over-half-of-irrigation-projects-in-12th-plan-spillover-from-11th/1011466/0>

Company Overview

KNRCL is among the leading infrastructure companies of India. Over the years, since its inception in 1995, through exemplary track performance of constructing landmark infrastructure projects in record time, KNRCL has moved to a special echelon. The Company's business areas are roads and highways, irrigation and urban water infrastructure management. Our project execution strength is primarily in road transportation engineering projects, wherein we undertake construction and maintenance of roads, highways, flyovers and bridges. Our rock solid reputation has been built on our ability to metamorphose our projects into engineering and construction marvels. We have been assisted in this endeavour by our skilled personnel and fleet of specialised and sophisticated construction equipment.

KNRCL has forayed into infrastructure projects independently as well as through collaborations. Partnering with similar like-minded companies has enabled KNRCL to undertake high-value projects and increase its geographic presence. In fact, KNRCL has been adding new states every year to its areas of operation.

Looking forward, we are planning to foray into new business areas while strengthening existing business activities and investing in infrastructure.

Major Achievements during the year

During the year under review, we have been awarded a number of projects which further strengthens our position as a leading provider of construction services across the infrastructure space. At present, we have an order books of about Rs. 1954 Crores with Rs. 963 Crores coming through private concessionaires and about Rs. 991 Crores from various government organisations.

We have also been awarded a BOT project from the National Highways Authority of India towards widening of the road to four lanes on the Walayar – Vadakkancherry road section of Kerala, NH-47. The project has been given on Design, Build, Finance, Operate and Transfer ("DBFOT") Toll basis under NHDP Phase – II with a total project cost as per NHA of ₹ 682 Crores and with a grant of Rs. 264.60 Crores during concession period.

We bagged an EPC order worth of Rs. 790.50 Crores from KNR Walayar Tollways Private Limited. This order entails four-laning of the road stretch Walayar – Vadakkancherry Section of NH 47 in the state of Kerala under National Highway Development Project (NHDP) Phase – II. The project is to be completed within 910 days from the appointed date.

Our subsidiary KNR Muzaffarpur Barauni Tollway Private Limited (KMBTPL) has achieved financial closure for implementing the project for the two-laning of the Muzaffarpur-Barauni section of NH-28 in Bihar under NHDP Phase IVB. The project has been undertaken through Public Private Partnership (PPP) on Design, Build, Finance, Operate and Transfer ("DBFOT") Toll Basis.

Adding to our order book, we also bagged a Rs. 180 Crores worth road project from the Government of Arunachal Pradesh towards building the two lane stretch from Gobuk to Sihjon Nallah via Mariyang, a net length 49.275 Km.

Opportunities

For sustained and inclusive economic growth, a need for more robust and vast infrastructure is inevitable. The 12th Five-Year Plan projects an investment of US \$ 1 trillion in infrastructure, with 47 % of it being met by the private sector.

In addition, a recent study has stated 18,637 km of expressways need be built by the end of the 13th Five-Year Plan period, i.e. 2022. During

the first six months of 2013-14 alone 3000 km of road projects will be undertaken in the five states of Gujarat, Maharashtra, Madhya Pradesh, Rajasthan and Uttar Pradesh.

Increasing motorisation over the years has necessitated the need for rapid expansion and strengthening of roads. Also, for better traffic control, better energy efficiency, less pollution and enhanced road safety, it is imperative to continually upgrade and maintain the roads. These developments open up huge opportunities for growth for your Company, an experienced infrastructure service provider with domain expertise in the building of roads and highways.

Another recent development which forebodes well for KNRCL is the recent shift in the government policy to grant more projects under EPC scheme. Investor apathy to public-private partnership (PPP) projects in highways has forced the government to revisit the old (EPC) model after a four-year gap. While there had not been a single EPC project awarded in the sector between 2008-09 and 2011-12, the ministry of road transport and highways has set a target to award 4,000 km or nearly half of the highway projects, it plans to award this fiscal through this conventional mode. KNRCL, with its proven track record in the EPC sphere will be looking at leveraging this opportunity to the fullest <http://www.financialexpress.com/news/back-to-basics-at-road-ministry-with-epc-model/1073830/2>

Risk and Risk Mitigation

Competition Risk –The infrastructure sector offers opportunities which are attractive to both domestic as well as international players. This competition leads to price-cut and low operating margins. To tide over this risk, KNRCL forges strategic partnerships and joint ventures with large domestic and international players while bidding for large national and international projects. This facilitates synergies both in the financial and technical spheres and enables us to compete with the larger players. Also, the Company with over four decades of specialised managerial experience is well-positioned to meet competition and move ahead on its growth trajectory.

Construction Risk –Construction is a high-risk sector as projects in this sector require huge volumes of finance, are highly capital intensive and have a long gestation period. Roads and highways projects are prone to major cost-time-overruns. Also, technology failure can have an adverse effect on the fortunes of the company. KNRCL, with its vast experience of project management, balanced capital structuring and efficient cost control measures, is well geared to mitigate these risks.

Raw-material Risk– High instability in prices of major raw material such as steel, cement etc., pose major risks in the growth of the construction industry. With a considerable experience in the industry, the Company effectively supervises the availability of raw materials thus keeping the cost escalation risk to a minimum. The Company also enters into long term arrangement with suppliers for requisite raw materials for the tenure of the project, thus guaranteeing a continuous flow.

Interest Rates – Rising interest rates during the life span of a project, fuelled by inflation, can decrease profit margins. To mitigate these risks, the Company ensures that it considers the possibility of a higher interest rate and includes it in the cost of a project before bidding for it. Despite this, KNRCL is open to resorting to interest rate hedging in case the need arises.

Regulatory Risk –As common to all companies in the infrastructure sector, KNRCL is also vulnerable to the regulatory risk associated with this sector. Regulatory risks arise because infrastructure projects require interface with various regulatory authorities during its life span, leaving them exposed to regulatory action. To mitigate this risk, KNRCL has a strong regulatory compliance mechanism in place.

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

Discussion on financial performance and operational performance:

1. **Turnover:** The Gross Turnover of the Company declined from Rs. 865.99 Crores in FY 2012 to Rs. 762.45 Crores, clocking a decline of 11.96%.
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 2013 is 28,12,34,600 divided in to 2,81,23,460 Equity Shares of 10/- each.
3. **Reserves and Surplus:** The Reserves and Surplus of the Company has gone up from Rs. 378.69 Crores to Rs. 427.53 Crores in 2012-13 on account of profit made during the year.

4. Net worth: The Company's Net Worth increased from Rs. 402.36 Crores to Rs. 452.09 Crores mainly on account of internal generation of profit.
5. Secured / unsecured loans: There is an increase of loans from Rs. 109.17 Crores to Rs. 180.30 Crores. The increase is mainly on account of mobilization advances received from the clients.
6. Fixed Assets: The Company's Fixed Assets (Gross Block) increased by Rs. 34.66 Crores in 2012-13 from Rs. 473.59 Crores to Rs. 508.25 Crores 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. 14.89 Crores as current year tax including Deferred Tax.
8. Net Profit: The Company's Net Profit after Tax and extraordinary expenses during the year was Rs. 52.13 Crores as compared to Rs. 52.76 Crores in 2011-12.
9. Dividend: The Board of Directors have recommended a dividend Rs. 1.00 Per Share
10. Earning Per Share (EPS): The Company's EPS has decreased to Rs.18.54 in the current year from Rs.18.76 in the previous year.

Human Resources Development and Industrial Relations

At KNRCL, we are cognizant of the contributions of our people which have steered the Company to be recognised as one of the leading players in the industry. The Company fosters a culture that rewards performance, continuous learning, collaboration and capability development to gain strategic edge and achieve operational excellence in all its goals. As a part of on-going HR initiatives, adequate training and mentoring programs are designed to enhance growth and create a professional work environment which keeps every employee highly engaged and motivated. Clear objectives and goals are determined to bring objectivity to performance and overall goal achievement. During the year, industrial relations continued to be cordial, with a strong spirit of bonhomie and camaraderie prevailing among the rank and file of employees. The Company employed a total of 420 employees.

Cautionary Statement

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

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 18th Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2013.

FINANCIAL RESULTS

₹ in Lakhs

PARTICULARS	2012-13	2011-12
Gross Income (including other income)	78339.17	87267.10
Profit before interest and depreciation	13394.10	13943.06
Less: Interest and financial charges	1125.45	963.75
Profit Before depreciation	12268.65	12979.31
Less: Depreciation and amortization	5566.96	5137.56
Profit before tax	6701.69	7841.75
Provision for tax (including Deferred Tax)	1488.74	2565.38
Profit after tax	5212.95	5276.37
Net Profit for the year	5212.95	5276.37
Profit brought forward from previous year	22702.36	17884.84
Profit available for appropriation	27915.31	23161.21
Appropriations:		
Transfer to General Reserve	130.00	132.00
Dividend	281.23	281.23
Dividend tax	47.80	45.62
Balance carried forward	27456.28	22702.36
Paid –up capital	2812.35	2812.35
Reserves and Surplus	42753.24	37868.98

REVIEW OF PERFORMANCE:

Your company continues to be in the business of work contracts specializing in Roads and Bridges and other infrastructure projects like irrigation projects. During the year under consideration, your company has achieved a turnover (on stand-alone basis) of ₹ 76934.17 Lakhs as against ₹ 86599.78 Lakhs in the previous year, thus registering a decrease of 11 %. The company has earned a gross profit of ₹ 13394.10 Lakhs before interest and depreciation as against ₹ 13943.06 Lakhs in the previous year, thus registering a decline of 3.93 %. After deducting an interest of ₹ 1125.45 Lakhs, providing for ₹ 5566.96 Lakhs towards depreciation, ₹ 1488.74 Lakhs towards provision for income tax and deferred tax, the operations resulted in a net profit of ₹ 5212.95 Lakhs as against ₹ 5276.37 Lakhs last year, registering a decline of 1.20 %.

FOLLOWING ARE THE MAJOR WORKS AWARDED TO OUR COMPANY FROM APRIL 2012 TO MARCH 2013

SL. NO.	PARTICULARS OF THE PROJECT	AMOUNT (₹ IN MILLIONS)
1.	"2 laning Gobuk - Mariyang - Sihjon Nallah from Km 26.210 (Gobuk) to 75.485 (Sihjon Nallah) Existing CH. 27.000 - 75.000 Net Length 49.275 km in Arunachal Pradesh Under Arunachal Pradesh Package of SARDP - NE"	1804.03
2.	Strengthening and widening of Radial Roads in and around Hyderabad city with loan assistance of JICA under Loan Agreement No. ID-P: 198: Radial Road No. 16 from ECIL X Road to Cherial X Road in the stretch from Km 7.0 to 17.180	492.55
3.	"Four Laning of Walayar - Vadakkancherry Section Km 182/250 to Km 240/000 of NH - 47, Package NS-2/BOT/KL-2 7905.00	790.00

With the above new orders, the order book position as on 31st March 2013 stands at ₹ 26290.58 Millions.

DIVIDEND

Your Directors have recommended a dividend of ₹ 1/- per Equity share for the financial year ended 31st March 2013, amounting to ₹ 281.23 Lakhs. The dividend will be paid to the members whose names appear in the Register of Members as on 14th September 2013 in respect of shares held in the dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

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

RESERVES

It is proposed to transfer ₹ 130.00 Lakhs to the General Reserves of the Company, constituting 2.5 % of the profit made during the year.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 Shri L B Reddy and Shri J S R Chandar Mouli Directors of the Company are liable to retire by rotation at the Annual General Meeting and, being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

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

AUDITOR AND AUDITORS REPORT:

M/s. Sukumar Babu & Co., Chartered Accountants, Statutory Auditors of the company holds office until the conclusion of the ensuring Annual General Meeting and is eligible for reappointment.

The Company has received letter from the Statutory Auditors to this effect that their reappointment, if made, would be within the prescribed limits under the Section 224(IB) of the Companies Act, 1956 and they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

AUDITOR'S QUALIFICATION

In our opinion and to the best of our information and according to the explanations given to us and subject to the qualification given on the issue of non - accounting of share of profit/(loss) from M/s. Patel-KNR-JV for the period of nine months from 01.07.2012 to 31.03.2013 in the note number 42 on the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

MANAGEMENT'S RESPONSE ON THE AUDITORS QUALIFICATION:

Based on the available information, financial statements of Patel KNR JV have been prepared for the financial year 2012-13 which are unaudited as on date and the loss is estimated at ₹ 3.55 Crores for the said period and the share of loss of KNRC will be ₹ 1.77 Crores.

The impact of the above on statement of profit and loss account of KNR CL is that the Profit After Tax (PAT) would be ₹ 50.36 Crores as against the audited profit after tax of ₹ 52.13 Crores.

SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS

As required under the Listing Agreement entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under section 211(3C) of the Companies

Act, 1956. These financial statements disclose the assets, liabilities, income, expenses and other details of the company, its subsidiaries and associate companies.

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

A statement containing the brief financials of the Company's subsidiaries for the financial year ended March 31, 2013 is provided as Annexure "C" to this report. Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies.

SUBSIDIARIES OF THE COMPANY

Your company has the following subsidiaries:

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

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

CONSOLIDATED FINANCIAL STATEMENTS:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

FIXED DEPOSITS:

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

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

DIRECTORS RESPONSIBILITY STATEMENT:

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

- i) in the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departure from the same;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and profit for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO:

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

A) CONSERVATION OF ENERGY

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

B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Inwards - Nil

FOREIGN EXCHANGE OUTGO TOWARDS

- a) Travel – ₹ 0.47 lakhs (P.Y ₹ 3.67 lakhs)
- b) Import of capital goods ₹ 1234.52 lakhs (P.Y ₹ 163.80 Lakhs)
- c) Advance / Loan to Subsidiaries – ₹ 1.77 lakhs (P.Y ₹ 12.31 Lakhs)
- e) Term Loan Repayment and interest – ₹ 131.31 Lakhs (P.Y ₹ 165.95)

CORPORATE GOVERNANCE:

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

ACKNOWLEDGEMENTS:

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

On behalf of the Board of Directors
of KNR Constructions Limited

Sd/-
K Narasimha Reddy
Managing Director

Sd/-
K Jalandhar Reddy
Executive Director

Place: Hyderabad
Date: 01.08.2013

ANNEXURE A

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 (as amended) and forming part of the Directors' Report for the period ended 31st March 2013.

SL.	NONAME OF THE EMPLOYEE & AGE	DESIGNATION	GROSS REMUNERATION	QUALIFICATION	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF LAST EMPLOYMENT
1	Shri K Narasimha Reddy 63 Years	Managing Director	1,27,20,000	B. A	11th July 1995	First Employment
2	Shri K Jalandhar Reddy 40 Years	Executive Director	63,60,000	B.E (Computers)	11th July 1995	First Employment
3	Shri J V Panindra Reddy* 45 Years	Executive Director	47,02,500	B.E (Civil)	4th June 1999	First Employment
4	Shri M Rajesh Reddy 39 Years	Executive Director	63,60,000	B.E (Electronics)	21st March 2005	First Employment

* Vacated Office as per the Provisions of Section 283(1)(g) of Companies Act, 1956

NOTES:

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

On behalf of the Board of Directors
of KNR Constructions Limited

Sd/-
K Narasimha Reddy
Managing Director

Sd/-
K Jalandhar Reddy
Executive Director

Place: Hyderabad
Date: 01.08.2013

Annexure B

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

Amount in ₹

Sl. No.	Particulars	KNR Agrotech & Beverages Private Limited	KNR Constructions LLC	KNRC Holdings and Investments Private Limited	KNR Muzaffarpur –Barauni Tollway Private Limited	KNRCL FZE	KNR Infrastructure Projects Private Limited	KNR Energy Limited	KNR Walar Tollways Private Limited
1	Financial Year of the Company	31.03.2013	31.12.2012	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
2. (a)	Number of Shares held by the Company at the end of the financial year of the Subsidiary Company	10,000	16,250	10,000	16830000*	5	10,000	50,000	10,000
(b)	Extent of interest of holding Company at the end of the financial year of the Subsidiary Company	100%	65%	100%	51%	100%	100%	100%	100%
3	Net aggregate amount of profit/losses of the subsidiary for the above financial year of the subsidiary not dealt within the Company's Accounts								
(a)	for the financial year of the subsidiary – Profit / Loss	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	For the previous financial years since it became subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Net aggregate amount of profit/losses of the subsidiary for the above financial year of the subsidiary dealt within the Company's Accounts								
(a)	for the financial year of the subsidiary – Profit / Loss	Nil	Nil	(297814)	Nil	(1491229)	(2955136)	Nil	Nil
(b)	For the previous financial years since it became subsidiary								

* Number of equity shares of 1,63,71,000 held by step-down subsidiary of M/s. KNR Muzffarpur Holdings Pvt. Ltd.,

The Financial year of the Holding Company is not coinciding with the financial year of the subsidiary companies. Hence, the following information is provided under Section 212(5) of the companies Act, 1956 in this regard.

- There is no change in the Holding Companies interest in the Subsidiary Companies between the end of the financial year of the subsidiary companies and the end of the holding company's financial year (i.e 31.03.2013)
- There are no material changes which have occurred between the end of the financial year of the subsidiary companies and the end of the holding company's financial year (i.e 31.03.2013) in respect of
 - Subsidiary's Fixed Assets
 - It s investments
 - The company lent by it
 - The money borrowed

Annexure C
Financial information regarding subsidiary companies

Amount in ₹

Particulars	KNR Agrotech & Beverages Private Limited	KNR Constructions LLC	KNRCL FZE	KNR Infrastructure Projects Private Limited	KNRC Holdings and Investments Private Limited	KNR Muzaffarpur -Barauni Tollway Private Limited	KNR Energy Limited	KNR Walyar Tollways Private Limited
Capital	100,000	29205000	6070050	100000	100000	330000000	500000	100000
Share Application Money	Nil	Nil	Nil	Nil	Nil	196533500	Nil	Nil
Reserves	Nil	(2570741)	(2172349)	(40088476)	(297814)	Nil	Nil	Nil
Secured Loans	Nil	Nil	Nil	Nil	Nil	74991085	Nil	Nil
Unsecured Loans	33406266	Nil	5363326	45108409	22198439	Nil	20080949	302909000
Total Assets	33560388	27725825	9321727	5761045	22010625	1628052580	20590949	323445226
Total Liabilities	33560388	27725825	9321727	5761045	22010625	1628052580	20590949	323445226
Investments (except in case of investment in subsidiaries)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Turnover	Nil	Nil	4208839	10602250	Nil	Nil	Nil	Nil
Profit Before Taxation	Nil	(788418)	(1491229)	(2955136)	(297814)	Nil	Nil	Nil
Provision for Taxation	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit After Taxation	Nil	(788418)	(1491229)	(2955136)	(297814)	Nil	Nil	Nil
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS:

The present composition of Board of Directors consists of Seven Directors out of which four are Whole Time Directors and three are Independent Directors. The composition and the category of Directors are as under:

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

(* vacated office under Section 283(1) (g) w.e.f 13.04.2013)

CONDUCT OF BOARD PROCEEDINGS

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

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

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

NUMBER OF BOARD MEETINGS HELD

Six Board Meetings were held during the year 2012-2013. 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	28.05.2012	7	4
2	08.08.2012	7	5
3	14.08.2012	7	5
4	09.11.2012	7	5
5	12.02.2013	7	6
6	09.03.2013	7	6

Attendance of Directors at the Board Meetings, last Annual General Meeting (AGM) and number of other directorships and chairmanships / memberships of each Director in various companies as on 31st March 2013 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	5	Yes	Nil	Nil
Shri L. B. Reddy	6	Yes	1	Nil
Shri J. S. R. Chandra Mouli	6	Yes	Nil	Nil
Shri K. Narasimha Reddy	4	Yes	3	Nil
Shri K. Jalandhar Reddy	5	Yes	1	Nil
Shri J. V. Panindra Reddy *	0	No	1	Nil
Shri M. Rajesh Reddy	3	No	Nil	Nil

(* vacated office under Section 283(1)(g) w.e.f 13.04.2013)

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

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

- Apart from receiving sitting fee for attending meetings, the Independent Directors do not have any material pecuniary relationships or transactions with the Company, its promoters, Directors, senior management or its holding company, subsidiaries and associates which may affect the independence of the Director.
- The Independent Directors are not related to the promoters or persons occupying management positions at the Board level or at one level below the Board.
- The Independent Directors have not been executives of the Company in the immediately preceding three financial years.

- They are not partners or executives or were not so during the preceding three years of the
 - Statutory audit firm or the internal audit firm associated with the Company.
 - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- The Independent Directors are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence.
- They are not the substantial shareholders of the Company i.e. do not own 2 per cent or more of the block of voting shares.

DETAILS OF DIRECTORS

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

Shri B. V. Rama Rao, aged 72 years, is Non-Executive and Independent Chairman of our Company. He holds a Masters Degree in Economics from Osmania University, Master's in Public Administration from Kennedy School of Government, Harvard, USA and was also conferred the title of Overseas Fellow Member of the Economic Development Institute, by the World Bank. Shri B V Rama Rao joined the Indian Administrative Service in 1973 and has over 34 years of experience in areas such as development, administration and industrial management. During his stint with the Indian Administrative Service, Shri B V Rama Rao has served in various positions including Chief Secretary to the Government of Andhra Pradesh and Chairman and Managing Director, Nizam Sugars Limited until his retirement in 1997.

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

Shri B V Rama Rao does not hold any Equity Shares in the Company as on 31st March 2013

Shri L. B Reddy, aged 69 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 and Member of Remuneration Committee in the Company and Director of New Era Insurance Services Limited.

Shri L B Reddy does not hold any Equity Shares in the Company as on 31st March 2013

Shri J.S.R Chandra Mouli, aged 77 years, is the Non-Executive and Independent Director of the Company. He holds a Bachelor's Degree in Civil Engineering from Mysore University. He started his career as an Assistant Engineer (Roads & Buildings Division), Public Works Department, Government of Andhra Pradesh. He has over 50 years of experience in various positions as Executive Engineer and Senior Engineer in various government departments before retiring as Chief Engineer in the year 1992.

Shri Mouli joined the Board of Directors of the Company with effect from December 26, 2005 and currently he is the member of Investors Grievance & Share Transfer Committee of the Company.

Shri Mouli does not hold any Equity Shares in the Company as on 31st March 2013

Shri K. Narasimha Reddy aged 63 years, is the Founder Promoter and the Managing Director of the Company. He holds a Bachelor's degree in Arts from Kakatiya University. He has over 40 years of experience in the roads and infrastructure sector, and has been the driving force behind the Company's establishment and growth, and Company has grown to the current size and scale under his able leadership. He started his career in 1968 as sub-contractor for other construction companies. In 1979, he formed a partnership in the name and style of M/s K Narasimha Reddy & Company, which was engaged in the business of undertaking civil and mechanical contracts. Shri Reddy has extensive knowledge and experience in project planning, scheduling, cost controls, and quantity surveying in addition to overall construction project management. Shri Reddy oversees the implementation of all the projects and has formulated the corporate vision of the Company.

Shri K Narasimha Reddy is presently the Managing Director of KNR Constructions Limited and director of Patel KNR Heavy Infrastructures Limited, Patel KNR Infrastructures Limited, KNR Energy Limited, KNR Muzaffarpur Holdings Private Limited, KNRC Holdings and Investments Private Limited, KNR Muzaffarpur Barauni Tollway Private Limited, KNR Walayar Tollways Private Limited, Roche Polymers & Additives Private Limited, Gradient Realty Ventures Private Limited, Gradient Estates Private Limited and Asara Constructions & Projects Private Limited as on 31st March 2013

Shri Narasimha Reddy is holding 95,26,495 Equity Shares in the Company as on 31st March 2013.

Shri K Jalandhar Reddy, aged 40 years, is the Promoter and Executive Director of KNR Constructions Limited. He is the son of the Company's founder Promoter and Managing Director, Shri K Narasimha Reddy. He holds a Bachelor's Degree in Computer Engineering from Bangalore University. He has over 18 years of experience in the roads and infrastructure sector. He started his career with KNR Constructions as a project manager and was elevated as Executive Director from the year 1997. He heads the tendering and bidding activities of the company, as also is in charge of the projects of the Company which are executed in Southern India

Shri Jalandhar Reddy is presently the Executive Director of KNR Constructions Limited and Director of KNR Infrastructures Projects Private Limited, Vishnu Publicity Solutions Private Limited, Trapezoid Software Solutions Private Limited, Mesmeric Software Solutions Private Limited, KNR Agrotech and Beverages Private Limited, Nag Talent Ventures & Infotech Private Limited, KNR Energy Limited, KNR Muzaffarpur Holdings Private Limited, KNRC Holdings and Investments Private Limited, Siriadhvaitha Agrotech Private Limited, KNR Muzaffarpur Barauni Tollway Private Limited, Tagline Traders Private Limited, KNR Walayar Tollways Private Limited, Roche Polymers & Additives Private Limited, Gradient Realty Ventures Private Limited, Gradient Estates Private Limited and Asara Constructions & Projects Private Limited as on 31st March 2013

Shri Jalandhar Reddy is holding 49,98,087 Equity Shares in the Company as on 31st March 2013.

Shri M. Rajesh Reddy, aged 39 years, is the Promoter and Executive Director of the Company. He holds a Bachelors Degree in Electronics Engineering from Kuvempu University, Karnataka. He has over 13 years of work experience, of which five years in the roads and infrastructure sector. He is responsible for corporate finance, co-ordination with various construction sites all over India and the day to day administrative activities of our Company.

Shri Rajesh Reddy is presently the Executive Director of KNR Constructions Limited and Director of KNR Infrastructures Projects Private Limited, Trapezoid Software Solutions Private Limited, Vishnu Publicity Solutions Private Limited, Mesmeric Software Solutions Private Limited, Nag Talent Ventures & Infotech Private Limited and KNR Agrotech & Beverages Private Limited as on 31st March 2013

Shri M Rajesh Reddy is holding 18,32,115 Equity Shares in the Company as on 31st March 2013

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 2012-2013 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	28.05.2012	3	2
2	14.08.2012	3	3
3	09.11.2012	3	3
4	12.02.2013	3	3

B. REMUNERATION COMMITTEE

The 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 the Committee comprising of all the Three Members being Non-Executive and Independent Directors:

Name	Designation	Category
Shri J S R Chandar Mouli	Chairman	Non-Executive and Independent Director
Shri L B Reddy	Member	Non-Executive and Independent Director
Shri B V Rama Rao	Member	Non-Executive and 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 Remuneration Committee are as follows:

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

REMUNERATION PAID TO THE DIRECTORS DURING 2012-2013:

Amount in ₹

NAME	POSITION	SITTING FEE	SALARY & PERQUISITE	TOTAL
INDEPENDENT DIRECTORS				
Shri B. V. Rama Rao	Chairman /Director	180,000	—	180,000
Shri L. B. Reddy	Director	200,000	—	200,000
Shri J. S. R. Chandra Mouli	Director	120,000	—	120,000
WHOLE TIME DIRECTORS				
Shri K. Narasimha Reddy	Managing Director	—	1,27,20,000	1,27,20,000
Shri K. Jalandhar Reddy	Executive Director	—	63,60,000	63,60,000
Shri J. V. Panindra Reddy *	Executive Director	—	47,02,500	47,02,500
Shri M. Rajesh Reddy	Executive Director	—	63,60,000	63,60,000

(* vacated office under Section 283(1)(g) w.e.f 13.04.2013)

Shares held by the Non-Executive Directors as on 31st March 2013 are as under:

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

C. INVESTOR GRIEVANCE & SHARE TRANSFER COMMITTEE

This Committee comprises of the following members

Name	Designation	Category
Shri J S R Chandar Mouli	Chairman	Non-Executive and Independent Director
Shri M. Rajesh Reddy	Member	Executive and Non-Independent Director
Shri KJalandhar Reddy	Member	Executive and Non-Independent Director
Shri L B Reddy	Member	Non-Executive and Independent Director

The terms of reference of the Investor Grievance & Share Transfer Committee are as follows:

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

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

Shareholders complaints Status:

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

Name and designation of Compliance Officer

Mr. M. V. Venkata Rao, Company Secretary

4. General Body Meetings:

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

Financial Year	Date and Time	Venue
2009-10	29th September 2010 11.00 a.m	Hotel Green Park, Ameerpet, Hyderabad – 500016 Andhra Pradesh, India
2010-11	22nd September 2011 10.00 a.m	Hotel Green Park, Ameerpet, Hyderabad – 500016 Andhra Pradesh, India
2011-12	8th August 2012 3.30 p.m	C-125, Anand Niketan, New Delhi - 110021

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 28.05.2012 were passed on 07.07.2012 through postal ballot which related to following items:

1. Enhancement of Borrowing Powers under Section 293(1)(d) to Rs. 2000 Crores
2. Authorisation to Board to mortgage and/or charge, in addition to the mortgage/charge to be created by the company under Section 293(1)(a) to Rs. 2000 Crores.

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

POSTAL BALLOT RESULTS

Particulars	No. of Votes in Favour of the Resolution	% of votes in favour	No. of Votes against the Resolution	% of votes against
Item No. 1	18794003	99.99%	72	0.01%
Item No. 2	18793994	99.99%	72	0.01%
Results	Approved with requisite majority			

The Company has complied with the procedures for the postal ballot in terms of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 and amendments thereto made from time to time.

6. DISCLOSURES;

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

The disclosures with regard to transactions with related parties are given in the Notes to the Accounts of the audited financial statements for the year ended 31st March 2012. These transactions are not in conflict with the interest of the Company.

b. DISCLOSURE OF ACCOUNTING TREATMENT

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

c. BOARD DISCLOSURES

i. Risk Management

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

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

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

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

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

ii. Internal Control System

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

d. Code of Conduct

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

e. CEO / CFO Certification

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

7. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

- a. Non-Executive Chairman's Office: The Company doesn't maintain any office of the Non-executive chairman and any expenditure incurred by him in performance of his duties will be reimbursed by the Company.
- b. Tenure of Independent Directors: In terms of the Governance Policy of the Company, all Directors including Independent Directors except Managing Director are appointed / re-appointed for a period of three to five years or a shorter duration in accordance with retirement guidelines as determined by the Board from time to time. No maximum tenure for Independent Directors has been specifically determined by the Board.
- c. Remuneration Committee: The Company has a Remuneration Committee under the nomenclature "Remuneration Committee", the details of which are provided in this Report under the section "Committees of Board – Remuneration Committee"
- d. Shareholders Rights: The Quarterly, half-yearly and annual financial results of the Company are published in newspapers on all India basis and complete set of annual report is sent to every Shareholder of the Company
- e. Audit Qualifications: During the financial year 2012-2013, there is an audit qualification in the Company's financial statements. Please refer to directors' report for the details of the same.
- f. Training of Board Members: Strategic supervision of the Company is the responsibility of the Board. To achieve this, the Board undertakes periodic review of various matters including business-wise performance and related matters, risk management, borrowings, internal & external audit findings etc., Directors are also briefed on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic development.
- g. Mechanism for evaluation of Non-Executive Directors: The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board has not evolved any method/mechanism for appointment of non-executive directors.
- h. Whistle Blower Policy: The Company encourages open door policy where every employee have access to the Head of the Business / Department, employees are free to report existing / probable violation of laws, regulations or unethical conduct in the organization.

8. MEANS OF COMMUNICATION

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

SEBI Complaints Redressal System (SCORES)

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

NSE Electronic Application Processing System (NEAPS)

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

BSE Corporate Compliance & Listing Centre

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

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

9. GENERAL SHAREHOLDERS INFORMATION

- i. **Annual General Meeting** : 18th Annual General Meeting
Saturday the 14th September 2013
Time : 11.30 AM
Venue : Anand Niketan Club, Anand Niketan, New Delhi - 110021
- ii. **Financial Year** : 1st April 2012 to 31st March 2013
- iii. **Book closure dates** : 12th September 2013 to 14th September, 2013 (both days inclusive)
- iv. **Dividend Payment date** : After 14th September 2013
- v. **Financial Calendar for the year 2013-2014**
Financial Reporting for the first quarter ended 30th June 2013 on or before 14th August 2013
Financial Reporting for the second quarter / half-year ended 30th September 2013 on or before 14th November 2013

Financial Reporting for the
third quarter / nine months ended
31st December 2013

on or before 14th February 2014

Financial Reporting for the
fourth quarter / year ended
31st March 2014

on or before 30th May 2014

vi. Listing on Stock Exchanges

Name and Address of the Stock Exchange

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

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

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

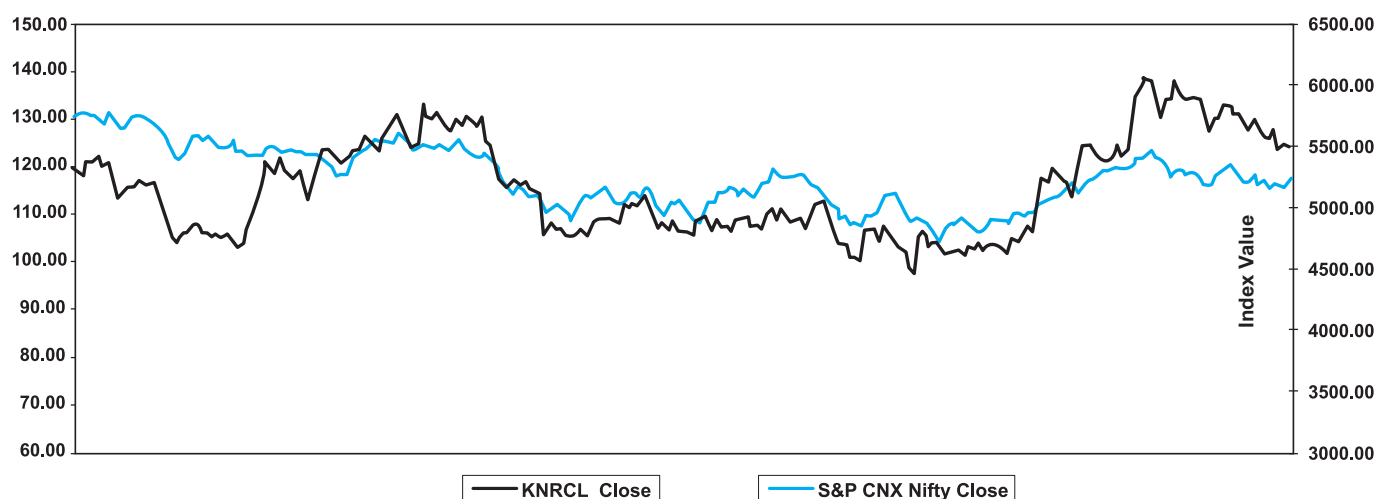
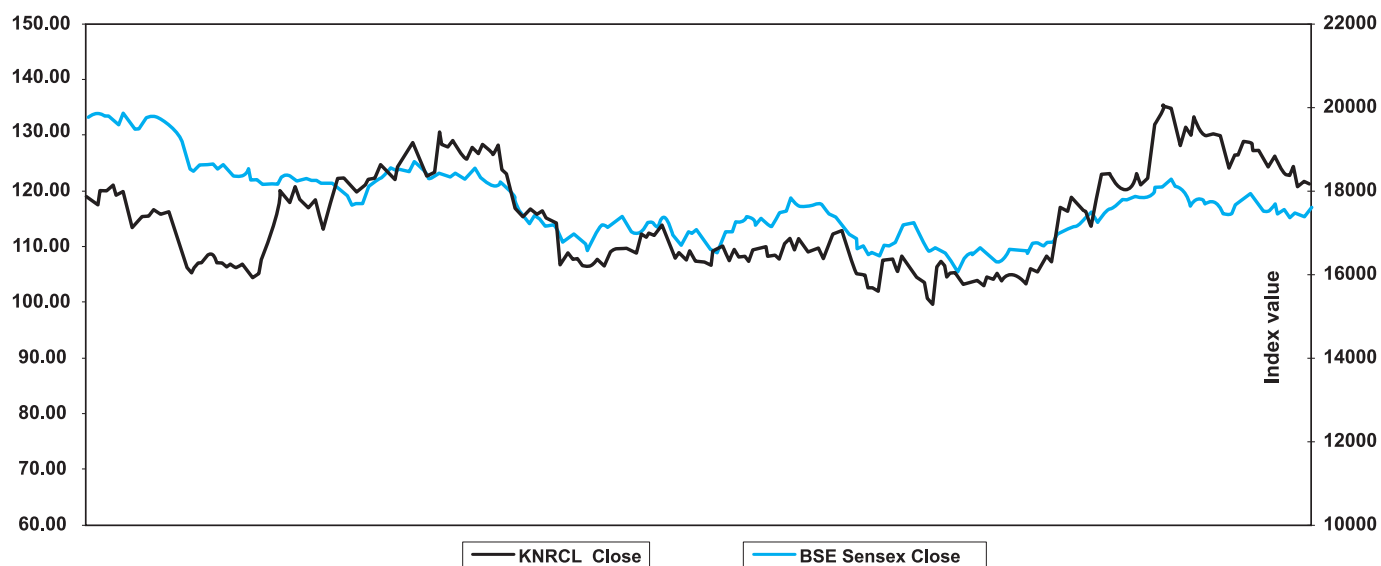
vii. Script Code / Symbol

- a. Stock Exchanges
Bombay Stock Exchange Limited : 532942
National Stock Exchange of India Limited : KNRCON
- b. Demat ISIN Number in NSDL and CDSL for the equity shares : INE634I01011
The annual custodian fee for the financial year 2012-13 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- c. Corporate Identity Number (CIN)
The CIN allotted by the Ministry of Corporate Affairs, Government of India is **L74210DL1995PLC238364**, and the Company is registered within the jurisdictions of the Registrar of Companies, National Capital Territory of Delhi and Haryana.

viii. Market Price Data:

Month	Bombay Stock Exchange Limited , (BSE)		National Stock Exchange of India Limited (NSE)	
	High Price	Low Price	High Price	Low Price
April 2012	143.00	118.20	146.40	118.00
May 2012	132.00	101.20	133.70	102.00
June 2012	130.85	111.30	133.70	111.85
July 2012	127.95	112.25	127.40	115.10
August 2012	129.95	111.05	137.35	110.00
September 2012	118.40	101.00	119.80	100.65
October 2012	119.00	106.10	119.80	108.00
November 2012	125.00	100.00	126.00	100.00
December 2012	120.00	103.00	120.60	104.00
January 2013	126.55	106.20	125.00	106.55
February 2013	112.00	91.10	120.00	91.00
March 2013	98.85	76.50	98.20	73.65

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

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

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

EQUITY SHARES IN SUSPENSE ACCOUNT

As per Clause 5A of the Listing Agreement, the Company reports that 945 Equity Shares are lying in the suspense account as on 31st March 2013

SECRETARIAL AUDIT

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

- xii.** Distribution of shareholding as on 31st March, 2013

Range		No. of Shareholders		No of shares held	
From	To	Number	% of total	Number	% of total
1	500	5293	91.94	514680	1.83
501	1000	249	4.32	179685	0.65
1001	2000	109	1.89	166876	0.59
2001	3000	34	0.59	89403	0.32
3001	4000	9	0.16	32488	0.11
4001	5000	10	0.17	46608	0.16
5001	10000	17	0.30	117017	0.42
10001	And above	36	0.63	26976703	95.92
	Total	5757	100.00	28123460	100.00

xiii. Pattern of Shareholding as on 31st March 2013

Sl. No.	Category	No. of Holders	No. of Shares	%
1	Promoter and Promoter Group	8	20815021	74.01
2	Mutual Funds	5	2258492	8.03
3	Foreign Institutional Investors	1	5000	0.02
4	Corporate Bodies	127	2378695	8.46
5	Non-Resident Individuals	112	55719	0.20
6	Residents (individuals / clearing members/ office bearers and others)	5504	2610533	9.28
	Total	5757	28123460	10.00

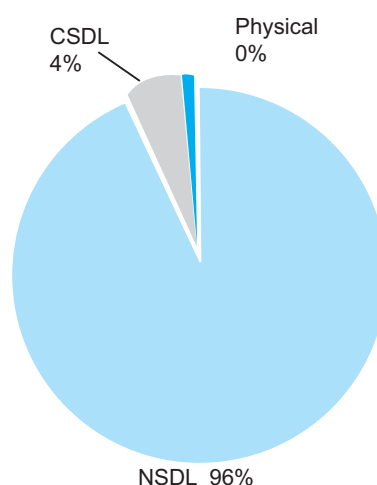
xiv. Dematerialisation of Shares & Liquidity

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

As on 31st March 2013 a total of 2,80,18,456 Equity Shares were dematerialised representing 99.63 % of the total paid up equity share capital of the Company.

Dematerialisation of Shares and Liquidity as on 31st March 2013

	No. of Shares	% of Total
NSDL	26992712	95.98
CDSL	1025744	3.65
Physical	105004	0.37
Total	2,81,23,460	100.00



xv. Address for Correspondence:

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

Company Secretary

KNR Constructions Limited

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

Registrar & Share Transfer Agents:

(for shares held in both Physical and Demat mode)

Link Intime India Pvt Ltd

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

DECLARATION

As provided under Clause 49 of Listing Agreement with the Stock Exchanges, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for Board Members and senior management personnel in respect of the Financial Year ended 31st March 2013.

For KNR Constructions Limited

Sd/-

K Narasimha Reddy

Managing Director

Place : Hyderabad

Date : 01.08.2013

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
KNR Constructions Limited

We have examined the compliance with the conditions of the Corporate Governance by KNR Constructions Limited ("the company") for the year ended 31st March 2013, as stipulated in Clause 49 of Listing Agreement of the said Company with the Stock Exchanges in India.

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

In our opinion and the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements except noncompliance of optimum combination of executive and non-executive directors as per Clause 49(1)(A)(i) due to resignation of one independent director.

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: 01.08.2013

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

To
The Members of
KNR Constructions Limited

In relation to the Audited Financial Accounts of the Company as at 31st March, 2013, we hereby certify that

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

For KNR Constructions Limited

Sd/-
K. Narasimha Reddy
Managing Director

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

Place: Hyderabad
Date: 01.08.2013

SECRETARIAL

AUDIT REPORT

To
The Board of Directors
M/s. KNR Constructions Limited
KNR House, 3rd & 4th Floors,
Plot No. 114, Phase – I,
Kavuri Hills, Hyderabad – 500033

I have examined the registers, records and documents of KNR Constructions Limited ("the Company") for the financial year ended on 31st March 2013 according to the provisions of:-

- The Companies Act, 1956 and the Rules made under that Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - o The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and
 - o The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - o The Equity Listing Agreements with BSE Limited and National Stock Exchange of India.

1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:

- (a) maintenance of various statutory registers and documents and making necessary entries therein;
- (b) closure of the Register of Members;
- (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- (d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- (e) notice of Board meetings of Directors;
- (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- (g) the 17th Annual General Meeting held on 8th August 2012;
- (h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- (i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- (j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Managing Director and Directors;
- (k) payment of remuneration to Directors including the Managing Director and Whole-time Directors;
- (l) appointment and remuneration of Auditors and Cost Auditors;
- (m) transfers and transmissions of the Company's shares and debentures, and issue and dispatch of duplicate certificates of shares;
- (n) declaration and payment of dividends
- (o) borrowings and registration, modification and satisfaction of charges wherever applicable;
- (p) investment of the Company's funds including inter corporate loans and investments and loans to others;

- (q) giving guarantees in connection with loans taken by subsidiaries and associate companies;
- (r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- (s) Directors' report;
- (t) contracts, common seal, registered office and publication of name of the Company; and
- (u) generally, all other applicable provisions of the Act and the Rules made under the Act

2. I further report that:

- a. the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
- b. the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;
- c. the Company has obtained all necessary approvals under the various provisions of the Act; and
- d. there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers. However the company and its directors had paid some settlement charges to SEBI in respect of SEBI (Prohibition of Insider Trading Regulation).

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

4. I further report that:

- a. the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited;
- b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997/2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- c. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations; However the company and its directors has paid some settlement charges to SEBI in respect of SEBI (Prohibition of Insider Trading Regulation).

For Ch. Veeranjanyulu & Associates
Company Secretaries

Place : Hyderabad
Date : 09.05.2013

Sd/-
(Ch. Veeranjanyulu)
CP No. 6392, FCS No. 6121

INDEPENDENT

AUDITOR'S REPORT

To the Members of
KNR Constructions Limited

Report on the Financial Statements

We have audited the accompanying financial statements of KNR Constructions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and subject to the qualification given on the issue of non - accounting of share of profit/(loss) from M/s. Patel-KNR-JV for the period of nine months from 01.07.2012 to 31.03.2013 in the note number 42 on the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place: Hyderabad
Date: 30-05-2013

The Annexure referred to in paragraph 1 of Our Report of even date to the members of KNR Constructions Limited on the accounts of the company for the year ended 31st March, 2013.

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

i) In respect of its fixed assets

- a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.

ii) In respect of its inventories

- a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

iii) a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has granted loans / advances, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

- b) There are no specific agreements for these transactions and were made on an on account basis. In the absence of agreements for these loans/advances, the terms and conditions and their impact on the interests of the Company cannot be ascertained.
- c) The Company has given loans / advances to its wholly owned subsidiaries during the year. In respect of the said loans / advances, the maximum amount outstanding at any time during the year is ₹ 4309.47 lakhs and the year ending balance is ₹ 4309.28 lakhs.
- d) In the absence of agreements, the transactions were made on an on-account basis and hence the question of regularity of payment of principal and interest dose not arise.
- e) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.

iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

- b) As per information & explanations given to us and in our opinion, the transactions entered into by the company with parties covered u/s 301 of the Act does not exceed five lakhs rupees in a financial year. Therefore requirement of reasonableness of transactions does not arise.

vi) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.

vii) As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.

viii) As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

ix) In respect of statutory dues:

- a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there is no amounts payable in respect of Income tax, Wealth tax, Service tax, Sales tax, Customs Duty and Excise Duty which has not been deposited on account of any disputes, the details of which are stated below.

Name of statute	Nature of dues	₹ in lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	26.18	F.Y 1999-00	ITAT, Hyderabad
	Income Tax	116.05	F.Y 2001-02	ITAT, Hyderabad
	Income Tax	13.34	F.Y 2005-06	Deputy Commissioner of Income Tax, Circle 2(1), Hyderabad
	Income Tax	869.11	F.Y 2006-07	ITAT, Hyderabad
	Income Tax	223.37	F.Y 2007-08	Deputy Commissioner of Income Tax, Circle 2(1), Hyderabad
	Interest on TDS delay payments	9.86	F.Y 2009-10	Deputy Commissioner of Income Tax, Circle 14(2), Hyderabad
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	21.39	F.Y 2000-01	Sales Tax Tribunal, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	VAT	307.36	F.Y 2008-09	Appellate Deputy Commissioner (CT), Punjagutta Division, Hyderabad
	VAT	431.72	F.Y 2009-10	Appellate Deputy Commissioner (CT), Punjagutta Division, Hyderabad
Karnataka Value Added Tax Act, 2005	VAT	100.00	F.Y 2005-06	Joint Commissioner of Commercial Taxes, (Appeals), Bangalore.
	VAT	30.52	F.Y 2006-07	Joint Commissioner of Commercial Taxes, (Appeals), Bangalore.
	VAT	81.52	F.Y 2008-09	Joint Commissioner of Commercial Taxes, (Appeals), Bangalore.
	VAT	12.16	F.Y 2010-11	Joint Commissioner of Commercial Taxes, (Appeals), Bangalore.
Service Tax Act,	Service Tax	243.12	F.Y 2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

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

- x) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- xiv) According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
- xv) According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
- xvi) Based on our audit procedures and the information given by the management, we report that the company has availed term loans which were prima facie applied by the Company during the year for the purposes for which the same were obtained..
- xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- xix) The Company has no outstanding debentures during the period under audit.
- xx) The Company has not raised any money by public issue during the year.
- xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

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

Place: Hyderabad
Date: 30-05-2013

BALANCE SHEET

AS AT 31ST MARCH, 2013

(₹ in Lakhs)

PARTICULARS	NOTE No.	As At 31-03-13		As At 31-03-12	
I EQUITY AND LIABILITIES					
1) SHAREHOLDERS' FUNDS					
a) Share Capital	3	2,812.35		2,812.35	
b) Reserves and Surplus	4	42,753.24	45,565.59	37,868.98	40,681.33
2) SHARE APPLICATION MONEY			-		-
PENDING ALLOTMENT					
3) NON - CURRENT LIABILITIES					
a) Long-Term Borrowings	5	364.54		335.84	
b) Deferred Tax Liabilities (Net)	6	-		72.26	
c) Other Long Term Liabilities	7	13,681.37		6,702.17	
d) Long-Term Provisions	8	109.04	14,154.95	107.68	7,217.95
4) CURRENT LIABILITIES					
a) Short-Term Borrowings	9	6,356.39		4,650.49	
b) Trade Payables	10	10,627.52		10,203.07	
c) Other Current Liabilities	11	7,880.87		9,940.84	
d) Short-Term Provisions	12	10,819.97	35,684.75	8,895.19	33,689.59
TOTAL			95,405.29		81,588.87
II ASSETS					
1) NON-CURRENT ASSETS					
a) Fixed Assets	13				
i) Tangible Assets		29,009.79		30,979.78	
ii) Intangible Assets		3.57		5.07	
iii) Capital Work-In-Progress		385.93		42.85	
b) Non-Current Investments	14	3,013.47		2,910.60	
c) Deferred Tax Assets (Net)	6	360.34	-		
c) Long-Term Loans and Advance	15	6,418.19		3,243.83	
d) Other Non-Current Assets	16	5,764.68	44,955.97	4,458.83	41,640.96
2) CURRENT ASSETS					
a) Current Investments	17	1,818.53		2,553.67	
b) Inventories	18	2,972.60		2,676.69	
c) Trade Receivables	19	12,128.95		9,341.35	
d) Cash and Cash Equivalents	20	721.96		845.40	
e) Short-Term Loans and Advances	21	23,373.52		18,744.33	
f) Other Current Assets	22	9,433.76	50,449.32	5,786.47	39,947.91
TOTAL			95,405.29		81,588.87
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)

For and on behalf of the Board

Sd/-

C.Sukumar Babu

Partner

Membership No: 024293

Sd/-

K.Narasimha Reddy

Managing Director

Sd/-

K. Jalandhar Reddy

Executive Director

Place : Hyderabad

Date : 30-05-2013

Sd/-

C.Sravana Kumar

General Manager (F&A)

Sd/-

M.V.Venkata Rao

Company Secretary

STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

PARTICULARS	NOTE No.	For The Year Ended 31-03-13	For The Year Ended 31-03-12
I Gross Revenue from Operations		76,589.61	86,701.16
Less : Company Share's in Joint Ventures		7,377.11	11,650.81
Net Revenue from Operations	23	69,212.50	75,050.35
II Other income	24	1,749.56	565.94
III Total Revenue (I + II)		70,962.06	75,616.29
IV Expenses:			
Cost of materials consumed	25	20,188.87	28,736.34
Other Construction Expenses	26	32,720.73	28,198.56
Employee benefits expense	27	2,950.53	2,686.61
Finance costs	28	1,125.45	963.75
Depreciation and amortization expense	29	5,566.96	5,137.56
Other expenses	30	1,707.83	2,051.72
Total expenses		64,260.37	67,774.54
V Profit before exceptional and extraordinary items and tax (III - IV)		6,701.69	7,841.75
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		6,701.69	7,841.75
VIII Extraordinary Items		-	-
IX Profit before tax (VII- VIII)		6,701.69	7,841.75
X Tax expense:	31		
1) Current tax		1,921.33	2,766.36
2) Deferred tax		(432.59)	(200.98)
XI Profit (Loss) for the period from continuing operations (IX - X)		5,212.95	5,276.37
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)		5,212.95	5,276.37
XVI Earnings per equity share: (In Rs.)	32		
1) Basic		18.54	18.76
2) Diluted		18.54	18.76
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)

For and on behalf of the Board

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

Sd/-
K.Narasimha Reddy
Managing Director

K. Jalandhar Reddy
Executive Director

Place : Hyderabad
Date : 30-05-2013

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

Sd/-
M.V.Venkata Rao
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

PARTICULARS	For The Year Ended 31-03-13		For The Year Ended 31-03-12	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		6,701.69		7,841.75
Adjustments for				
Depreciation & Amortization Expenses	5,566.96		5,137.56	
Provision for Gratuity	1.87		(4.49)	
Loss on sale of assets and Discarded	1.72		-	
Profit on sale of Assets	(22.04)		(16.72)	
Interest and Financial Charges	1,124.55		1,095.83	
Interest Received	(37.43)	6,635.63	(123.05)	6,089.13
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		13,337.32		13,930.88
(Increase)/Decrease in Trade and Other Receivables	(10,246.59)		5,974.82	
(Increase)/Decrease in Inventories	(295.91)		(468.09)	
"Increase/(Decrease) in Trade Payable, Liabilities and Provisions (excluding Proposed Dividend & Income Tax)"	(35.33)	(10,577.83)	(2,258.53)	3,248.20
CASH GENERATED / (USED) FROM OPERATIONS		2,759.49		17,179.08
Taxes (paid) / Refunds		(2,655.80)		(4,141.80)
NET CASH USED IN OPERATING ACTIVITIES - (A)		103.69		13,037.28
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets and other Capital Expenditure	(3,866.79)		(7,211.64)	
Bank Balances not considered as cash and cash equivalents	80.22		478.57	
Loans/Advances to Subsidiaries/ Associates	(2,707.70)		(954.41)	
Proceeds from sale of Fixed Assets	37.65		335.47	
Investments in Joint Ventures / SPV's / Mutual Funds	632.27		1,394.08	
"Foreign Exchange Translation Adjustment (arising on translation of Foreign branch transactions)"	0.34		0.39	
Interest Received	37.43		123.05	
TDS on Interest Received	(22.54)		(20.18)	
NET CASH FLOW / (USED IN) INVESTING ACTIVITIES - (B)		(5,809.12)		(5,854.67)
C) CASH FLOW FROM FINANCING ACTIVITIES				
Long Term Funds Borrowed / (Repaid)	(152.58)		(674.53)	
Increase / (decrease) in short term borrowings	1,705.90		(1,296.73)	
Mobilization and Machinery advances received from customers / (Repaid)	5,560.58		(3,443.90)	
Interest paid	(1,124.84)		(1,102.33)	
Dividend and Dividend Tax paid	(326.85)		(653.72)	
NET CASH FROM / (USED IN) FINANCING ACTIVITIES - (C)		5,662.21		(7,171.21)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS - (A+B+C)		(43.22)		11.40
Cash and Cash Equivalents at the beginning of the year		366.83		355.43
Cash and Cash Equivalents at the end of the year (Refer Note 20)		323.61		366.83

(₹ in Lakhs)

PARTICULARS	For The Year Ended 31-03-13	For The Year Ended 31-03-12
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Notes:

- 1 Cash and Cash equivalents includes:
Cash in Hand
Bank Balance -Current Account

235.17	233.58
88.44	133.25

The above current account balances include Rs. 3.40 lakhs (P.Y 2.66 lakhs) in Unclaimed Dividend Account and Rs.0.09 lakhs (P.Y 0.09 lakhs) in IPO refund account.

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

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

For and on behalf of the Board

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

Sd/-
K.Narasimha Reddy
Managing Director

Sd/-
K. Jalandhar Reddy
Executive Director

Place : Hyderabad
Date : 30-05-2013

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

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 and flyovers, irrigation projects.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of Accounting and preparation of financial statements

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

2.2 Use of Accounting Estimates

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

2.3 Fixed Assets and Depreciation

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

2.4 Impairment Of Assets

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

2.5 Borrowing Costs

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

2.6 Investments

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

2.7 Inventories

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

2.8 Employee Benefits

A) Short Term Employee Benefits :

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

2.9 Share Issue Expenses

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

2.10 Revenue Recognition

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

2.11 Joint Venture Projects

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

2.12 Foreign Exchange Translation And Foreign Currency Transactions

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

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

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

2.13 Taxes on Income

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

2.14 Earnings per Share (EPS)

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

2.15 Leases

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

2.16 Provisions, Contingent Liabilities and Contingent Assets

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

2.17 Cash flow Statement

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH , 2013

3. Share Capital

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
EQUITY SHARE CAPITAL		
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 (Out of the above 13,499,260 Equity Shares of Rs. 10/- each were allotted in the F.Y 2005-06 as fully paid up Bonus Shares in the ratio of 2:1 by Capitalising Rs. 1349.93 lakhs from General Reserve)	2,812.35	2,812.35
Total	2,812.35	2,812.35

- 3.1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- . Each holder of equity shares is entitled to one vote per share.
- 3.2 The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 3.3 The Board of Directors, in their meeting on 30-05-2013 declared dividend of Rs. 1/- per equity share. The total dividend appropriation for the year ended March 31 , 2013 amounted to Rs. 329.03 Lakhs including corporate dividend tax of Rs.47.79 Lakhs.
- 3.4 The details of shareholder holding more than 5% shares as at March 31, 2013 and March 31, 2012 is set out below:

Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% held	No. of Shares	% held
Kamidi Narasimha Reddy	9,526,495	33.87	9,526,495	33.87
Kamidi Jalandhar Reddy	4,998,087	17.77	4,998,087	17.77
Kamidi Yashoda	2,096,209	7.45	2,025,489	7.20
Jetti Venkata Panindra Reddy	1,832,115	6.51	1,902,835	6.77
Merreddy Rajesh Reddy	1,832,115	6.51	1,832,115	6.51
Patel Engineering Ltd	1,942,574	6.91	1,942,574	6.91
HDFC Trustee Company Ltd	2,258,492	8.03	1,495,160	5.32

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	28,123,460	2,812.35	28,123,460	2,812.35
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Brought Back	-	-	-	-
Number of Equity Shares at the end of the year	28,123,460	2,812.35	28,123,460	2,812.35

4 RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
SECURITIES PREMIUM RESERVE		
Opening Balance	12,599.31	12,599.31
Add : Additions in current year	-	-
Less: Written Back in current year	-	-
Closing Balance	12,599.31	12,599.31
GENERAL RESERVE		
Opening Balance	2,567.00	2,435.00
Add : Transferred from Surplus in statement of Profit and Loss	130.00	132.00
Less: Written Back in current year	-	-
Closing Balance	2,697.00	2,567.00
FOREIGN CURRENCY TRANSLATION RESERVE		
Opening Balance	0.31	(0.08)
Add: Additions in current year	0.34	0.39
Less: Written Back in current year	-	-
Closing Balance	0.65	0.31
SURPLUS		
Opening balance	22,702.36	17,884.84
Add: Profit/(Loss) for the current year	5,212.95	5,276.37
Amount available for appropriation	27,915.31	23,161.21
Less: Appropriations		
Proposed Dividend	281.23	281.23
Dividend Tax	47.80	45.62
Transferred to General Reserve	130.00	132.00
Closing Balance	27,456.28	22,702.36
Total	42,753.24	37,868.98

5 LONG-TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
SECURED LOANS		
Term Loan		
From Banks		
Rupee Loans	276.18	31.46
Car Finance Loan	-	24.84
From Others		
Rupee Loans	85.55	276.16
Car Finance Loan	-	3.38
Sub- total	361.73	335.84
UN SECURED LOANS		
Loans & Advances from Related Parties		
From Director	2.81	-
Sub- total	2.81	-
Total	364.54	335.84

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

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

6 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Deferred Tax Liability		
Related to fixed assets	(302.48)	160.98
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	57.86	88.72
Total	(360.34)	72.26

7 OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Others		
Retention Deposits and Withheld Amount Payable	2,109.31	1,036.57
Security Deposits Payable	641.52	295.64
Trade Advances received from Clients against BG's		
Mobilization Advance	8,460.49	4,406.99
Machinery Advance	2,470.05	962.97
Total	13,681.37	6,702.17

8 LONG TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Provision for employee benefits		
Gratuity	109.04	107.68
Total	109.04	107.68

9 SHORT TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
LOANS REPAYABLE ON DEMAND		
SECURED LOANS		
From Banks		
Cash Credit (Refer Note 9.1)	6,354.80	4,647.85
Sub- total	6,354.80	4,647.85
UN-SECURED LOANS		
Loans and advances from related parties (Refer Note 44)		
From Directors	1.59	2.64
(There is no specific agreement with the above parties)		
Sub- total	1.59	2.64
Total	6,356.39	4,650.49

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

- 1 Hypothecation of entire current assets on pari passu basis with other participating banks,
- 2 First pari passu charge on equitable mortgage of land & buildings, the market value of which is Rs 12.87 crores as on 20-03-2012
- 3 First pari passu charge on equitable mortgage of 5 acres of agricultural land of approximate value of Rs 2.76 Crores
First pari passu charge on equitable mortgage of industrial factory buildings without machinery, the market value of which is Rs. 23.28 crores
- 5 Hypothecation of certain equipment's of written down value as on 31.03.2012 is Rs 38.77 Crores
- 6 Personal guarantee of Directors.
- 7 First pari passu charge on equitable mortgage of property in the name of Company and Director of approximate value of Rs 25.40 Crores

9.2 Short term loans from Banks:

The company availed short term loans from bank during the year having a maturity of less than one year which carry interest rate ranging between 10% to 11% per annum.

10 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Sundry Creditors (Suppliers/Service)	3,414.91	2,714.74
Bills Payable (Sub-contractors/Labour)	7,212.61	7,488.33
Total	10,627.52	10,203.07

11 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Current maturities of long-term borrowings (Refer Note 5)		
Term Loans		
From Banks		
Rupee Loans	178.28	211.13
Foreign Currency Loans	-	127.18
Car Finance Loan	13.61	44.26
From Others		
Rupee Loans	190.61	171.64
Car Finance Loan	-	9.57
	382.50	563.78
Interest accrued but not due on borrowings	3.17	3.46
Due to Customers	101.57	4,332.66
Unclaimed dividends and IPO Refund	3.10	2.79
Outstanding Expenses	717.27	855.35
Security Deposit Payable	30.19	-
Material Advance received from clients	5,371.54	2,598.63
Other Payables		
Income Tax	30.04	27.11
Provident Fund	13.76	14.69
Employee State Insurance	0.14	0.16
TDS/TCS	197.12	123.57
Entry Tax	30.66	6.67
Service Tax	13.20	9.40
VAT	550.69	525.96
Royalty	273.59	-
Professional Tax	1.12	0.93
Labour Welfare Cess	161.21	875.68
Total	7,880.87	9,940.84

12 SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
PROVISION FOR EMPLOYEE BENEFITS		
Gratuity (Funded)	8.28	7.77
Sub-total	8.28	7.77
OTHERS		
Provision for Income Tax	10,478.14	8,556.81
Provision for Wealth Tax	4.52	3.76
Provision for Proposed Dividend	281.23	281.23
Provision for Dividend Tax	47.80	45.62
Sub-total	10,811.69	8,887.42
Total	10,819.97	8,895.19

13 FIXED ASSETS

('₹ in Lakhs)

Sl No	PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
		As at April 1, 2012	Additions	Deductions/ Adjustments	As at March 31, 2013	As at April 1, 2012	For the period	Deductions/ Adjustments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
I	Tangible Assets										
	Land - Free Hold *	5,107.45	813.15	-	5,920.60	-	-	-	-	5,920.60	5,107.45
	Buildings	1,675.52	137.56	-	1,813.08	100.41	82.07	-	182.48	1,630.60	1,575.11
	Plant and Equipment	39,258.14	2,340.46	28.53	41,570.07	15,682.26	5,196.24	15.83	20,862.67	20,707.40	23,575.88
	Furniture and Fixtures	236.98	9.35	-	246.33	75.39	30.29	-	105.68	140.65	161.59
	Vehicles	887.72	193.20	29.22	1,051.70	422.76	142.28	24.59	540.45	511.25	464.96
	Office equipment	99.49	18.04	-	117.53	34.38	11.06	-	45.44	72.09	65.11
	Computers & Accessories	80.65	11.23	-	91.88	52.97	13.42	-	66.39	25.49	27.68
	Ships	2.43	-	-	2.43	0.43	0.29	-	0.72	1.71	2.00
	Sub-total	47,348.38	3,522.99	57.75	50,813.62	16,368.60	5,475.65	40.42	21,803.83	29,009.79	30,979.78
II	Intangible Assets										
	Computer software	11.17	0.72	-	11.89	6.10	2.22	-	8.32	3.57	5.07
	Sub-total	11.17	0.72	-	11.89	6.10	2.22	-	8.32	3.57	5.07
III	Capital Work In Progress										
	Sub-total	-	-	-	-	-	-	-	-	385.93	42.85
	TOTAL	47,359.55	3,523.71	57.75	50,825.51	16,374.70	5,477.87	40.42	21,812.15	29,399.29	31,027.70

As at 31st March, 2012

31,027.70

448.68

5,048.46

11,774.92

47,359.55

767.43

8,230.71

39,896.27

As at 31st March, 2012

* Land includes Rs. 1615.12 (P.Y Rs. 1057.93) held in the name of Directors, relatives of Directors for and on behalf of the Company.

14 NON-CURRENT INVESTMENTS

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/Controlled Entity / Others	Nature of the Share	Face value of the share	No. of Shares/ Units		Quoted / Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Amount in Lakhs			Whether stated at Cost Yes / No*	*If Answer to Column (14) is 'No' - Basis of Valuation"
					31-03-13	31-03-12			31-03-13	31-03-12	31-03-13	31-03-12	31-03-12		
I	TRADE INVESTMENTS														
	A Investment in Equity Instruments														
	KNR Agrotech & Beverages Pvt Ltd.	Subsidiary	Equity	10	10000	10000	Unquoted	Fully Paid	100%	100%	100	100	1.00	Yes	
	KNR Infrastructure Projects Pvt Ltd	Subsidiary	Equity	10	10000	10000	Unquoted	Fully Paid	100%	100%	100	100	1.00	Yes	
	KNR Energy Ltd	Subsidiary	Equity	10	10000	10000	Unquoted	Fully Paid	100%	100%	500	500	5.00	Yes	
	KNRC Holding & Investment Private Ltd	Subsidiary	Equity	10	10000	10000	Unquoted	Fully Paid	100%	100%	100	100	1.00	Yes	
	KNR Muzaifarur Barauni Tollway Pvt Ltd	Subsidiary	Equity	10	10000	10000	Unquoted	Fully Paid	100%	100%	45.90	100	1.00	Yes	
	KNR Constructions - LLC, at Oman	Subsidiary	Equity	10	162500	162500	Unquoted	Fully Paid	65%	65%	206.07	206.07	206.07	Yes	
	KNRCL - FZE, at RAK	Subsidiary	Equity	1000000 AED	5	5	Unquoted	Fully Paid	100%	100%	48.88	48.88	48.88	Yes	
	Patel-KNR Infrastructures Ltd.	Associate	Equity	10	14800000	14800000	Unquoted	Fully Paid	40%	40%	1,480.00	1,480.00	1,480.00	Yes	
	Patel-KNR Heavy Infrastructure Ltd	Associate	Equity	10	9529500	9529500	Unquoted	Fully Paid	40%	40%	952.95	952.95	952.95	Yes	
	KNR Malayar Tollways Pvt Ltd	Subsidiary	Equity	10	10000	-	Unquoted	Fully Paid	100%	-	1.00	-	-	Yes	
	B Investments in partnership firms / AOP														
	NCC - KNR - JV	Joint Ventures							Project wise	Project wise	602.63	571.06	571.06		
	KNR - PATEL - JV	Joint Ventures							51%	51%	(472.03)	(408.25)	(408.25)		
	KNR - SLEC - JV	Joint Ventures							60%	60%	(28.32)	(31.73)	(31.73)		
	KNR - BPL - JV	Joint Ventures							49%	49%	1.93	1.93	1.93		
	KNR - GVR - JV	Joint Ventures							51%	51%	21.43	(14.71)	(14.71)		
	KNR - JKM - KAMALA - JV	Joint Ventures							50%	50%	74.13	79.39	79.39		
	KNR - SLMI - JV	Joint Ventures							60%	-	0.89	-	-		
	KNR-JKM-JV	Joint Ventures							51%	51%	(6.00)	-	-		
II	OTHER INVESTMENTS														
	A Investments in Government or Trust securities														
	National Savings Certificates	Others									1.01	1.01	1.01	Yes	
	B Investments in Mutual Funds														
	SBI Infrastructure Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	5.00	Yes	
	SBI Magnum Comma Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	5.00	Yes	
	SBI PSU Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	5.00	Yes	
	Total										3013.47	2910.60	2910.60		

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

(₹ in Lakhs)

Particulars		As at	
		March 31, 2013	March 31, 2012
NCC-KNR -JV	Nagarjuna Construction Company Limited KNR Constructions Limited	- 602.63	- 571.06
Total Capital		602.63	571.06
KNR-SLEC -JV	KNR Constructions Limited Sri Laxmi Engineering Company	(28.32) 78.14	(31.73) 90.31
Total Capital		49.82	58.58
KNR- BPL- JV	KNR Constructions Limited Backbone Projects Limited	1.93 (0.26)	1.93 (0.26)
Total Capital		1.67	1.67
KNR- GVR-JV	KNR Constructions Limited GVR Infra Projects Limited	21.43 (60.65)	(14.71) -
Total Capital		(39.22)	(14.71)
KNR- JKM - KAMALA-JV	KNR Constructions Limited JKM Infra Projects Private Limited KAMALA Constructions	74.13 161.74 161.74	79.39 112.37 112.37
Total Capital		397.61	304.13
KNR- PATEL-JV	KNR Constructions Limited Patel Engineering Limited	(412.03) 331.81	(408.25) 336.57
Total Capital		(80.22)	(71.68)
KNR-SLMI-JV	KNR Constructions Limited Sree Lakshmi Metal Industries & Constructions	0.89 (27.89)	- -
Total Capital		(27.00)	-
KNR-JKM-JV	KNR Constructions Limited JKM Infra Projects Private Limited	(6.00) 7.95	- -
Total Capital		1.95	-

14.2 Aggregate amount of non current-investments

(₹ in Lakhs)

Particulars		As at	
		March 31, 2013	March 31, 2012
a) Aggregate Value of Quoted Investment			
- Cost		15.00	15.00
- Market Value		16.64	18.65
b) Aggregate Value of Unquoted Investment		2998.47	2895.60

15 LONG TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
UNSECURED, CONSIDERED GOOD;		
Mobilization Advances paid to Sub-contractors	1,040.81	652.46
Capital Advance		
Advances paid for properties	239.17	160.86
Loans and advances to related parties (Refer Note 44)		
Subsidiary Company	4,313.22	526.68
Associate Company	824.99	1,903.83
Total	6,418.19	3,243.83

16 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Others		
Retention Money and Withheld Amount Receivable	4,941.17	3,954.15
Deposits	467.13	59.21
IPO Expenses (Unamortized) - Miscellaneous Asset	356.38	445.47
Total	5,764.68	4,458.83

17. CURRENT INVESTMENTS

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/Controlled Entity / Others	Nature of the Share	Face value of the share	No. of Shares/ Units		Quoted / Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Amount in Lakhs		Whether stated at Cost / Yes / No*	If Answer to Column (14) is 'No' - Basis of Valuation*
					31-03-13	31-03-12			31-03-13	31-03-12	31-03-13	31-03-12		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
I	TRADE INVESTMENTS													
	PATEL - KNR - JV	Joint Ventures							50%	50%	1,818.53	2,553.67	Yes	
	Total										1,818.53	2,553.67		

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

NAME OF THE FIRM	NAMES OF THE PARTNER	Amount in Lakhs	
		31-03-2013	31-03-2012
PATEL- KNR -JV	Patel Engineering Limited	-	1,822.59
	KNR Constructions Limited	-	1,684.64
	Total Capital	-	3,507.23

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

18 INVENTORIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Inventories		
Raw materials	2,950.83	2,660.01
Stores and spares	21.77	16.68
Total	2,972.60	2,676.69

* (As certified by the Management)

19 TRADE RECEIVABLE

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Unsecured, Considered Goods*		
Over Six months	4,429.59	3,756.85
Others	7,699.36	5,584.50
Total	12,128.95	9,341.35

* Includes Rs. 1363.20 lakhs (P.Y 1356.9 Lakhs) due from companies in which company is interested (refer note 44)

20 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Cash and Cash Equivalents		
Balance with Banks		
On Current accounts with Scheduled Banks	59.80	130.50
Un-claimed Dividend	3.04	2.66
Un-Claimed IPO Refund	-	0.09
In Deposit Accounts with maturity less than 3 months	25.60	-
Cash on hand (Refer Note 20.1)	235.17	233.58
Sub- total	323.61	366.83
Other Bank Balances		
Margin Money deposits (Refer note 20.2)	351.95	287.91
Long Term Deposits more than 12 months maturity	46.40	190.66
Sub- total	398.35	478.57
Total	721.96	845.40

20.1 Cash on Hand includes Rs. 1.20 lakhs (P.Y Rs. 2.93 lakhs) held in Foreign Currency.

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

21 SHORT TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
UNSECURED, CONSIDERED GOOD		
Others		
Advances to Sub-contractors and Labour	5,071.55	3,256.99
Advances to Suppliers and others (Other than capital advances)	825.06	736.28
Advances to Associates (SPV)	4,300.00	4,300.00
Staff Imprest and Salary Advances	82.48	72.54
Advance Taxes paid (including Wealth Tax)	12,838.72	10,159.63
Prepaid Expenses	236.39	203.51
Advance paid for Land Lease	19.32	4.18
Sub- total	23,373.52	18,733.13
Capital Advances		
Advances paid for capital assets	-	11.20
Sub- total	-	11.20
Total	23,373.52	18,744.33

22 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
VAT Receivable	218.79	293.54
Due from Customers / Unbilled Revenue	8,415.80	4,451.34
Receivables from Others	-	15.59
Interest receivable on Deposits & others	-	16.47
Sub- total	8,634.59	4,776.94
Deposits and Other Receivables	831.17	1,041.53
Less: Provision for Doubtful Deposits	32.00	32.00
Sub- total	799.17	1,009.53
Total	9,433.76	5,786.47

23 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Income from Contracts	68,867.94	74,948.97
Other Operating Income		
Share Of Profit / Loss From Joint Ventures	198.60	93.25
Hire Charges Received	145.96	8.13
	69,212.50	75,050.35
Less: Excise Duty	-	-
TOTAL	69,212.50	75,050.35

24 OTHER INCOME

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Interest Income	235.51	19.64
Other non-operating income		
Profit on Sale of Asset	22.04	16.72
Scrap Sales	0.30	0.03
Rental Income	0.07	0.43
Discount Received from suppliers	8.44	0.71
Liabilities no longer required Written Back	777.32	310.92
Insurance Claim Received	42.15	21.56
Miscellaneous Income	663.73	195.93
TOTAL	1,749.56	565.94

25 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Construction Materials, Stores & Spares		
Opening Stock	2,676.69	2,208.60
Add: Net Purchases	20,484.78	29,204.43
	23,161.47	31,413.03
Less: Closing Stock	2,972.60	2,676.69
TOTAL	20,188.87	28,736.34

26 OTHER CONSTRUCTION EXPENSES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Work Contract Expenses		
Sub-contract Expenses	20,330.90	8,812.68
Spreading & Assortment Exp.	7,077.21	12,888.29
Power and Fuel	180.03	148.51
Seigniorage charges / Royalty	684.13	1,106.08
Transport, Loading & Un Loading Charges	1,099.85	1,343.72
Recoveries by Clients (Including Labour Welfare Cess & Other Tax)	323.18	971.52
Sales Tax / VAT	1,750.14	2,040.14
Repairs to Buildings & Others	43.67	32.75
Repairs to Machinery	261.05	107.09
Repairs to Vehicles	149.48	74.59
Miscellaneous expenses	821.09	673.19
Total	32,720.73	28,198.56

27 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Salaries, Wages and Other Benefits	2,535.90	2,265.44
Directors Remuneration	285.00	300.00
Contribution to Provident and Other Funds	86.73	79.39
Staff welfare Expenses	42.90	41.78
TOTAL	2,950.53	2,686.61

28 FINANCE COSTS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Interest Expense on		
Working Capital	525.04	411.57
Term Loans	65.58	57.82
Suppliers Credit	0.16	-
Advance from Directors	4.46	-
Other advances	194.83	31.57
	790.07	500.96
Less: Interest received from Banks & Others	37.43	123.05
	752.64	377.91
Other Borrowing Costs		
Bank Charges	9.75	45.95
Processing Charges	64.94	112.26
BG / LC Charges	259.79	436.66
Net gain/loss on foreign currency transactions and translation	38.33	(9.03)
TOTAL	1,125.45	963.75

29 DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Depreciation	5,477.87	5,048.47
Issue Expense Written off	89.09	89.09
TOTAL	5,566.96	5,137.56

30 OTHER EXPENSES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Administration And Other Expenses		
Travelling & Conveyance (includes Boarding & Lodging Expenses)	136.39	139.67
Postage & Telegrams and Telephones	48.89	43.57
Business Promotion Expenses	10.10	25.97
Advertisement and publicity	35.22	22.72
Legal & Professional Charges	321.85	202.43
Insurance	310.18	214.39
Rates and taxes excluding taxes of Income	324.01	214.18
Payments to the auditor		
for Audit	2.37	2.00
for taxation matters	1.00	1.00
for other services	2.00	2.00
Prior period items (Net off Expenses / Income)	19.98	21.40
Printing & Stationery	48.88	37.82
Tender Expenses	89.89	47.27
Office Maintenance	47.11	30.82
Rent Expenses	154.12	105.82
Electricity Charges	48.20	105.54
Directors Sitting Fees	5.00	7.70
Loss on sale of Assets / Discarded	1.72	-
Bad Debts / Advances/ Debit Bal. Written Off	16.11	781.47
Donation	1.87	3.73
Miscellaneous Expenses	82.94	42.22
TOTAL	1,707.83	2,051.72

31 TAX EXPENSE

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
A - Current Tax		
Current tax on profits for the year	1,921.33	2,763.26
Adjustments in respect of prior years	-	3.10
Sub-Total	1,921.33	2,766.36
B - Deferred Tax		
Deferred Tax Liability / (Asset) due to timing difference	(432.59)	(200.98)
Sub-Total	(432.59)	(200.98)
TOTAL	1,488.74	2,565.38

32. EARNING PER SHARE

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
a.	Net Profit for the year after tax	5212.95	5276.37
		Nos.	Nos.
b.	Weighted Average number of equity shares for basic EPS (in lakhs)	281.23	281.23
c.	Face Value per share	10	10
d.	Basic EPS	18.54	18.76

33. CONTINGENT LIABILITIES NOT PROVIDED FOR

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
a.	Bank Guarantees		
	- for Company	22411.49	42121.82
	- for Joint Ventures'	2740.40	2264.81
	-for Subsidiaries	3410.00	Nil
	- for Associates (SPV's)	Nil	200.00
	- for Tax matters	241.63	241.63
	Total	28803.52	44828.26
b.	Corporate guarantees given to banks and financial institutions for financial assistance extended to Subsidiaries, Associates and Joint Ventures	19642.25	11142.25
c.	Counter Guarantees to Corporates	Nil	Nil
d.	Letters of Credit	Nil	1164.65
e.	Demands against the Company not acknowledged as debts and not provided for in respect of which the Company has filed appeal.		
	- Income Tax and Interest on TDS	3106.83	3106.83
	- Sales Tax / VAT / Entry Tax	1882.88	1882.88
	- Service Tax	243.12	Nil
f.	Claims against the Company not acknowledged as debts	202.42	176.77
g.	Joint and several liabilities in respect of joint venture projects and liquidated damages in respect of delays in completion of projects - Amounts are not ascertainable.		

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

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
a.	For Construction Equipments	10.32	640.71
b.	For Equity investment in BOT Projects	10562.00	6436.00
c.	For Immovable properties	3.71	94.50

35. MANAGERIAL REMUNERATION

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
a.	Salaries, allowances and perquisites	285.00	300.00
b.	Sitting Fees	5.00	7.70
c.	Contribution to Provident Fund by employer	16.43	18.00
	Total	306.43	325.70

36. EXPENDITURE / REMITTANCE AND ADVANCES RECEIVED IN FOREIGN CURRENCY

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
I	Expenditure / Remittance		
a.	On account of Travel (including boarding & lodging Expenses)	0.47	3.67
b.	On account of Capital Goods & Spares	1,234.52	163.80
c.	On account of Advance / Loan	1.77	12.31
d.	On account of Term Loan re-payment (including interest and other charges)	131.31	165.95
II	Income / Advances Received	Nil	Nil

37. REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDEND

The company has not remitted any amount in foreign currencies on account of dividends during the year and has remitted dividend to the non resident shareholders in Indian currency during the year ended March 31, 2013 and the details of the same as given below:

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
a.	Number of non-resident shareholders	118	108
b.	Number of equity shares held by them	57782	56072
c.	i) Amount of dividend paid (Amount in Rupees)	57,782	1,12,144
	ii) Year to which dividend relates	2011-12	2010-11

38. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD – 7 (REVISED) "Construction Contracts"

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
a.	Contract Revenue recognized as revenue during the year	67980.43	74074.31
b.	Contract costs incurred and recognized Profits, less losses	67980.43	74074.31
c.	Advances received net of recoveries from Progressive bills	14585.36	7721.62
d.	Retention Deposits	4941.17	3954.15
e.	Gross amount due from customers	8415.80	4451.34
f.	Gross amount due to customers	101.57	4332.66

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

Sl. No.	Particulars	₹ in lakhs			
		Balance as on		Maximum outstanding	
		31-03-2013	31-03-2012	2012-13	2011-12
A.	Subsidiaries				
	KNR Agrotech & Beverages Pvt Ltd.,	332.21	159.43	332.21	159.43
	KNRCL - FZE	48.62	48.62	48.62	48.62
	KNR Infrastructure Projects Pvt. Ltd.,	275.98	267.63	275.98	2876.63
	KNR Energy Ltd.,	200.81	45.36	200.81	45.36
	KNRC Holding and Investment Pvt Ltd.,	216.98	5.43	216.98	5.43
	KNR Muzaffarpur Holdings Pvt. Ltd.,	0.27	Nil	0.27	Nil
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	2.26	0.21	2.46	0.21
	KNR Walayar Tollways Pvt. Ltd.,	3232.89	Nil	3232.89	Nil
B.	Associates				
	Patel -KNR Infrastructure Ltd.,	-0.81	-0.81	Nil	1060.40
	Patel-KNR Heavy Infrastructure Ltd.,	5125.80	6182.83	6204.64	6571.47
C.	Loans and Advances where there is no repayment schedule				
	KNR Agrotech Beverage Pvt. Ltd.,	332.21	159.43	332.21	159.43
	KNRCL - FZE	48.62	48.62	48.62	48.62
	KNR Infrastructure Projects Pvt. Ltd.,	275.98	267.63	275.98	2876.63
	KNR Energy Ltd.,	200.81	45.36	200.81	45.36
	KNR Holding and Investment Pvt Ltd.,	216.98	5.43	216.98	5.43
	KNR Muzaffarpur Holdings Pvt. Ltd.,	0.27	Nil	0.27	Nil
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	2.26	0.21	2.46	0.21
	KNR Walayar Tollways Pvt. Ltd.,	3232.89	Nil	3232.89	Nil
	Patel -KNR Infrastructure Ltd.,	-0.81	-0.81	Nil	1060.40
	Patel-KNR Heavy Infrastructure Ltd.,	5125.80	6182.83	6204.64	6571.4

Sl. No.	Particulars	₹ in lakhs			
		Balance as on		Maximum outstanding	
		31-03-2013	31-03-2012	2012-13	2011-12
D.	Loans where no interest is charged or interest is below that specified in sec. 372A of Companies Act, 1956				
	KNR Agrotech Beverage Pvt Ltd., *	332.21	159.43	332.21	159.43
	KNRCL – FZE*	48.62	48.62	48.62	48.62
	KNR Infrastructure Projects Pvt. Ltd., *	275.98	267.63	275.98	2876.63
	KNR Energy Ltd.,*	200.81	45.36	200.81	45.36
	KNR Holding and Investment Pvt Ltd.,*	216.98	5.43	216.98	5.43
	KNR Muzaffarpur Holdings Pvt. Ltd., *	0.27		0.27	
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,**	2.26	0.21	2.46	0.21
	KNR Walayar Tollways Pvt. Ltd.,**	3232.89		3232.89	
	Patel –KNR Infrastructures Ltd., **	-0.81	-0.81	Nil	1060.40
	Patel-KNR Heavy Infrastructures Ltd.,**	5125.80	6182.83	6204.64	6571.47
E.	Loans to firms / Companies in which directors are interested	Nil	Nil	Nil	Nil

* These un-secured loans are given to wholly owned subsidiary companies and are interest free except in the case of M/s. KNR Infrastructure Projects Pvt. Ltd in the F.Y 2011-12.

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

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

41. Segmental Reporting

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

42. In the case of Patel-KNR-JV, the share of loss for the quarter ended 30th June, 2012 was accounted for an amount of Rs 87.53 lakhs based on the un-audited financial statements furnished by the said J.V. However, the share of profit/ loss for the remaining period of the financial year is not accounted as the said JV has not furnished audited/un-audited financial statements for the year ended 31-03-2013. The impact of this on the share of profit/ (loss) of the Company cannot be quantified in the absence of full particulars in this regard.

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 there in are as follows:

(₹ in Lakhs)

Name of the company	Per-centage of Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
Patel-KNR-JV*	50%	-	-	-	-	-	-
KNR-Patel-JV**	51%	439.04	439.04	Nil	Nil	Nil	9.71
NCC-KNR-JV **	Project wise	602.63	602.63	Nil	Nil	36.01	26.30
KNR-SLEC-JV**	60%	154.70	154.70	Nil	Nil	73.61	67.94
KNR-BPL-JV	49%	249.41	249.41	142.04	Nil	2572.06	2572.06
KNR-GVR-JV**	51%	598.14	598.14	Nil	Nil	5336.92	5175.03
KNR-JKM-KAMAL-JV	50%	2672.69	2672.69	Nil	Nil	7578.52	7381.01
KNR-JKM-JV	51%	1860.28	1860.28	Nil	Nil	517.88	502.65
KNR-SLMI-JV	60%	2689.78	2689.78	Nil	Nil	828.73	828.73

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

** 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
A)	Direct Subsidiaries	E)	Key Management Personnel
	KNR Agrotech & Beverages Pvt Ltd.,		Sri K. Narasimha Reddy , M.D
	KNR Constructions LLC, Oman		Sri K. Jalandhar Reddy, E.D
	KNR – FZE, Dubai		Sri J.V. Panindra Reddy, E.D
	KNR Infrastructure Projects Pvt Ltd.,		Sri M. Rajesh Reddy, E.D
	KNR Energy Ltd.,		Sri M. V.Venaka Rao, C.S
	KNRC Holding and Investment Pvt. Ltd.,		Sri G. Sravana Kumar, G.M
	KNR Walayar Tollways Pvt. Ltd.,		
	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,*		
B)	Subsidiaries of KNRC Holdings and Investment Pvt. Ltd.,		
	KNR Muzaffarpur Holdings Pvt. Ltd.,		
	Mesmeric Software Solutions Pvt. Ltd.,		
	Nag Talent Ventures & Infotech Pvt. Ltd.,		
	Roche Polymers and Additives Pvt. Ltd.,		
	Gradient Estates Pvt. Ltd.,		
	Gradient Realty Ventures Pvt. Ltd.,		
	Asara Construction & Projects Pvt. Ltd.,		
C)	Joint Ventures	F)	Relatives of Key Management Personnel
	KNR – Patel JV		NIL
	Patel – KNR JV		
	NCC-KNR JV		

Sl.No	Particulars	Sl.No	Particulars
		G)	Enterprises owned or significantly influenced by key management personnel or their relatives
	KNR – SLEC JV		Yuvashakthi Enterprises (Firm)
	KNR-BPL JV		Vishnu Publicity Solutions Pvt. Ltd.,
	KNR-GVR JV		Trapezoid Software Solutions Pvt. Ltd.,
	KNR-JKM-KAMALA JV		Mincom Enterprises Pvt Ltd.,
	KNR-JKM JV		RR Movie Makers (Firm)
	KNR-SLMI JV		RR Distributors (Firm)
			Siriadhvaitha Agrotech Pvt. Ltd.,
D)	Associates		
	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.

B. Related party transactions during the year ended 31st March 2013 are as follows:

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

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
1	Net Investments / (-Returns)	45.90	-	-876.77	-	-
		(7.00)	(-)	(-1496.00)	(-)	(-)
2	Un-secured advance / e loan given / (re-paid) – Rupee	3783.34	-1078.83	-	-	-
		(340.01)	(600.47)	(-)	(-)	(-)
3	Un-secured advance / loan given – Foreign currency	3.19	-	-	-	-
		(5.14)	(-)	(-)	(-)	(-)
4	Un-secured loan received - Rupee	-	-	-	204.02	-
		(-)	(-)	(-)	(265.31)	(-)
5	Un-secured loan received at (Dubai branch, KNRC – FZE, KNR Constructions -LLC) – Foreign currency	-	-	-	-	-
		(-)	(-)	(-)	(0.33)	(-)
6	Un-secured loan re-paid	-	-	-	202.43	-
		(-)	(-)	(-)	(265.31)	(-)

7	Fixed Assets purchased from Patel-KNR-JV	-	-	-	-	-
		(-)	(-)	(1308.89)	(-)	(-)
8	Net Share of Profit	-	-	198.60	-	-
		(-)	(-)	(93.25)	(-)	(-)
9	Sub-Contract Jobs given	-	-	37.30	-	-
		(-)	(-)	(-)	(-)	(-)
10	Sub-Contract / (EPC) / Maintenance Jobs received	-	887.51	1299.25	-	-
		(-)	(1112.47)	(93.880)	(-)	(-)
11	Remuneration paid (including other benefits and contribution to Provident Fund)	-	-	-	328.29	-
		(-)	(-)	(-)	(346.27)	(-)
12	Land Lease and Office Rent Paid	-	-	-	43.31	-
		(-)	(-)	(-)	(24.86)	(-)
13	Rent Received	-	-	-	-	-
		(-)	(-)	(-)	(0.30)	(-)
14	Interest Paid	-	-	-	4.46	-
		(-)	(-)	(-)	(-)	(-)
15	Interest Received	-	-	-	-	-
		(67.13)	(-)	(-)	(-)	(-)
16	BG Commission received	-	-	20.89	-	-
		(-)	(-)	(25.08)	(-)	(-)
17	Professional Charges received from Patel-KNR_JV by Directors	-	-	-	22.37	-
		(-)	(-)	(-)	(103.38)	(-)
18	Purchase of Equity shares in KNR Infra Projects Pvt Ltd., consideration amount paid	-	-	-	-	-
			(-)	(-)	(1.00)	(-)
19	Corporate Guarantee Given	6000.00	13142.25	500.00	-	-
		(-)	(10642.25)	(500.00)	(-)	(-)
20	Bank Guarantee Given	3410.00	-	2740.40	-	-
		(-)	(200.00)	(2264.81)	(-)	(-)
21	Debit balances outstanding – as on 31st March, 2013	-	62.01	2858.29	-	-
		(-)	(16.91)	(2869.25)	(10.00)	(10.00)
22	Credit balances outstanding as on 31st March, 2013 –	-	-	4280.77	17.74	-
		(-)	(-)	(883.16)	(-)	(-)

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

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

(₹ in Lakhs)

Name of the Party	Relation-ship	Opening Balance as on 01-04-2012	Loan received During the year	Net interest (after deducting TDS)	Loan re-paid during the year	Outstanding as on 31-03-2013
K. Narasimha Reddy	M.D	Nil	200.00	4.02	202.43	1.59
K. Narasimha Reddy -at Dubai Branch	M.D	2.64	0.17*	Nil	Nil	2.81

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

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

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

For and on behalf of the Board

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

Sd/-
K.Narasimha Reddy
Managing Director

Sd/-
K. Jalandhar Reddy
Executive Director

Place : Hyderabad
Date : 30-05-2013

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

Sd/-
M.V.Venkata Rao
Company Secretary

Consolidated Financial Statements

INDEPENDENT

AUDITOR'S REPORT

The Board of Directors of
KNR CONSTRUCTIONS LIMITED

We have audited the accompanying consolidated financial statements of KNR Constructions Limited ('the Company') and its Subsidiaries, Joint Ventures and Associates (collectively referred to as 'the Group'), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

We did not audit the financial statements of certain subsidiaries, jointly controlled entities and associates, whose financial statements reflect Group's share of total assets of Rs. 17585.06 lakhs as at March 31, 2013, Group's share of total revenue of Rs. 7474.46 lakhs, and Group's share of profit/(loss) of Rs. (49.16) lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these Subsidiaries, Joint Ventures, Associates is based solely on the report of other auditors except in case of those concerns referred to in note no: 38 forming part of the accounts.

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

In the case of Patel KNR JV, the financial statements for the current financial year are not available for consolidation. As a result, the consolidated financial statements did not incorporate the financial information of the said JV. As such, the impact of JV's financial statements on the consolidated financial statements of the company cannot be ascertained and reported.

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

OPINION

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

- a. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the consolidated Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

for SUKUMAR BABU & CO.,
Chartered Accountants
Firm Regn. No: 0041885

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

Place: Hyderabad
Date: 30-05-2013

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2013

(₹ in Lakhs)

PARTICULARS	NOTE No.	As At 31-03-13	As At 31-03-12
I EQUITY AND LIABILITIES			
1) SHAREHOLDERS' FUNDS			
a) Share Capital	3	2,812.35	2,812.35
b) Reserves and Surplus	4	43,557.08	38,966.38
2) SHARE APPLICATION MONEY PENDING ALLOTMENT		-	-
3) MINORITY INTEREST		5,340.09	108.94
4) NON - CURRENT LIABILITIES			
a) Long-Term Borrowings	5	8,040.61	641.96
b) Deferred Tax Liabilities (Net)	6	-	79.90
c) Other Long Term Liabilities	7	13,109.62	8,279.81
d) Long-Term Provisions	8	109.04	107.68
5) CURRENT LIABILITIES			
a) Short-Term Borrowings	9	6,356.39	4,650.49
b) Trade Payables	10	11,299.24	10,815.62
c) Other Current Liabilities	11	10,831.07	10,014.25
d) Short-Term Provisions	12	11,220.86	10,311.76
TOTAL		112,676.35	86,789.14
II ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets	13		
i) Tangible Assets		29,608.42	32,121.24
ii) Intangible Assets		5.40	8.31
iii) Capital Work-In-Progress		486.08	117.68
iv) Intangible Assets Under Development		10,492.23	-
b) Non-Current Investments	14	3,070.33	3,298.70
c) Deferred Tax Assets (Net)	6	360.51	-
d) Long-Term Loans and Advance	15	7,059.38	2,742.15
e) Other Non-Current Assets	16	6,359.23	5,154.96
2) GOODWILL		-	-
3) CURRENT ASSETS			
a) Current Investments	17	1,818.53	-
a) Inventories	18	4,727.09	6,431.70
b) Trade Receivables	19	11,593.72	8,832.69
c) Cash and Bank Balances	20	2,337.35	1,160.76
d) Short-Term Loans and Advances	21	25,247.47	20,672.56
e) Other Current Assets	22	9,510.61	6,248.39
TOTAL		112,676.35	86,789.14
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 and on behalf of the Board

For Sukumar Babu & Co.,

Chartered Accountants
(Firm Regn. No. 0041885)

Sd/-

C.Sukumar Babu

Partner

Membership No: 024293

Sd/-

K.Narasimha Reddy

Managing Director

Sd/-

K. Jalandhar Reddy

Executive Director

Sd/-

C.Sravana Kumar

General Manager (F&A)

Sd/-

M.V.Venkata Rao

Company Secretary

Place : Hyderabad

Date : 30-05-2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

PARTICULARS	NOTE No.	For The Year Ended 31-03-13	For The Year Ended 31-03-12
I Gross Revenue from Operations	23	76,497.03	89,223.14
II Other income	24	1,847.29	1,110.52
III Total Revenue (I + II)		78,344.32	90,333.66
IV Expenses:			
Cost of materials consumed	25	20,299.55	32,045.61
Other Construction Expenses	26	39,597.63	40,153.93
Changes in Inventories of Finished Goods, Stock-in-Process	27	203.63	(1,530.26)
Employee benefits expense	28	2,956.53	3,017.77
Finance costs	29	1,207.56	1,181.38
Depreciation and amortization expense	30	5,595.87	5,560.28
Other expenses	31	1,775.39	2,306.05
Total expenses		71,636.16	82,734.76
V Profit before exceptional and extraordinary items and tax (III - IV)		6,708.16	7,598.90
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		6,708.16	7,598.90
VIII Extraordinary Items		-	-
IX Profit before tax (VII- VIII)		6,708.16	7,598.90
X Tax expense:	32		
1) Current tax		2,005.88	2,884.63
2) Deferred tax		(432.63)	(200.98)
XI Profit for the year (before adjustment for Minority Interest)		5,134.91	4,915.25
Add / (Less) Share of profit / (loss) from Associates		(228.14)	(418.95)
Add / (Less) Prior year share of profit from Associates		-	184.29
Add: Share of Loss transferred to Minority Interest		-	0.02
Profit for the year (after adjustment for Minority Interest)		4,906.77	4,680.61
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)		4,906.77	4,680.61
XVI Earnings per equity share: (In Rs.)	33		
1) Basic		17.45	16.64
2) Diluted		17.45	16.64
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)

For and on behalf of the Board

Sd/-

C.Sukumar Babu

Partner

Membership No: 024293

Place : Hyderabad

Date : 30-05-2013

Sd/-

K.Narasimha Reddy

Managing Director

Sd/-

G.Sravana Kumar

General Manager (F&A)

K. Jalandhar Reddy

Executive Director

Sd/-

M.V.Venkata Rao

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lakhs)

PARTICULARS	For The Year Ended 31-03-13		For The Year Ended 31-03-12	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		6,708.16		7,598.90
<i>Adjustments for</i>				
Depreciation & Amortization Expenses	5,595.87		5,560.28	
Provision for Gratuity	1.87		(4.49)	
Loss on sale of assets and Discarded	1.72		-	
Profit on sale of Assets	(22.04)		(209.72)	
Interest and Financial Charges	1,206.66		1,381.33	
Interest Received	(37.43)	6,746.65	(249.55)	6,477.85
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		13,454.81		14,076.75
(Increase)/Decrease in Trade and Other Receivables	(14,247.34)		5,474.37	
(Increase)/Decrease in Inventories	1,704.61		(1,841.57)	
"Increase/(Decrease) in Trade Payables and Other Liabilities (excluding Proposed Dividend & Income Tax)"	2,765.12	(9,777.61)	(5,213.23)	(1,580.43)
CASH GENERATED / (USED) FROM OPERATIONS		3,677.20		12,496.32
Minority Interest and Share of profit from associates		(228.14)		(234.64)
Taxes paid		(3,120.07)		(3,380.92)
NET CASH USED IN OPERATING ACTIVITIES - (A)		328.99		8,880.76
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets and other Capital Expenditure	(14,900.27)		(7,247.59)	
Bank Balances not considered as cash and cash equivalents	85.48		2,972.13	
Proceeds from sale of Fixed Assets	1,089.29		1,582.30	
Investments in Joint Ventures / SPV's / Mutual Funds	(1,590.16)		234.66	
"Foreign Exchange Translation Adjustme (arising on translation of Foreign branch transactions)"	12.96		19.31	
Minority Interest	5,231.15		7.09	
Interest Received	91.00		228.91	
TDS on Interest Received	(22.54)		(20.18)	
NET CASH FLOW / (USED IN) INVESTING ACTIVITIES - (B)		(10,003.09)		(2,223.37)
C) CASH FLOW FROM FINANCING ACTIVITIES				
Long Term Funds Borrowed / (Repaid)	8,923.27		(325.99)	
Mobilization and Machinery advances received from customers	3,469.32		(4,731.57)	
Interest paid	(1,129.57)		(1,387.83)	
Dividend and Dividend Tax paid	(326.85)		(653.72)	
NET CASH FROM / (USED IN) FINANCING ACTIVITIES - (C)		10,936.17		(7,099.11)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS - (A+B+C)		1,262.07		(441.72)
Cash and Cash Equivalents at the beginning of the year		676.93		1,118.65
Cash and Cash Equivalents at the end of the year (Refer Note 20)		1,939.00		676.93

(₹ in Lakhs)

PARTICULARS	For The Year Ended 31-03-13	For The Year Ended 31-03-12
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Notes:

- Cash and Cash equivalents includes:

Cash in Hand	254.76	261.34
Bank Balance -Current Account	1,684.24	415.59

The above current account balances includes Rs. 2.66 lakhs (P.Y 2.13 lakhs) in Unclaimed Dividend Account and Rs.0.09 lakhs (P.Y 0.09 lakhs) in IPO refund account.
- The Cash flow statement is prepared in accordance with the Indirect Method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.
- Previous year's figures have been regrouped, wherever necessary.
- Figures in brackets represent cash outflows.

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

For and on behalf of the Board

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

Sd/-
K.Narasimha Reddy
Managing Director

Sd/-
K. Jalandhar Reddy
Executive Director

Place : Hyderabad
Date : 30-05-2013

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

Sd/-
M.V.Venkata Rao
Company Secretary

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

1 CORPORATE INFORMATION:

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

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of Accounting and preparation of financial statements

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

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and un-realised profits or losses on intra-group transactions as per Accounting Standard 21 – "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006.
- b) Interest in jointly controlled entities has been consolidated by using the 'proportionate consolidation' method as per Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures' notified by the Companies (Accounting Standard) Rules, 2006.
- c) In case of associates where the Company directly or indirectly through its subsidiaries holds more than 20% of equity, investments in associates are accounted for under the equity method as per Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006.
- d) The financial statements of the subsidiaries, jointly controlled entities and the associates used in consolidation are drawn up to the same reporting date as that of the Company, i.e. March 31, 2013 except the foreign subsidiary KNR Constructions LLC in which case the reporting period is from 1-1-12 to 31-12-12.
- e) The excess of cost to the Company of its investment in the subsidiaries and the jointly controlled entities over the Company's share of equity is recognized in the financial statements as Goodwill and tested for impairment annually.
- f) The excess of the Company's share of equity of the subsidiaries and jointly controlled entities on the acquisition date over its cost of investment is treated as Capital Reserve.
- g) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the company.
- h) Minority Interest in the net assets of consolidated subsidiaries consists of
 - i) The amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
 - ii) The minorities' share of movements in the equity since the date the parent- subsidiary relationship came into existence.
- i) Minority interest in the net profit for the year in the case of subsidiaries whose accounts are consolidated is identified and adjusted against the profit after tax of the group.
- j) Intra-group balances and intra-group transactions and the resulting unrealized profits have been eliminated.

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

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

2.3 Basis of Accounting and preparation of financial statements

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

2.4 Use of Estimates :

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

2.5 Fixed Assets and Depreciation:

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

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

2.6 Borrowing Costs:

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

2.7 Investments:

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

2.8 Inventories:

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

2.9 Employee Benefits :

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

- i) Gratuity
The provision for gratuity is made based on valuation by the independent actuaries . The company has taken Group Gratuity Policy of L.I.C. of India and premium paid is recognized as expenses when it is incurred. Actuarial gains and losses in respect of gratuity are charged to Statement of Profit and Loss.
- ii) Provident Fund
Contributions to Provident Fund (a defined contribution plan) are made to Regional Provident Fund Commissioner and are charged to revenue
- iii) Other Benefits
Leave Encashment, Service Compensation, Bonus, and medical re-imbursement are accounted on cash basis.

2.10 Preliminary/Issue Expenses

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

2.11 Revenue Recognition :

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

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

2.12 Joint Venture Projects

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

2.13 Foreign exchange translation and foreign currency transactions

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

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

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

2.14 Leases

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

2.15 Preparatory Work Expenses

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

2.16 Taxes

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

2.17 Impairment of Assets

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

2.18 Earnings per Share

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

2.19 Provisions, Contingent Liabilities and Contingent Assets

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

2.20 Cash flow Statement

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH , 2013

3. Share Capital

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
EQUITY SHARE CAPITAL		
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 (Out of the above 13,499,260 Equity Shares of Rs. 10/- each were allotted in the F.Y 2005-06 as fully paid up Bonus Shares in the ratio of 2:1 by Capitalising Rs. 1349.93 lakhs from General Reserve)	2,812.35	2,812.35
Total	2,812.35	2,812.35

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

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

3.3 The Board of Directors, in their meeting on 30-05-2013 declared dividend of Rs. 1/- per equity share. The total dividend appropriation for the year ended March 31 , 2013 amounted to Rs. 329.03 Lakhs including corporate dividend tax of Rs.47.79 Lakhs.

3.4 The details of shareholder holding more than 5% shares as at March 31, 2013 and March 31, 2012 is set out below:

Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% held	No. of Shares	% held
Kamidi Narasimha Reddy	9,526,495	33.87	9,526,495	33.87
Kamidi Jalandhar Reddy	4,998,087	17.77	4,998,087	17.77
Kamidi Yashoda	2,096,209	7.45	2,025,489	7.20
Jetti Venkata Panindra Reddy	1,832,115	6.51	1,902,835	6.77
Merreddy Rajesh Reddy	1,832,115	6.51	1,832,115	6.51
Patel Engineering Ltd	1,942,574	6.91	1,942,574	6.91
HDFC Trustee Company Ltd	2,258,492	8.03	1,495,160	5.32

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount in Lakhs	No. of Shares	Amount in Lakhs
Number of Equity Shares at the beginning	28,123,460	2,812.35	28,123,460	2,812.35
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Brought Back	-	-	-	-
Number of Equity Shares at the end of the year	28,123,460	2,812.35	28,123,460	2,812.35

4 RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
SECURITIES PREMIUM RESERVE		
Opening Balance	12,599.31	12,599.31
Add : Additions in current year	-	-
Less: Written Back in current year	-	-
Closing Balance	12,599.31	12,599.31
GENERAL RESERVE		
Opening Balance	2,567.00	2,435.00
Add : Transferred from Surplus	130.00	132.00
Less: Written Back in current year	-	-
Closing Balance	2,697.00	2,567.00
FOREIGN CURRENCY TRANSLATION RESERVE		
Opening Balance	11.66	(7.65)
Add: Additions in current year	12.96	19.31
Less: Written Back in current year	-	-
Closing Balance	24.62	11.66
SURPLUS		
Opening balance	23,788.41	19,566.65
Add: Profit/(Loss) for the current year	4,906.77	4,680.61
Amount available for appropriation	28,695.18	24,247.26
Less: Appropriations		
Proposed Dividend	281.23	281.23
Dividend Tax	47.80	45.62
Transferred to General Reserve	130.00	132.00
Closing Balance	28,236.15	23,788.41
Total	43,557.08	38,966.38

5 LONG- TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
SECURED LOANS		
Term Loan		
From Banks		
Ruppee Loans	7,775.29	31.46
Car Finance Loan	-	24.84
From Others		
Ruppee Loans	85.55	277.00
Car Finance Loan	-	3.38
Sub- total	7,860.84	336.68
UN SECURED LOANS		
Loans & Advances from Related Parties	179.77	305.28
From Director		
Sub- total	179.77	305.28
Total	8,040.61	641.96

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

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

6 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Deferred Tax Liabilities	(360.51)	79.90
Total	(360.51)	79.90

7 OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Others		
Retention Deposits and Withheld Amount Payable	3,271.99	2,257.38
Security Deposits Payable	641.52	295.64
Trade Advances received from Clients against BG's		
Mobilization Advance	6,416.02	4,745.76
Machinery Advance	2,780.09	981.03
Total	13,109.62	8,279.81

8 LONG TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Provision for employee benefits		
Gratuity	109.04	107.68
Total	109.04	107.68

9 SHORT TERM BORROWINGS

Particulars	As at	
	March 31, 2013	March 31, 2012
LOANS REPAYABLE ON DEMAND		
SECURED LOANS		
From Banks		
Cash Credit (Refer Note 9.1)	6,354.80	4,647.85
Sub- total	6,354.80	4,647.85
UN-SECURED LOANS		
Loans and advances from related parties (Refer Note 39)		
From Directors	1.59	2.64
(There is no specific agreement with the above parties)		
Sub- total	1.59	2.64
Total	6,356.39	4,650.49

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

- 1 Hypothecation of entire current assets on pari passu basis with other participating banks,
- 2 First pari passu charge on equitable mortgage of land & buildings, the market value of which is Rs 12.87 crores as on 20-03-2012
- 3 First pari passu charge on equitable mortgage of 5 acres of agricultural land of approximate value of Rs 2.76 Crores
- 4 First pari passu charge on equitable mortgage of industrial factory buildings without machinery, the market value of which is Rs. 23.28 crores
- 5 Hypothecation of certain equipment's of written down value as on 31.03.2012 is Rs 38.77 Crores
- 6 Personal guarantee of Directors.
- 7 First pari passu charge on equitable mortgage of property in the name of Company and Director of approximate value of Rs 25.40 Crores

9.2 Short term loans from Banks:

The company availed short term loans from bank during the year having a maturity of less than one year which carry interest rate ranging between 10% to 11% per annum.

10 TRADE PAYABLES

Particulars	As at	
	March 31, 2013	March 31, 2012
Sundry Creditors (Suppliers/Service/)	3,279.94	2,717.11
Bills Payable (Sub-contractors/Labour)	8,019.30	8,098.51
Total	11,299.24	10,815.62

11 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Current maturities of long-term borrowings (Refer Note 5)		
Term Loan		
From Banks		
Rupee Loans	178.28	211.13
Foreign Currency Loans	-	127.18
Car Finance Loan	13.61	44.26
From Others		
Rupee Loans	190.61	171.64
Car Finance Loan	-	9.57
	382.50	563.78
Interest accrued but not due on borrowings;	80.55	3.46
Other payables	2,838.96	-
Due to Customers	101.57	4,332.66
Unclaimed dividends and IPO Refund	3.10	2.79
Outstanding Expenses	768.66	1,043.26
Security Deposits	30.19	0.10
Material Advance received from clients	5,035.80	2,419.72
Other Payables		
Income Tax	30.04	27.11
Provident Fund	13.76	14.69
Employee State Insurance	0.14	0.16
TDS/TCS	363.43	172.76
Entry Tax	30.66	6.67
Service Tax	13.20	10.29
VAT	642.60	540.04
Royalty	273.59	-
Professional Tax	1.12	1.08
Labour Welfare Cess	221.20	875.68
Total	10,831.07	10,014.25

12 SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
PROVISION FOR EMPLOYEE BENEFITS		
Gratuity (Funded)	8.28	7.77
Sub- total	8.28	7.77
OTHERS		
Provision for Income Tax	10,879.03	9,973.38
Provision for Wealth Tax	4.52	3.76
Provision for Proposed Dividend	281.23	281.23
Provision for Dividend Tax	47.80	45.62
Sub- total	11,212.58	10,303.99
Total	11,220.86	10,311.76

13 FIXED ASSETS

(₹ in Lakhs)

Sl No	PARTICULARS	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK		
		As at April 1, 2012	Additions	Deductions/ Adjustments**	As at March 31, 2013	As at April 1, 2012	For the period	Deductions/ Adjustments**	As at March 31, 2013	As at March 31, 2012
I	Tangible Assets									
	"Land - Free Hold (Including Lease Hold)"									
	Buildings	5,282.43	1,324.81	125.14	6,482.10	880	-	2.22	6,475.52	5,273.63
		1,688.14	137.56	-	1,825.70	101.16	82.66	-	1,641.88	1,586.98
	Plant and Equipment	42,167.45	2,340.46	2,894.28	41,613.63	17,672.22	5,202.11	1,992.69	20,731.99	24,495.23
	Furniture and Fixtures	247.00	11.53	8.11	250.42	83.33	31.01	7.66	143.74	163.67
	Vehicles	969.72	193.20	107.10	1,055.82	466.81	142.96	67.16	513.21	502.91
	Office equipment	116.96	18.88	15.92	119.92	48.38	11.38	13.82	73.98	68.58
	Computers & Accessories	101.25	12.48	20.61	93.12	73.01	13.77	20.05	26.39	28.24
	Ships	2.43	-	-	2.43	0.43	0.29	-	1.71	2.00
	Sub-total	50,575.38	4,038.92	3,171.16	51,443.14	18,454.14	5,484.18	2,103.60	29,608.42	32,121.24
II	Intangible Assets									
	Computer software	11.17	0.72	-	11.89	6.10	2.22	-	3.57	5.07
	Goodwill	3.24	-	1.41	1.83	-	-	-	1.83	3.24
	Sub-total	14.41	0.72	1.41	13.72	6.10	2.22	-	5.40	8.31
III	Capital Work In Progress									
									486.08	117.68
	Sub-total	-	-	-	-	-	-	-	486.08	117.68
IV	Intangible Assets Under Development									
									10,492.23	
		-	-	-	-	-	-	-	10,492.23	
	TOTAL	50,589.79	4,039.64	3,172.57	51,456.86	18,460.24	5,486.40	2,103.60	40,592.13	32,247.23
As at 31st March, 2012		45,260.61	8,247.57	2,918.39	50,589.79	14,527.76	5,478.29	1,545.81	18,460.24	32,247.23

* Land includes Rs. 1615.12 lakhs (P.Y Rs. 1057.93) held in the name of Directors, relatives of Directors for and on behalf of the Company.

** Opening balances of M/s. Patel-KNR-JV are adjusted from the gross block & Accumulated depreciation, as no financial information about the JV is available with the company for consolidating the same.

14 NON-CURRENT INVESTMENTS

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	Nature of the Share	Face value of the share	No. of Shares/ Units		Quoted / Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Amount in Lakhs		Whether stated at Cost	"If Answer to Column (14) is 'No' - Basis of Valuation"
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
I TRADE INVESTMENTS														
A Investment in Equity Instruments														
	Patel-KNP Infrastructures Ltd.	Associate	Equity	10	14800000	14800000	Unquoted	Fully Paid	40%	40%	1,480.00	1,480.00	Yes	
	Add. Share of profit from reserves										(12.53)	73.50		
											1,467.47	1,553.50		
	Patel-KNP Heavy Infrastructure Ltd	Associate	Equity	10	9529500	9529500	Unquoted	Fully Paid	40%	40%	952.95	952.95	Yes	
	Add. Share of profit from reserves										633.87	775.98		
											1,586.82	1,728.93		
II OTHER INVESTMENTS														
A Investments in Government or Trust securities														
	National Savings Certificates	Others									1.04	1.12	Yes	
	Kisan Vikas Patra	Others									-	0.15	Yes	
B Investments in Mutual Funds														
	SBI Infrastructure Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes	
	SBI Magnum Comma Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes	
	SBI PSU Fund	Others		10	50,000	50,000	Quoted	Fully Paid			5.00	5.00	Yes	
	Total										3,070.33	3,298.70		

Aggregate amount of investments		Amount in Lakhs	
		31-03-13	31-03-2012
a)	Aggregate Value of Quoted Investment		
	- Cost	15.00	15.00
	- Market Value	16.64	21.67
b)	Aggregate Value of Unquoted Investment	3,055.33	3,283.70

15 LONG TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
UNSECURED, CONSIDERED GOOD;		
Mobilization Advances paid to Sub-contractors	5,712.04	652.46
Capital Advance		
Advances paid for properties	264.17	185.86
Loan and advances to related parties (refer note no 35)		
Associate Companies	824.99	1,903.83
Joint Ventures	127.21	-
Other Loans and Advances		
Others	130.97	-
Total	7,059.38	2,742.15

16 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Retention Money and Withheld Amount Receivable	5,551.30	4,648.75
Others		
Deposits	445.52	60.74
IPO Expenses (Unamortized) - Miscellaneous Asset	362.41	445.47
Total	6,359.23	5,154.96

17. CURRENT INVESTMENTS

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/Controlled Entity / Others	Nature of the Share	Face value of the share	No. of Shares/ Units		Quoted / Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Amount in Lakhs		"Whether stated at Cost Yes / No"	"If Answer to Column (14) is 'No' - Basis of Valuation"
1	2	3	4	5	31-03-13	31-03-12	8	9	31-03-13	31-03-12	31-03-13	31-03-12	14	15
I	TRADE INVESTMENTS													
	PATEL - KNR - JV	Joint Ventures							50%	50%	1818.53	-		
	Total										1,818.53	-		

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

NAME OF THE FIRM	NAMES OF THE PARTNER	Amount in Lakhs	
		31-03-2013	31-03-2012
PATEL- KNR -JV	Patel Engineering Limited	-	-
	KNR Constructions Limited	-	-
	Total Capital	-	-

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

18 INVENTORIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Inventory in Hand		
Raw materials	3,018.10	2,741.17
Stores and spares	21.77	16.68
Work in Progress	1,687.22	3,500.06
Stock In Trade	-	173.79
Total	4,727.09	6,431.70

19 TRADE RECEIVABLE

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
UNSECURED, CONSIDERED GOOD		
Over Six months	3,802.65	2,802.43
Others	7,791.07	6,030.26
Total	11,593.72	8,832.69

20 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Cash and Cash Equivalents		
Balance with Banks		
Current accounts	1,652.11	412.84
Un-claimed Dividend	3.04	2.66
Un-Claimed IPO Refund	-	0.09
In Deposit Accounts with maturity less than 3 months	29.09	-
Cash on hand	254.76	261.34
Sub- total	1,939.00	676.93
Other Bank Balances		
Margin Money deposits (Refer note 20.2)	351.95	287.91
Long Term Deposits more than 12 months maturity	46.40	193.88
Sub- total	398.35	483.83
Total	2,337.35	1,160.76

20.1 Cash on Hand includes Rs. 1.20 lakhs (P.Y Rs. 2.93 lakhs) held in Foreign Currency.

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

21 SHORT TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
UNSECURED, CONSIDERED GOOD		
Others		
Advances to Sub-contractors, Labour	6,503.44	4,032.97
Advances to Associates (SPV)	4,300.00	4,300.00
Advances to Suppliers and others (Other than capital advances)	892.94	809.01
Staff Imprest and Salary Advances	82.51	97.16
Advance Taxes paid (including Wealth Tax)	13,212.87	11,198.72
Prepaid Expenses	236.39	211.32
Advance for Land Lease	19.32	12.18
Sub- total	25,247.47	20,661.36
Capital Advances		
Advances paid for capital assets	-	11.20
Sub- total	-	11.20
Total	25,247.47	20,672.56

22 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
VAT Receivable	218.79	293.54
Interest Receivable / Interest accrued but not received	76.64	53.57
Due from Customers / Unbilled Revenue	8,415.80	4,451.34
Receivables from Others	-	406.87
Interest receivable	-	16.47
Preliminary Expenses not Writtenoff	0.13	5.33
Sub- total	8,711.36	5,227.12
Deposits and Other Receivables	831.25	1,053.27
Less: Provision for Doubtful Deposits	32.00	32.00
Sub- total	799.25	1,021.27
Total	9,510.61	6,248.39

23 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Work Contract Revenue	76,245.05	86,599.78
Sale of Goods (Domestic)	106.02	-
Sale of Goods (Export)	-	2,615.23
	76,351.07	89,215.01
Other Operating Revenues	145.96	8.13
Hire Charges Received	76,497.03	89,223.14
Less: Excise Duty	-	-
TOTAL	76,497.03	89,223.14

24 OTHER INCOME

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Interest Income	331.83	154.97
Other non-operating income		
Profit on Sale of Asset	22.04	209.72
Scrap Sales	0.30	0.03
Rental Income	0.07	0.43
Discount Received from suppliers	8.44	0.71
Liabilities no longer required Written Back	777.32	317.32
Insurance Claim Received	42.15	21.70
Miscellaneous Income	665.14	405.64
TOTAL	1,847.29	1,110.52

25 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Opening Stock *	2,850.48	2,621.62
Add: Net Purchases	20,488.93	32,355.63
	23,339.41	34,977.25
Less: Closing Stock	3,039.86	2,931.64
TOTAL	20,299.55	32,045.61

* There is a difference in opening balance of current year and closing balance of last year amounting to Rs 81.16 lakhs, as the figures of Patel-KNR JV are not consolidated in the absence of information.

26 OTHER CONSTRUCTION EXPENSES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Operating Expenses		
Customs Duty	-	515.91
Port Statutory Charges	-	31.09
Stevedoring Charges	-	71.96
Chemical Analysis Charges	-	5.59
Testing Charges	-	0.19
Ground Preparation Expenses	-	11.90
Sub-Total	-	636.64
Work Contract		
Sub-contract Expenses	26,749.00	17,310.76
Spreading & Assortment Exp.	7,111.76	14,718.96
Power and Fuel	180.03	155.79
Seigniorage charges / Royalty	1,016.41	1,406.75
Transport, Loading & Un Loading Charges	1,099.85	1,384.17
Recoveries by Clients (Including Labour Welfare Cess & Other Tax)	323.18	1,074.14
Sales Tax / VAT	1,842.11	2,192.04
Project Maintenance Expenses	-	109.41
Repairs to Buildings & Others	43.67	49.70
Repairs to Machinery	261.05	107.09
Repairs to Vehicles	149.48	248.81
Miscellaneous expenses	821.09	712.73
Preparatory Expenses Writtenoff	-	46.94
Sub-Total	39,597.63	39,517.29
TOTAL	39,597.63	40,153.93

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

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Opening Balance of WIP *	1,890.85	1,969.80
Less: Closing Balance of WIP	1,687.22	3,500.06
TOTAL	203.63	(1,530.26)

* There is a difference in opening balance of current year and closing balance of last year amounting to Rs 1609.21 lakhs, as the figures of Patel-KNR JV are not consolidated in the absence of information.

28 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Salaries, Wages and Other Benefits	2,541.90	2,565.79
Directors Remuneration	285.00	300.00
Contribution to Provident and Other Funds	86.73	79.39
Staff welfare Expenses	42.90	72.59
TOTAL	2,956.53	3,017.77

29 FINANCE COSTS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Interest Expense on		
Working Capital	525.04	485.26
Term Loans	65.58	57.82
Advance from Directors	4.46	-
Other advances	256.08	184.05
	851.16	727.13
Less: Interest received from Banks & Others	37.43	249.55
	813.73	477.58
Other Borrowing Costs		
Bank Charges	10.54	51.71
Processing Charges	64.94	112.26
BG / LC Charges	280.02	490.23
Net gain/loss on foreign currency transactions and translation	38.33	49.60
TOTAL	1,207.56	1,181.38

30 DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Depreciation	5,479.02	5,471.09
Issue Expense Written off	116.85	89.19
TOTAL	5,595.87	5,560.28

31 OTHER EXPENSES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
Administration And Other Expenses		
Travelling & Conveyance (Including Boarding & Lodging Expenses)	138.23	166.54
Postage & Telegrams and Telephones	49.06	48.82
Business Promotion Expenses	10.10	25.97
Advertisement and publicity	35.22	22.86
Legal & Professional Charges	350.46	282.89
Insurance	310.18	242.17
Rates and taxes excluding taxes of Income	338.04	288.86
Payments to the auditor		
for Audit	4.55	6.66
for taxation matters	1.00	1.00
for other services	2.00	2.00
Prior period items (Net off Expenses / Income)	19.98	21.40
Printing & Stationery	48.88	41.58
Tender Expenses	89.89	47.27
Office Maintenance	47.22	32.54
Rent Expenses	174.10	112.49
Electricity Charges	48.20	105.92
Directors Sitting Fees	5.00	7.70
Loss on sale of Assets / Discarded	1.72	-
Bad Debts / Advances/ Debit Bal. Written Off	16.11	785.66
Donation	1.87	3.73
Miscellaneous Expenses	83.58	59.99
TOTAL	1,775.39	2,306.05

32 TAX EXPENSE

(₹ in Lakhs)

Particulars	As at	
	March 31, 2013	March 31, 2012
A - Current Tax		
Current tax on profits for the year	2,005.88	2,881.53
Adjustments in respect of prior years	-	3.10
Sub-Total	2,005.88	2,884.63
B - Deferred Tax		
Deferred Tax Liability / (Asset) due to timing difference	(432.63)	(200.98)
Sub-Total	(432.63)	(200.98)
TOTAL	1,573.25	2,683.65

33. EARNING PER SHARE

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
a.	Net Profit for the year after tax	4906.77	4680.61
	Nos.	Nos.	
b.	Weighted Average number of equity shares for basic EPS (in lakhs)	281.23	281.23
c.	Face Value per share	10	10
d.	Basic and Diluted EPS	17.45	16.64

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

Particulars	Country of Incorporation	₹ in lakhs	
		March 31, 2013	March 31, 2012
Subsidiaries of the Company			
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	1.39%	100%
KNR Walayar Tollways Pvt. Ltd.,	India	100%	Nil
Subsidiaries of KNRC Holdings and Investment Pvt. Ltd.,			
KNR Muzaffarpur Holdings Pvt Ltd.,	India	100%	100%
Mesmeric Software Solutions Pvt. Ltd.,	India	100%	Nil
Nag Talent Ventures & Infotech Pvt. Ltd.,	India	100%	Nil
Roche Polymers and Additives Pvt. Ltd.,	India	100%	Nil
Gradient Estates Pvt. Ltd.,	India	100%	Nil
Gradient Realty Ventures Pvt. Ltd.,	India	100%	Ni
Asara Construction & Projects Pvt. Ltd.,	India	100%	Nil
Subsidiaries of KNR Muzaffarpur Holdings Pvt. Ltd.,			
KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	49.61%	Nil
Associates of the Company			
Patel KNR Infrastructures Ltd.,	India	40%	40%
Patel KNR Heavy Infrastructures Ltd.,	India	40%	40%
Jointly Controlled Entities of the Company			
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%	Nil

35. CONTINGENT LIABILITIES NOT PROVIDED FOR:

Sl. No.	Particulars	₹ in lakhs	
		March 31, 2013	March 31, 2012
a	Corporate Guarantee	19642.25	11142.25
b	Bank Guarantees	28803.52	44828.26
c	Counter Guarantees	Nil	Nil
d	Claims not acknowledged as debts	202.42	176.77
e	Demands against the Company not acknowledged as debts and not provided for in respect of which the company has filed appeal.		
	- Income Tax and Interest on TDS *	3176.43	3106.83
	- Sales Tax / VAT / Entry Tax	1882.88	1882.88
	- Service Tax	243.12	Nil
f	Letters of Credit	Nil	1164.65
g	Estimated amount of contracts remaining to be executed on capital account	10576.03	7171.21
h	Joint and several liabilities in respect of joint venture projects and liquidated damages in respect of delays in completion of projects - amounts are not ascertainable.		

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

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

37. Segmental Reporting

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

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

The financial statements of the foreign subsidiary, M/s. KNR Constructions LLC are drawn up to 31st December 2012 and are un-audited. The financial statements of M/s KNR-Patel-JV, M/s. NCC-KNR-JV, M/s. KNR-GVR-JV and M/s. KNR-SLEC-JV are also un-audited. There are no significant transactions between the reporting dates of the said subsidiary and the parent company necessitating adjustments to its accounts.

39. Related Party Transactions**A. List of Related Parties and relationships**

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

B. Related party transactions during the year ended 31st March 2013 are as follows:

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

Sl. No	Particulars	Associates	Joint Ventures	Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel or their relatives
1	Un-secured loan given	-647.30	-	-	-
		(360.28)	(-)	(-)	(-)
2	Un-secured loan received - Rupee	-	-	204.02	-
		(-)	(-)	(265.31)	(-)
3	Un-secured loan received – Foreign currency	-	-	-	-
		(-)	(-)	(0.33)	(-)
4	Un-secured loan re-paid - Rupee	-	-	202.43	-
		(-)	(-)	(265.31)	(-)
5	Fixed Assets Purchased from Patel-KNR-JV	-	-	-	-
		(-)	(1308.89)	(-)	(-)
6	Sub-Contract Jobs given	-	18.65	-	-
		(-)	(-)	(-)	(-)
7	Sub-Contract / (EPC) Jobs received	887.51	658.34	-	-
		(1112.47)	(47.88)	(-)	(-)
8	Remuneration paid (including other benefits and contribution to Provident Fund)	-	-	328.29	-
		(-)	(-)	(346.27)	(-)
9	Land Lease and Office Rent Paid	-	-	61.07	-
		(-)	(-)	(24.86)	(-)
10	Rent Received	-	-	-	-
		(-)	(-)	(0.30)	(-)
11	Interest` Paid	-	-	4.46	-
		(-)	(-)	(-)	(-)
12	BG Commission received	-	10.45	-	-
		(-)	(12.54)	(-)	(-)
13	Professional Charges Received from Patel-KNR-JV by Directors	-	-	22.37	-
		(-)	(-)	(103.38)	(-)
14	Debit balances outstanding as on 31st March, 2013 –	62.01	1742.80	-	-
		(16.91)	(1751.64)	(10.00)	(10.00)
15	Credit balances outstanding as on 31st March, 2013 –	-	1222.76	192.84	-
		(-)	(445.89)	(303.43)	(-)

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

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

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

Place : Hyderabad
Date : 30-05-2013

For and on behalf of the Board

Sd/-
K.Narasimha Reddy
Managing Director

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

Sd/-
K. Jalandhar Reddy
Executive Director

Sd/-
M.V.Venkata Rao
Company Secretary



KNR CONSTRUCTIONS LIMITED

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

ATTENDANCE SLIP

Folio No. / Depository A/c No.

No. of Shares Held:

Name and Address of the Shareholder

I hereby record my presence at the 18th ANNUAL GENERAL MEETING of the members of the Registered Office of the Company at Anand Niketan Club, Anand Niketan, New Delhi - 110021 on Saturday the 14th day of September 2013 at 11.30 AM

.....
Name of the Shareholder / Proxy

.....
Signature of Member / Proxy

Note: Members are requested to bring their copies of Annual Report to the meeting



KNR CONSTRUCTIONS LIMITED

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

PROXY FORM

Folio No. / Depository A/c No.

No. of Shares Held:

I/We being a member / members of KNR Constructions Limited, hereby appoint in the District of as my/our Proxy to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Registered Office of the Company at Anand Niketan Club, Anand Niketan, New Delhi - 110021 Saturday the 14th day of September 2013 at 11.30 AM and at any adjournment (s) thereof.

Signed this Day of 2013

Signature
(Proxy)

Please Affix
Re. 1
Revenue
Stamp

Note: The Proxy Form duly completed should be deposited at the Registered Office of the Company not less the 48 hours before the time fixed for holding the meeting.

BOOK POST

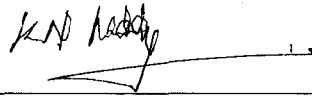
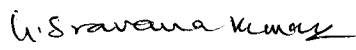
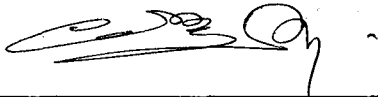


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www.knrcl.com



FORM B
Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	KNR Constructions Limited
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit qualification	Subject to non accounting of share of profit / (loss) from Patel KNR JV
4.	Frequency of qualification	Whether appeared first time - Yes
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Auditors Qualification as Opinion in page 44 and refer to note no. 42 in page no. 75</p> <p>Management Response to the same in page 19</p>
6.	Additional comments from the board/audit committee chair:	N.A
7.	To be signed by- Managing Director	
	CFO	
	Auditor of the company	
	Audit Committee Chairman	