

Date: 1st October, 2018

Ref: KNRCL / SD / 2018 / 109 & 110

To
Dept. of Corporate Services
BSE Limited
P J Towers, Dalal Street,
Fort, MUMBAI - 400 001

To
National Stock Exchange of India Limited
"Exchange Plaza"
Bandra Kurla Complex,
Bandra (E), MUMBAI - 400051

Dear Sir,

Sub: Submission of Annual Report for 2017-18

Ref: BSE Scrip Code: 532942, NSE Symbol: KNRCON

With reference to the above, please find attached Annual Report for the FY 2017-18 as per regulation 34(1) of SEBI (LODR) Regulations, 2015.

This is for your records.

Yours Sincerely,

For KNR Constructions Limited

M.V. Venkata Rao

M V Venkata Rao
Company Secretary





Four decades of
engineering
excellence

Annual Report **2017 - 18**

KNR Constructions Limited

Browse through the pages

CORPORATE OVERVIEW

2	At a glance
4	Excellence-driven business strategies
6	Message from the Managing Director
7	Review by the Executive Director
8	Financial highlights
9	Corporate information

MANAGEMENT REPORTS

10	Management Discussion and Analysis
14	Notice
18	Directors' Report
38	Report on Corporate Governance
53	Business Responsibility Report

FINANCIAL SECTION

58	Standalone Financial Statements
111	Consolidated Financial Statements

Forward looking statement

This report contains forward-looking statements about the business, financial performance, skills and prospects of the Company. Statements about the plans, intentions, expectations, beliefs, estimates, predictions or similar expressions for future are forward-looking statements. Forward-looking statements should be viewed in the context of many risk issues and events that could cause the actual performance to be different from that contemplated in the Directors' Report and Management Discussions and Analysis Report, including but not limited to, the impact of changes in oil, steel prices worldwide, technological obsolescence and domestic, economic and political conditions. We cannot assure that outcome of this forward-looking statements will be realised. The Company disclaims any duty to update the information given in the aforesaid reports.

For online version of this annual report,
visit: <http://www.knrcl.com/annualreports.html>
Or simply scan:



Investor information

Market capitalisation as on March 31, 2018: ₹ 3,206.78 crore

BSE Code : 532942

NSE Symbol : KNRCON

Dividend for

2017-18 : ₹ 0.40 per share of face value ₹ 2/- each

AGM Date : September 29, 2018

AGM Venue : Hotel Mapple Emerald, NH – 8,
Rajokri, New Delhi - 110 038

The level of any economy can be judged by its infrastructure development.

The infrastructure sector is a key driver for the Indian economy. The increased spending in this sector has a multiplier impact on the overall economic growth as it necessitates development in the industrial and manufacturing segment. The cascading effect aggregates demand and improved living conditions.

The Government of India is striving towards stimulating construction activities in the country. It has projected very large investments towards building country's infrastructure. It has also identified the need for introducing modern technologies to increase the speed and efficiency of this development.

During 2017-18, the Government has launched Phase 1 of the prestigious Bharatmala Pariyojana, with an investment of ₹ 5.35 lakh crores for developing 34,800 kms National Highways over a period of 5 years ending in 2021-22. It has also approved development of another 48,877 Kms of projects totalling to ₹ 1.57 lakh crores under other ongoing schemes. Construction targets for 2018-19 have been set at 16,420 km which translates into a per day construction target of 45 km for the current year, against last year's execution of about 27 km per day.

At KNR Constructions Limited (KNRCL or 'the Company'), we are closely associated with the rapidly evolving infrastructure and construction of the Company for over forty decades now. We have mastered the art of construction and have achieved engineering excellence through deployment of state-of-the-art technology, built efficiencies and achieved 'ahead of schedule' status for most of our projects. During the year we got a special recognition of the '2nd Fastest Growing Construction Company (medium category)' at the Construction World Awards 2017, which is a testimony to our consistency and excellence.

KEY FINANCIAL NUMBERS OF 2017-18

₹ 19,317 Mn, 25.35 % ↑
REVENUES

₹ 3,861 Mn, 68.19 % ↑
EBITDA

₹ 2,682 Mn, 64.29 % ↑
PBT

₹ 2,721 Mn, 73.03 % ↑
PAT

EBITDA : Earnings before interest taxes depreciation and amortisation

PBT : Profit before taxes

PAT : Profit after taxes



At a glance

KNRCL is amongst the leaders in providing Engineering, Procurement and Construction (EPC) services.

It way back in 1979, Shri K. Narasimha Reddy (Promoter of KNRCL) formed a partnership business in the name and style of M/s K Narasimha Reddy & Company. The firm was engaged in the business of undertaking civil and mechanical contracts.

In 1995, KNRCL was established and soon acquired the firm to form a consolidated entity. Today, KNRCL is an ISO 14001:2004, 9001:2015 and OHSAS 18001:2007 Certified Company and a market leader in Road Infrastructure – EPC segment, with a 4-decade rich experience.

The Company possess robust project execution capabilities in road transportation engineering projects namely construction and maintenance of roads, highways, flyovers and bridges. Besides, it is also actively involved in the construction of irrigation and urban water infrastructure management.

VISION:

To develop KNRCL as a centre of excellence in the field of Infrastructure Services by striving continuously to provide eco-friendly solution adopting state-of-the-art practices and commitment to quality through motivated human resources.

MISSION:

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

40

YEARS OF EXPERIENCE IN
PROJECT EXECUTION

12

INDIAN STATES ACROSS
WHICH PROJECTS HAVE
BEEN EXECUTED

~ 6000 Lane kms

ROAD PROJECTS EXECUTED

1,020

IN-HOUSE TEAM
OF QUALIFIED AND
EXPERIENCED EMPLOYEES

BOT projects portfolio

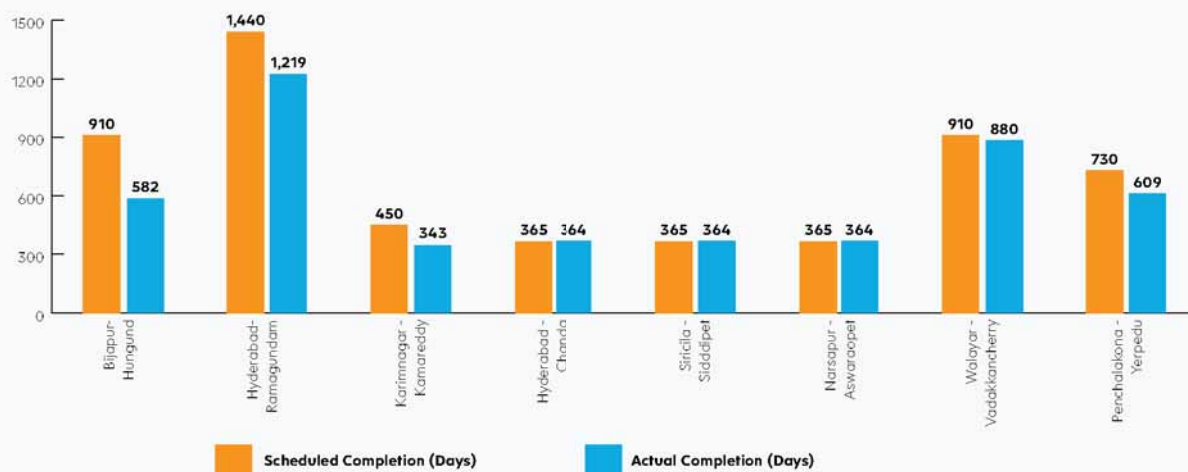
- ◆ 778 lane kms of BOT Projects executed in the states of Telangana, Karnataka, Kerala & Bihar
- ◆ Completed 2 Annuity-based projects & 2 toll-based projects
- ◆ 5 HAM projects in pipeline, out of which financial closure is under-progress for four of them, and LOA has been received for one of them

₹ 23,266 Mn

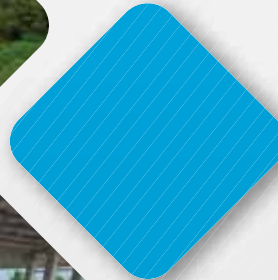
EPC ORDER BOOK AS ON MARCH 31, 2018

- ◆ ₹ 16,561 mn (Roads)
- ◆ ₹ 6,688 mn (Irrigation)
- ◆ ₹ 17 mn (others)

BEING AHEAD OF SCHEDULE IS A HABIT AT KNRCL



Excellence-driven business strategies



STRATEGY: Capitalise on country's strong infrastructure development	STRATEGY: Focus on securing EPC contracts from reputed clients and concessionaire	STRATEGY: Focus on projects involving higher degree of engineering skills	STRATEGY: Continuously explores growth opportunities by forming strategic joint ventures (JVs)	STRATEGY: Execute all the projects on time or ahead of schedule
Excellence driven by: <ul style="list-style-type: none"> ◆ Leadership in EPC segment ◆ Strong order book 	Excellence driven by: <ul style="list-style-type: none"> ◆ Proven execution skills ◆ Strong relationships with esteemed clients like NHAI, MoRTH and various State Highway and Road Development Corporations 	Excellence driven by: <ul style="list-style-type: none"> ◆ Advance planning with direct involvement of the Management ◆ Deploying state-of-the-art technology and equipment, developed in-house 	Excellence driven by: <ul style="list-style-type: none"> ◆ Associations with competent JV partners, co-creating value across EPC and BOT contracts 	Excellence driven by: <ul style="list-style-type: none"> ◆ Proven credentials of delivering projects ahead of schedule and receiving bonus

EQUIPPED IN FY 2017-18 WITH BEST-IN-CLASS MACHINERIES

SI No	Description	Quantity
1	Writgen Slipform paver model SP-1200 & Texture Curing machine model TCM180 Along with accessories	1
2	Gomaco GP-2600 Slipform Paver Finisher & along with Accessories	1
3	Volvo Hydraulic Excavator Model EC380DL	5
4	Volvo Hydraulic Excavator Model EC480DL	5
5	Komatsu Motor Grader Model GD535-5	3
6	Hydraulically Operated Self Propelled Piling Rig Bauer BG 26-VL Value Line and Accessories	1
7	Komatsu Motor Grader Model GD555-5	1
8	TATA Hitachi Hydraulic Excavator Model ZX470GI with 3.1 Cu. Mtr GP Bkt	2
9	Volvo FM460 I-Shift 22CUM Box Body Tippers	70
10	40MT Capacity Diesel Hydraulic Truck Mounted Crane-TIL Model TMS 750B MKII	1
11	Caterpillar 140 K2 Motor Grader	2

Message from the Managing Director



Dear Shareholders,

I am honoured to present you the 2017-18 Financial Year Annual Report of your Company. The year marks four decades of our commitment of being firmly rooted in promoting the values and importance of engineering excellence in the construction segment. The year gone by witnessed the standalone revenues crossing ₹ 19,300 million, from ₹ 15,000 million in the previous year. We have a strong balance sheet and underlying cashflow which strengthens our position to deliver on our strategies.

It's quite heartening to see infrastructure segment playing a pivotal role in propelling India's overall economic growth. Road construction touched a high of 9,829 km in FY18, growing 19% over FY17, out of which NHAI has constructed 3,071 km (17% growth over FY17) and MoRTH has constructed 6,758 km (21% growth over FY17). In the Union Budget 2018-19, the Government of India laid strong emphasis on further promoting the infrastructure sector by allocating ₹ 5.97 lakh crore. The total capital outlay planned by the Ministry of Road Transport and Highways stands at approximately ₹ 1.21 Lakh Crores, growing by 10% over the previous year. This outlay comprises of ₹ 59,000 crores through Gross Budgetary Support and ₹ 62,000 crores through internal and extra budgetary resources. Besides, the launch of Bharatmala Pariyojana Scheme Phase I, with an investment of ₹ 5.35 lakh crores, aims at developing National Highways totalling to 34,800 kms over a period of 5 years ending in 2021-22. However, India still needs investments worth ₹ 50 trillion in infrastructure by 2022 in establishing itself as a sustainable economy.

At KNRCL, we are evenly poised to leverage this infrastructural optimism with our all-time-high order book of ₹ 63,016 million as March 31, 2018. We have our in-house team of dedicated and determined professionals that are geared up to leverage the pursuit of excellence through collaborative working, personal and corporate integrity, trust and respect towards accomplishing the task in perfection, matching the delivery schedules and be an important partner in building the future of the Nation. I take this opportunity to thank our management, staff, investors, clients, banks and government agencies for their continued patronage and guidance.

Best Wishes,

K. Narasimha Reddy

Founder Promoter and Managing Director

Review by the Executive Director



Dear Shareholders,

Since the time of our inception, our people at KNRCL are determined to drive engineering excellence. We achieved extraordinary results for our customers and engineered innovative construction techniques to remain competitive and deliver projects in a more efficient, faster and timely manner. This has led to achieving perfection and strengthening our bottomline. With the Government's impetus, there will be a strong upswing in the infrastructure sector. The time-bound creation of world-class will be shaping a favourable environment for Road sector.

Key developments

As you are aware, KNRCL's thrust areas are highways, irrigation, flyovers and bridges. Your Company has bagged five HAM projects with a bid project cost of ₹ 56,112.10 million in 2017-18. Of these five HAM projects, four projects were awarded by NHAI and one under the Karnataka State Highway Improvement Programme. The Company has received term loan sanctions for three HAM projects. Under the KNRCL growth plan, thrust will be given to highway HAM projects, EPC in highways, irrigation, including waterways, flyovers and segmental structural section in metros and bridges. In complex bridges, flyovers and railway connectivity projects, the Company will explore technological-cum-financial JV partners. Daily toll collection in KNR Walayar -Vadakancherry BOT project in Kerala is now around ₹ 14.00 lacs and that of KNR Muzaffarpur-Barauni BOT project is around ₹ 14.50 lacs and the cash generations are sufficient to meet principal, interest and operation and maintenance expenses. With regard to the two BOT (annuity) assets where KNR holds 40% stake, monetisation is deferred till the arbitration proceedings on claims reach a logical end.

Way forward

With the Government's prestigious Bharatmala Pariyojana Scheme Phase I as well high construction targets for 2018-19 (16,420 km or 45 km per day), KNRCL is poised to build a strong orderbook. We are now focusing on capacity building in manpower, machinery, materials and finance with the objective of timely delivery with perfection.

We are passionate about excellence and will continue to deliver extraordinary results for our customers, building satisfying careers for our people, and earning a fair return on the value we deliver. Besides, we improve the quality of life in communities where we work by respecting local cultures, engaging local people and protecting the environment.

Best Wishes,

K. Jalandhar Reddy

Promoter and Executive Director

Financial highlights

(₹ in Million unless otherwise stated)

INCOME STATEMENT	FY18	FY17	FY16	FY15	FY 14
Revenue from Operations	19,317	15,411	9,026	8,760	8,370
Operating Profit	3,861	2,296	1,554	1,261	1,258
Profit Before Tax (PBT)	2,682	1,632	1,301	723	669
Profit After Tax (PAT)	2,721	1,573	1,611	730	610
Cash Profit	4,062	2,211	2,043	1,271	1,182
EPS (₹)**	19.35	11.18	57.29	25.96	21.68
Cash EPS (₹)**	28.89	15.76	72.62	45.18	42.07

BALANCE SHEET	FY18	FY17	FY16	FY15	FY 14
Share Capital	281	281	281	281	281
Other Equity	11,297	8,674	6,988	5,411	4,852
Net Worth	11,578	8,955	7,261	5,674	5,107
Secured Loans	85	224	382	683	867
Unsecured Loans	2,118	1,216	785	280	40
Capital Employed	11,578	9,041	7,339	5,693	5,216
Book value per share**	82.34	63.68	258.17	201.76	181.57

ECONOMIC VALUE-ADDED

₹ 712 Mn

SALARIES DISBURSED

₹ 534 Mn
TAXES PAID

₹ 5 Mn

CSR SPENT

*The amounts for the financial year 2016-17 and 2017-18 as per Ind AS

**The Company's Equity Shares has been split on December 14, 2016 (Record date) from face value of ₹ 10/- to ₹ 2/- each.

20%
EBITDA MARGIN

14%
PAT MARGIN

24%
ROE

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Shri K Narasimha Reddy
Shri K Jalandhar Reddy

Non-Executive Directors

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

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

Smt. K Yashoda, *Chairman*
Shri K Jalandhar Reddy, *Member*

STATUTORY AUDITORS

M/s K P Rao & Co.,
Chartered Accountants,
Bangalore

INVESTOR SERVICE CENTRE

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

VICE PRESIDENT (F & A)

Shri S Vaikuntanathan

COMPANY SECRETARY

Shri M V Venkata Rao

REGISTERED OFFICE

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

CORPORATE OFFICE

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

BANKERS

State Bank of India
IDBI Bank
Oriental Bank of Commerce
Axis Bank Limited
ICICI Bank Limited
Corporation Bank
Central Bank of India
HDFC Bank Limited
RBL Bank Limited

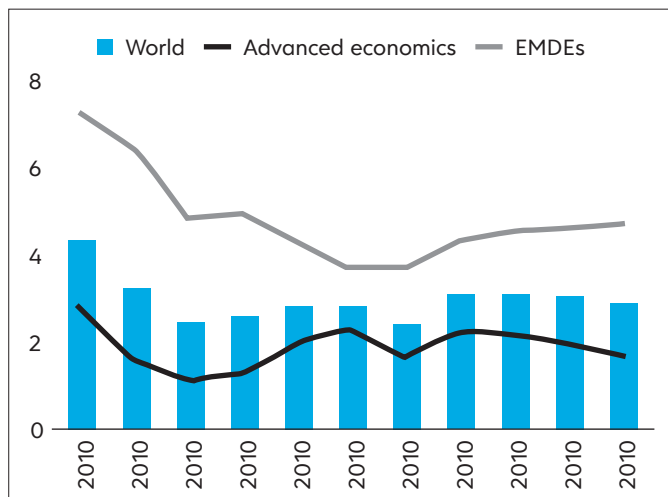
Management Discussions & Analysis

GLOBAL ECONOMY

The year 2017 marked a decade of the global economy collapse. The global economy has been on a steady revival path since then. The major economies have expanded, there has been a growth in the Euro-zone, modest growth in Japan, late revival in China and improving realities in Russia and Brazil.

The latest World Bank report suggest easing out of the global economic growth is projected to reach 3.1% in 2018 fiscal. Accordingly, after reaching 3.1% in 2018, global growth is projected to moderate in 2019-20, edging down to 2.9%, as global slack dissipates, trade and investment moderate and financing conditions tighten. The capacity constraints will become more binding and inflation will continue to rise. In emerging market and developing economies (EMDEs), growth in commodity importers will remain strong, while the rebound in commodity exporters is projected to mature over the next two years.

Global economic growth



Source: World Bank Group, Global Economic Prospects, June 2018

An escalation of trade restrictions among major economies is also a major threat to the outlook, as it could derail the recovery in global trade and dampen confidence and investment worldwide.

INDIAN ECONOMY

India has once again emerged as the fastest growing global major economy. As per the Central Statistics Organization (CSO) and International Monetary Fund (IMF), it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP was recorded at 6.7% in 2017-18. After bottoming out in the middle of 2017 and slowing for five consecutive quarters, the GDP has since improved significantly, with momentum carrying over into 2018 on the back of a recovery in investment. This growth has been supported by prudent macroeconomic policy: a new inflation targeting framework, energy subsidy reforms, fiscal consolidation, higher quality of public expenditure and a stable balance of payment situation. In addition, recent policy reforms have helped India improve the business environment, ease inflows of foreign direct investment (FDI) and improve credit behaviour.

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics and reforms. The Union Budget for 2018-19 laid strong emphasis on uplifting economy by promoting growth boosting measures for the agricultural sector, health care for economically privileged, education and infrastructure creation. There was an all-time high allocation of ₹ 5.97 lakh crores for infrastructure and road sectors development.

Despite the recent momentum, the economy requires addressing several structural challenges. India needs to durably recover its two lagging engines of growth – private investments and exports – while maintaining its hard-won macroeconomic stability. Crucial steps in this process include cleaning up banks' balance sheets, realising the expected growth and fiscal dividend from the GST, and continuing the integration into the global economy. Rising crude oil prices and inflation also remain to be a cause of concern for sustaining the growth momentum in the long run. Going ahead, IMF has projected a growth rate of 7.3% in 2018 and 7.5% in 2019, reflecting negative effects of higher oil prices on domestic demand and faster than-anticipated monetary policy tightening due to higher expected inflation.

Indian Economy update by the World Bank

According to the June 2018 World Bank update, India's economy is robust, resilient and has potential to deliver sustained growth.

India's growth potential is about 7%, and it is currently growing at a pace above its potential, largely attributable to the major economic reforms and fiscal measures undertaken by the Government. The economy has also moved past the disruptions caused by GST implementation. Adverse global conditions like an abrupt tightening of global financial conditions and escalating trade protectionism could also spell bad news for India and rest of the region even though the region is relatively less open to trade. World bank has further emphasised that spur in private investments, reviving banking credit to support growth, making exports competitive, momentum in structural reforms, generation of resources by domestic disinvestment, accelerate spending on infrastructure are the potential pathways to achieve the desired and sustainable growth momentum.

Indian Infrastructure forecasts for FY 2018-19

Infrastructure development is key to India's economic growth. India has a requirement of investment worth ₹ 50 trillion (US\$ 777.73 billion) in infrastructure by 2022 to have sustainable development in the country. India is witnessing significant interest from international investors in the infrastructure space. Sectors like power transmission, roads & highways and renewable energy will drive the investments in the coming years. Only 24% of the National Highway network in India is four-lane, therefore there is immense scope for improvement. Some of the recent investments include:

- ◆ Private equity and venture capital (PE/VC) investments in the infrastructure sector reached US\$ 3.3 billion with 25 deals during January-May 2018
- ◆ In January 2018, the National Investment and Infrastructure Fund (NIIF) partnered with UAE-based DP World to create a platform that will mobilise investments worth US\$ 3 billion into ports, terminals, transportation, and logistics businesses in India
- ◆ In February 2018, the Government of India signed a loan agreement worth US\$ 345 million with the New Development Bank (NDB) for the Rajasthan Water Sector Restructuring Project for desert areas
- ◆ In June 2018, the Asian Infrastructure Investment Bank (AIIB) has announced US\$ 200 million investment into the National Investment & Infrastructure Fund (NIIF)

Indian Road Construction Sector

Road infrastructure is the backbone of the Indian economy. Roads and highways form one of the core areas under the infrastructure sector. The Government has been taking measured efforts in providing more efficient transportation, for which they have significantly stepped up the highway development and road building program. The Government's thrust on the Infrastructure sector has remained strong in the Union Budget 2018-19. The total capital outlay planned by the Ministry of Road Transport and Highways stands at approximately ₹ 1.21 Lakh Crores which is higher by 10% as compared to the previous year's outlay of ₹ 1.10 Lakh Crores. The outlay comprises of ₹ 59,000 crores through Gross Budgetary

Support and ₹ 62,000 crores through Internal and Extra Budgetary Resources. The Government has also announced the Bharatmala Pariyojana Scheme Phase I with an investment of ₹ 5.35 lakh crores for development National Highways totalling to 34,800 kms over a period of 5 years ending in 2021-22. The project will be taken up by the ministry in two phases of 24,800 kilometre and 30,600 km each. The Government has also approved development of another 48,877 Kms of projects totalling to ₹ 1.57 lakh crores under other ongoing schemes like NH(O), Special Accelerated Road Development Programme in North East (SARDP-NE), Externally Aided Projects (EAP) and Roads Projects in Left Wing Extremism Affected Areas (LWE) to be completed by 2021-22.

The road ministry has recorded highest ever awarding of 17,055km in Financial Year 2018 which grew by 7% over Financial Year 2017. Out of these, NHAI has awarded 7,396 km in Financial Year 2018 which is 72% higher over the previous year and MoRTH has awarded 9,659 km in Financial Year 2018 which is drop of 17% over the previous year. Out of the total awarded projects worth ₹ 1,220 billion by NHAI in Financial Year 2018, ₹ 765 billion has been awarded on HAM mode (63%), ₹ 427 billion on EPC mode (35%) and remaining on BOT mode (2%). The awarding of contracts led by HAM and toll-operate-transfer models is expected to continue given the announcement and subsequent implementation of the Bharatmala project. Road construction touched a high of 9,829 km in Financial Year 2018 indicating a growth of 19% over the previous year, out of which NHAI has constructed 3,071 km which is 17% higher over the previous year and MORTH has constructed 6,758 km in Financial Year 2018 which is higher by 21% over the previous year.

COMPANY OVERVIEW

KNR Constructions Limited (KNRCL) is a dominant player in infrastructure projects such as expressways, national highway including BOT toll, Annuity, HAM projects, state highways, flyovers, bridges, irrigation and water management works. KNRCL maintain its market position by continuously focusing on engineering excellence, improving and sharpening competencies, adapting latest construction technologies, deployment of sophisticated construction equipment and timely delivery. With plethora of opportunities in the infrastructure segment, KNRCL is perfectly poised to gain from this development.

Order Book

KNRCL's outstanding orderbook as on March 31, 2018, stood at ₹ 23,266 million, comprising ₹ 16,561 million in road sector, ₹ 6,688 million in irrigation projects and ₹ 17 million in other projects, with 54% Central Government Projects, 45.99% State Government Projects and .01% in other projects. The Company also received LOA for 4 HAM projects of ₹ 44,667 million (BPC) from NHAI, and LOA for 1 HAM project of ₹ 11,445 million (BPC) from Karnataka State. The total estimated EPC in all the 5 HAM projects amounted to ₹ 39,750 million. Inclusive of EPC portion from HAM projects, the total EPC value on hand amounted to ₹ 63,016 million which is an all-time high order book.

OTHER OPERATIONAL HIGHLIGHTS

Awards and Accolades

The Company has been awarded as the “2ndFastest Growing Construction Company (Medium Category)” at Construction World Annual Awards 2017

The Major Projects Awarded as under:-

Project	Project Award Date	Project Completion Period	Client	Value (₹ in Million)
Kaleshwaram Project - Formation of Konda Pochamma Sagar for a capacity of 15.00 TMC near Pamulaparathi (V), Markook (M), Siddipet District- Reach-1 from Km 0.000 to Km 5.500 with all associated components.	November 10, 2017	18 months from the date of signing of Agreement	Irrigation and CAD Department, Government of Telangana	8,845 (KNRCL's share 5,600)

Hybrid Annuity Model (HAM) Projects

Project Description	Concession Agreement date	Project Completion Period from Appointed date	Client	Bid Project Cost (₹ in Million)
Four laning of Trichy to Kallagam in the State of Tamil Nadu (Km 38.70)	April 11, 2018	24 Months	NHAI	10,206
Two laning with paved shoulder of Meensuruti to Chidambaram the State of Tamil Nadu (km 31.53)	April 11, 2018	24 Months	NHAI	4,820
Six laning of Chittoor to Mallavaram in the State of Andhra Pradesh (Km 61.128)	May 9, 2018	30 Months	NHAI	17,300
Four laning of Ramsanpalle to Mangloor in the State of Telangana (km 46.81)	May 9, 2018	24 Months	NHAI	12,340
Two Laning with Paved Shoulder of Magadi to near Somwarpet in the State of Karnataka, (km 166)	LOA Received dated May 29, 2018	24 Months	KSHIP	11,445

RISK MANAGEMENT

At KNRCL, we recognise that every business has its inherent risks and it is required to possess a proactive approach to identify and mitigate them. The Company has embedded an efficient Enterprise Risk Management System (ERMS), which regularly scans the internal and external environment to identify risks, decide on possible mitigation plans and incorporate them in its strategic plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Political Risk: Political disharmony can interrupt or disturb the settled commercial terms of a project, as infrastructure projects with their high visibility have a strong element of public interest.

Risk Mitigation: With greater thrust on infrastructure by successive governments, this risk has been alleviated to a considerable extent. Further to ensure minimal intrusion from the political machinery, the Company ensures that its work speaks for itself. Also, years of experience in working with various Governments and its agencies in its life span, has made KNRCL fully capable of handling any changes in the political setup.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

Revenues

The total income from the operations posted by the company on standalone basis for the year ended March 31, 2018, is ₹ 1,931.65 Crores as against ₹ 1,541.05 Crores during the same period in the last financial year thereby recording an increase in turnover of ₹ 390.60 Crores (about 25.35%).

Profits

EBITDA increased from ₹ 218.71 crores for the year ended March 31, 2017 to ₹ 386.13 Crores in the current year ended March 31, 2018. EBITDA on turnover has been increased from 14.19% to 19.98%.

The net profit after tax for the current year ended is ₹ 272.09 Crores as against ₹ 157.25 Crores in the corresponding previous year. The profit after tax as a percentage of turnovers has gone up from 10.20% to 14.09%.

Net Worth

The Net Worth has gone up from ₹ 895.47 Crores to ₹ 1,157.83 Crores in the current year thereby recording an increase of about 29.30%. Earnings per Share is up from ₹ 11.18 to ₹ 19.35 in the current year due to reason mentioned above.

Loan Funds

The Debt-Equity ratio has remained almost the same as 0.19 times.

HUMAN RESOURCES

The Human Resource (HR) strategy at KNRCL is focused on creating a performance-driven culture in the Company, where innovation is encouraged, performance is recognised and employees are motivated, to realize their potential. Company's HR department co-creates all HR strategies along with senior management and BOD so as to influence change, attract talent and build capabilities. HR department is fully specialized to respond to varied human resource needs of KNRCL's business units to enable each division to maintain the human strategic advantage. The Company employed a total of 1020 employees during the year.

Cautionary Statement

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

Notice

Notice is hereby given that the 23rd Annual General Meeting of KNR Constructions Limited will be held on Saturday the 29th day of September 2018 at 11.00 AM at Hotel Mapple Emerald, NH – 8, Rajokri, New Delhi - 110 038

Ordinary Business

1. **To receive, consider and adopt**
 - a. the audited Statement of Profit and Loss for the financial year ended March 31, 2018 and the Balance Sheet as on that date together with the Report of the Board of Directors and Auditors thereon; and
 - b. the audited consolidated Statement of Profit and Loss for the financial year ended March 31, 2018 and the Balance Sheet as on that date.
2. **To declare dividend for the financial year ended 31st March, 2018.**
3. To appoint a Director in place of Smt K Yashoda (DIN:05157487), who retires by rotation and being eligible, offers herself for reappointment

Special Business

4. To consider and, if though fit, to pass the following resolution as an Ordinary Resolution:

To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2019 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force, M/s K.K Rao & Associates, Cost Auditors to audit the Cost records maintained by the Company for the financial year ending March 31, 2019, on a remuneration of ₹ 3,00,000 excluding taxes as may be applicable, be and is hereby ratified.”

5. To consider and, if though fit, to pass the following resolution as an Special Resolution:

“Resolved that, in accordance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, consent be and is hereby accorded for Shri B V Rama Rao (DIN: 0972552) to continue as an Independent Director of the Company till the completion of his present term i.e upto September 30, 2019.”

6. To consider and, if though fit, to pass the following resolution as an Special Resolution:

“Resolved that, in accordance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, consent be and is hereby accorded for Shri L B Reddy (DIN: 0956445) to continue as an Independent Director of the Company till the completion of his present term i.e upto September 30, 2019.”

By Order of the Board of Directors

M. V. Venkata Rao

Company Secretary

Place: Hyderabad

Date: August 10, 2018

NOTES:

- a. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the September 26, 2018 to Saturday the 29th day of September 2018 (both days inclusive) for the purpose of Annual General Meeting.
- b. Explanatory Statement as required under Section 102(2) of the Companies Act, 2013 is annexed hereto. Further, additional information with respect to item no. 3 is also annexed hereto

M/s K P Rao & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company at the 22nd Annual General Meeting held on September 28, 2017 for a period of 5 years i.e., upto conclusion of 27th AGM to be held in the year 2022. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting (“AGM”) has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

- c. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- d. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.

Notice (Contd.)

- e. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- f. The Company's Registrar and Transfer Agents for its share registry work (Physical and Electronic) are Link Intime India Private Limited (RTA).
- g. Members can avail of the facility of nomination in respect of securities held by them in physical form pursuant to the provision of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed duly filled-in to RTA. Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.
- h. Members are requested to
 - intimate to the DP, changes, if any, in their registered addresses and/or changes in their bank account details, if the shares are held in dematerialized form.
 - intimate to the Company's RTA, changes if any, in their registered addresses, in their bank account details, if the shares are held in physical form (share certificates).
 - consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.
 - dematerialise their Physical Shares to Electronic Form (Demat) to eliminate all risks associated with Physical Shares. Our Registrars and Transfer Agents viz., Link Intime India Private Limited, may be contacted for assistance, if any, in this regard.
- i. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank details.
- j. Members are requested to refer to the Corporate Governance Report for information in connection with the unpaid / unclaimed dividend liable to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government.

- k. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specified functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under LODR Regulations Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
- l. In order to save the natural resources Members are requested to register their e-mail address/addresses with the Depository Participants, if the shares are held in dematerialized form and with the Company's Registrar & Transfer Agent if the shares are held in physical form, in case you have not registered your email ids till now.

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

The instructions for e-voting are as under:

The voting period begins on Wednesday, 26th September, 2018 (9.00 a.m. IST) and ends on Friday, 28th September, 2018 (5.00 p.m. IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd September, 2018, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

The Notice of AGM of the Company can be downloaded from www.cdslindia.com and www.knrcil.com

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

- i. The shareholders should log on to the e-voting [website www.evotingindia.com](http://www.evotingindia.com).
- ii. Click on Shareholders
- iii. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.

Notice (Contd.)

- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii)

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <KNR Constructions Limited > on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired.

The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.

If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions

Notice (Contd.)

("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.Com

B. In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

C. Other instructions:

- i. The voting rights of Members shall be in proportion to their shares of the paid – up equity share capital of the Company as on September 23, 2018.
- ii. Mr. Vikas Sirohiya, Practicing Company Secretary (ACS: 15116 CP:5246) and Partner M/s. P S Rao & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- iii. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- iv. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- v. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.knrcil.com and on the website of CDSL and communicated to the BSE Limited (BSE), and the National Stock Exchange of India Limited (NSE) where the shares of the Company are listed.
- vi. Any person who acquires shares of the Company and becomes member of the Company after dispatch of the Notice and holding shares as on the cut -off date i.e. 23rd September 2018 may follow the same procedure as mentioned above for e-Voting. However, if you are already registered with CDSL for remote e-voting then you can use your exiting password for casting your vote.

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

ITEM NO. 4

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on August 10, 2018, approved the reappointment of the Cost Auditors, M/s. K.K Rao & Associates, Cost Accountants and remuneration payable to them, as set out in the Resolution under this Item of the Notice.

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

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

Your Directors recommend the Resolution for your approval.

ITEM NO. 5 & 6

The Members of the Company on September 30, 2014 approved the appointment of Shri B V Rama Rao and Shri L B Reddy as Independent Directors of the Company for a period of 5 Years w.e.f October 01, 2014 to September 30, 2014.

In terms of recent notified Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) (Amendment) Regulations 2018, consent of the Members by way of Special Resolution is required for continuation of Non-Executive Directors beyond the age of seventy five years. Shri B V Rama Rao and Shri L B Reddy has attained seventy five years of age.

The Board of Directors of the Company are in view that in order to take advantage of Shri B V Rama Rao's and Shri L B Reddy 's experience in administration and accounting, it would be appropriate that they continue to serve on the Board till the completion of their present term of appointment as already approved by the Members. Accordingly, the Board at the Meeting held on August 10, 2018, recommended for the approval of the Members continuation of Shri B V Rama Rao and Shri L B Reddy as Independent Directors of the Company till the completion there existing terms.

Shri B V Rama Rao and Shri L B Reddy and their relatives are interested in this Special Resolutions. None of the other Directors and Key Managerial Personnel of the Company or their relatives, are interested in this Special Resolutions.

The Board recommends these Special Resolutions for your approval.

By Order of the Board of Directors

M. V. Venkata Rao

Company Secretary

Place: Hyderabad

Date: August 10, 2018

Directors' Report

Dear Members,

Your Directors are pleased to present the Twenty Third Annual Report and the Company's audited financial statement for the financial year ended March 31, 2018.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2018 is summarised below:

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2018	Year ended March 31, 2017
Total revenue (including other income)	1,97,096.70	1,57,132.83
Profit before interest, depreciation and tax	42,544.07	24,898.89
Less: Interest and financial charges	2,314.42	2,189.88
Profit Before depreciation	40,229.65	22,709.01
Less: Depreciation and amortization	13,414.59	6,387.32
Profit before tax	26,815.06	16,321.69
Provision for tax (including Deferred Tax)	(394.17)	596.59
Profit after tax	27,209.23	15,725.10
Profit brought forward from previous year	71,249.77	55,524.67
Profit available for appropriation	98,459.00	71,249.77
Appropriations:		
Dividend	(703.09)	-
Dividend tax	(143.13)	-
Balance carried forward	97,612.78	71,249.77
Paid Up capital	2,812.35	2,812.35
Other Equity	1,12,970.90	86,735.09

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The highlights of the Company's performance are as under:

Revenue from operations ₹ 1,87,563.54 Lakhs

PBDIT(Excluding Other Income) increased by 68.19 % to ₹ 38,612.82 Lakhs

Profit before Tax increased by 54.04% to ₹ 26,815.06 Lakhs

Cash Profit increased by 83.71% to ₹ 40,623.82 Lakhs

Net Profit increased by 71.66% to ₹ 27,082.03 Lakhs

The order book position as on 31st March 2018 stands at ₹ 2,32,656.51 Lakhs.

Reserves

The Company is not proposing to transfer any amount to the General Reserves of the Company out of the profits made during the year. The total Other Equity (including securities premium Reserves, General Reserves, Surplus in statement of profit and loss and other comprehensive income) as on 31st March 2018 is ₹ 112,970.90 Lakhs as against the Paid-up capital of ₹ 2812.35 Lakhs

Dividend

The Board of Directors has recommended final dividend of ₹ 0.40 per Equity Share of ₹ 2.00 Each for the financial year ended 31st March 2018, amounting to ₹ 562.47 Lakhs subject to approval of the shareholders. The dividend will be paid to the members whose names appear in the Register of Members as on 22nd September 2018 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 recommended by your Directors, if approved at the ensuing Annual General Meeting by the Shareholders would be paid within the stipulated time.

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

Management Discussion and Analysis Statement

Management's Discussion and Analysis report for the year under review as stipulated under Regulation 34(2) (e) SEBI (LODR) Regulation, 2015 of the LODR Regulations 2015 is presented in a separate section forming part of the Annual report

Directors' Report (Contd.)

Transfer to the Investor Education and Protection Fund

In terms of Section 125 of the Companies Act, 2013, an amount of ₹ 57,016/- being unclaimed dividend for the Financial Year 2009 - 10 was transferred to the Investor Education and Protection fund (IEPF) established by the Central Government during the year under review.

Subsidiaries, Joint Ventures and Associate Companies

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

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

Consolidated Financial Statements

The consolidated financial statements, in terms of Section 129 of the Companies Act, 2013 and pursuant to Regulation 33 of SEBI(LODR) Regulations 2015 and prepared in accordance with Accounting Standard 21 as specified in the Companies (Accounting Standards) Rules, 2014 forms a part of this annual report.

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

Directors' Responsibility Statement

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

- in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- 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, 2018 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the

maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance

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

Corporate Social Responsibility (CSR)

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

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

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

Composition of the CSR Committee

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

- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
- Rural development projects
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old

Directors' Report (Contd.)

age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

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

The Annual Report on CSR activities is annexed herewith as "Annexure I" to this report and CSR Policy is posted on the website of the Company and the web link is http://www.knrcl.com/images/knrcl_CSR.pdf

Directors

In accordance with the requirements of the Companies Act, 2013 Smt. K. Yashoda, Director of the Company is liable to retire by rotation at the Annual General Meeting and, being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

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

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under the Act and LODR Regulations entered with the Stock Exchanges.

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

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

Statutory Auditors

M/s K P Rao & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company at the 22nd Annual General

Meeting held on September 28, 2017 for a period of 5 years i.e., upto conclusion of 27th AGM to be held in the year 2022. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

Internal Auditor & Controls

The Board of Directors based on the recommendation of the Audit Committee has re-appointed M/s. K. P. Rao Associates, Chartered Accountants, Hyderabad, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis. Internal Auditors findings are discussed and suitable corrective actions are taken as per the directions of Audit Committee on an on-going basis to improve efficiency in operations.

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

Cost Auditors

In accordance with Section 148 of the Companies Act, 2013 (corresponding Section 233B of the Companies Act, 1956) and the MCA General Circular No. 15/2011 dated April 11, 2011, (as amended vide General Circular No. 36/2012 dated November 6, 2012), the Audit Committee has recommended and the Board of Directors had re-appointed M/s. K.K. Rao & Associates, Cost Accountants, Hyderabad, being eligible and having sought re-appointment, as Cost Auditors of the Company, to carry out the cost audit for the Company during the financial year 2018-19.

Secretarial Auditor

In accordance with Section 204 of the Companies Act, 2013 the Board has appointed M/s. VCSR & Associates, Company Secretaries, to conduct Secretarial Audit for the FY 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith marked as Annexure II to this Report.

Directors' Report (Contd.)

Contracts and arrangements with Related parties

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

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

Conservation of energy, technology absorption and foreign exchange earnings and out go:

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

a) Conservation of Energy

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

b) Technology absorption, Adoption and Innovation

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

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

Foreign Exchange Earnings And Outgo

Foreign Exchange Inwards - Nil

Foreign Exchange outgo towards

- Travel – ₹ 13.30 Lakhs (PY ₹ 15.67 Lakhs)
- Import of capital goods and Stores & Spares ₹ 1,938.79 Lakhs (PY ₹ 300.71 Lakhs)
- Advance / Loan to Subsidiaries – Nil (PY Nil Lakhs)
- Term Loan Repayment and interest – Nil (PY Nil Lakhs)

Fixed Deposits

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

Industrial Relations

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

Disclosures

Audit Committee

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

Vigil Mechanism

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

Meetings of the Board

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

Code of Conduct

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

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

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

Extract of Annual Return

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

Particulars of Employees

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

Directors' Report (Contd.)

The percentage of increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2017-18 (₹ in lakhs)	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	K Narasimha Reddy Managing Director	504.00	40.00%	328	Profit before Tax and exceptional item increased by 54.04% and Profit After Tax and comprehensive income increased by 71.66% in financial Year 2017-18
2	K Jalandhar Reddy Executive Director and CFO	336.82	39.86%	219	
3	M V Venkata Rao Company Secretary	14.31	9.99%	9	
4	S.Vaikuntanathan, V.P (F&A)	29.70	10.00%	19	

During the period under review, no employee of the Company is employed throughout the financial year and in receipt of ₹ 102.00 lakhs or more, or employed for part of the year and in receipt of ₹ 8.5 lakhs or more a month or was in receipt of remuneration in excess of that drawn by the managing director or whole time director or manager and holds by himself or long with his spouse and dependent children, not less than two percent of the equity shares of the company under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Further details of top ten employees in terms of remuneration drawn during the financial year ended 31st March, 2018 as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended are :

Sl. no.	Name of the Employee & Designation	Age (years)	Qualification	*Gross Remuneration in ₹	Experience (years)	Date of Commencement of Employment	Previous Employment	% of holding in the Company
1	Sri K. Narasimha Reddy Managing Director	68	B.A	50,400,000	49 Yrs	11.07.1995	-	32.53%
2	Sri K.Jalandhar Reddy Executive Director & CFO	46	B.E Computers	35,121,918	21 Yrs	11.07.1995	-	13.96%
3	Sri Maj. T.L. Varma Vice President	62	B.E. Civil	52,80,000	38 Yrs	12.07.2011	LANCO	--
4	Sri K.Shankar Reddy Vice President	47	B.Tech Civil	51,60,000	21 Yrs	01.10.1999	Rani Constructions	--
5	Sri V. Venugopal Reddy Director Projects	41	B.E	43,98,000	17 Yrs	21.08.2000	-	0.09%
6	Shri.E.Srinivasa Rao Chief Project Manager	54	B.E Civil	37,75,000	23 Yrs	02.12.2012	Navayuga	--
7	Sri. S. Vaikuntanathan Vice President (F&A)	63	FCA	2,970,000	37 Yrs	07.01.2016	Vaibhav Jyothi Power	--
8	Sri. K. Venkata Ram Rao General Manager (F&A)	43	ACA, ACS	27,36,000	14 Yrs	28.09.2015	RAMKY	--
9	Sri.B.Phani Kumar Sr.Project Manager	52	B.Tech Civil	25,80,000	32 Yrs	14.10.2014	Balaji Rail Road Systems	--
10	Sri. K. Venkateshwarlu Sr. Project Manager	44	M.Tech Civil	2,506,080	23 Yrs	01.02.1999	KMC	--

Directors' Report (Contd.)

- None of the above employees were relative of any Directors except Shri K Jalandhar Reddy who is son of Shri K Narasimha Reddy.
- All appointments are / were contractual in accordance with terms and conditions as per Company rules.
 - * Gross Remuneration includes perquisites and contribution to Provident fund by the employer.
- ii) The median remuneration of employees of the Company during the financial year was ₹ 1.54 Lakhs;
- iii) In the financial year, there was increase of 2.40% in the median remuneration of employees;
- iv) There were 1020 employees on the rolls of Company as on March 31, 2018
- v) Relationship between average increase in remuneration and company performance: - The Profit before tax and exceptional items for the financial year ended March 31, 2018 increased by 54.04% whereas the increase in median remuneration was 2.40%
- vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:
The total remuneration of Key Managerial Personnel was ₹ 840.82 lakhs whereas the Profit before tax was ₹ 26,815.06 Lakhs in 2017-18
- vii) a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2018 at NSE was ₹ 3,99,353.13 Lakhs (₹ 2,71,039.85 Lakhs as on March 31, 2017)
- b) Price Earnings ratio of the Company at NSE was 14.67 as at March 31, 2018 and was 17.24 as at March 31, 2017;
- viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 30.16% whereas the increase in the managerial remuneration for the same financial year was 38.07%
- ix) The key parameters for any variable component of remuneration availed by the directors: Not applicable
- x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year - Not Applicable;
- XI) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

Policy on Sexual Harassment

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

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

General

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

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

Appreciation and Acknowledgements

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

**On behalf of the Board of Directors
of KNR Constructions Limited**

K Narasimha Reddy
Managing Director,

K Jalandhar Reddy
Executive Director & CFO,

Place : Hyderabad
Date : August 10, 2018

Annexure - I

Annual Report on Corporate Social Responsibility (CSR) activities for the FY 2017-18 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

1	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes	Refer Section: Corporate Social Responsibility in this Report for the composition of the Committee. CSR Policy can be accessed at the link http://www.knrcl.com/images/KNRC_CSR.pdf
2	Average net profit of the Company for last three financial years	₹ 18,706.14 Lakhs
3	Prescribed CSR Expenditure (two percent of the amount as in item 2 above)	₹ 374.12 Lakhs
4	Details of CSR spent for the financial year 2017-18	Details given below
	Total amount spent for the financial year 2017-18	₹ 51.41 Lakhs
	Cumulative unspent amount (including previous years)	₹ 342.08 Lakhs
	Manner in which the amount spent during the financial year	Details given below

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

₹ In Lakhs							
S No	CSR projects or activities identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget project or programs wise (₹ in Lakhs)	Amount spent on the projects Sub heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in Lakhs)	Cumulative expenditure up to the reporting period (₹ in Lakhs)	Amount spent: Direct or through implementing agency
1	School fee	Promotion of Education	Hyderabad	13.12	13.12	13.12	By the Company
2	RO Drinking water facility		Yedula	2.55	1.29	1.29	By the Company
3	Construction of open well	Infrastructure Development	Dammanpet Village, Warangal	11.50	11.50	11.50	By the Company
4	ABV Foundation		Hyderabad	25.00	25.00	25.00	By the Company
5	Symposium sponsorship for civil engineering	Promotion of Education	Vasavi College of engineering	0.50	0.50	0.50	By the Company
	Total				51.41	51.41	

RESPONSIBILITY STATEMENT

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

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

**On behalf of the Board of Directors
of KNR Constructions Limited**

K Narasimha Reddy
Managing Director,

L B Reddy
Chairman, CSR Committee

Place : Hyderabad
Date : August 10, 2018

Annexure - II

Secretarial Audit Report for the Financial year ended March 31, 2018

To
The Members

KNR CONSTRUCTIONS LIMITED

New Delhi

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions of the Acts, Rules and Regulations as mentioned below and the adherence to good corporate practices by M/s. KNR CONSTRUCTIONS LIMITED (herein called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. KNR CONSTRUCTIONS LIMITED ('the Company') for the financial year ended on March 31, 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;
- II. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1956 and the Regulations and the Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- V. The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (as amended from time to time);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

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

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

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

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

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

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

We further report that:

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

Adequate notices are given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Annexure - II (Contd.)

Secretarial Audit Report for the Financial year ended March 31, 2018

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

We further report that we rely on the statutory auditors and other professionals for the compliance by the Company of the applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts.

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

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

For VCSR & Associates

Company Secretaries

(Ch. Veeranjanyulu)

Partner

Place : Hyderabad

Date : August 10, 2018

CP No. 6392

ANNEXURE

To
The Members

KNR CONSTRUCTIONS LIMITED
New Delhi

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, were followed to provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. We further report that, based on the information provided by the Company its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the Compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For VCSR & Associates

Company Secretaries

(Ch. Veeranjanyulu)

Partner

Place : Hyderabad

Date : August 10, 2018

CP No. 6392

Annexure - III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS:

(i) CIN:	L74210DL1995PLC238364
(ii) Registration Date	11-07-1995
(iii) Name of the Company	KNR Constructions Limited
(iv) Category / sub-category of the Company	Public Company / Limited by Shares
(V) Address of the Registered office and contact details	C-125, Anand Niketan New Delhi - 110021 +91 40 40268761 / 62 +91 40 40268760 (Fax) investors@knrcl.com , www.knrcl.com
(vi) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mill Compound, LBS Marg, Bhandup (West) Mumbai - 400078 Maharashtra +91 22 25960320/+ 91 22 25960329 (Fax) rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	CONSTRUCTIONS	45 - CONSTRUCTION (45203)	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

- Attachment - A

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

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

V. INDEBTEDNESS

- Attachment - G

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

- Attachment - K

Annexure - III (Contd.)

Attachment - A

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sn. No.	NAME OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of Holding	Applicable Section
1	KNR AGROTECH AND BEVERAGES PRIVATE LIMITED	U74999TG2008PTC058829	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
2	KNR INFRASTRUCTURE PROJECTS PRIVATE LIMITED	U45200TG2005PTC045323	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
3	KNR ENERGY LIMITED	U40108TG2011PLC074236	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
4	KNR WALAYAR TOLLWAYS PRIVATE LIMITED	U45209TG2012PTC082527	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
5	KNRC HOLDINGS AND INVESTMENTS PRIVATE LIMITED (KNRCHIPL)	U465100TG2011PTC077131	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
6	KNR SRIRANGAM INFRA PRIVATE LIMITED	U45209TG2018PTC123100	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
7	KNR CHIDAMBARAM INFRA PRIVATE LIMITED	U45309TG2018PTC123104	WHOLLY OWNED SUBSIDIARY	100%	2 (87)
8	PATEL KNR HEAVY INFRASTRUCTURES LIMITED	U70102TG2006PLC049949	ASSOCIATE COMPANY	40%	2 (6)
9	PATEL KNR INFRASTRUCTURES LIMITED	U45201MH2006PLC162856	ASSOCIATE COMPANY	40%	2 (6)
10	MESMERIC SOFTWARE SOLUTIONS PRIVATE LIMITED	U72900TG2008PTC058813	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
11	NAG TALENT VENTURES AND INFOTECH PRIVATE LIMITED	U7220TG2005PTC048640	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
12	GRADIENT ESTATES PRIVATE LIMITED	U70102TG2008PTC062280	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
13	ASARA CONSTRUCTION AND PROJECTS PRIVATE LIMITED	U45209TG2007PTC056847	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
14	KNR MUZAFFARPUR HOLDINGS PRIVATE LIMITED (KMHPL)	U65923TG2011PTC077094	SUBSIDIARY OF KNRCHIPL	100%	2 (87)
15	KNR MUZAFFARPUR BARAUNI TOLLWAY PRIVATE LIMITED	U45209TG2011PTC077925	SUBSIDIARY OF KMHPL	51 %	2 (87)
16	KNRCL FZE	NA	WHOLLY OWNED SUBSIDIARY	100 %	2 (87)
17	KNR CONSTRUCITONS LLC, OMAN	NA	SUBSIDIARY	65 %	2 (87)

Annexure - III (Contd.)

Attachment - B

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Sr. No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	81480705	0	81480705	57.9450	77880705	0	77880705	55.3849	(2.5601)
(b)	Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Any Other (Specify)									
	Sub Total (A)(1)	81480705	0	81480705	57.9450	77880705	0	77880705	55.3849	(2.5601)
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b)	Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	81480705	0	81480705	57.9450	77880705	0	77880705	55.3849	(2.5601)
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	37931664	0	37931664	26.9751	39456611	0	39456611	28.0596	1.0845
(b)	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Foreign Portfolio Investor	6455362	0	6455362	4.5907	5313406	0	5313406	3.7786	(0.8121)
(f)	Financial Institutions / Banks	17610	0	17610	0.0125	33257	0	33257	0.0237	0.0112
(g)	Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
(h)	Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i)	Any Other (Specify)									
	Sub Total (B)(1)	44404636	0	44404636	31.5784	44803274	0	44803274	31.8619	0.2835
[2]	Central Government/ State Government(s)/ President of India									
	Central Government / State Government(s)	0	0	0	0.0000	8302	0	8302	0.0059	0.0059
	Sub Total (B)(2)	0	0	0	0.0000	8302	0	8302	0.0059	0.0059
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	6158627	70	6158697	4.3798	8200022	70	8200092	5.8315	1.4517
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4491925	0	4491925	3.1944	3908551	0	3908551	2.7796	(0.4148)

Annexure - III (Contd.)

Sr. No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b)	NBFCs registered with RBI	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Employee Trusts	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)									
	Trusts	0	0	0	0.0000	4641	0	4641	0.0033	0.0033
	Foreign Nationals	5750	0	5750	0.0041	18522	0	18522	0.0132	0.0091
	Hindu Undivided Family	299013	0	299013	0.2126	322852	0	322852	0.2296	0.0170
	Non Resident Indians (Non Repat)	140663	0	140663	0.1000	150985	0	150985	0.1074	0.0074
	Non Resident Indians (Repat)	377139	0	377139	0.2682	385217	0	385217	0.2739	0.0057
	Clearing Member	143074	0	143074	0.1017	726312	0	726312	0.5165	0.4148
	Bodies Corporate	3115698	0	3115698	2.2157	4207847	0	4207847	2.9924	0.7767
	Sub Total (B)(3)	14731889	70	14731959	10.4766	17924949	70	17925019	12.7474	2.2708
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	59136525	70	59136595	42.0550	62736525	70	62736595	44.6151	2.5601
	Total (A)+(B)	140617230	70	140617300	100.0000	140617230	70	140617300	100.0000	0.0000
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total (A)+(B)+(C)	140617230	70	140617300	100.0000	140617230	70	140617300	100.0000	

Attachment C

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

ii. Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year - 2017			Shareholding at the end of the year - 2018			% change in
		No. of Shares Held	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares Held	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	KAMIDI NARASIMHA REDDY	45743595	32.5306	0.0000	45743595	32.5306	0.0000	0.0000
2	JALANDHAR REDDY KAMIDI	19629605	13.9596	0.0000	19629605	13.9596	0.0000	0.0000
3	KAMIDI YASHODA	8807505	6.2635	0.0000	6007505	4.2722	0.0000	(1.9913)
4	MEREDDY RAJESH REDDY	7300000	5.1914	0.0000	6500000	4.6225	0.0000	(0.5689)
Total		81480705	57.9450	0.0000	77880705	55.3849	0.0000	(2.5601)

Annexure - III (Contd.)

Attachment D

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
1	KAMIDI NARASIMHA REDDY	45743595	32.5306			45743595	32.5306
	AT THE END OF THE YEAR					45743595	32.5306
2	JALANDHAR REDDY KAMIDI	19629605	13.9596			19629605	13.9596
	AT THE END OF THE YEAR					19629605	13.9596
3	MEREDDY RAJESH REDDY	7300000	5.1914			7300000	5.1914
	Transfer			07 Apr 2017	(171264)	7128736	5.0696
	Transfer			14 Apr 2017	(128736)	7000000	4.9781
	Transfer			05 May 2017	(500000)	6500000	4.6225
	AT THE END OF THE YEAR					6500000	4.6225
4	KAMIDI YASHODA	8807505	6.2635			8807505	6.2635
	Transfer			24 Nov 2017	(1200000)	7607505	5.4101
	Transfer			22 Dec 2017	(1600000)	6007505	4.2722
	AT THE END OF THE YEAR					6007505	4.2722

Attachment E

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

iv) Shareholding Pattern of top ten Shareholders:

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

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
1	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPPORTUNITIES FUND	10473985	7.4486			10473985	7.4486
	Transfer			23 Feb 2018	(30000)	10443985	7.4272
	Transfer			09 Mar 2018	(50463)	10393522	7.3914
	AT THE END OF THE YEAR					10393522	7.3914
2	DSP BLACKROCK EQUITY & BOND FUND	6444576	4.5831			6444576	4.5831
	Transfer			21 Apr 2017	359848	6804424	4.8390
	Transfer			28 Apr 2017	300000	7104424	5.0523
	Transfer			12 May 2017	855000	7959424	5.6603
	Transfer			26 May 2017	8691	7968115	5.6665
	Transfer			21 Jul 2017	300000	8268115	5.8799
	Transfer			28 Jul 2017	73000	8341115	5.9318
	Transfer			09 Mar 2018	100000	8441115	6.0029
	AT THE END OF THE YEAR					8441115	6.0029

Annexure - III (Contd.)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
3	ICICI PRUDENTIAL INFRASTRUCTURE FUND	8062301	5.7335			8062301	5.7335
	Transfer			14 Apr 2017	(52114)	8010187	5.6964
	Transfer			21 Apr 2017	517992	8528179	6.0648
	Transfer			28 Apr 2017	174300	8702479	6.1888
	Transfer			05 May 2017	200000	8902479	6.3310
	Transfer			12 May 2017	2846	8905325	6.3330
	Transfer			19 May 2017	16443	8921768	6.3447
	Transfer			26 May 2017	10711	8932479	6.3523
	Transfer			02 Jun 2017	43006	8975485	6.3829
	Transfer			23 Jun 2017	50256	9025741	6.4187
	Transfer			30 Jun 2017	140446	9166187	6.5185
	Transfer			07 Jul 2017	36623	9202810	6.5446
	Transfer			14 Jul 2017	21305	9224115	6.5597
	Transfer			21 Jul 2017	(28891)	9195224	6.5392
	Transfer			28 Jul 2017	(500)	9194724	6.5388
	Transfer			11 Aug 2017	4332	9199056	6.5419
	Transfer			18 Aug 2017	28274	9227330	6.5620
	Transfer			25 Aug 2017	(172962)	9054368	6.4390
	Transfer			01 Sep 2017	(9976)	9044392	6.4319
	Transfer			08 Sep 2017	(47053)	8997339	6.3985
	Transfer			15 Sep 2017	15203	9012542	6.4093
	Transfer			22 Sep 2017	(106754)	8905788	6.3334
	Transfer			29 Sep 2017	(54297)	8851491	6.2947
	Transfer			06 Oct 2017	(2737)	8848754	6.2928
	Transfer			13 Oct 2017	(961)	8847793	6.2921
	Transfer			03 Nov 2017	(128406)	8719387	6.2008
	Transfer			10 Nov 2017	(45799)	8673588	6.1682
	Transfer			17 Nov 2017	(14588)	8659000	6.1578
	Transfer			24 Nov 2017	(580517)	8078483	5.7450
	Transfer			01 Dec 2017	(89792)	7988691	5.6812
	Transfer			08 Dec 2017	(20192)	7968499	5.6668
	Transfer			15 Dec 2017	(63725)	7904774	5.6215
	Transfer			22 Dec 2017	(182944)	7721830	5.4914
	Transfer			29 Dec 2017	(19524)	7702306	5.4775
	Transfer			05 Jan 2018	(17063)	7685243	5.4654
	Transfer			12 Jan 2018	(201505)	7483738	5.3221
	Transfer			19 Jan 2018	(60881)	7422857	5.2788
	Transfer			26 Jan 2018	133399	7556256	5.3736
	Transfer			02 Feb 2018	(90235)	7466021	5.3095
	Transfer			16 Feb 2018	(54158)	7411863	5.2709
	Transfer			23 Feb 2018	(8065)	7403798	5.2652
	Transfer			02 Mar 2018	(145104)	7258694	5.1620
	Transfer			09 Mar 2018	(131566)	7127128	5.0685
	Transfer			16 Mar 2018	(218481)	6908647	4.9131
	Transfer			23 Mar 2018	(346609)	6562038	4.6666
	AT THE END OF THE YEAR					6562038	4.6666

Annexure - III (Contd.)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
4	L AND T MUTUAL FUND TRUSTEE LTD-L AND T INDIA VALUE FUND	2101600	1.4946			2101600	1.4946
	Transfer			16 Jun 2017	25775	2127375	1.5129
	Transfer			14 Jul 2017	59600	2186975	1.5553
	Transfer			15 Dec 2017	12584	2199559	1.5642
	Transfer			22 Dec 2017	1400000	3599559	2.5598
	Transfer			29 Dec 2017	(28988)	3570571	2.5392
	Transfer			09 Feb 2018	50915	3621486	2.5754
	Transfer			16 Feb 2018	65608	3687094	2.6221
	Transfer			02 Mar 2018	207800	3894894	2.7699
	Transfer			23 Mar 2018	175248	4070142	2.8945
	Transfer			31 Mar 2018	25000	4095142	2.9123
	AT THE END OF THE YEAR					4095142	2.9123
5	TATA MUTUAL FUND-TATA INFRASTRUCTURE FUND	6287500	4.4714			6287500	4.4714
	Transfer			21 Apr 2017	(180000)	6107500	4.3433
	Transfer			28 Apr 2017	(200000)	5907500	4.2011
	Transfer			05 May 2017	(400000)	5507500	3.9167
	Transfer			09 Jun 2017	(100000)	5407500	3.8455
	Transfer			07 Jul 2017	(400000)	5007500	3.5611
	Transfer			14 Jul 2017	(102000)	4905500	3.4885
	Transfer			21 Jul 2017	(380500)	4525000	3.2180
	Transfer			06 Oct 2017	(43000)	4482000	3.1874
	Transfer			20 Oct 2017	(340000)	4142000	2.9456
	Transfer			17 Nov 2017	(43000)	4099000	2.9150
	Transfer			22 Dec 2017	(30000)	4069000	2.8937
	Transfer			05 Jan 2018	(28000)	4041000	2.8738
	Transfer			19 Jan 2018	3000	4044000	2.8759
	Transfer			23 Feb 2018	(5000)	4039000	2.8723
	Transfer			02 Mar 2018	(62000)	3977000	2.8282
	Transfer			09 Mar 2018	(100000)	3877000	2.7571
	AT THE END OF THE YEAR					3877000	2.7571
6	FRANKLIN INDIA SMALLER COMPANIES FUND	2466874	1.7543			2466874	1.7543
	Transfer			27 Oct 2017	(197094)	2269780	1.6142
	Transfer			03 Nov 2017	(52906)	2216874	1.5765
	Transfer			01 Dec 2017	(11333)	2205541	1.5685
	Transfer			08 Dec 2017	(238667)	1966874	1.3987
	Transfer			22 Dec 2017	(25000)	1941874	1.3810
	AT THE END OF THE YEAR					1941874	1.3810
7	TATA AIA LIFE INSURANCE CO LTD-WHOLE LIFE MID CAP EQUITY FUND-ULIF 009 04/01/07 WLE 110	1376924	0.9792			1376924	0.9792
	Transfer			20 Oct 2017	500000	1876924	1.3348
	AT THE END OF THE YEAR					1876924	1.3348

Annexure - III (Contd.)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
8	SARAH FAISAL HAWA	1185485	0.8431			1185485	0.8431
	AT THE END OF THE YEAR					1185485	0.8431
9	OCEAN DIAL GATEWAY TO INDIA MAURITIUS LIMITED	0	0.0000			0	0.0000
	Transfer			01 Dec 2017	1000000	1000000	0.7112
	AT THE END OF THE YEAR					1000000	0.7112
10	ITPL - INVESCO INDIA CONTRA FUND	0	0.0000			0	0.0000
	Transfer			07 Apr 2017	29338	29338	0.0209
	Transfer			14 Apr 2017	10089	39427	0.0280
	Transfer			05 May 2017	19950	59377	0.0422
	Transfer			19 May 2017	15797	75174	0.0535
	Transfer			07 Jul 2017	402447	477621	0.3397
	Transfer			28 Jul 2017	131246	608867	0.4330
	Transfer			25 Aug 2017	166953	775820	0.5517
	Transfer			22 Sep 2017	166966	942786	0.6705
	Transfer			29 Sep 2017	20186	962972	0.6848
	Transfer			08 Dec 2017	146179	1109151	0.7888
	Transfer			23 Mar 2018	(18336)	1090815	0.7757
	Transfer			31 Mar 2018	(188164)	902651	0.6419
	AT THE END OF THE YEAR					902651	0.6419

Attachment F

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

v) Shareholding of Directors and Key Managerial Personnel:

		Opening 01.04.2017			Closing 31.03.2018			Increase Decrease in shareholding
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	KAMIDI NARASIMHA REDDY	45743595	32.5306	NIL	45743595	32.5306	NIL	Nil
2	JALANDHAR REDDY KAMIDI	19629605	13.9596	NIL	19629605	13.9596	NIL	Nil
3	K. YASHODA	8807505	6.2635	NIL	6007505	4.2722	NIL	(2800000)
4	MEREDDY RAJESH REDDY	7300000	5.1914	NIL	6500000	4.6225	NIL	(800000)
5	BANDHAKAVI VENKATA RAMARAO	0	0	NIL	0	0	NIL	Nil
6	LODUGU BALARAM REDDY	0	0	NIL	0	0	NIL	Nil
7	M V VENKATA RAO	1350	Nil	NIL	1350	Nil	NIL	Nil
Total		81482055	57.9451		77882055	55.3858		(3600000)

Annexure - III (Contd.)

Attachment G

INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits in ₹	Unsecured Loans in ₹	Deposits	Total Indebtedness in ₹
Indebtedness at the beginning of the financial year				
i) Principal Amount	22,44,24,124	1,21,61,50,205	-	1,44,05,74,329
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11,55,0840	20,78,734	-	32.33,818
Total (i+ii+iii)	22,55,79,208	1,21,82,28,939	-	14,43,808,147
Change in Indebtedness during the financial year				
* Addition	-	91,91,00,000		91,91,00,000
* Reduction	14,01,52,974	1,88,78,734		15,90,31,708
Net Change	(14,01,52,974)	9,00,221,266	-	76,00,68,292
Indebtedness at the end of the financial year				
i) Principal Amount	8,54,26,234	2,11,84,50,205	-	2,20,06,42,621
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,28,722	4,49,03,094	-	4,58,31,816
Total (i+ii+iii)	8,63,54,956	2,16,33,53,299	-	2,24,64,74,437

Attachment H

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		K Narasimha Reddy	K Jalandhar Reddy	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,04,00,000	3,36,00,000	8,40,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	81,918	81,918
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
	Total Managerial Remuneration	5,040,0,000	3,36,81,918	84,081,918
	Overall Ceiling as per the Act			27,52,39,982

Annexure - III (Contd.)

Attachment I

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

B. Remuneration to other directors

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		B V Rama Rao	L B Reddy	K Yashoda	
1	Independent Directors	Yes	Yes	No	
	Fee for attending board committee meetings	14,00,000	14,00,000	-	28,00,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	14,00,000	14,00,000	-	28,00,000
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	5,00,000	5,00,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	5,00,000	5,00,000
	Total	14,00,000	14,00,000	5,00,000	3,3,00,000

Attachment J

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	VP (F&A)	Total Amount.
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,20,000	29,70,000	42,90,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify			
	- PF Employer Contribution	79,200	-	79,200
	- Group Gratuity	31,731	-	31,731
	Total	14,30,931	29,70,000	44,00,931

Annexure - III (Contd.)

Attachment K

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations 2015).

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS:

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

Sl No.	Name	Designation	Category
1.	Shri B. V. Rama Rao	Chairman	Independent / Non-Executive Director
2.	Shri L. B. Reddy	Director	Independent / Non-Executive Director
3.	Shri K. Narasimha Reddy	Managing Director	Promoter/ Executive Director
4.	Shri K. Jalandhar Reddy	Executive Director	Promoter/ Executive Director
5.	Smt. K Yashoda	Director	Promoter / Non-Executive Director

Conduct of Board Proceedings

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

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

- Review, monitor and approve major financial and business strategies and corporate actions

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

Governance Policies

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

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

Number of Board Meetings held

Nine Board Meetings were held during the year 2017-18. The intervening period between two Board Meetings was well within the maximum gap of four months prescribed under regulations.

The details of the Board Meetings are as under:

Sl. No.	Dates	Board Strength	No. of Directors Present
1	30.05.2017	5	4
2	14.08.2017	5	5
3	28.09.2017	5	3
4	14.11.2017	5	4
5	14.02.2018	5	4
6	16.03.2018*	2	2

* meeting of independent directors only

Report on Corporate Governance (Contd.)

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 March 31, 2018 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	6	Yes	Nil	Nil
Shri L. B. Reddy	6	Yes	1	Nil
Shri K. Narasimha Reddy	3	No	2	Nil
Shri K. Jalandhar Reddy	3	Yes	1	Nil
Smt. K Yashoda	4	No	1	Nil

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

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

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

Familiarisation programmes for Board Members

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

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business

strategy and risks involved. Detailed presentations on the Company's business segments were made at the separate meetings of the Independent Directors held during the year and information in this regard can be viewed from our company's website www.knrcl.com

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

Meetings of Independent Directors

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

One such meeting of Independent Directors was held during the year on 16th March 2018 without the presence of Executive Directors and management personnel. The details of the attendance of the Independent Directors in the meeting are as below.

Name	No. of meetings held during the year 2017-18	
	Held	Attended
Shri B. V. Rama Rao	1	1
Shri L. B. Reddy	1	1

Report on Corporate Governance (Contd.)

Details of Directors

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

Shri B. V. Rama Rao, aged 78 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 35 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, Remuneration Committee and Corporate Social Responsibility Committee

Shri B V Rama Rao does not hold any Equity Shares in the Company as on March 31, 2018

Shri L. B Reddy, aged 76 years, is the Non-Executive and Independent Director of the Company. Shri Reddy is a Fellow Member of The Institute of Chartered Accountants of India and is a Senior Partner in M/s L B Reddy & Co., a Chartered Account Firm. Shri Reddy started his career with Syndicate Bank and has worked in various capacities in the Bank before retiring as General Manager. He has over three decades of experience in areas such as planning, accounts, inspection, computer policy and development. He was also on deputation from Syndicate Bank to Rayalaseema Grameena Bank as Chairman for six years.

Shri L B Reddy joined the Board of Directors of the Company with effect from December 26, 2005 and he is currently the Chairman of Audit Committee, Member of Remuneration Committee and Corporate Social Responsibility Committee in the Company and Director of New Era Insurance Services Private Limited, Indira Television Limited, Virtual Agri Services Private Limited and Secunderabad Hotels Private Limited

Shri L B Reddy does not hold any Equity Shares in the Company as on March 31, 2018

Shri K. Narasimha Reddy aged 70 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 49 years of experience in the roads and infrastructure sector, and has been the driving force behind

the Company's establishment and growth, and Company has grown to the current size and scale under his able leadership. He started his career in 1968 as sub-contractor for other construction companies. In 1979, he formed a partnership in the name and style of M/s K Narasimha Reddy & Company, which was engaged in the business of undertaking civil and mechanical contracts. Shri Reddy has extensive knowledge and experience in project planning, scheduling, cost controls, and quality surveying in addition to overall construction project management. Shri Reddy oversees the implementation of all the projects and has formulated the corporate vision of the Company.

Shri K Narasimha Reddy is presently the Managing Director of KNR Constructions Limited and director of Patel KNR Heavy Infrastructures Limited, Patel KNR Infrastructures Limited, KNR Muzaffarpur Holdings Private Limited, , KNR Muzaffarpur Barauni Tollway Private Limited, KNR Walayar Tollways Private Limited, KNR Srirangam Infra Private Limited and KNR Chidambaram Infra Private Limited as on March 31, 2018.

Shri Narasimha Reddy is holding 4,57,43,595 Equity Shares in the Company as on March 31, 2018.

Smt. K Yashoda, aged 66 years, is the Promoter and Non-Executive Director of KNR Constructions Limited. She is the wife of the Company's founder Promoter and Managing Director, Shri K Narasimha Reddy.

Smt. K Yashoda is the Non-Executive Director of KNR Constructions Limited and Director of Smitha Agro Developers Private Limited and Siriadhvaitah Agri Solutions Private Limited, Vishnu Publicity Solutions Private Limited, KNR Infrastructure Projects Private Limited, Nag Talent Ventuers and Infotech Private Limited, Asara Construction & Projects Private Limited, KNR Agrotech and Beverages Private Limited, Gradient Estates Private Limited, KNR Energy Limited, KNRC Holdings and Investments Private Limited as on 31st March 2018

Smt. K Yashoda is holding 60,07,505 Equity Shares in the Company as on March 31, 2018.

Shri K Jalandhar Reddy, aged 47 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 21 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

Report on Corporate Governance (Contd.)

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 Muzaffarpur Holdings Private Limited, KNRC Holdings and Investments Private Limited, Siriadhvaitha Agrotech Private Limited, KNR Muzaffarpur Barauni Tollway Private Limited, KNR Walayar Tollways Private Limited, KNR Srirangam Infra Private Limited and KNR Chidambaram Infra Private Limited as on March 31, 2018.

Shri Jalandhar Reddy is holding 1,96,29,605 Equity Shares in the Company as on 31st March 2018.

3. COMMITTEES OF THE BOARD

Currently, there are four Board Committees – the Audit Committee, the Nomination & Remuneration Committee, the Stakeholders Relationship Committee and the CSR Committee. The terms of reference of the Board Committees are determined by the Board from time to time, other than the Independent Directors Committee, the terms of reference of which have been adopted as prescribed under law. Meetings of each Board Committee are convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee meetings, are placed before the Board with clearance of the Committee Chairman. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

a. Audit Committee

Composition, Name of the Members and Chairman

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:
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by the management
 - Qualifications in draft audit reports
 - Significant adjustments arising out of the audit
 - The going concern assumption
 - 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;

Report on Corporate Governance (Contd.)

Attendance of the members at the Audit Committee Meetings:

During the current financial year 2017 - 18 Four Audit Committee Meetings were held and the details of the Audit Committee Meetings are as under :-

Sl. No.	Dates	Committee Strength	No. of Directors Present
1	30.05.2017	3	2
2	14.08.2017	3	3
3	14.11.2017	3	3
4	14.02.2018	3	2

b. Nomination and Remuneration Committee

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

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

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

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

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

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

- The Remuneration Committee recommends to the board the compensation terms of the executive directors
- Framing and implementing on behalf of the Board and the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors
- Bringing about objectivity in fixing the remuneration package while striking a balance between the interest of the Company and the shareholders
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the Remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Remuneration paid to the Directors during 2017 - 18:

Amount in ₹				
Name	Position	Sitting Fee	Salary & Perquisite	Total
INDEPENDENT DIRECTORS / NON EXECUTIVE DIRECTORS				
Shri B. V. Rama Rao	Chairman /Director	14,00,000	-	14,00,000
Shri L. B. Reddy	Director	14,00,000	-	14,00,000
Smt. K Yashoda	Director	5,00,000	-	5,00,000
WHOLE TIME DIRECTORS				
Shri K. Narasimha Reddy	Managing Director	-	5,04,00,000	5,04,00,000
Shri K. Jalandhar Reddy	Executive Director	-	3,51,21,918	3,51,21,918

Report on Corporate Governance (Contd.)

Shares held by the Non-Executive Directors as on 31st March 2018 are as under:

Name of the Non-Executive Directors	No. of shares held as on the date
Shri B. V. Rama Rao	Nil
Shri L. B. Reddy	Nil
Smt. K Yashoda	60,07,505

c. Stakeholders Relationship Committee

This Committee comprises of the following members

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

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

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

- 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

KNR Constructions Limited

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

Contact No. + 91 40 4026 8761 / 62

E-mail - investors@knrcl.com Fax - +91 40 4026 8760

4. GENERAL BODY MEETINGS:

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

Financial Year	Date and Time	Venue
2014-15	September 30, 2015, 11:00 a.m	Hotel Maple Emerald, NH-8, Rajokri, New Delhi - 110038
2015-16	September 30, 2016 11:00 a.m	Hotel Maple Emerald, NH-8, Rajokri, New Delhi - 110038
2016-17	September 30, 2017 11:00 a.m	Hotel Maple Emerald, NH-8, Rajokri, New Delhi - 110038

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

5. POSTAL BALLOT:

During the year, Special Resolutions as proposed in Postal Ballot Notice dated August 14, 2017 was passed on October 14, 2017 through postal ballot for shifting of registered office of the Company from Delhi to Telangana

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.

The Company has complied with the procedures for the postal ballot in terms section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and amendments thereto made from time to time. This is to inform that Company is waiting for Central Government Order for completing the process of Shifting of Registered Office.

6. DISCLOSURES;

a. Related Party Transactions

During the year ended March 31, 2018, there were no materially significant related party transactions, which could have potential conflict with the Company's interests at large. Statement in summary form of transactions with related parties is placed before the audit committee for review. All related party transactions are negotiated on an arms length basis, and are intended to further the Company's interests. In compliance with the Indian Accounting Standard 24, transactions with related parties are disclosed in the notes to accounts.

Report on Corporate Governance (Contd.)

b. Details of non-Compliance etc

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

c. Disclosure of Accounting Treatment

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

d. Board Disclosures

i. Risk Management

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

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

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

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

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

ii. Internal Control System

Your company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing

transactions with proper authorization and ensuring compliance of internal policies. The Company has a well-defined delegation of power and defined limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances.

e. Code of Conduct

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

f. CEO / CFO Certification

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

7. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

- a. **Non-Executive Chairman's Office:** The Company doesn't maintain any office of the Non-executive chairman and any expenditure incurred by him in performance of his duties will be reimbursed by the Company.
- b. **Tenure of Independent Directors:** In terms of the Governance Policy of the Company, all Directors including Independent Directors except Managing Director are appointed / re-appointed for a period of five years or a shorter duration in accordance with retirement guidelines as determined by the Board from time to time. No maximum tenure for Independent Directors has been specifically determined by the Board.
- c. **Remuneration Committee:** The Company has a Remuneration Committee under the nomenclature "Remuneration Committee", the details of which are provided in this Report under the section "Committees of Board – Remuneration Committee"
- d. **Shareholders Rights:** The Quarterly, half-yearly and annual financial results of the Company are published in newspapers on all India basis and complete set of annual report is sent to every Shareholder of the Company

Report on Corporate Governance (Contd.)

- e. **Audit Qualifications:** During the financial year 2017-18, there are no audit qualifications in the Company's standalone and Consolidated financial statements.
- f. **Training of Board Members:** Strategic supervision of the Company is the responsibility of the Board. To achieve this, the Board undertakes periodic review of various matters including business-wise performance and related matters, risk management, borrowings, internal & external audit findings etc., Directors are also briefed on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic development.
- g. **Mechanism for evaluation of Non-Executive Directors:** The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board has not evolved any method/mechanism for appointment of non-executive directors.
- h. **Whistle Blower Policy:** The Company encourages open door policy where every employee have access to the Head of the Business / Department, employees are free to report existing / probable violation of laws, regulations or unethical conduct in the organization.

8. MEANS OF COMMUNICATION

Quarterly results:

The Company's quarterly results are published in Financial Express, Business Standard, Financial Chronicle and Janasatta – Hindi, and are displayed on website www.knrcil.com.

News releases, presentations, among others:

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

Presentations to institutional investors / analysts:

Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results through earnings call. The transcripts of the earnings call are also uploaded on the Company's website www.knrcil.com

Website:

The Company's website www.knrcil.com contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

Annual Report:

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

Management Discussion and Analysis (MDA) Report

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

Disclosures to Stock Exchanges:

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

NSE Electronic Application Processing System (NEAPS):

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

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

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

SEBI Complaints Redress System (SCORES):

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

Dedicated e-mail ID :- Investors@knrcil.com

Report on Corporate Governance (Contd.)

9. GENERAL SHAREHOLDERS INFORMATION

- | | | | |
|------|--|---|--|
| i. | Annual General Meeting | : | 23rd Annual General Meeting Saturday the September 29, 2018 |
| | Time | : | 11.00 AM |
| | Venue | : | Hotel Mappel Emerald, NH-8,Rajkora, New Delhi - 110038 |
| ii. | Financial Year | : | April 1, 2017 to March 31, 2018 |
| iii. | Book closure dates | : | September 26, 2018 to September 29, 2018 (both days inclusive) |
| iv. | Dividend Payment date | : | NA |
| v. | Financial Calendar for the year 2018-2019 | | |
| | Financial Reporting for the first quarter ended 30th June 2018 | | on or before August 14, 2018 |
| | Financial Reporting for the second quarter / half-year ended 30th September 2018 | | on or before November 14, 2018 |
| | Financial Reporting for the third quarter / nine months ended 31st December 2018 | | on or before February 14, 2018 |
| | Financial Reporting for the fourth quarter / year ended 31st March 2019 | | on or before May 30, 2019 |

vi. Listing on Stock Exchanges

Name and Address of the Stock Exchange

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

Name and Address of the Stock Exchange

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 2017-18 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 : **INE634I01029**

The annual custodian fee for the financial year 2017-18 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

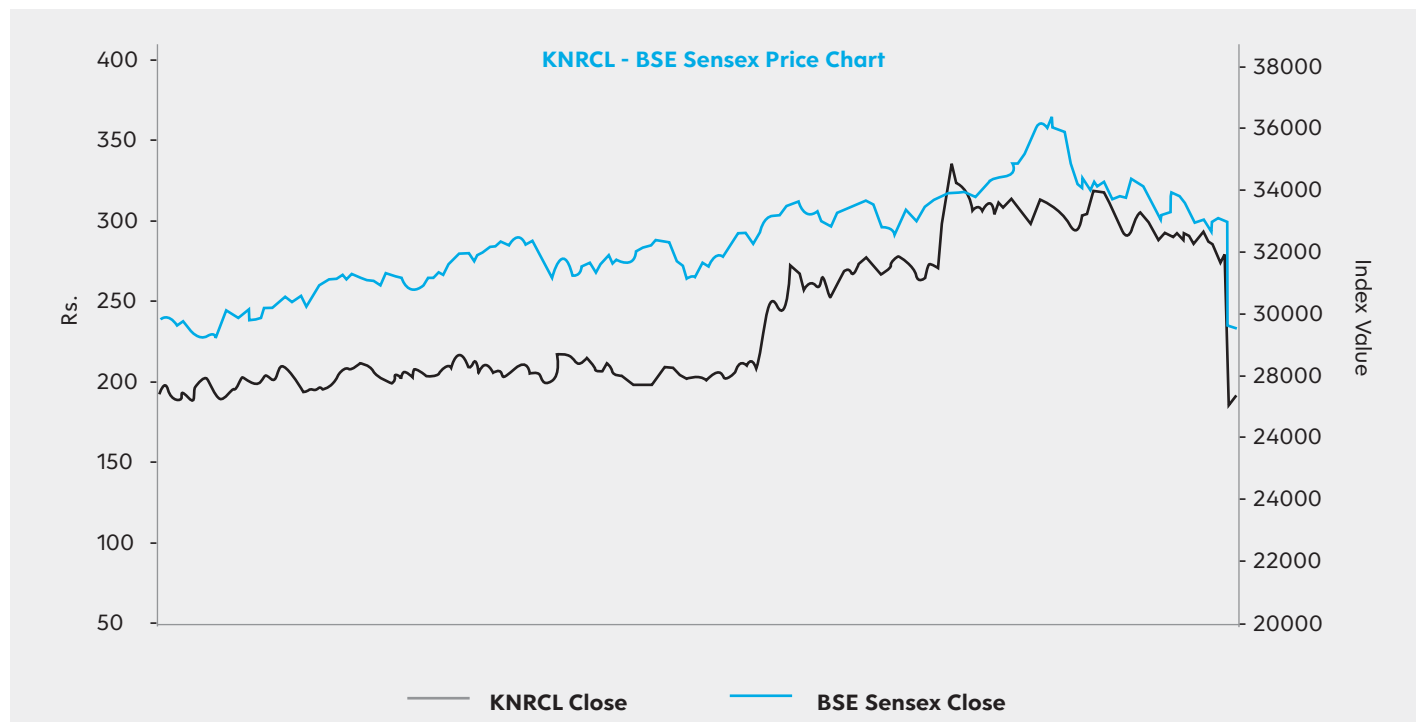
Report on Corporate Governance (Contd.)

c. Corporate Identity Number (CIN)

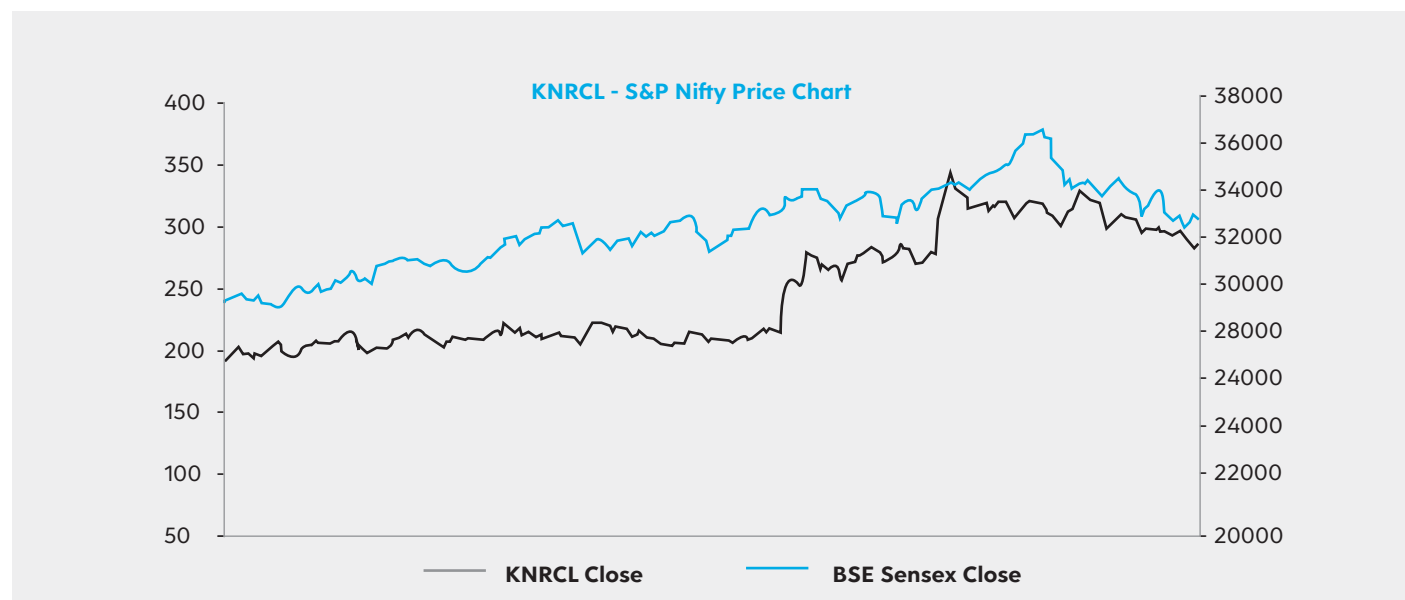
The CIN allotted by the Ministry of Corporate Affairs, Government of India is **L74210DL1995PLC238364**, and the Company is registered within the jurisdictions of the Registrar of Companies, National Capital Territory of Delhi and Haryana.

viii. Market Price Data:

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High Price	Low Price	High Price	Low Price
April-17	211.90	190.00	211.00	185.35
May-17	215.00	191.70	215.95	194.70
June-17	219.85	195.25	216.50	199.00
July-17	224.75	204.10	224.45	203.15
August-17	229.40	194.45	229.90	193.25
September-17	237.40	199.00	235.00	198.30
October-17	261.80	200.00	264.90	202.10
November-17	292.90	248.00	292.80	252.30
December-17	348.80	260.00	349.00	254.80
January-18	326.05	294.95	327.45	295.00
February-18	340.00	274.80	339.80	272.15
March-18	307.00	276.40	307.00	276.00



Report on Corporate Governance (Contd.)



x. Registrar & Share Transfer Agents:

(for shares held in both Physical and Demat mode)

Link Intime India Pvt Ltd

C-101, 247 Park,

LBS Marg, Vikhroli (West),

Mumbai – 400083

Phone: +91 – 22 -25960320

Fax: +91 – 22 – 25960329

xi. Share Transfer System:

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

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

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

EQUITY SHARES IN SUSPENSE ACCOUNT

As per LODR Regulations, the Company reports that there are no shares lying in the suspense account as on 31st March 2018. Company has transferred 8552 unclaimed equity shares to IEPF account.

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.

Report on Corporate Governance (Contd.)

xii. Distribution of shareholding as on March 31, 2018

Range		No. of Shareholders		No of shares held	
From	To	Number	% of total	Number	% of total
1	500	20418	84.1806	2497353	1.7760
501	1000	1975	8.1427	1478045	1.0511
1001	2000	860	3.5457	1243669	0.8844
2001	3000	357	1.4719	893962	0.6357
3001	4000	123	0.5071	430015	0.3058
4001	5000	114	0.4700	538994	0.3833
5001	10000	169	0.6968	1207927	0.8590
10001	And above	239	0.9854	132327335	94.1046
Total		24255	100.0000	140617300	100.0000

xiii. Pattern of Shareholding as on March 31, 2018

Sr. No	Category	Total Securities	No. of Holders	Percent
1	Clearing Members	726312	164	0.5165
2	Financial Institutions	28380	1	0.0202
3	Foreign Nationals	18522	2	0.0132
4	Foreign Portfolio Investors (Corporate)	5313406	39	3.7786
5	Government Companies	8302	1	0.0059
6	Hindu Undivided Family	322852	482	0.2296
7	Mutual Funds	39456611	63	28.0596
8	Nationalised Banks	250	1	0.0002
9	Non Nationalised Banks	4627	2	0.0033
10	Non Resident (Non Repatriable)	150985	200	0.1074
11	Non Resident Indians	385217	622	0.2739
12	Other Bodies Corporate	4207847	413	2.9924
13	Promoters	77880705	4	55.3849
14	Public	12108643	22256	8.6111
15	Trusts	4641	5	0.0033
TOTAL		140617300	24255	100.0000

xiv. Dematerialisation of Shares & Liquidity

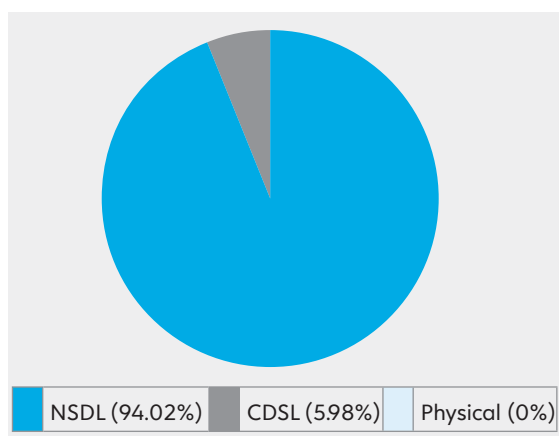
The Company's shares are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

As on 31st March 2018 a total of 14,06,17,230 Equity Shares were dematerialised representing 99.99 % of the total paid up equity share capital of the Company.

Dematerialisation of Shares and Liquidity as on March 31, 2018

Report on Corporate Governance (Contd.)

	No. of Shares	% of Total
NSDL	13,22,11,899	94.02
CDSL	84,05,331	5.98
Physical	70	0.00
Total	14,06,17,300	100.00



xv. Address for Correspondence:

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

Company Secretary

KNR Constructions Limited
 "KNR House", 3rd Floor,
 Plot No. 114, Phase I, Kavuri Hills,
 Hyderabad – 5000033
 Andhra Pradesh, India
 Ph: + 91 - 40 - 40268759 / 61 / 62
 Fax: + 91 - 40 - 40268760

Registrar & Share Transfer Agents:

(for shares held in both Physical and Demat mode)

Link Intime India Pvt Ltd

(Unit: KNR Constructions Limited)
 C-101, 247 Park,
 LBS Marg, Vikhroli (West),
 Mumbai – 400083
 Phone: +91 – 22 -25960320
 Fax: +91 – 22 -25960329

xvi. Unclaimed Dividend

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

Year	Type of Dividend	Dividend Per Share (₹)	Date of Declaration	Due date for transfer	Amount in (₹) *
2011	Final	2.00	22.09.2011	22.10.2018	67582
2012	Final	1.00	08.08.2012	08.09.2019	28913
2013	Final	1.00	14.09.2013	14.10.2020	24675
2014	Final	1.00	30.09.2014	30.10.2021	43615
2015	Final	1.00	30.09.2015	30.10.2022	18493
2016	Interim	1.00	15.03.2016	15.04.2023	23081
2017	Final	0.50	30.09.2017	30.10.2024	87805

* as on 31.03.2018

DECLARATION

As provided under regulation 26(3) of the SEBI (LODR) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended March 31, 2018.

For KNR Constructions Limited

K Narasimha Reddy

Managing Director

Place: Hyderabad

Date: August 10, 2018

Certificate on Corporate Governance

To
The Members of

KNR Constructions Limited

We have examined the compliance of conditions of Corporate Governance by **KNR Constructions Limited** ("the Company") for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We conducted our examination in accordance with Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (the ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and according to the best of our information and according to the explanations given to us and based on our reliance upon the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations referred above.

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

For **K P Rao & Co**
Chartered Accountants

K. Viswanath
Partner,
Membership No : 022812

Place: Hyderabad
Date: August 10, 2018

CEO and CFO Compliance Certificate

In relation to the Audited Financial Accounts of the Company as at 31st March, 2018, we hereby certify that

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

For **KNR Constructions Limited**

K.Narasimha Reddy
Managing Director,
DIN: 00382412

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

S.Vaikuntanathan
Vice President (F&A)

Place : Hyderabad

Date : May 30, 2018

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L74210DL1995PLC238364
2	Name of the Company	KNR CONSTRUCTIONS LIMITED
3	Registered address	C-125, ANAND NIKETAN, NEW DELHI - 110021
4	Website	www.knrcl.com
5	e-mail id	investors@knrcl.com
6	Financial Year reported	2017 - 18
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Construction, Engineering and Infrastructure Development activities
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Construction, Engineering and Infrastructure Development activities
9	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations (Provide details of major 5)	Nil
	b. Number of National Locations	Company executes construction projects in most of the States in India
10	Markets served by the Company - Local/ State/ National/ International/	National

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 2,81.23 Mn
2	Total Turnover (INR)	₹ 19,316.55 Mn
3	Total profit after taxes (INR)	₹ 2,720.92 Mn
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	As stipulated under Section 135 of the Companies Act, 2013, 2% of the average net profit of the last three years are provided for CSR activities
5	List of activities in which expenditure in 4 above has been incurred.	Please refer CSR report provided as annexure to directors report

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes, through their own BRR initiatives
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Business Responsibility Report (Contd.)

SECTION D: BR INFORMATION

1	Details of Director/ Directors responsible for BR	
	(a) Details of the Director/ Directors responsible for implementation of the BR policy/policies	
	DIN Number	00434911
	Name	K Jalandhar Reddy
	Designation	Executive Director
	(b) Details of the BR head	
	DIN Number (if applicable)	00382412
	Name	K Narasimha Reddy
	Designation	Managing Director
	Telephone number	+91 40 40268761
	e-mail id	knr@knrc.com

2. Principle-wise (as per NVGs) BR Policy/policies

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Principle 3: Businesses should promote the well-being of all employees

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Principle 5: Businesses should respect and promote human rights

Principle 6: Business should respect, protect and make efforts to restore the environment

Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Principle 8: Businesses should support inclusive growth and equitable development

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for BR	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Policies formulated after internal consultation covering all functional areas								
3	Does the policy conform to any national / international standards?	The Policies conform to statutory provisions								
4	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?									
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Policies hosted on the company's website http://www.knrc.com/policy.html								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Business Responsibility Report (Contd.)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	Annually
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, the company publishes BR Report as part of the Annual Report and also hosts the same on the Company's website. http://www.knrcl.com/policy.html annually

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?	The policy is basically applicable to the Company. The group companies have adopted similar policies
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	Please refer Corporate Governance section

Principle 2

1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Construction, Engineering and Infrastructure Development activities
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) :	The Company is not engaged in the business of manufacturing goods and consumer products. The company however takes necessary steps to ensure efficient use of the raw materials and goods required for execution of the projects including in relation to energy, water, raw material and etc.,
3	Does the company have procedures in place for sustainable sourcing (including transportation)?	Yes
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Yes. During the execution of the projects awarded to the Company, the Company to the extent possible / permitted under the contracts awarded procures raw materials from local & small produces / suppliers. The Company also utilizes the services of locals to the extent possible / permitted under the contacts awarded to it.
5	Does the company have a mechanism to recycle products and waste?	Recycling of the products is not applicable as the company is not engaged in manufacturing activities. Hazardous wastes are disposed off as per the statutory provisions

Principle 3

1	Total number of permanent employees as on 31.03.2018	1020
2	Total number of employees hired on temporary/ contractual/ casual basis.	Depending upon the requirements of each of the projects awarded to the Company, the Company engages employees on contractual basis
3	Number of permanent women employees.	8
4	Number of permanent employees with disabilities	3
5	Employee association	Nil

Business Responsibility Report (Contd.)

Principle 3		
6	What percentage of your permanent employees is members of this recognized employee association?	Nil
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Nil
8	Brief details of training Programme held for employees with respect to safety & skill up-gradation training in the last year	<p>In major sites, the training programmes in respect of Environment & Health, Safety Awareness, Personal and Organisation Development, Time Management, Team building etc. was conducted.</p> <p>GETs and DETs Training</p> <p>On-the-job training was imparted to 91 GETs and 40 DETs at various sites.</p> <p>Health Awareness Programmes</p> <p>During the FY 2017-18, the Company has also conducted health programme viz. Cardio Camp and General Checkup etc.</p>

Principle 4		
1	Has the company mapped its internal and external stakeholders? Yes/No	Yes
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	For the Internal Stakeholders
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	As Applicable

Principle 5		
1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	The policy is basically applicable to the Company. Same are extended to the group Companies
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	Nil

Principle 6		
1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others?	The policy is basically applicable to the Company. The group companies have adopted similar policies
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes. The company addresses issues such as climate change, global warming through conservation of natural resources. To protect the environment hazardous wastes are disposed off as per the statutory provisions
3	Does the company identify and assess potential environmental risks? Y/N	Yes
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Wherever the projects awarded to the Company permit adoption of Clean Development Mechanism, the Company strictly adheres to the same.

Business Responsibility Report (Contd.)

Principle 6

5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	As part of the project execution the Company has undertaken initiatives relating to clean technology, energy efficiency, renewable energy, etc.
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, Complied to the extent applicable
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

Principle 7

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes 1 National Highway Builders Federation 2 Builders Association of India
2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas	Whenever policy guidelines are issued, the Company has been providing its suggestion to the Government and above Associations. The Company officials have also attended seminars /workshops organized by the apex organizations for facilitating view on the policies.

Principle 8

1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8?	Yes. The Company has adopted the CSR policy pursuant to Section 135/Schedule VII of the Companies Act, 2013. The details of the CSR projects under taken by the Company is provided in the annexure IV to the Directors' Report
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?	In house team
3	What is your company's direct contribution to community development projects.	₹ 5.41 Millions
4	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Yes

Principle 9

1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	Nil
2	Does the company display product information on the product label, over and above what is mandated as per local laws?	Not Applicable
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year.	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Not Applicable

Independent Auditor's Report

To the Members of

KNR CONSTRUCTIONS LIMITED

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARD (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying Standalone Ind AS Financial Statements of KNR CONSTRUCTIONS LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profits (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- A.** As required by the Companies (Auditor's Report) Order, 2016, ('the Order'), issued by the Central Government of India in terms of Sub-section 11 of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the said order.
- B. As required by Section 143 (3) of the Act, we report that:**
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income) the Cash Flow

Independent Auditor's Report (Contd.)

Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.
- e) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2". Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact if any, of pending litigations as at March 31, 2018 on its financial position in its Standalone Ind AS Financial Statements – Refer Note No. 37(i).
 - ii. The Company did not have any long term contracts, including derivative contracts, for which there were any material foreseeable losses.
 - iii. There was a delay of 30 days in transferring an amount of ₹ 0.57 lakhs to the Investor Education and Protection Fund by the Company.
 - iv. The disclosure in the Standalone Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to December 30 2016 have not been made since they do not pertain to the financial year ended March 31, 2018.

For **K.P.Rao & Co.,**

Chartered Accountants

Firm's Registration No. 003135S

K. Viswanath

Partner

Membership No. 022812

Place: Hyderabad

Date: May 30, 2018

Annexure I

To the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of KNR Constructions Limited

We report that;

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification of fixed assets.
- c) According to the information and explanations given to us, the title deeds of the immovable properties disclosed in the Note no. 3 & 3.1 to Standalone Ind AS Financial Statements held by the Company are in the name of the Company except following assets.

Total No. of cases (lands)	Whether leasehold/freehold	Gross block and net block as on 31-03-2018 (₹ in Lakhs)	Remarks
44	Freehold	762.07	Lands are registered in the name of directors, relatives of directors for and on behalf of the company due to restrictions in registration of lands in the name of the Company, by the land laws of respective states in which respective states in which the land is situated.*

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

2. According to the information and explanations given to us, inventories have been physically verified at regular intervals by the Management during the year. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on such physical verification.
3. According to the information and explanations given to us, the company has granted unsecured loans to Subsidiary Companies during the year and maximum amount involved during the period and the balance of said loans were aggregating to ₹ 899.90 Lakhs and ₹ 503.41 lakhs respectively covered in the register maintained under section 189 of the Companies Act, 2013. These loans have been given on "On Account" basis. In the absence of agreements for these loans, the terms and conditions and their impact on the interest of the Company cannot be ascertained. Hence the question of regularity of payment of principal and interest does not arise.
4. In our opinion and according to the information and explanations given to us, the Company has not advanced any loan to any director, given any guarantee, provided any security in connection with any loan taken by any director or made investment through more than two layers of investment companies as per the provisions of section 185 and 186 of the Act. Accordingly, reporting under clause (iv) of paragraph 3 of the Order is not applicable.
5. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits to which directions issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 were applicable. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
6. The maintenance of cost records has been specified by the Central Government under section 148(1) (d). We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
7. According to the information and explanations given to us, in respect of records of statutory dues:
 - a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it with the appropriate authorities. However, there have been delays in depositing Goods and Services Tax (GST) dues with the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Cess and other statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable, except as below.

Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Due Date	Date of Payment
The Kerala Value Added Tax Act, 2003	Value Added Tax	3.01	2016-17	Various Dates	Outstanding as on the date of this Report
		19.35	2017-18	Various Dates	Outstanding as on the date of this Report

Annexure I to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of KNR Constructions Limited (Contd.)

c) Disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under :

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Paid under protest	FY 2006-07	Income Tax Appellate Tribunal, Hyderabad
Income Tax Act, 1961	Income Tax	Paid under protest	FY 2002-03	CIT (Appeals) – 12 Hyderabad
Income Tax Act, 1961	Income Tax	4.60	FY 2000-01	CIT (Appeals) – 12 Hyderabad
Income Tax Act, 1961	Income Tax	Paid under protest	FY 2012-13	Income Tax Appellate Tribunal, Hyderabad
Income Tax Act, 1961	Income Tax	Paid under protest	FY 2013-14	Income Tax Appellate Tribunal, Hyderabad
Income Tax Act, 1961	TDS	9.86	FY 2009-10	Deputy Commissioner of Income Tax
Andhra Pradesh Value Added Tax Act, 2005	VAT	25.91	FY 2010-11	Telangana Value Added Tax Appellate Tribunal
Madhya Pradesh Value Added Tax Act, 2002	VAT	34.97	FY 2014-15	Additional Commissioner (Appeals) Gwalior
	Entry Tax	41.13	FY 2010-11	Additional Commissioner (Appeals) Gwalior
	Entry Tax	182.88	FY 2014-15	Additional Commissioner (Appeals) Gwalior
Odisha Sales Tax and VAT Laws	Entry Tax	28.87	FY 2009-10 to 11-12	Odisha High Court
	Entry tax	22.00	FY 2012-13 to 14-15	Joint Commissioner Appeals, Bhubaneswar
	VAT	171.81	FY 2012-13 to 14-15	
	CST	6.03	FY 2012-13 to 14-15	

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to Banks & Financial Institutions. The Company has not issued debentures.
9. The Company has not raised any monies, during the reporting period, by way of initial public offer (including debt instruments) or further public offer. The Company has not raised any monies, by way of term loans during the year.
10. According to the information and explanations given to us, no fraud by, or by its officers or employees on the Company has been noticed or reported during the year.
11. According to the information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid/provided during the year in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act 2013.
12. In our opinion and according to the information given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us and based on our examination of the records, all transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable, and the details have been disclosed in the

Standalone Ind AS Financial Statements, as required by the applicable accounting standards.

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

For **K.P.Rao & Co.,**
Chartered Accountants
Firm's Registration No. 003135S

K. Viswanath
Partner
Membership No. 022812

Place: Hyderabad
Date: May 30, 2018

Annexure 2

to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of KNR Constructions Limited

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

We have audited the internal financial controls over financial reporting of KNR CONSTRUCTIONS LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of KNR Constructions Limited (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the Internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **K.P.Rao & Co.,**
Chartered Accountants
Firm's Registration No. 003135S

K. Viswanath
Partner
Membership No. 022812

Place: Hyderabad
Date: May 30, 2018

Balance Sheet

as at March 31, 2018

(₹ in Lakhs)			
Particulars	Note	As at March 31, 2018	As at March 31, 2017
I ASSETS			
1) Non-current assets			
a) Property, plant and equipment	3	33,136.99	26,068.89
b) Capital work-in-progress		1.75	152.93
c) Investment property	3.1	6,203.76	6,147.75
d) Other Intangible assets	3.2	15.45	1.67
e) Financial Assets			
i) Investments	4	1,765.16	1,745.16
ii) Other Investments	4	49,234.37	46,229.61
iii) Loans	5	162.92	313.15
iv) Other financial assets	6	254.98	1,384.15
f) Deferred tax assets (Net)	7	14,076.48	8,154.69
g) Non current tax assets (Net)	8	761.34	4,059.07
h) Other non-current assets	9	8,241.23	2,753.66
Total Non-current assets		1,13,854.43	97,010.73
2) Current assets			
a) Inventories	10	7,118.38	5,735.51
b) Financial assets			
i) Investments	4	2,561.29	5,533.72
ii) Trade receivables	11	23,197.68	16,395.99
iii) Cash and cash equivalents	12	3,706.45	1,644.12
iv) Bank balances, other than (iii) above	13	678.24	819.93
v) Loans	5	2,631.47	3,177.35
vi) Other financials assets	6	15,391.89	13,159.99
c) Current tax assets (Net)	8	892.69	474.53
d) Other current assets	14	26,551.91	17,841.16
Total Current assets		82,730.00	64,782.30
Total Assets		1,96,584.43	1,61,793.03
II EQUITY AND LIABILITIES			
Equity			
a) Equity Share capital	15	2,812.35	2,812.35
b) Other equity	16	1,12,970.90	86,735.09
Total equity		1,15,783.25	89,547.44
Liabilities			
1) Non-current liabilities			
a) Financial liabilities			
i) Borrowings	17	21,184.50	13,027.50
ii) Trade Payables	18	827.27	827.27
iii) Other financial liabilities	19	272.27	321.19
b) Provisions	20	421.77	173.18
c) Other non-current liabilities	21	1,324.53	1,822.97
Total non-current liabilities		24,030.34	16,172.11
2) Current liabilities			
a) Financial liabilities			
i) Trade Payables	18	21,016.85	13,438.83
ii) Other financial liabilities	19	11,712.67	17,845.43
b) Provisions	20	1,421.10	1,281.19
c) Other current liabilities	22	22,440.13	23,508.03
d) Current Tax liability (Net)	23	180.09	-
Total current liabilities		56,770.84	56,073.48
Total Equity and Liabilities		1,96,584.43	1,61,793.03
Corporate information and Significant accounting policies	1&2		
See accompanying notes forming part of the financial statements			

As per our report of even date attached

For **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.003135S)

K. Viswanath
Partner,
Membership No: 022812

Place : Hyderabad
Date : May 30, 2018

For and on behalf of the Board

K.Narasimha Reddy
Managing Director,
DIN: 00382412

S.Vaikuntanathan
Vice President (F&A)

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

M.V.Venkata Rao
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Lakhs)				
Sr. No	Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from Operations	24	1,93,165.45	1,54,105.26
II	Other income	25	3,931.25	3,027.57
III	Total Revenue (I + II)		1,97,096.70	1,57,132.83
IV	Expenses			
	Cost of materials consumed	26	50,551.47	33,508.87
	Construction Expenses	27	92,979.08	89,304.73
	Employee benefits expense	28	7,211.60	5,523.72
	Finance costs	29	2,314.42	2,189.88
	Depreciation and amortisation expense	30	13,414.59	6,387.32
	Other expenses	31	3,810.48	2,809.98
	Total expenses (IV)		1,70,281.64	1,39,724.50
V	Profit before exceptional items and tax (III - IV)		26,815.06	17,408.33
VI	Exceptional items	32	-	1,086.64
VII	Profit/(Loss) before tax (V - VI)		26,815.06	16,321.69
VIII	Tax expense	33		
	1) Current tax		5,521.61	3,580.69
	2) Adjustment of tax relating to earlier periods		(19.49)	(2.49)
	3) Deferred tax		(5,896.29)	(2,981.61)
			(394.17)	596.59
IX	Profit/(Loss) for the year (VII - VIII)		27,209.23	15,725.10
X	Other comprehensive income / (loss)	34		
	a) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		(194.52)	78.36
	Deferred Tax on above items		67.32	(27.12)
	b) Items that will be reclassified to profit or loss		-	-
XI	Total Comprehensive Income for the period (IX+X) (Comprising Profit(Loss) and Other Comprehensive Income for the period)		27,082.03	15,776.34
XII	Earnings per equity share : (In ₹)	39		
	1) Basic		19.35	11.18
	2) Diluted		19.35	11.18
Corporate information and Significant accounting policies		1&2		
See accompanying notes forming part of the financial statements				

As per our report of even date attached
For **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.003135S)

K. Viswanath
Partner,
Membership No: 022812

Place : Hyderabad
Date : May 30, 2018

For and on behalf of the Board

K.Narasimha Reddy
Managing Director,
DIN: 00382412

S.Vaikuntanathan
Vice President (F&A)

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

M.V.Venkata Rao
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2018

A - Equity Share Capital

(₹ in Lakhs)

Particulars	Number of Shares	Amount in Lakhs
Balance as at April 1, 2016	2,81,23,460	2,812.35
Add: Equity shares allotted during the year	-	-
Balance as at March 31, 2017 *	14,06,17,300	2,812.35
Add: Equity shares allotted during the year	-	-
Balance as at March 31, 2018	14,06,17,300	2,812.35

* The Company's equity shares has been split on December 14, 2016 (Record date) from Face value of ₹ 10/- to ₹ 2/- each

B - Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus			Other items of Other Comprehensive Income/(loss)	Total
	Securities Premium Reserve	General Reserve	Surplus in the statement of profit and loss		
Balance as at 1st, April, 2016	12,599.31	2,849.00	55,524.67	(14.23)	70,958.75
Profit for the year	-	-	15,725.10	-	15,725.10
Other Comprehensive Income/(loss) for the year (Net of Taxes)	-	-	-	51.24	51.24
Payment of Dividend	-	-	-	-	-
Payment of Dividend Distribution tax	-	-	-	-	-
Balance as at March 31, 2017	12,599.31	2,849.00	71,249.77	37.01	86,735.09
Balance as at 1st, April, 2017	12,599.31	2,849.00	71,249.77	37.01	86,735.09
Profit for the year	-	-	27,209.23	-	27,209.23
Other Comprehensive Income/(loss) for the year (Net of Taxes)	-	-	-	(127.20)	(127.20)
Payment of Dividend	-	-	(703.09)	-	(703.09)
Payment of Dividend Distribution tax	-	-	(143.13)	-	(143.13)
Balance as at March 31, 2018	12,599.31	2,849.00	97,612.78	(90.19)	1,12,970.90

See accompanying notes forming part of financial statements
As per our report of even date attached

As per our report of even date attached
For **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.003135S)

K. Viswanath
Partner,
Membership No: 022812

Place : Hyderabad
Date : May 30, 2018

For and on behalf of the Board

K.Narasimha Reddy
Managing Director,
DIN: 00382412

S.Vaikuntanathan
Vice President (F&A)

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

M.V.Venkata Rao
Company Secretary

Cash Flow Statement

for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	26,815.06	16,321.69
Adjustments for:		
Depreciation and Amortisation	13,414.59	6,387.32
Loss/(Profit) on sale of Property, Plant and Equipment, Investment Property(Net)	(542.24)	(247.45)
Liabilities no longer required Written Back	(657.63)	(349.66)
Bad Debts / Advances Written Off	424.12	54.64
(Gain) / Loss on Mutual Funds	(10.19)	(6.68)
Un winding Interest on Fair Value of Financial instruments	(14.77)	(44.71)
Derecognition of Financial asset	189.94	-
Provision for Impairment of investments	-	1,086.64
Provision for Doubtful Advances and Other receivables	420.53	200.00
Dividend received on current investments	(153.76)	(14.90)
Finance cost	2,314.42	2,189.88
Interest Income	(852.94)	(473.21)
Operating profit/(loss) before working capital changes	41,347.13	25,103.56
Changes in working capital:		
(Increase)/Decrease in Trade and Other Receivables and prepayments	(22,693.04)	(8,374.01)
(Increase)/Decrease in Inventories	(1,382.87)	(2,200.53)
Increase/(Decrease) in Trade and other Payables	782.87	17,871.64
Cash generated/ (used) from Operations	18,054.09	32,400.66
Income Taxes (paid) / Refund	(2,372.25)	(746.12)
Net Cash flows from / (used in) Operating Activities- (A)	15,681.84	31,654.54
B) Cash flow from Investing Activities		
Proceeds from sale of property, plant and equipment	2,391.92	821.25
Payments for property, plant and equipment and Capital Work-in-Progress	(22,477.49)	(14,652.88)
Interest Received	825.10	381.99
Bank Balances not considered as cash and cash equivalents	141.69	383.47
Loans/Advances to Subsidiaries, Associates and others	710.88	(1,807.51)
Investments in Subsidiaries, Associates, Mutual funds and others	(232.08)	(16,065.31)
Dividend received on current investments	153.76	14.90
TDS on Interest Received	(28.39)	(24.51)
Net Cash flows from / (used in) Investing Activities- (B)	(18,514.61)	(30,948.60)

Cash Flow Statement for the year ended March 31, 2018 (Contd.)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
C) Cash flow from Financing Activities		
Proceeds from borrowings	9,191.00	7,960.14
Repayment of borrowings	(1,557.99)	(2,526.54)
Increase / (decrease) in short term borrowings	-	(2,702.51)
Finance cost paid	(1,891.69)	(2,203.31)
Dividend and Dividend Tax Paid	(846.22)	-
Net Cash Flows from / (used in) Financing Activities- (C)	4,895.10	527.78
Net increase/(decrease) in cash and cash equivalents - (A+B+C)	2,062.33	1,233.72
Cash & Cash Equivalents at the beginning of the year	1,644.12	410.40
Cash & Cash Equivalents at end of the year(Refer note: 1)	3,706.45	1,644.12

Note:

- 1 Cash & Cash equivalents

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	32.68	37.07
Bank Balance and Cheques on Hand	3,673.77	1,607.05
	3,706.45	1,644.12

- 2 The Cash flow statement is prepared in accordance with the Indirect Method stated in Ind-AS7 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.

See accompanying notes forming part of financial statements

As per our report of even date attached
For **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.003135S)

For and on behalf of the Board

K. Viswanath
Partner,
Membership No: 022812

K.Narasimha Reddy
Managing Director,
DIN: 00382412

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

Place : Hyderabad
Date : May 30, 2018

S.Vaikuntanathan
Vice President (F&A)

M.V.Venkata Rao
Company Secretary

Notes

forming part of the Financial Statements

1. CORPORATE INFORMATION:

KNR Constructions Limited ('the Company') is a company domiciled in India with its registered office at C- 125, Anand Niketan, New Delhi. The Company has been incorporated in 1995 under the provisions of Indian Companies Act. The shares of the Company are listed on the both the stock exchanges (BSE & NSE) India in 2008 pursuant to the Public offer of Equity Shares. The Company is engaged in the business of infrastructure sector, primarily in the construction of roads, bridges, flyovers and irrigation projects.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

2.2 Basis of Preparation & Presentation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2.3 Current and non-current classification

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per Schedule III to the Act. Operating cycle for the business activities of the Company covers the duration of the project/ contract/ service including the defect liability period, wherever applicable, and extends up to the realization of receivables (including retention monies) within the credit period normally applicable to the respective project.

2.4 Fair Value Measurement

The company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy based on the low level of input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (observable inputs).

Level 3 – Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5 Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Notes forming part of the Financial Statements (Contd.)

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is calculated on cost of items of property, plant and equipment in the manner and as per the useful life prescribed under Schedule-II to the Act except the below mentioned assets, and is generally recognized in the statement of profit and loss. Depreciation on additions (disposals) is provided on a pro-rata basis

i.e. from (up to) the date on which asset is ready for use (disposed of).

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

The following asset category has useful life different from the life specified in Schedule II of the Companies Act, 2013 based on the management's assessment

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

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

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

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

Notes forming part of the Financial Statements (Contd.)

2.6 Capital Work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost less refundable taxes.

2.7 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS 16's requirement for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

2.8 Intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Pre-operative expenses including administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets. Intangible assets are amortized over their useful life.

Asset	Useful life
Computer Software	3 Years

2.9 Investment in Subsidiaries, Associates, Joint Ventures and Mutual Funds

On initial recognition, these investments are recognised at fair value plus any directly attributable transaction cost. Subsequently, they are measured at cost.

Investments in mutual funds are carried at fair value through profit and loss.

Investments are classified as 'held for sale' when all of the following criteria's are met:

- decision has been made to sell,
- the assets are available for immediate sale in its present condition,

- the assets are being actively marketed and
- sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such investments classified as held for sale are measured at the lower of its carrying value and fair value less impairment.

Investments in joint operations are recognised at cost with adjustment to respective share of profit/loss.

2.10 Inventories

Raw Materials, construction materials and stores & spares are valued at weighted average cost or net realizable value whichever is less. Cost includes all charges in bringing the materials to the place of usage, excluding refundable duties and taxes.

2.11 Financial instruments

i. Classification and subsequent measurement

Financial assets

Financial asset is

- Cash / Equity Instrument of another Entity,
- Contractual right to –
 - receive Cash / another Financial Asset from another Entity, or
 - exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially favourable to the Entity.

On initial recognition, a financial asset is classified as measured at

- Amortized cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes forming part of the Financial Statements (Contd.)

Financial liabilities

Financial liability is Contractual Obligation to

- deliver Cash or another Financial Asset to another Entity, or
- exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially unfavourable to the Entity

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

ii. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iii. Impairment

Impairment of financial instruments

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are measured at amortized cost
- Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The amount of ECL losses for the year ended March 31, 2018 was Nil.

Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognized, if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of

Notes forming part of the Financial Statements (Contd.)

any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

2.12 Cash and cash equivalents

Cash and cash equivalents includes Cash in hand, bank balances and cheques on hand, Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.13 Other Bank balances

Other bank balances include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation.

2.14 Provisions

Provisions are recognised only when:

- An entity has a present obligation (legal or constructive) as a result of a past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.15 Contingent liability, Contingent Assets and Commitments

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

- Estimated amount of contracts remaining to be executed on capital account and not provided for
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
- Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Contingent liabilities, Contingent assets and Commitments are reviewed at each Balance Sheet date.

2.16 Revenue recognition

Accounting for Construction contracts

The Company follows the percentage completion method, based on the proportion that contract cost incurred as on reporting date to the total estimated contract cost including escalations/variations as per Ind AS 11, Construction Contracts.

An expected loss on the construction contract is recognised as an expense immediately in accordance with Ind AS – 11.

Accounting for Claims

Claims are accounted as income in the period of receipt of arbitration award or acceptance by client or evidence of acceptance received. Interest awarded, being in the nature of additional compensation under the terms of the contract, is accounted as other Income on receipt of favourable arbitration award.

Accounting for Interest in Joint Operations

In respect of Joint operations, the company's share of profit/loss in joint operations is taken in statement of profit and loss.

Other Income

Interest income: Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable Effective interest rate (EIR). Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis

Dividend income: Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

Notes forming part of the Financial Statements (Contd.)

Other Items of Income: Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

2.17 Employee benefits

a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits. The benefits like salaries, wages, short term compensated absences etc. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

b) Post-employment benefits:

i. **Defined contribution plans:** The state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. **Defined benefit plans:** The employees' group gratuity fund schemes are managed by Life Insurance Corporation of India (L.I.C), and post-retirement provident fund scheme are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit and loss.

The net interest cost is calculated by applying the discount rate to the net balance

of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

2.18 Taxes on Income

Income tax comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary differences arise

Notes forming part of the Financial Statements (Contd.)

from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

iii. Minimum Alternate Tax (MAT)

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

2.19 Leases

Leases in which a substantial portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, in which case the same are recognised as an expense in line with the contractual term.

2.20 Foreign currencies

- The Functional Currency of the Company is Indian Rupees(INR), and these financial statements are presented in Indian rupees(Lakhs).
- Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.

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

2.21 Cash Flow Statement

The Cash flow statement is prepared in accordance with Ind AS 7 by using indirect method by segregating as cash flows from operating, investing and financing activities. Under the Cash flow from operating activities, the net profit is adjusted for the effects of Non-cash items, Changes in working capital and other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement.

Cash comprises cash on hand. Cash equivalents are balances with banks including cheques on hand and short-term balances (with an original maturity of three months or less from the date of acquisition).

2.22 Dividend to equity shareholders

Dividend to equity shareholders is recognised as a liability and deducted from shareholders equity, in period in which the dividends are approved by the equity shareholders in general meeting.

2.23 Earnings per share

a) Basic Earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury share.

b) Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes forming part of the Financial Statements (Contd.)

2.24 Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.25 Exceptional Items

Exceptional Items represents the nature of transactions which are not in recurring nature during the ordinary course of business but lead to increase / decrease in profit / loss for the year.

2.26 Key accounting estimates and judgements

The preparation of these financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the property plant and equipment, inventory, future obligations in respect of retirement benefit plans, provisions, fair value measurement and taxes etc.

a) Revenue Recognition

The Company follows the percentage completion method, based on the proportion that contract cost incurred as on reporting date to the total estimated contract cost including escalations/ variations, this method is followed when reasonably dependable estimates of costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

b) Property, plant and equipment

The company reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

d) Provision for employee benefits

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

e) Income Taxes

Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.

f) Estimation of net realisable value of inventories

In estimating the net realisable value of Inventories the Company makes an estimate of future selling prices and costs necessary to make the sale.

g) Impairment of trade receivables and advances

Significant estimates are required in ascertaining the provision to be made for impairment of trade receivables and advances.

2.27 New standards and interpretations not yet adopted

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from contracts with customers. Ind AS 115 is effective from 1st April, 2018. The core principle of the new standard is that entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Further the new standard requires disclosures about the nature, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Notes forming part of the Financial Statements (Contd.)

3. PROPERTY, PLANT AND EQUIPMENT

Particulars		As at March 31, 2018		As at March 31, 2017				
Tangible Assets								
Land - Free Hold *		1,075.52		774.93				
Buildings		1,315.00		1,388.19				
Plant and Equipment		29,901.80		23,066.33				
Furniture and Fixtures		63.72		74.77				
Vehicles		690.64		703.51				
Office equipment		64.65		42.30				
Computers & Accessories		25.66		18.86				
		33,136.99		26,068.89				
Tangible Assets								
Particulars	Land - Free Hold *	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers & Accessories	Total
Cost or Deemed Cost :								
As at April 01, 2017	774.93	2,207.04	58,936.80	268.27	1,573.59	147.56	109.37	64,017.56
Additions	300.59	147.37	21,526.80	12.84	255.03	57.66	25.84	22,326.13
Disposals/Adjustments	-	-	(4,596.29)	(2.32)	(14.25)	(2.80)	(0.94)	(4,616.60)
As at March 31, 2018	1,075.52	2,354.41	75,867.31	278.79	1,814.37	202.42	134.27	81,727.09
Accumulated Depreciation								
As at April 01, 2017	-	818.85	35,870.47	193.50	870.08	105.26	90.51	37,948.67
Charge for the period **	-	220.56	12,856.48	21.57	259.16	32.51	18.10	13,408.38
Disposals/Adjustments	-	-	(2,761.44)	-	(5.51)	-	-	(2,766.95)
As at March 31, 2018	-	1,039.41	45,965.51	215.07	1,123.73	137.77	108.61	48,590.10
Net block								
As at March 31, 2018	1,075.52	1,315.00	29,901.80	63.72	690.64	64.65	25.66	33,136.99
As at March 31, 2017	774.93	1,388.19	23,066.33	74.77	703.51	42.30	18.86	26,068.89

Notes forming part of the Financial Statements (Contd.)

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Particulars	Tangible Assets								(₹ in Lakhs)
	Land - Free Hold *	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers & Accessories	Total	
Cost or Deemed Cost :									
As at April 01, 2016	477.81	2,011.89	47,061.81	247.80	1,338.06	120.79	105.41	51,363.57	
Additions	297.12	195.15	14,041.31	20.47	432.19	28.90	14.17	15,029.31	
Disposals/Adjustments	-	-	(2,166.32)	-	(196.66)	(2.13)	(10.21)	(2,375.32)	
As at March 31, 2017	774.93	2,207.04	58,936.80	268.27	1,573.59	147.56	109.37	64,017.56	
Accumulated Depreciation									
As at April 01, 2016	-	626.61	31,970.06	168.66	805.63	86.80	85.15	33,742.91	
Charge for the period **	-	192.24	5,921.55	24.84	217.43	20.48	15.50	6,392.04	
Disposals/Adjustments	-	-	(2,021.14)	-	(152.98)	(2.02)	(10.14)	(2,186.28)	
As at March 31, 2017	-	818.85	35,870.47	193.50	870.08	105.26	90.51	37,948.67	
Net block									
As at March 31, 2017	774.93	1,388.19	23,066.33	74.77	703.51	42.30	18.86	26,068.89	
As at March 31, 2016	477.81	1,385.28	15,091.75	79.14	532.43	33.99	20.26	17,620.66	

** Includes depreciation of Nil (PY ₹ 7.06 Lakhs) related to machineries used for CSR activities, hence transferred to CSR expenses.

Note: Refer note 17 for details of assets pledged.

Notes forming part of the Financial Statements (Contd.)

3.1 INVESTMENT PROPERTY

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Investment Property *	6,203.76	6,147.75
	6,203.76	6,147.75

*Land and investment property includes ₹ 762.07 lakhs (PY ₹ 660.64 lakhs) held in the name of Directors, relatives of Directors for and on behalf of the Company.

Note: Refer note 17 for details of assets pledged.

As at March 31, 2018	
(₹ in Lakhs)	
Particulars	Amount
Cost / Deemed Cost	
As at April 01, 2017	6,147.75
Additions	56.01
Disposals / Adjustments	-
As at March 31, 2018	6,203.76
Accumulated Depreciation	
As at April 01, 2017	-
Charge for the period	-
Disposals / Adjustments	-
As at March 31, 2018	-
Net block As at March 31, 2018	6,203.76
Net block As at March 31, 2017	6,147.75

As at March 31, 2017	
(₹ in Lakhs)	
Particulars	Amount
Cost / Deemed Cost	
As at April 01, 2016	6,461.73
Additions	70.79
Disposals / Adjustments	(384.77)
As at March 31, 2017	6,147.75
Accumulated Depreciation	
As at April 01, 2016	-
Charge for the period	-
Disposals / Adjustments	-
As at March 31, 2017	-
Net block As at March 31, 2017	6,147.75
Net block As at March 31, 2016	6,461.73

Fair Value of Investment Property

Details and fair value of the investment property as on March 31, 2018 and March 31, 2017 is given below

(₹ in Lakhs)			
Particulars	Fair value Hierarchy	As at March 31, 2018	As at March 31, 2017
Investment Property	Level 3	11,297.03	10,990.66
		11,297.03	10,990.66

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

3.2 OTHER INTANGIBLE ASSETS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Computer Software	15.45	1.67
Total	15.45	1.67

Notes forming part of the Financial Statements (Contd.)

3.2 OTHER INTANGIBLE ASSETS (CONTD.)

As at March 31, 2018	
(₹ in Lakhs)	
Particulars	Computer software
Cost / Deemed Cost	
As at April 01, 2017	10.64
Additions	20.02
Disposals / Adjustments	(0.03)
As at March 31, 2018	30.63
Accumulated Depreciation	
As at April 01, 2017	8.97
Charge for the period	6.21
Disposals	-
As at March 31, 2018	15.18
Net block	
As at March 31, 2018	15.45
As at March 31, 2017	1.67

As at March 31, 2017	
(₹ in Lakhs)	
Particulars	Computer software
Cost / Deemed Cost	
As at April 01, 2016	9.93
Additions	0.71
Disposals / Adjustments	-
As at March 31, 2017	10.64
Accumulated Depreciation	
As at April 01, 2016	6.63
Charge for the period	2.34
Disposals	-
As at March 31, 2017	8.97
Net block	
As at March 31, 2017	1.67
As at March 31, 2016	3.30

4. INVESTMENTS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
NON-CURRENT		
Trade - Unquoted		
a) Equity instruments of subsidiaries (At cost):		
KNR Agrotech & Beverages Pvt Ltd.	1.00	1.00
10,000 (10,000) equity shares of ₹ 10/- each, fully paid		
KNR Infrastructure Projects Pvt Ltd	1.00	1.00
10,000 (10,000) equity shares of ₹ 10/- each, fully paid		
KNR Energy Ltd	5.00	5.00
50,000 (50,000) equity shares of ₹ 10/- each, fully paid		
KNRC Holdings & Investments Private Ltd	1.00	1.00
10,000 (10,000) equity shares of ₹ 10/- each, fully paid		
KNR Muzaffarpur Barauni Tollway Pvt Ltd (Refer note 4.1)	45.90	45.90
4,59,000 (4,59,000) equity shares of ₹ 10/- each, fully paid		
KNR Walayar Tollways Pvt Ltd (Refer note 4.2)	90.00	90.00
9,00,000 (9,00,000) equity shares of ₹ 10/- each, fully paid		
KNR Constructions - LLC, at Oman	206.07	206.07
1,62,500 (1,62,500) equity shares of 1 Omani Rial each, fully paid		
KNRCL - FZE, at UAE	48.88	48.88
05 (05) equity shares of 10,000 AED each, fully paid		
KNR Chidambaram Infra Pvt Ltd	10.00	-
1,000 (Nil) equity shares of ₹ 1,000/- each, fully paid		
KNR Srirangam Infra Pvt Ltd	10.00	-
1,000 (Nil) equity shares of ₹ 1,000/- each, fully paid		
Total	418.85	398.85

Notes forming part of the Financial Statements (Contd.)

4. INVESTMENTS (CONTD.)

		(₹ in Lakhs)	
Particulars		As at March 31, 2018	As at March 31, 2017
b) Equity instruments of associates:			
Patel KNR Infrastructures Ltd.		1,480.00	1,480.00
1,48,00,000 (1,48,00,000) equity shares of ₹ 10/- each, fully paid			
Patel KNR Heavy Infrastructures Ltd		952.95	952.95
95,29,500 (95,29,500) equity shares of ₹ 10/- each, fully paid			
Total Un quoted Investments in Associates		2,432.95	2,432.95
Less : Impairment Made		(1,086.64)	(1,086.64)
Net Un quoted Investments in Associates		1,346.31	1,346.31
Total equity Investments (a+b)		1,765.16	1,745.16
c) Investment In Subsidiaries & Associates (FV of Inter corporate Loans)			
Subsidiaries			
KNR Walayar Tollways Pvt Ltd		39,651.00	39,651.00
KNR Muzaffarpur Barauni Tollway Pvt Ltd.,		5,276.50	5,276.50
KNR Agrotech & Beverages Pvt Ltd.,		12.85	83.94
KNR Energy Limited		34.90	91.11
KNRC Holdings and Investments Pvt Ltd		3,225.43	93.37
Associates			
Patel KNR Heavy Infrastructures Ltd.,		1,033.69	1,033.69
Total other Investments		49,234.37	46,229.61
Total non-current investments [a+b+c]		50,999.53	47,974.77
CURRENT			
Trade - Quoted - at fair value			
d) Investments in Mutual Funds	No.of Units		
SBI Infrastructure Fund	Nil (PY 50,000)	-	6.82
SBI PSU Fund	Nil (PY 50,000)	-	5.82
SBI Equity Opportunities Fund - Series I	Nil (PY 50,000)	-	5.68
ICICI Prudential Liquid Funds	Nil (PY 16,64,646)	-	4,007.09
Total		-	4,025.41
Trade - Unquoted			
e) Current Accounts in Firms/AOP			
KNR - BPL - JV		1.93	1.93
NCC- KNR - JV		0.66	0.66
KNR - GVR - JV		10.04	34.44
KNR - JKM - KAMALA - JV		125.03	125.03
KNR - SLMI - JV		5.94	15.52
KNR - JKM - JV		1,610.66	147.58
KNR - PBEPL - JV		134.76	143.67
PATEL - KNR - JV		409.52	1,038.44
KNR - TBCPL - JV		4.26	1.04
KNR - PATEL - JV		173.83	-
BSCPL - KNR - JV		84.66	-
Total		2,561.29	1,508.31
Total current investments (d+e)		2,561.29	5,533.72

Notes forming part of the Financial Statements (Contd.)

4. INVESTMENTS (CONTD.)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Total Investments		
i) Aggregate amount of unquoted equity investments in Subsidiaries - Non Current (a)	418.85	398.85
ii) Aggregate amount of unquoted equity investments in Associates - Non Current (b)	2,432.95	2,432.95
iii) Aggregate amount of impairment in value of investments - Non Current (b)	(1,086.64)	(1,086.64)
iv) Aggregate amount of amortised cost of unquoted investments - Non Current (c)	49,234.37	46,229.61
v) Aggregate value of quoted investments - Current (d)	-	4,025.41
vi) Aggregate amount of unquoted investments - Current (e)	2,561.29	1,508.31
	53,560.82	53,508.49

Note : Aggregate market value of quoted investments is ₹ Nil (March 31, 2017 ₹ 4,025.41 lakhs)

4.1 1,44,000 Shares (PY. 1,44,000) equity share have been pledged with Punjab National Bank for the term loan availed by KNR Muzaffarpur Barauni Tollway Pvt Ltd.,

4.2 4,59,000 Shares (PY. 4,59,000) equity share have been pledged with Central Bank of India for the term loan availed by KNR Walayar Tollways Pvt Ltd.,

5. LOANS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured, considered good:		
Loans to related parties (Refer note : 5.1 & 45)		
- Subsidiaries	162.92	313.15
Total Non-Current Loans	162.92	313.15
Current		
Unsecured, considered good:		
Loans to related parties (Refer note : 5.1 & 45)		
- Joint Venture Partners	2,631.47	3,177.35
Total Current Loans	2,631.47	3,177.35
Total	2,794.39	3,490.50

5.1 - Loans due by subsidiaries have common directors.

- Intercompany loans to related parties carried at fair value (Amortised cost) as per Ind AS

- All the above loans are interest bearing

Notes forming part of the Financial Statements (Contd.)

6. OTHER FINANCIAL ASSETS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured, considered good:		
Mobilisation Advance paid to Sub Contractors	-	258.06
Retention deposits & Withheld	59.50	59.50
Advances to Sub-contractors	195.48	1,027.13
Others	-	39.46
Total Non-Current Other Financial Assets	254.98	1,384.15
Current		
Unsecured, considered good:		
Advances to related parties (Refer Note : 45)	341.50	345.35
Retention Deposits & Withheld	12,347.71	10,523.19
Interest receivable	161.02	133.18
Security Deposits	1,347.48	594.26
TDS Refund Receivable from Joint Venture's	624.25	491.59
Others	569.93	1,072.42
Total Current Other Financial Assets	15,391.89	13,159.99
Total	15,646.87	14,544.14

7. DEFERRED TAX ASSETS (NET)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax assets	14,187.33	8,241.08
Deferred tax liability	(110.85)	(86.39)
Total	14,076.48	8,154.69

7.1 Components of deferred income tax assets and liabilities arising on account of temporary differences are:

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax asset		
Expenditure disallowed under Income Tax Act, 1961	586.22	522.51
Provision for doubtful advances	477.02	331.47
Deferred tax on fair value of investment of properties	1,195.66	1,119.01
Property, plant and equipment	4,572.51	2,434.44
MAT credit entitlement	7,355.92	3,833.65
	14,187.33	8,241.08
Deferred tax liability		
Interest income recognised on Intercompany loans	(41.88)	(36.77)
On OCI (Gratuity)	(67.32)	(45.07)
Gain / (Loss) on Fair value of Mutual Funds	(1.65)	(4.55)
	(110.85)	(86.39)
Total	14,076.48	8,154.69

Notes forming part of the Financial Statements (Contd.)

8. TAX ASSETS (NET)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance Tax	761.34	4,059.07
Total Non-current Tax Asset	761.34	4,059.07
Current		
Advance Tax	4,055.25	6,511.35
(Less) : Provision for Income Tax	(3,588.90)	(6,036.82)
Income Tax Refund Receivable	426.34	-
Total Current Tax Asset	892.69	474.53
Total	1,654.03	4,533.60

9. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Un-secured Considered good		
Capital advances	466.43	239.92
Security Deposits	183.08	152.90
Dues from Statutory authorities	7,591.72	2,358.53
Other Receivables	-	2.31
Total	8,241.23	2,753.66

10. INVENTORIES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	4,283.54	3,587.72
Goods-in transit	171.81	188.85
	4,455.35	3,776.57
Stores and spares	2,526.29	1,940.59
Goods-in transit	136.74	18.35
	2,663.03	1,958.94
Total	7,118.38	5,735.51

10.1 The above inventories are valued at weighted average cost or net realisable value whichever is less.

11. TRADE RECEIVABLES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Trade Receivables (Refer note : 11.1)	23,197.68	16,395.99
Total Current Trade Receivables	23,197.68	16,395.99
Total	23,197.68	16,395.99

11.1 Includes ₹. 7,209.55 lakhs (PY ₹ 4,892.74 lakhs) due from company/Joint Ventures in which Company/Directors are interested.

Notes forming part of the Financial Statements (Contd.)

12. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks:		
In current accounts	3,673.77	1,037.65
Cheques on hand	-	569.40
Cash on hand (Refer note 12.1)	32.68	37.07
Total	3,706.45	1,644.12

12.1 Cash on hand includes ₹ Nil (PY ₹ 2.12 lakhs) held in Foreign Currencies

13. OTHER BANK BALANCES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Margin Money & Other Deposits (Refer Note : 13.1)	675.30	817.25
Un-claimed Dividend	2.94	2.68
Total	678.24	819.93

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

14. OTHER CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Un-secured Considered good		
Mobilisation Advance paid to Sub Contractors	700.10	22.10
Advances to Sub-contractors	9,782.49	7,383.88
Advances to Suppliers (Other than capital advances)	1,168.80	1,599.11
Staff Imprest & Salary Advances	185.33	130.85
Prepaid expenses	263.19	327.17
Due from Customers	14,124.28	8,366.20
Receivables from Others	324.74	9.00
Security Deposits	2.98	2.85
Considered doubtful		
Advances to Sub-contractors	520.00	200.00
Other Receivables	757.80	757.80
Less: Provision for doubtful advances/receivables	(1,277.80)	(957.80)
Total	26,551.91	17,841.16

15. EQUITY SHARE CAPITAL

(₹ in Lakhs)				
Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares*	Amount
Authorised Share capital				
Equity Shares of ₹ 2/- each	17,50,00,000	3,500.00	17,50,00,000	3,500.00
Issued, subscribed & fully paid share capital				
Equity Shares of ₹ 2/- each	14,06,17,300	2,812.35	14,06,17,300	2,812.35
Total		2,812.35		2,812.35

Notes to the Financial Statements (Contd.)

15. EQUITY SHARE CAPITAL (CONTD.)

15.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year is set out below

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount in lakhs	No. of Shares*	Amount in lakhs
Number of Equity Shares at the beginning of the year	14,06,17,300	2,812.35	14,06,17,300	2,812.35
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Bought Back	-	-	-	-
Number of Equity Shares at the end of the year	14,06,17,300	2,812.35	14,06,17,300	2,812.35

Terms/ Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/- . Each holder of equity share is entitled to one vote per share.

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.

The Board of Directors has proposed in their meeting held on May 30, 2018 dividend of ₹ 0.40/- per fully paid equity share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

15.2 The details of shareholder holding more than 5% shares as at March 31, 2018 and March 31, 2017 is set out below:

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding	No. of Shares *	% holding
Kamidi Narasimha Reddy	4,57,43,595	32.53	4,57,43,595	32.53
Kamidi Jalandhar Reddy	1,96,29,605	13.96	1,96,29,605	13.96
HDFC Trustee Company Ltd	1,03,93,522	7.39	1,04,73,985	7.45
DSP Blackrock Balanced Fund	84,41,115	6.00	-	-
ICICI Prudential Infrastructure Fund	-	-	80,41,032	5.72
Kamidi Yashoda	-	-	88,07,505	6.26
Merreddy Rajesh Reddy	-	-	73,00,000	5.19

* The Company's equity shares has been split on December 14, 2016 (Record date) from Face value of ₹ 10/- to ₹ 2/- each

16. OTHER EQUITY

(₹ in Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
a)	Securities premium reserve	12,599.31	12,599.31
b)	General reserve	2,849.00	2,849.00
c)	Surplus in the statement of profit and loss		
	Balance at the beginning of the period	71,249.77	55,524.67
	Add: Profit/(Loss) for the period	27,209.23	15,725.10
	Less: Dividend paid	(703.09)	-
	Dividend Tax paid	(143.13)	-
		97,612.78	71,249.77
d)	Other Comprehensive Income - Gratuity	(90.19)	37.01
Total (a+b+c+d)		1,12,970.90	86,735.09

Notes to the Financial Statements (Contd.)

17. BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Secured loans		
Term Loans		
From banks		
Equipment and vehicle loans (Refer note 17.1)	-	866.00
	-	866.00
Unsecured loans		
From related parties (Refer note 17.2 & 45)	21,184.50	12,161.50
	21,184.50	12,161.50
Total non-current borrowings	21,184.50	13,027.50
Total	21,184.50	13,027.50

17.1 Details of Secured loans with rate of interest & Maturity Dates

(₹ in Lakhs)

Particulars	Effective Interest rate(p.a)	Maturity	As at March 31, 2018	As at March 31, 2017
Non-current Borrowings				
- From Banks				
- HDFC Bank Ltd	9.00% to 9.85%	15-Aug-18	-	418.47
- Axis Bank Ltd	9.01% to 10.01%	15-Feb-19	-	425.15
- ICICI Bank Ltd	9.50%	01-Nov-18	-	22.38
			-	866.00
Current maturities				
- From Banks				
- HDFC Bank Ltd	9.00% to 9.85%	15-Aug-18	405.29	725.89
- Axis Bank Ltd	9.01% to 10.01%	15-Feb-19	426.61	621.27
- ICICI Bank Ltd	9.50%	01-Nov-18	22.36	31.09
Total			854.26	1,378.25
Total Secured loans			854.26	2,244.25

Terms of Security**From Banks**

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

17.2 Un-secured Loans

The company availed un-secured loan from directors, which are repayable on demand and carries interest at 8.25% p.a w.e.f Nov 2017 (10% p.a for the period Apr 2016 to Oct 2016, 9.25% p.a for the period Nov 2016 to Dec 2016 and 8.50% p.a for the period Jan 2017 to Oct 2017)

Notes to the Financial Statements (Contd.)

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

- Hypothecation of entire current assets on pari passu basis with other participating banks,
- First pari passu charge on equitable mortgage of land & buildings and equipments valued at ₹ 124.94 Crores
- Hypothecation of certain equipment's of written down value as on March 31, 2018 is ₹ 65.03 Crores
- Personal guarantee of Director.

17.4 The interest rate for working capital demand loan and cash credit facilities varies from 8.60% to 10.00 % per annum

18. TRADE PAYABLES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Bills Payable (Sub-contractors/Labour/Service)	827.27	827.27
Total non-current trade payables	827.27	827.27
Current		
Sundry Creditors (Suppliers) (Refer Note : 18.1)	10,831.21	5,916.48
Bills Payable (Sub-contractors/Labour/Service)	10,185.64	7,522.35
Total current trade payables	21,016.85	13,438.83
Total	21,844.12	14,266.10

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

19. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Retention Deposits and Withheld Amount	15.36	15.40
Advance Received From Related Parties (Refer Note : 45)		
- Subsidiaries	256.91	256.91
Other Payables	-	48.88
Total non-current other financial liabilities	272.27	321.19
Current		
Current maturities of long-term debts:		
Equipment and vehicle loans - from banks (Refer note : 17.1)	854.26	1,378.25
Interest accrued but not due (Refer note 19.1)	461.23	38.50
Advance Received From Clients	-	8,030.70
Unclaimed dividend (Refer note 19.2)	3.02	2.76
Retention Deposits and With held	8,027.00	6,757.84
Security Deposits	380.29	278.69
Outstanding Expenses	1,619.22	813.76
Current account balances with JV's	367.65	544.93
Total current other financial liabilities	11,712.67	17,845.43
Total	11,984.94	18,166.62

19.1 Interest accrued includes interest on un-secured loans received from Directors is ₹ 451.94 lakhs (March 31, 2017 ₹ 20.79 Lakhs)

19.2 During the current year, an un-paid dividend amount of ₹ 57,016 /-relating to FY 2009-10 has been transferred to Investor Education and Protection Fund. The balance un-paid dividend is not due for transfer to the Investor Education and Protection Fund as at Balance Sheet date.

Notes to the Financial Statements (Contd.)

20. PROVISIONS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Provision for employee benefits (Refer Note : 40)		
- Gratuity	421.77	173.18
Total non-current provisions	421.77	173.18
Current		
Provision for Labour Cess	1,354.77	1,256.80
Provision for employee benefits (Refer Note : 40)		
- Gratuity	66.33	24.39
Total current provisions	1,421.10	1,281.19
Total	1,842.87	1,454.37

21. OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Advance received from clients	1,058.62	1,557.06
Security Deposits	265.91	265.91
Total	1,324.53	1,822.97

22. OTHER CURRENT LIABILITIES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Advance received from clients	1,031.36	5,106.58
Due to Customers	18,552.36	15,874.01
Security deposits	1,454.10	969.99
Dues to statutory authorities	1,269.78	1,098.15
Others	132.53	459.30
Total	22,440.13	23,508.03

23. CURRENT TAX LIABILITY (NET)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Provision for Income Tax	5,521.61	-
(Less): Advance tax paid	(5,341.52)	-
Total	180.09	-

Notes to the Financial Statements (Contd.)

24. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from Contracts	1,87,563.54	1,53,254.15
Other Operating Income	5,601.91	851.11
Total	1,93,165.45	1,54,105.26

25. OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income	852.94	473.21
Un winding interest on fair value of un secured loans	14.77	44.71
Interest on Income tax refunds	1,021.35	-
Dividend Income on Mutual funds	153.76	14.90
Gain on foreign currency transactions	31.58	-
Other non-operating income		
Profit on Sale of Asset	631.85	296.33
Discount received from suppliers	370.82	155.68
Liabilities no longer required written back	657.63	349.66
Insurance claim received	50.67	128.67
Gain on sale of Mutual Funds	10.19	6.68
Miscellaneous Income	135.69	1,557.73
Total	3,931.25	3,027.57

26. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Construction Materials, Stores & Spares		
Opening Stock	5,735.51	3,534.98
Add: Net Purchases	51,934.34	35,709.40
	57,669.85	39,244.38
Less: Closing Stock	(7,118.38)	(5,735.51)
Total Consumption	50,551.47	33,508.87

Notes to the Financial Statements (Contd.)

27. CONSTRUCTION EXPENSES

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sub-contract Expenses	41,503.33	54,054.18
Spreading & Assortment Exp.	36,489.28	23,887.54
Power and Fuel	559.76	335.18
Seigniorage charges / Royalty	3,325.86	1,217.03
Transport, Loading & Un Loading Charges	5,863.49	3,129.17
Hire Charges	1,058.48	715.13
Watch & Ward	292.87	223.13
Other Recoveries by Clients	416.96	71.21
Value Added Tax	1,147.82	3,600.58
Repairs to Buildings & Others	92.55	94.06
Repairs to Machinery	191.09	175.76
Repairs to Vehicles	162.17	164.05
Other Construction expenses	1,875.42	1,637.71
Total	92,979.08	89,304.73

28. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages and Other Benefits	6,941.51	5,322.11
Contribution to Provident and Other Funds	178.41	109.14
Staff welfare Expenses	91.68	92.47
Total	7,211.60	5,523.72

29. FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expense on		
Working Capital Demand Loans and Cash Credit	73.17	125.04
Term Loans	133.70	138.49
Loan from Directors	1,250.42	1,026.08
Interest on Mobilisation Advance	65.04	141.15
Others *	227.07	69.61
	1,749.40	1,500.37
Other Borrowing Costs		
Processing Charges	121.64	208.36
BG / LC Charges	426.30	439.54
Bank and Other Financial Charges	17.08	41.61
Total	2,314.42	2,189.88

* Others includes Interest on Income Tax dues of ₹ 39.46 lakhs (PY Nil)

Notes to the Financial Statements (Contd.)

30. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation & Amortisation	13,414.59	6,387.32
Total	13,414.59	6,387.32

31. OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Travelling & Conveyance (includes Boarding & Lodging Expenses)	247.40	220.52
Postage & Telegrams and Telephones	80.94	85.46
Business promotion expenses	41.09	29.93
Advertisement and publicity	20.60	47.96
Legal & Professional Charges	531.27	452.71
Insurance	300.10	292.34
Rates and taxes excluding taxes of Income	505.40	485.94
Auditor's Remuneration (Refer note : 38)	13.25	5.00
Printing & Stationery	84.34	78.64
Tender expenses	51.51	16.97
Office maintenance	60.93	55.44
Rent expenses	401.32	344.55
Electricity charges	110.63	126.11
Directors Sitting Fees	33.00	25.75
Loss on sale of Assets	89.61	48.88
Bad Debts / Advances Written Off	424.12	54.64
Provision for Doubtful Advances, Receivables and Deposits	420.53	200.00
Donation	35.17	6.86
CSR expenses (refer note: 31.1)	51.41	164.93
Derecognition of Financial Asset	189.94	-
Miscellaneous expenses	117.92	67.35
Total	3,810.48	2,809.98

31.1 As per Section 135 of Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

A CSR committee has been formed by the company as per the act. The funds were primarily allocated to the corpus and utilised through out the year on these activities in schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the company during the year ₹ 245.51 Lakhs (PY ₹ 175.12 Lakhs)

b) Amount spent during the year on :

(₹ in Lakhs)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	In cash	Yet to be paid in cash	In cash	Yet to be paid in cash
1. Construction/ acquisition of any assets	-	-	-	-
2. On Purposes other than (1) above	51.41	342.08*	164.93	147.98*

* Including cumulative un-spent amount of previous years.

Notes to the Financial Statements (Contd.)

32. EXCEPTIONAL ITEMS

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provision for Impairment of Investments	-	1,086.64
Total	-	1,086.64

33. TAX EXPENSE

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A - Current Tax		
Current tax on profits for the year	5,521.61	3,580.69
Adjustments in respect of prior years	(19.49)	(2.49)
Sub-Total	5,502.12	3,578.20
B - Deferred Tax		
Deferred Tax Liability / (Asset) due to timing difference	(2,332.20)	(610.39)
MAT credit entitlement	(3,564.09)	(2,371.22)
Sub-Total	(5,896.29)	(2,981.61)
Total	(394.17)	596.59

33.1 Reconciliation of tax expenses to accounting profit

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Accounting profit before tax	26,815.06	16,321.69
Tax @ 34.608%	9,280.16	5,648.61
Adjustments		
Effect of income exempt from taxation	(9,711.60)	(5,355.69)
Effect of expenses that are not deductible in determining taxable profit	2,375.36	912.65
Effect of capital gains	11.84	3.90
Short term capital gain on Mutual funds	1.76	-
Earlier year taxes	(19.49)	(2.49)
Deferred tax	(2,332.20)	(610.39)
Tax Expenses recognised in the statement of profit and loss	(394.17)	596.59
Income tax credit/(expense) recognised in Other Comprehensive Income :		
Tax effect on actuarial gains/ (losses) on defined benefit obligations	(67.32)	27.12

34. OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Items that will not be reclassified to profit or loss		
i) Actuarial Gains & Losses on plan benefits	(194.52)	78.36
ii) Deferred Tax on above	67.32	(27.12)
Total	(127.20)	51.24

Notes to the Financial Statements (Contd.)

35. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company, the company's policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and for the future development of the Company. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return on capital to shareholders or issue of new shares.

The Company's adjusted net debt to equity ratio at March 31, 2018 and March 31, 2017 was as follows

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Total debt	22,499.99	14,444.25
Less: cash and cash equivalents	4,384.69	2,464.05
Adjusted net debt (a)	18,115.30	11,980.20
Total equity	1,15,783.25	89,547.44
Adjusted equity (b)	1,15,783.25	89,547.44
Adjusted net debt to adjusted equity ratio (a/b)	0.16	0.13

Foot Note : Debt includes Long Term Borrowings (Including Current Maturities) and Interest accrued there on. Cash and cash equivalents includes other bank balances

36. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. Accounting for fair values classifications and measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(₹ in Lakhs)							
As at March 31, 2018							
Particulars	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1 (Quoted prices in active markets)	Level 2 (Significant observable inputs)	Level 3 (Significant un observable inputs)	Total
Financial assets							
Investments in Associates	-	1,765.16	1,765.16	-	-	1,765.16	1,765.16
Other Investments	-	51,795.66	51,795.66	-	-	51,795.66	51,795.66
Trade receivables	-	23,197.68	23,197.68	-	-	23,197.68	23,197.68
Cash and cash equivalents	-	4,384.69	4,384.69	-	-	-	-
Loans	-	2,794.39	2,794.39	-	-	2,794.39	2,794.39
Other financial assets	-	15,646.87	15,646.87	-	-	15,646.87	15,646.87
	-	99,584.45	99,584.45	-	-	95,199.76	95,199.76
Financial liabilities							
Secured Bank loans	-	854.26	854.26	-	-	854.26	854.26
Un Secured loans	-	21,184.50	21,184.50	-	-	21,184.50	21,184.50
Trade payables	-	21,844.12	21,844.12	-	-	21,844.12	21,844.12
Other financial liabilities	-	11,130.68	11,130.68	-	-	11,130.68	11,130.68
	-	55,013.56	55,013.56	-	-	55,013.56	55,013.56

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Notes to the Financial Statements (Contd.)

36. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTD.)

(₹ in Lakhs)

As at March 31, 2017

Particulars	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1 (Quoted prices in active markets)	Level 2 (Significant observable inputs)	Level 3 (Significant unobservable inputs)	Total
Financial assets							
Investments in Associates	-	1,745.16	1,745.16	-	-	1,745.16	1,745.16
Other Investments	4,025.41	47,737.92	51,763.33	4,025.41	-	47,737.92	51,763.33
Trade receivables	-	16,395.99	16,395.99	-	-	16,395.99	16,395.99
Cash and cash equivalents	-	2,464.05	2,464.05	-	-	-	-
Loans	-	3,490.50	3,490.50	-	-	3,490.50	3,490.50
Other financial assets	-	14,544.14	14,544.14	-	-	14,544.14	14,544.14
	4,025.41	86,377.76	90,403.17	4,025.41	-	83,913.71	87,939.12
Financial liabilities							
Secured Bank loans	-	2,244.25	2,244.25	-	-	2,244.25	2,244.25
Un Secured loans	-	12,161.50	12,161.50	-	-	12,161.50	12,161.50
Trade payables	-	14,266.10	14,266.10	-	-	14,266.10	14,266.10
Other financial liabilities	-	16,788.37	16,788.37	-	-	16,788.37	16,788.37
	-	45,460.22	45,460.22	-	-	45,460.22	45,460.22

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

B. Financial risk management

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

- credit risk
- liquidity risk
- market risk

The company's focus is to estimate a vulnerability of financial risk and to address the issue to minimise the potential adverse effects of its financial performance.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in debt securities.

The carrying amounts of financial assets represent the maximum credit risk exposure. Credit risk on trade receivables, is limited as the customers of the company mainly consists of the Government promoted entities having a strong credit worthiness.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Notes to the Financial Statements (Contd.)

36. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTD.)

As at March 31, 2018

					(₹ in Lakhs)
Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Secured Bank loans	854.26	854.26	-	-	854.26
Un Secured loans	21,184.50	-	6,355.35	14,829.15	21,184.50
Trade payables	21,844.12	15,290.88	5,725.97	827.27	21,844.12
Other financial liabilities	11,130.68	2,226.14	605.27	8,299.27	11,130.68
	55,013.56	18,371.28	12,686.59	23,955.69	55,013.56

As at March 31, 2017

As at March 31, 2017

(₹ in Lakhs)

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Secured Bank loans	2,244.25	1,378.25	866.00	-	2,244.25
Un Secured loans	12,161.50	-	3,648.45	8,513.05	12,161.50
Trade payables	14,266.10	9,986.27	3,452.56	827.27	14,266.10
Other financial liabilities	16,788.37	3,357.67	6,351.67	7,079.03	16,788.37
	45,460.22	14,722.19	14,318.68	16,419.35	45,460.22

c) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Foreign currency risk

Foreign Currency risk is the risk that fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant variable interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal.

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note	(₹ in Lakhs)	
		As at March 31, 2018	As at March 31, 2017
Investments in Mutual Funds	4	-	4,025.41

Sensitivity analysis

Price Rate Risk Analysis	Impact on profit/ loss after tax	
	Year ended March 31, 2018	Year ended March 31, 2017
Increase or decrease in NAV by 2%	-	80.51

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

Notes to the Financial Statements (Contd.)

37. CONTINGENT LIABILITY AND COMMITMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
I) CONTINGENT LIABILITIES		
a) Claims against the company not acknowledged as debt		
1. Disputed Income tax and Interest on TDS	4,488.59*	4,207.18*
2. Disputed Sales tax/ VAT/ Entry tax	513.60	354.59
3. Disputed Service tax	30.00	30.00
4. Others (Civil cases)	514.69	25.69
b) Guarantees		
Corporate guarantees given to banks and financial institutions for financial assistance extended to Subsidiaries, Associates and Joint Ventures	-	-
c) Other money for which the company is contingently liable		
Joint and several liabilities in respect of joint venture projects and liquidated damages in respect of delays in completion of projects.	Amount not ascertainable	Amount not ascertainable
Total	5,546.88	4,617.46

*The Company has got benefit of deduction under Section 80 IA (4) on eligible projects under provisions of Income Tax Act, 1961 for an amount of ₹ 4,474.13 lakhs, for the A.Y 2006-07 to 2012-13 the department has filed appeals against ITAT orders at the High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh, and for the AY 2013-14 and AY 2014-15 department filed appeals against CIT(Appeals) at ITAT, Hyderabad.

The Company considers it appropriate not to create a liability for the above said amount on the basis of legal opinion and decided cases.

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
II) COMMITMENTS		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	90.49	1,613.43
b) Other commitments		
Estimated amount of committed funding by way of equity/loans to subsidiary companies	44,536.73	3,500.00
Total	44,627.22	5,113.43

38. REMUNERATION PAID TO THE STATUTORY AUDITORS

(₹ in Lakhs)

Particulars	2017-18	2016-17
Statutory Audit Fees	10.75	2.00
Taxation	1.00	1.00
Other services	1.50	2.00

Notes to the Financial Statements (Contd.)

39. DISCLOSURE PURSUANT TO IND AS 33 EARNINGS PER SHARE(EPS)

(₹ in Lakhs)

Particulars	2017-18	2016-17
i. Profit (loss) attributable to equity shareholders(basic)	27,209.23	15,725.10
ii. Weighted average number of equity shares (basic)	1,406.17	1,406.17
Basic EPS	19.35	11.18
i. Profit (loss) attributable to equity shareholders(diluted)	27,209.23	15,725.10
ii. Weighted average number of equity shares (diluted)	1,406.17	1,406.17
Diluted EPS	19.35	11.18

40. EMPLOYEE BENEFITS

The disclosure is pursuant to the requirements of Ind AS - 19

Defined Benefit plans:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. During the period, the company has made a contribution to the provident fund for ₹ 162.60lakhs (PY 2016-17 is ₹ 98.17 lakhs).

Changes in the Present Value of Obligation

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Present value of obligations as at beginning of the year	216.75	261.77
Interest cost	17.34	20.94
Current Service cost	20.07	18.59
Benefits paid	(0.94)	(6.19)
Actuarial (gain)/loss on obligations		(78.36)
- Due to change in financial obligations	(115.88)	-
- Due to experience adjustments	310.34	-
Past service cost	61.07	-
Present value of obligations as at end of year	508.75	216.75

Changes in Fair value of plan assets

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Fair value of plan assets at beginning of the year	19.18	15.35
Interest Income	1.53	-
Expected return on plan assets	(0.06)	1.59
Contributions	-	7.49
Benefits paid	-	(5.25)
Actuarial gain/(loss) on obligation	-	-
Fair value of plan assets at the end of year	20.65	19.18

Notes to the Financial Statements (Contd.)

40. EMPLOYEE BENEFITS (CONTD.)

Assets recognised in the Balance Sheet

(₹ in Lakhs)		
Particulars	March 31, 2018	March 31, 2017
Liability at the end of the period / year	508.75	216.75
Fair value of plan assets at the end of the period /year	(20.65)	(19.18)
Amount to be recognised in Balance Sheet	488.10	197.57

Expenses recognised in the Statement of Profit & Loss

(₹ in Lakhs)		
Particulars	March 31, 2018	March 31, 2017
Current service cost	20.07	18.59
Interest cost	15.81	20.94
Expected return on plan assets	0.06	(1.59)
Net Actuarial (gain)/loss recognised in the year	61.06	(78.36)
Expenses recognised in statement of profit and loss	97.00	(40.42)

Amount recognised in statement of other comprehensive income(OCI)

(₹ in Lakhs)		
Particulars	March 31, 2018	March 31, 2017
Opening amount recognised in OCI	(78.36)	39.97
Remeasurement for the period - Obligation (gain)/loss	194.52	(78.36)
Remeasurement for the period - plan assets (gain)/loss	-	-
Total Remeasurement cost / (credit) for the period recognised in OCI	194.52	(78.36)
Closing amount recognised in OCI	194.52	(78.36)

Assumptions

(₹ in Lakhs)		
Particulars	March 31, 2018	March 31, 2017
Discount Rate	7.3%	8%
Salary Escalation	10%	15%
Mortality rate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate
Average future working life time	22.53 years	23.36 years
Attrition rate	13%	13%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to the Financial Statements (Contd.)

Quantities sensitivity analysis for significant assumptions is as below:

(₹ in Lakhs)		
Particulars	March 31, 2018	March 31, 2017
0.5%/1% increase		
i. Discount rate	494.29	198.86
ii. Salary escalation rate- over a long-term	521.96	222.68
iii. Attrition rate	503.63	198.86
0.5%/1% decrease		
i. Discount rate	524.06	237.40
ii. Salary escalation rate- over a long-term	495.94	210.23
iii. Attrition rate	514.38	237.40

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant.

41. PARTICULARS OF LOANS AND ADVANCES IN THE NATURE OF LOANS AS REQUIRED BY REGULATION 34(3) AND 53(F) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

(₹ in Lakhs)					
Sl. No	Name of the Company	Balance as at		Maximum outstanding during the year	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
A	Subsidiaries				
1	KNR Agrotech & Beverages Pvt Ltd.,	204.34	194.41	204.34	422.51
2	KNR Energy Ltd.,	130.85	191.08	191.22	326.28
3	KNRC Holdings and Investments Pvt Ltd.,	77.67	168.85	169.55	274.68
4	KNR Walayar Tollways Pvt Ltd -	35.00	24.00	35.00	483.71
5	Patel KNR Heavy Infrastructures Ltd.,	1.01	5.97	71.36	15.31
6	KNR Muzaffarpur Barauni Tollway Pvt. Ltd.,	0.83	20.03	245.07	479.34
7	KNRCL - FZE	43.25	43.25	43.25	43.25
8	KNR Infrastructure Projects Pvt. Ltd.,	9.22	9.08	9.22	9.08
9	KNR Muzaffarpur Holdings Pvt. Ltd.,	1.93	1.83	1.93	1.83
10	KNR Chidambaram Infra Pvt. Ltd.,	0.16	-	0.16	-
11	KNR Srirangam Infra Pvt. Ltd.,	0.16	-	0.16	-
B	Loans and Advances where there is no repayment schedule				
1	KNR Agrotech & Beverages Pvt Ltd.,	204.34	194.41	204.34	422.51
2	KNR Energy Ltd.,	130.85	191.08	191.22	326.28
3	KNRC Holdings and Investments Pvt Ltd.,	77.67	168.85	169.55	274.68
4	KNR Walayar Tollways Pvt Ltd.,	35.00	24.00	35.00	483.71

Notes to the Financial Statements (Contd.)

41. PARTICULARS OF LOANS AND ADVANCES IN THE NATURE OF LOANS AS REQUIRED BY REGULATION 34(3) AND 53(F) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015. (CONTD.)

(₹ in Lakhs)

Sl. No	Name of the Company	Balance as at		Maximum outstanding during the year	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
5	Patel KNR Heavy Infrastructures Ltd.,	1.01	5.97	71.36	15.31
6	KNR Muzaffarpur Barauni Tollway Pvt. Ltd.,	0.83	20.03	245.07	479.34
7	KNRCL - FZE	43.25	43.25	43.25	43.25
8	KNR Infrastructure Projects Pvt. Ltd.,	9.22	9.08	9.22	9.08
9	KNR Muzaffarpur Holdings Pvt. Ltd.,	1.93	1.83	1.93	1.83
10	KNR Chidambaram Infra Pvt. Ltd.,	0.16	-	0.16	-
11	KNR Srirangam Infra Pvt. Ltd.,	0.16	-	0.16	-

42. DISCLOSURE PURSUANT TO IND AS 11 "CONSTRUCTION CONTRACTS"

(₹ in Lakhs)

Sl. No	Particulars	March 31, 2018	March 31, 2017
a	Contract Revenue recognised as revenue during the year	1,85,338.64	1,48,977.09
b	Aggregate Contract costs incurred and recognised Profits, (less recognised losses) up to the reporting date for contracts in progress	6,43,415.04	4,59,699.16
c	Amount of advances received for contracts in progress	1,839.98	14,444.34
d	Amount of retention money for contracts in progress	12,267.69	10,573.56
e	Gross Amount due from customers for contracts in progress	14,124.28	8,366.20
f	Gross Amount due to customers for contracts in progress	18,552.36	15,874.01

43. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in Lakhs)

Sl. No	Particulars	March 31, 2018	March 31, 2017
a	Material Purchases	Nil	Nil
b	Stores & Spares	53.51	17.79
c	Capital goods	1885.28	282.92

44. EXPENDITURE/REMITTANCE IN FOREIGN CURRENCY

(₹ in Lakhs)

Sl. No	Particulars	March 31, 2018	March 31, 2017
a	On account of Travel/Other expenses (including boarding & lodging expenses)	13.30	15.67
b	On account of Advance/Loan	-	-
c	Income/Advances received	-	-

Notes to the Financial Statements (Contd.)

45. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE

Sl. No.	Particulars	Country of Incorporation	Holding	
			As at March 31, 2018	As at March 31, 2017
I) Subsidiaries				
1	KNR Agrotech & Beverages Pvt Ltd.,	India	100%	100%
2	KNR Infrastructure Projects Pvt Ltd.,	India	100%	100%
3	KNR Energy Ltd.,	India	100%	100%
4	KNR Walayar Tollways Pvt. Ltd.,	India	100%	100%
5	KNR Srirangam Infra Pvt. Ltd.,	India	100%	NA
6	KNR Chidambaram Infra Pvt Ltd.,	India	100%	NA
7	KNR – FZE	Dubai	100%	100%
8	KNR Constructions LLC	Oman	65%	65%
9	KNRC Holdings and Investments Pvt. Ltd.,	India	100%	100%
II) Step – down Subsidiaries				
10	Mesmeric Software Solutions Pvt. Ltd.,	India	100%	100%
11	Nag Talent Ventures & Infotech Pvt. Ltd.,	India	100%	100%
12	Roche Polymers and Additives Pvt. Ltd., #	India	100%	100%
13	Gradient Estates Pvt. Ltd.,	India	100%	100%
14	Gradient Realty Ventures Pvt. Ltd., #	India	100%	100%
15	Asara Construction & Projects Pvt. Ltd.,	India	100%	100%
16	KNR Muzaffarpur Holdings Pvt. Ltd.,	India	100%	100%
17	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	51%	51%
III) Associates				
1	Patel KNR Infrastructures Ltd.,	India	40%	40%
2	Patel KNR Heavy Infrastructures Ltd.,	India	40%	40%
IV) Joint Operations				
1	KNR - Patel - JV	India	51%	51%
2	Patel - KNR - JV	India	50%	50%
3	NCC- KNR - JV	India	Project specific	Project specific
4	KNR - SLEC - JV	India	60%	60%
5	KNR - BPL - JV	India	49%	49%
6	KNR - GVR - JV	India	51%	51%
7	KNR - JKM-KAMALA - JV	India	50%	50%
8	KNR - JKM - JV	India	51%	51%
9	KNR - SLMI - JV	India	Project specific	Project specific
10	KNR - TBCPL - JV	India	51%	51%
11	KNR - PBEPL - JV	India	75%	75%
12	KNR - SEW - GVR -JV	India	51%	51%
13	PSK - KNR - GVR-JV	India	51%	51%
14	BSCPL INFRASTRUCTURE LIMITED KNR CONSTRUCTIONS LIMITED JV (namely “BSCPL - KNR - JV”)	India	50%	50%
15	KNR - HES - ACPL - JV	India	51%	NA
V) Joint Controlled Entities				
1	SEL - KNR - JV	Bangladesh	49%	49%

Notes to the Financial Statements (Contd.)

45. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

VI)	Key Management Personnel (KMP)	
	Name of the person	Designation
1	Sri. K. Narasimha Reddy	Managing Director
2	Sri K. Jalandhar Reddy	Executive Director & CFO
3	Smt. K. Yashoda	Non-Executive Director
4	Sri. B.V. Rama Rao	Independent Director
5	Sri. L.B. Reddy	Independent Director
6	Sri S. Vaikuntanathan	Executive Officer - VP (F&A)
7	Sri M. Venkata Rao	Company Secretary
VII)	Relatives of Key Management Personnel	
1	Sri. V.Krishna Reddy	Project Co-Ordinator

Subsidiaries closed on 19th March 2018.

B - List of transaction with related parties are as follows:

(₹ in Lakhs)				
Sl. No	Particulars	Nature of relation	Year ended March 31, 2018	Year ended March 31, 2017
1	KNR Walayar Tollways Pvt. Ltd.,	Subsidiary		
	EPC work contract receipts		-	1,437.06
	O&M work receipts		627.23	568.92
	Inter corporate Loans given/(repaid)		-	13,000.00
	Re-imbursement of expenditure incurred/(recovered)		11.00	(174.48)
2	KNR Muzaffarpur Barauni Tollways Pvt Ltd.,	Step down Subsidiary		
	Re-imbursement of expenditure/(Recovered)		(19.20)	138.14
3	KNR Agrotech & Beverage Pvt Ltd.,	Subsidiary		
	Inter corporate Loans - (Investment/Derecognition)		(71.09)	-
	Interest Income on Inter corporate loans		2.02	12.75
	Inter corporate Loans given/(repaid)		-	(219.50)
	Advance paid/(recovered)		7.90	(21.34)
4	KNR Energy Limited	Subsidiary		
	Inter corporate Loans - (Investment/Derecognition)		(56.21)	-
	Interest Income on Inter corporate loans		7.08	16.79
	Inter corporate Loans given/(repaid)		(67.45)	(152.00)
	Advance paid/(recovered)		0.14	2.12
5	KNRC Holdings and Investments Pvt Ltd	Subsidiary		
	Investment (Equity Nature)		3,194.69	-
	Inter corporate Loans - (Investment/Derecognition)		(62.63)	-
	Interest Income on Inter corporate loans		5.66	15.17
	Inter corporate Loans given/(repaid)		(97.54)	(121.00)
	Advance paid/(recovered)		0.70	3.31
6	KNR Infrastructure Projects Pvt Ltd	Subsidiary		
	Advance paid/(recovered)		0.14	0.20
7	KNR Muzaffarpur Holdings Pvt Ltd.,	Subsidiary		
	Advance paid/(recovered)		0.11	0.36

Notes to the Financial Statements (Contd.)

45. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

(₹ in Lakhs)				
Sl. No	Particulars	Nature of relation	Year ended March 31, 2018	Year ended March 31, 2017
8	KNR Chidambaram Infra Pvt Ltd	Subsidiary		
	Investment in Equity Shares		10.00	-
	Advance paid/(recovered)		0.16	-
9	KNR Srirangam Infra Pvt Ltd	Subsidiary		
	Investment in Equity Shares		10.00	-
	Advance paid/(recovered)		0.16	-
10	Patel Knr Heavy Infrastructure Ltd.,	Associate		
	O&M routine maintenance work receipts		549.58	515.72
	O&M major maintenance work receipts		-	2,266.42
	Mobilisation advance received/(recovered)		-	(158.73)
	Re-imbursement of expenditure incurred /(recovered)		(4.96)	1.92
11	Patel Knr Infrastructure Ltd.,	Associate		
	O&M routine maintenance work receipts		583.98	626.67
12	Patel-KNR-JV	Joint Operations		
	Sale of Aggregates		-	583.48
	Hire charges receipts		-	266.71
	Sub-contract work receipts		-	54.08
	Sub-contract work expenditure		-	2,221.09
	Share of Profit/(Loss)		315.73	132.66
	Current Account Additions/(drawings)		(944.65)	115.14
	Advance paid/(recovered)		(24.45)	(135.30)
	Re-imbursement of expenditure incurred /(recovered)		(98.04)	57.65
	Other receivables		363.44	-
	Debit balances written off		271.23	-
	Credit balances written back		5.71	-
13	KNR-BPL-JV	Joint Operations		
	Sub-contract work receipts		211.66	1,463.86
	Material advanced received/(recovered)		227.58	(192.76)
	Retention deposit & Withheld deducted/(released)		10.58	73.60
	Share of TDS refund deducted/(released)		4.23	29.26
	Liquidity Damages deducted / (released)		-	(17.67)
14	KNR-SEW-GVR-JV	Joint Operations		
	Sub-contract work receipts		20,478.04	7,442.13
	Retention deposit deducted/(released)		383.92	558.16
	Share of TDS refund deducted/(released)		202.66	92.29
	Re-imbursement of expenditure incurred /(recovered)		(10.00)	20.54
	Current Account Additions/(drawings)		(24.74)	-
15	PSK-KNR-GVR-JV	Joint Operations		
	Sub-contract work receipts		1,999.60	4,342.69
	Retention deposit deducted/(released)		152.85	325.70
	Withheld deducted/(released)		31.49	-
16	KNR-TBPCL-JV	Joint Operations		
	Share of Profit/(Loss)		12.90	166.71
	Current Account Additions/(drawings)		(9.68)	(33.49)

Notes to the Financial Statements (Contd.)

45. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

(₹ in Lakhs)				
Sl. No	Particulars	Nature of relation	Year ended March 31, 2018	Year ended March 31, 2017
17	KNR-PBEPL-JV	Joint Operations		
	Share of Profit/(Loss)		3.61	42.21
	Current Account Additions/(drawings)		(12.52)	(197.85)
18	KNR-SLMI-JV	Joint Operations		
	Share of Profit/(Loss)		3.52	0.12
	Current Account Additions/(drawings)		(13.11)	26.51
	Sub-contract work receipts		-	233.22
	Share of TDS refund deducted/(released)		(209.89)	4.67
	Interest received on share of TDS refund receivable		29.29	-
19	KNR-GVR-JV	Joint Operations		
	Share of Profit/(Loss)		71.07	29.03
	Current Account Additions/(drawings)		(95.47)	-
20	KNR-PATEL-JV	Joint Operations		
	Share of Profit/(Loss)		686.24	260.80
	Current Account Additions/(drawings)		0.06	0.62
21	KNR-SLEC-JV	Joint Operations		
	Share of Profit/(Loss)		0.10	(0.03)
	Current Account Additions/(drawings)		9.01	-
22	NCC-KNR-JV	Joint Operations		
	Share of Profit/(Loss)		(0.06)	(0.06)
	Current Account Additions/(drawings)		0.06	0.10
23	KNR-JKM-JV	Joint Operations		
	Sub-contract work received		3,117.70	-
	Retention deposit deducted/(released)		202.64	-
	Withheld deducted/(released)		32.79	-
	Share of Profit/(Loss)		7.01	-
	Current Account Additions/(drawings)		1,456.07	(1,065.37)
24	BSCPL-KNRCL-JV	Joint Operations		
	Sub-contract work received		6,219.82	-
	Retention deposit deducted/(released)		365.35	-
	Current Account Additions/(drawings)		84.66	-
25	KNR-HES-ACPL-JV	Joint Operations		
	Sub-contract work received		12,193.62	-
	Retention deposit deducted/(released)		961.16	-
	Share of TDS refund deducted/(released)		135.66	-
	Current Account Additions/(drawings)		(319.56)	-
26	SEL-KNR-JV (Bangladesh)	Joint Controlled Entity		
	Re-imbursement of expenditure incurred /(recovered)		15.92	18.28
27	K.Narasimha Reddy	KMP - Managing Director		
	Short Term Employee Benefits		504.00	360.00
	Post-employment Benefits		-	-
	Interest Paid on un-secured loans		1,211.67	979.37
	Un-secured loan received		9,191.00	4,642.50

Notes to the Financial Statements (Contd.)

45. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

(₹ in Lakhs)				
Sl. No	Particulars	Nature of relation	Year ended March 31, 2018	Year ended March 31, 2017
	Un-secured loan (repaid)		(168.00)	(292.50)
	Dividend paid		228.72	-
	Un-secured loan (Dubai branch) #		-	(3.23)
28	K.Jalandhar Reddy	KMP - Executive Director & CFO		
	Short Term Employee Benefits		336.82	240.83
	Post-employment Benefits		20.17	20.17
	Land lease rent paid		18.07	20.40
	Guest House rent paid		7.42	7.60
	Office rent paid		2.66	2.50
	Re-imbursement of Locker Rent		-	1.25
	Interest Paid on un-secured loans		38.75	46.72
	Un-secured loan (repaid)		-	(38.50)
	Purchase of quarry Land		36.00	-
	Dividend paid		98.15	-
29	K.Yashoda	KMP - Non Executive Directors		
	Directors sitting fee paid		5.00	3.25
	Dividend paid		44.04	-
30	S.Vaikuntanathan	KMP - Executive Officer		
	Short Term Employee Benefits		29.70	27.45
	Post-employment Benefits		-	-
31	M.Venkata Rao	KMP - Company Secretary		
	Short Term Employee Benefits		13.20	12.00
	Post-employment Benefits		1.11	1.01
32	V.Krishna Reddy	Relative of KMP		
	Short Term Employee Benefits		7.20	6.45
	Post-employment Benefits		-	-
33	B.V.Rama Rao	KMP - Independent Director		
	Sitting Fee		14.00	11.25
34	L.B.Reddy	KMP - Independent Director		
	Sitting Fee		14.00	11.25

Notes to the Financial Statements (Contd.)

45. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

C - Outstanding balance with related parties is as follows:

Sl. No	Particulars	Nature of Relation	(₹ in Lakhs)			
			As at March 31, 2018		As at March 31, 2017	
			Receivable from	Payable to	Receivable from	Payable to
1	KNR Walayar Tollways Pvt. Ltd.,	Subsidiary				
	Trade receivable(O&M)		57.50	-	46.46	-
	Investment in Equity		90.00	-	90.00	-
	Inter corporate Loans - (Investment)		39,651.00	-	39,651.00	-
	Re-imbursement of expenses Receivable		35.00	-	24.00	-
2	KNR Muzaffarpur Barauni Tollways Pvt Ltd.,	Subsidiary				
	Investment in Equity		45.90	-	45.90	-
	Inter corporate Loans - (Investment)		5,276.50	-	5,276.50	-
	Re-imbursement of expenses Receivable		0.83	-	20.03	-
3	KNR Agrotech & Beverage Pvt Ltd.,	Subsidiary				
	Investment in Equity		1.00	-	1.00	-
	Inter corporate loans - (Investment)		12.85	-	83.94	-
	Inter corporate loans		25.04	-	23.02	-
	Advance Recoverable		179.29	-	171.39	-
4	KNR Energy Limited	Subsidiary				
	Investment in Equity		5.00	-	5.00	-
	Inter corporate Loans - (Investment)		34.90	-	91.11	-
	Inter corporate Loans receivable		79.57	-	139.94	-
	Advance Recoverable		51.27	-	51.13	-
5	KNRC Holdings and Investments Pvt Ltd	Subsidiary				
	Investment in Equity		1.00	-	1.00	-
	Investment (Fair value of Inter corporate loan)		3,194.69	-	-	-
	Inter corporate Loans - (Investment)		30.74	-	93.37	-
	Inter corporate Loans receivable		58.30	-	150.18	-
	Advance Recoverable		19.38	-	18.68	-
6	KNR Infrastructure Projects Pvt Ltd	Subsidiary				
	Investment in Equity		1.00	-	1.00	-
	Advance Recoverable		9.22	-	9.08	-
7	KNR Constructions - LLC, at Oman	Subsidiary				
	Investment in Equity		206.07	-	206.07	-
	Advance Recoverable (including translation amount)	-		256.91		256.91
8	KNRCL - FZE, at Dubai	Subsidiary				
	Investment in Equity		48.88	-	48.88	-
	Advance Recoverable (including translation amount)		43.25		43.25	
9	KNR Muzaffarpur Holdings Pvt Ltd.,	Subsidiary				
	Advance receivable		1.94	-	1.83	-
10	KNR Chidambaram Infra Pvt Ltd	Subsidiary				
	Investment in Equity Shares		10.00	-	-	-
	Advance receivable		0.16	-	-	-
11	KNR Srirangam Infra Pvt Ltd	Subsidiary				
	Investment in Equity Shares		10.00	-	-	-
	Advance receivable		0.16	-	-	-
12	Patel Knr Heavy Infrastructure Ltd.,	Associate				
	Trade Receivable (Routine maintenance)		66.70	-	43.30	-

Notes to the Financial Statements (Contd.)

45. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

Sl. No	Particulars	Nature of Relation	(₹ in Lakhs)			
			As at March 31, 2018		As at March 31, 2017	
			Receivable from	Payable to	Receivable from	Payable to
	Trade Receivable (Major maintenance)		0.63	-	4.57	-
	Investment in Equity *		952.95	-	952.95	-
	Inter corporate Loans - (Investment) *		1,033.69	-	1,033.69	-
	Re-imbursement of expenses Receivable		1.01	-	5.97	-
13	Patel Knr Infrastructure Ltd.,	Associate				
	Trade Receivable (Routine maintenance)		310.24	-	-	-
	Investment in Equity *		1,480.00	-	1,480.00	-
14	Patel-KNR-JV	Joint Operations				
	Other Receivables(Sale of Aggregates)		-	-	447.03	-
	Other Receivables(Hire Charges)		-	-	350.58	-
	Other Receivables		363.44	-	-	-
	Trade Receivables		427.57	-	670.18	-
	Trade payables		-	20.01	-	101.67
	Current Account		409.52	-	1,038.44	-
	Advance receivable		-	-	20.50	-
	Re-imbursement of expenses recoverable		-	-	98.04	-
	Retention deposit receivable		1,396.92	-	1,450.37	-
	Material advance recoverable		-	272.75	-	272.75
15	KNR-BPL-JV	Joint Operations				
	Material advance payable		-	331.26	-	103.68
	Current Account		1.93	-	1.93	-
	Retention deposit and Withheld receivable		108.07	-	97.49	-
	Share of TDS refund receivable		122.13	-	117.90	-
16	KNR-SEW-GVR-JV	Joint Operations				
	Trade Receivables		5,117.22	-	1,807.85	-
	Retention deposit receivable		942.08	-	558.16	-
	Share of TDS refund receivable		294.95	-	92.29	-
	Re-imbursement of expenses recoverable		10.54	-	20.54	-
	Current Account		-	24.74	-	-
17	PSK-KNR-GVR-JV	Joint Operations				
	Trade receivables		567.08	-	509.96	-
	Retention deposit receivable		478.55	-	325.70	-
	With held receivable		31.49	-	-	-
18	KNR-TBPCL-JV	Joint Operations				
	Current Account		4.26	-	1.04	-
19	KNR-PBEPL-JV	Joint Operations				
	Current Account		134.76	-	143.67	-
20	KNR-SLMI-JV	Joint Operations				
	Current Account		5.94	-	15.53	-
	Share of TDS refund receivable		62.97	-	272.86	-
	With held receivable		0.93	-	0.93	-
21	KNR-GVR-JV	Joint Operations				
	Current Account		10.04	-	34.44	-
22	KNR-PATEL-JV	Joint Operations				
	Current Account		173.83	-	(512.47)	-
23	KNR-SLEC-JV	Joint Operations				
	Current Account		(23.34)	-	(32.45)	-

Notes to the Financial Statements (Contd.)

45. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

Sl. No	Particulars	Nature of Relation	(₹ in Lakhs)			
			As at March 31, 2018		As at March 31, 2017	
			Receivable from	Payable to	Receivable from	Payable to
24	NCC-KNR-JV	Joint Operations				
	Current Account		0.66	-	0.66	-
25	KNR-JKM-JV	Joint Operations				
	Trade Receivables		649.75	-	-	-
	Retention deposit receivable		202.64	-	-	-
	With held receivable		32.79	-	-	-
	Current Account		1,610.66	-	147.58	-
26	KNR-JKM-KAMALA-JV	Joint Operations				
	Current Account		125.03	-	125.03	-
27	BSCPL-KNRCL-JV	Joint Operations				
	Trade Receivables		133.78	-	-	-
	Retention deposit receivable		365.35	-	-	-
	Current Account		84.66	-	-	-
28	KNR-HES-ACPL-JV	Joint Operations				
	Current Account		-	319.56	-	-
	Retention deposit receivable		961.16	-	-	-
	Share of TDS refund receivable		135.66	-	-	-
29	SEL-KNR-JV (Bangladesh)	Joint Controlled Entity				
	Advance receivable		35.31	-	19.39	-
30	K.Narasimha Reddy	KMP - Managing Director				
	Remuneration Payable		-	18.63	-	19.52
	Interest Payable		-	449.03	-	20.08
	Un-secured loan received		-	20,723.00	-	11,700.00
31	K.Jalandhar Reddy	KMP - Executive Director & CFO				
	Remuneration Payable		-	10.79	-	11.67
	Post-employment benefits payable		-	51.92	-	46.15
	Land lease rent payable		-	1.56	-	1.55
	Guest House rent payable		-	0.68	-	0.61
	Office rent payable		-	0.23	-	0.23
	Interest Payable		-	2.91	-	0.71
	Un-secured loan received		-	461.50	-	461.50
32	S.Vaikuntanathan	KMP - Executive Officer				
	Remuneration Payable		-	1.57	-	1.65
	Post-employment benefits payable		-	-	-	-
33	M.Venkata Rao	KMP - Company Secretary				
	Remuneration Payable		-	1.02	-	0.88
	Post-employment benefits payable		-	3.49	-	2.88
34	V.Krishna Reddy	Relative of KMP				
	Remuneration Payable		-	0.57	-	0.48
	Post-employment benefits payable		-	-	-	-

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

* For the year ended March 31, 2018, the provision for impairment of investments is ₹ Nil (PY 16-17 ₹ 1086.64 lakhs.)

During the FY 17-18 written back amount in books of accounts is ₹ Nil (PY 16-17 ₹ 3.23 lakhs.)

Notes to the Financial Statements (Contd.)

46. During the Previous year the company has entered an agreement to sell its share in two Associate BOT (Annuity) projects, for which the company has made an impairment of ₹ 1086.64 lakhs towards sale of its investment which is shown under exceptional items in the statement of profit and loss for the FY 2016-17.

During the year the company has called off the deal with prospective investor, accordingly the investment held for sale has been re-classified to non-current investments.

47. RECONCILIATION BETWEEN THE OPENING AND CLOSING BALANCES IN THE FINANCIAL STATEMENT FOR FINANCIAL LIABILITIES AND ASSETS ARISING FROM FINANCING ACTIVITIES (IND AS – 7)

(₹ in Lakhs)

Particulars	Secured Loans	Unsecured Loans	Interest	Total
Opening Balance	2,244.25	12,161.50	38.50	14,444.25
Interest/Dividend Accrued during the year	-	-	2,314.42	2,314.42
Cash flows				
Received	-	9,191.00	-	9,191.00
Repayment	(1,389.99)	(168.00)		(1,557.99)
Interest/Dividend paid	-	-	(1,891.69)	(1,891.69)
Non Cash items				
Unwinding Interest	-	-	-	-
Impact of EIR	-	-	-	-
Closing Balance	854.26	21,184.50	461.23	22,499.99

48. SEGMENT INFORMATION

The Company's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Ind AS 108. During the year under report, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors on May 30, 2018.

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

As per our report of even date attached
For **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.003135S)

K. Viswanath
Partner,
Membership No: 022812

Place : Hyderabad
Date : May 30, 2018

For and on behalf of the Board

K.Narasimha Reddy
Managing Director,
DIN: 00382412

S.Vaikuntanathan
Vice President (F&A)

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

M.V.Venkata Rao
Company Secretary

Independent Auditor's Report

To the Members of

KNR CONSTRUCTIONS LIMITED

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of KNR CONSTRUCTIONS LIMITED ("the Holding Company") and its subsidiaries (collectively referred to as 'the Group') and its associates, which comprise the Consolidated Balance Sheet as at 31 March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statement').

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors are responsible for the preparation of these consolidated Ind AS financial statements in the terms of requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company including its associates, in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and of its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of jointly controlled operations, subsidiaries and associates, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated state of affairs of the Group and its associates as at March 31, 2018, of their consolidated financial performance including, other comprehensive income, consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

OTHER MATTER

- (a) We did not audit the financial statements and other financial information, in respect of 7 subsidiaries (including one subsidiary consolidated for the period ended 31st March 2018) and 14 jointly controlled operations whose financial statements include total assets of ₹ 1,42,061.27 lakhs and net assets of ₹ 44,876.77 lakhs as at March 31, 2018, and

Independent Auditor's Report (Contd.)

total revenues of ₹ 9,2164.73 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net Profit of ₹ 5.75 lakhs for the year ended March 31, 2018, in respect of 2 associates located in India whose financial statement and other financial information have been audited by other auditors and whose financial statement and other financial information and auditor's report have been furnished to us by the management and one jointly controlled entity located outside India whose financials have not been audited as explained in Para (b) below. Our opinion, in so far as it relates to the affairs of such subsidiaries, jointly controlled operations and associates is based solely on the report of other auditors. Our opinion is not modified in respect of this matter.

- (b) In addition to above, We did not review the unaudited financial statements and other financial information of 2 subsidiaries and one Jointly controlled entity which are located outside India and one joint operation in India with total assets of ₹ 22,924.61 lakhs as at March 2018, net asset of ₹ 1,117.17 lakhs and total revenue of ₹ 8447.08 lakhs the unaudited financial statements and other financial information for these subsidiaries and Jointly controlled entity and joint operation have been incorporated in the accompanying consolidated Ind AS financial statements, based on the financial information as reviewed and certified by the management of the group as at end of the year. Our audit report in so far as it relates to the affairs of subsidiaries, jointly controlled and joint operation entity is based solely on the basis of management certified financial information. Our audit opinion is not modified in respect of this matter.
- (c) The comparative financial information of the Group including its associates and joint operations and jointly controlled entity for the year ended March 31, 2017, included in these consolidated financial statements, have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated May 30, 2017 expressed a modified opinion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- A. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and the other financial information of jointly controlled operations, subsidiaries and associates as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors;
- c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement and Consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018, taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under sec 139 of the Act, of its subsidiary companies and associate companies incorporated in India, none of the directors of the group companies and its associate companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and associate companies, refer to our separate Report in "Annexure 1" to this report;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and jointly controlled operations as noted in the 'Other Matter' paragraph:

Independent Auditor's Report (Contd.)

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the group and its associates – Refer Note 37 to the consolidated Ind AS financial statements;
- ii. The Group, its joint operations, associates and jointly controlled entities did not have any material foreseeable losses no long term contracts, including derivative contracts during the year ended March 31, 2018.
- iii. There was a delay of 30 days in transferring an amount of ₹ 0.57 lakhs to the Investor Education and Protection Fund by the Holding Company. There were no amounts that were required to be transferred to the Investor Education & Protection Fund by the subsidiary companies and associates incorporated in India during the year ended March 31, 2018.

- iv. The disclosure in the consolidated Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended March 31, 2018.

For **K.P.Rao & Co.,**
Chartered Accountants
Firm's Registration No. 003135S

K. Viswanath
Partner
Membership No. 022812

Place: Hyderabad
Date: May 30, 2018

Annexure I

To the Independent Auditor's Report of even date on the Ind AS Financial Statements of KNR Constructions Limited

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **KNR CONSTRUCTIONS LIMITED** ("the Holding Company") its subsidiary companies and its associate companies, which are incorporated in India, as of March 31, 2018 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to these consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Annexure I to the Independent Auditor's Report of even date on the Ind AS Financial Statements of KNR Constructions Limited (Contd.)

Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, based on the Internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India".

OTHER MATTER

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financials controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these 7 subsidiary companies, and 2 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and associate companies.

For **K.P.Rao & Co.,**
Chartered Accountants
Firm's Registration No. 003135S

K. Viswanath
Partner
Membership No. 022812

Place: Hyderabad
Date: May 30, 2018

Consolidated Balance Sheet

as at March 31, 2018

(₹ in Lakhs)			
Particulars	Note	As at March 31, 2018	As at March 31, 2017
I ASSETS			
1) Non-current assets			
a) Property, plant and equipment	3	33,369.31	26,308.87
b) Capital work-in-progress	3.1	115.07	266.25
c) Investment Property	3.2	6,501.42	6,445.41
d) Other Intangible assets	3.3	94,264.00	90,090.09
e) Intangible assets under development	3.3	-	8,859.73
f) Financial Assets			
i) Investments	4	3,511.41	2,816.24
ii) Other financial assets	5	254.98	1,384.15
g) Deferred tax assets (net)	6	14,077.18	8,259.56
h) Non-Current tax assets (net)	7	1,213.74	4,744.89
i) Other non-current assets	8	8,770.37	3,201.57
Total Non-current assets		1,62,077.48	1,52,376.76
2) Current assets			
a) Inventories	9	7,504.61	8,053.96
b) Financial assets			
i) Investments	4	1,755.22	4,542.76
ii) Trade receivables	10	26,913.75	18,169.06
iii) Cash and cash equivalents	11	4,498.73	2,522.58
iv) Bank balances, other than (iii) above	12	699.13	858.67
v) Loans	13	2,631.47	3,177.35
vi) Other Financial Asset	5	16,064.10	13,250.16
c) Current tax assets (net)	7	1,993.35	1,168.30
d) Other current assets	14	36,659.76	20,099.53
Total Current assets		98,720.12	71,842.37
Total Assets		2,60,797.60	2,24,219.13
II EQUITY AND LIABILITIES			
Equity			
a) Equity Share capital	15	2,812.35	2,812.35
b) Instruments Entirely Equity in nature	15.3	850.00	850.00
c) Other equity	16	1,01,114.26	77,730.28
Equity attributable to the share holders of the company		1,04,776.61	81,392.63
Non-controlling Interests		5,005.93	6,458.88
Total Equity		1,09,782.54	87,851.51
Liabilities			
1) Non-current liabilities			
a) Financial liabilities			
i) Borrowings	17	74,192.99	69,815.63
ii) Trade Payables	18	827.27	827.27
iii) Other financial liabilities	19	37.53	86.45
b) Provisions	20	1,732.60	604.25
c) Other non-current liabilities	21	1,324.53	1,822.97
Total non-current liabilities		78,114.92	73,156.57
2) Current liabilities			
a) Financial liabilities			
i) Trade Payables	18	24,761.59	16,462.12
ii) Other financial liabilities	19	15,944.35	20,391.88
b) Provisions	20	2,162.60	1,281.19
c) Other current liabilities	22	29,851.13	25,070.15
d) Current Tax Liabilities (net)	23	180.47	5.71
Total current liabilities		72,900.14	63,211.05
Total Equity And Liabilities		2,60,797.60	2,24,219.13
Corporate information and Significant accounting policies	1 & 2		
See accompanying notes forming part of financial statements			

As per our report of even date attached

For **K. P. Rao & Co.,**

Chartered Accountants.

(Firm Regn. No.0031355)

K. Viswanath

Partner,

Membership No: 022812

Place : Hyderabad

Date : May 30, 2018

For and on behalf of the Board

K.Narasimha Reddy

Managing Director,

DIN: 00382412

S.Vaikuntanathan

Vice President (F&A)

K. Jalandhar Reddy

Executive Director & CFO,

DIN: 00434911

M.V.Venkata Rao

Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Lakhs)				
Sr. No	Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
I	Gross Revenue from Operations	24	2,06,959.61	1,67,958.83
II	Other income	25	5,579.05	3,295.56
III	Total Revenue (I + II)		2,12,538.66	1,71,254.39
IV	Expenses			
	Cost of materials consumed	26	50,686.40	36,184.72
	Construction Expenses	27	97,453.48	92,427.68
	Change in Work in Progress		597.57	240.60
	Construction Cost under Service Concession Arrangements		1,436.59	3,707.85
	Employee benefits expense	28	7,396.28	5,855.81
	Finance costs	29	8,249.53	7,266.89
	Depreciation and amortization expense	30	19,360.47	11,562.62
	Other expenses	31	4,541.72	3,145.98
	Total expenses (IV)		1,89,722.04	1,60,392.15
V	Profit/(Loss) before share of (Profit)/Loss from investment in Associates (III-IV)		22,816.62	10,862.24
VI	Share of Profit/(Loss) from Associates and Joint controlled entities		5.75	797.57
VII	Profit/(Loss) before exceptional items and tax (V + VI)		22,822.37	11,659.81
VIII	Exceptional items	32	-	1,086.64
IX	Profit/(Loss) before tax (VII-VIII)		22,822.37	10,573.17
X	Tax expense	33		
	1) Current tax		5,756.06	1,311.07
	2) Adjustment of tax relating to earlier periods		(22.69)	(2.49)
	3) Deferred tax		(5,805.70)	(610.39)
			(72.33)	698.19
XI	Profit/(Loss) for the year(IX- X)		22,894.70	9,874.98
XII	Other comprehensive income/(loss)	34		
	a) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		(190.28)	75.16
	Deferred Tax on above items		67.32	(27.12)
	b) Items that will be reclassified to profit or loss		-	-
XIII	Total Comprehensive Income for the period (XI+XII) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		22,771.74	9,923.02
	Profit/(loss) attributable to (XI):			
	Owners of the Company		24,347.65	11,489.82
	Non-controlling interests		(1,452.95)	(1,614.84)
			22,894.70	9,874.98
	Total comprehensive income attributable to (XIII):			
	Owners of the Company		24,224.69	11,537.86
	Non-controlling interests		(1,452.95)	(1,614.84)
			22,771.74	9,923.02
XIV	Earnings per equity share: (In ₹)			
	1) Basic	38	17.31	8.17
	2) Diluted		17.31	8.17
	Corporate information and Significant accounting policies	1 & 2		
	See accompanying notes forming part of the financial statements			

As per our report of even date attached
For **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.003135S)

For and on behalf of the Board

K. Viswanath
Partner,
Membership No: 022812

K.Narasimha Reddy
Managing Director,
DIN: 00382412

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

Place : Hyderabad
Date : May 30, 2018

S.Vaikuntanathan
Vice President (F&A)

M.V.Venkata Rao
Company Secretary

Consolidated Statement of Changes In Equity

for the year ended March 31, 2018

A - Equity Share Capital

(₹ in Lakhs)		
Particulars	Number of Shares	Amount in Lakhs
As at April 01, 2016	2,81,23,460	2,812.35
Issue of equity shares	-	-
As at March 31, 2017*	14,06,17,300	2,812.35
Issue of equity shares	-	-
As at March 31, 2018	14,06,17,300	2,812.35

* The Company's Equity shares has been split on December 14, 2016 (record date) from face value of ₹ 10/- to ₹ 2/- each.

B - Other Equity

(₹ in Lakhs)									
Particulars	Attributable to the share holders of the Company							Non-controlling interests	Total
	Reserves and Surplus				Items of other comprehensive income/(loss)	Instrument entirely equity in nature	Total Attributable to the shareholders of the Company		
	Securities Premium Reserve	General Reserves	Exchange difference on transaction & translation	Retained Earnings	Other items of Other Comprehensive Income				
Balance as at April 01, 2016	12,599.31	2,849.00	69.10	50,699.67	(17.24)	850.00	67,049.84	8,073.72	75,123.56
Profit for the year	-	-	-	11,489.82	-	-	11,489.82	(1,614.84)	9,874.98
Other Comprehensive income/(loss) for the year	-	-	-	-	48.04	-	48.04	-	48.04
Dividends & Dividend tax paid	-	-	-	-	-	-	-	-	-
Exchange Differences on translation of foreign operations	-	-	(7.42)	-	-	-	(7.42)	-	(7.42)
Balance as at March 31, 2017	12,599.31	2,849.00	61.68	62,189.49	30.80	850.00	78,580.28	6,458.88	85,039.16
Balance as at April 01, 2017	12,599.31	2,849.00	61.68	62,189.49	30.80	850.00	78,580.28	6,458.88	85,039.16
Profit for the year	-	-	-	24,347.65	-	-	24,347.65	(1,452.95)	22,894.70
Other Comprehensive income/(loss) for the year	-	-	-	-	(122.96)	-	(122.96)	-	(122.96)
Dividends & Dividend tax paid	-	-	-	(846.22)	-	-	(846.22)	-	(846.22)
Exchange Differences on translation of foreign operations	-	-	5.51	-	-	-	5.51	-	5.51
Balance as at March 31, 2018	12,599.31	2,849.00	67.19	85,690.92	(92.16)	850.00	1,01,964.27	5,005.93	1,06,970.20

See accompanying notes forming part of financial statements

As per our report of even date attached
For **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.003135S)

For and on behalf of the Board

K. Viswanath
Partner,
Membership No: 022812

K.Narasimha Reddy
Managing Director,
DIN: 00382412

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

Place : Hyderabad
Date : May 30, 2018

S.Vaikuntanathan
Vice President (F&A)

M.V.Venkata Rao
Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	22,822.37	10,573.17
Adjustments for :		
Depreciation and Amortisation expense	19,360.47	11,562.62
Liabilities no longer required written back	(685.82)	(349.70)
Bad debts/advances written off	572.70	54.81
(Gain)/Loss on sale of property, plant and equipment	(540.47)	(454.72)
(Gain) / Loss on Fair value of Financial instruments	(74.52)	(10.22)
Provision for Impairment of investments	-	1,086.64
Provision for Doubtful Advances and Other Receivables	420.53	200.00
Provision for Periodic maintenance	842.00	423.49
Dividend received on current investments	(153.76)	(14.90)
Unwinding Interest	461.02	17.23
Finance costs	7,788.51	7,249.66
Interest Income	(2,169.07)	(539.07)
Operating profit before working capital changes	48,643.96	29,799.01
Working capital adjustments:		
(Increase)/Decrease in Trade and Other Receivables and prepayments	(33,421.28)	(9,571.54)
(Increase)/Decrease in Inventories	549.35	(1,870.62)
Increase/(Decrease) in Trade and other Payables	9,173.19	20,803.53
Cash generated / (Used in) From Operations	24,945.22	39,160.38
Share of profit/(loss) of an associate and a joint venture	(5.75)	(797.57)
Income Taxes (paid) / Refunds	(2,957.06)	(1,795.33)
Net Cash Flows from/(used in) Operating Activities - (A)	21,982.41	36,567.48
B) Cash Flow from Investing Activities		
Proceeds from sale of property, plant and equipment	2,392.22	1,546.00
Purchase of property, plant and equipment and Capital Work-in-Progress	(23,794.03)	(20,906.29)
Purchase of investments	2,172.64	(4,114.99)
Interest Received	2,139.16	445.80
Bank Balances not considered as cash and cash equivalents	159.54	383.47
Loans to Joint Venture Partners	545.88	(2,300.00)
Foreign Exchange Translation	5.51	(7.42)
Dividend received on current investments	153.76	14.90
TDS on Interest Received	(28.39)	(24.51)
Net Cash Flow from/ (used in) Investing Activities - (B)	(16,253.71)	(24,963.04)

Consolidated Cash Flow Statement for the year ended March 31, 2018 (Contd.)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
C) Cash Flow from Financing Activities		
Proceeds from long term borrowings	10,291.00	5,765.74
Repayment of borrowings	(5,785.32)	(10,308.34)
Finance cost paid	(7,412.01)	(7,818.61)
Dividends paid and Dividend Tax Paid	(846.22)	-
Net Cash Flow / (used in) Financing Activities - (C)	(3,752.55)	(12,361.21)
Net increase (decrease) in Cash and Cash Equivalents - (A+B+C)	1,976.15	(756.77)
Cash & Cash Equivalents at the beginning of the year	2,522.58	3,279.35
Cash & Cash Equivalents as at the end of the year (Refer Note 1)	4,498.73	2,522.58

Notes:

- 1 Cash & Cash equivalents includes:

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Cash in Hand	111.07	103.80
Bank Balance - current account	4,387.66	2,418.78

- 2 The Cash flow statement is prepared in accordance with the Indirect Method stated in Ind-AS7 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 **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.003135S)

For and on behalf of the Board

K. Viswanath
Partner,
Membership No: 022812

K.Narasimha Reddy
Managing Director,
DIN: 00382412

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

Place : Hyderabad
Date : May 30, 2018

S.Vaikuntanathan
Vice President (F&A)

M.V.Venkata Rao
Company Secretary

Notes

forming part of the Consolidated financial statements

1. CORPORATE INFORMATION:

KNR Constructions Limited ('the Company') is a company domiciled in India with its registered office at C- 125, Anand Niketan, New Delhi. The Company has been incorporated in 1995 under the provisions of Indian Companies Act. The shares of the Company are listed on the both the stock exchanges (BSE & NSE) in India in 2008 pursuant to the Public offer of equity shares. The Company, its subsidiaries and Associates collectively referred to as the "Group" is engaged in the infrastructure sector and is undertaking Turn key EPC contracts and BOT projects on public-private partnership basis, group activities are primarily in the construction of roads, bridges, flyovers and irrigation projects.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements are the Consolidated financial statements of the Group prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016 notified under the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

2.2 Basis of Preparation & Presentation

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2.3 Basis of Consolidation

The consolidated financial statements have been prepared on the following basis:

i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as disclosed in Note 43. Subsidiaries are consolidated from the date control commences until the date control ceases. Subsidiaries are 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, intra-group transactions and resulting unrealized profits or losses on intra-group transactions as per Indian Accounting Standard 110.

ii) Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date.

iii) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures; the classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

For joint operations, the group recognizes its direct right to the assets, liabilities, contingent liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

For joint venture, A Joint Venture is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the net assets of the joint arrangement. Investments in Joint Venture are accounted for using the equity method after initially recognised at cost.

iv) The financial statements of the Subsidiaries, Associates and the Joint ventures used in the consolidation are drawn up to the same reporting date as that of the Holding Company, i.e. March 31, 2018.

v) Non-controlling interests in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet under the Total Equity.

vi) Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- The amount of equity attributable to Non-controlling holders at the date on which investment in a subsidiary is made; and
- The Non-controlling holders share of movements in the equity since the date the parent subsidiary relationship came into existence.

vii) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and

Notes forming part of the Consolidated financial statements (Contd.)

other events in similar circumstances and are presented to extent possible, in the same manner as the Company's separate financial statements. The Subsidiaries and Associate Companies are considered for consolidated financial statements are given in Note 43.

2.4 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Current and Non-Current classification

The group has classified all its assets and liabilities as current or non-current, wherever applicable, as per the operating cycle of the group as per Schedule III to the Act. Operating cycle for the business activities of the group covers the duration of the project/ contract/ service including the defect liability period, wherever applicable, and extends up to the realization of receivables (including retention monies) within the credit period normally applicable to the respective project.

2.6 Fair Value Measurement

The group measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy based on the low-level of input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (observable input).

Level 3 – Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.7 Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated

Notes forming part of the Consolidated financial statements (Contd.)

with the expenditure will flow to the Group.

Depreciation is calculated on cost of items of property, plant and equipment in the manner and as per the useful life prescribed under Schedule-II to the Act except the below mentioned assets, and is generally recognized in the statement of profit and loss. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

The following asset category has useful life different from the life specified in Schedule II of the Companies Act, 2013 based on the management's assessment

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

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

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

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

2.8 Capital Work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost less refundable taxes.

Notes forming part of the Consolidated financial statements (Contd.)

2.9 Intangible Asset under Service Concession Arrangements (SCA)

The Group recognizes an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognition of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measured at cost, less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

The Group has followed life based amortization for intangible assets which are recognized under service concession arrangements, over the balance concession period.

Government grants – Viability Gap Funding (VGF)

Any VGF in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipt.

Accounting for negative grants

The Group is required to make payments to the authority during the period of SCA which is called negative grant as per appendix to Ind-As 11, and the payment is in the form of fixed payment (annual throughout the SCA) and the Group has recognized as a liability with a present value of annual payments payable during the SCA. And the same was capitalized to the intangible assets.

2.10 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS 16's requirement for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

2.11 Other Intangible Assets

Other Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognised when it is probable that the

future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Pre-operative expenses including administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets. Intangible assets are amortized over their useful life.

Asset	Useful life
Computer Software	3 Years

2.12 Investment in Associates and Joint Ventures and Mutual Funds

Investments in mutual funds are carried at fair value through profit and loss.

Investments are classified as 'held for sale' when all of the following criterias are met:

- decision has been made to sell,
- the assets are available for immediate sale in its present condition,
- the assets are being actively marketed and
- Sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such investments classified as held for sale are measured at the lower of its carrying value and fair value less impairment.

Investments in joint venture are recognised at cost with adjustment to respective share of profit/loss.

2.13 Inventories

Raw Materials, construction materials and stores & spares are valued at weighted average cost or net realizable value whichever is less. Cost includes all charges in bringing the materials to the place of usage, excluding refundable duties and taxes.

2.14 Financial Instruments

i. Classification and subsequent measurement Financial assets

Financial asset is

- Cash / Equity Instrument of another Entity,
- Contractual right to –
 - receive Cash / another Financial Asset from another Entity, or
 - exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially favourable to the Entity.

Notes forming part of the Consolidated financial statements (Contd.)

On initial recognition, a financial asset is classified as measured at

- Amortized cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- o the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- o The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liability is Contractual Obligation to

- deliver Cash or another Financial Asset to another Entity, or
- exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially unfavourable to the Entity

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

ii. De-recognition Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iii. Impairment Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are measured at amortized cost
- Trade receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

Impairment of non-financial assets

The Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

Notes forming part of the Consolidated financial statements (Contd.)

An impairment loss is recognized, if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

2.15 Cash and cash equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.16 Provisions

Provisions are recognised only when:

- a) An entity has a present obligation (legal or constructive) as a result of a past event
- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) A reliable estimate can be made of the amount of the obligation.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.17 Contingent liability, Contingent Assets and Commitments

Contingent liability is disclosed in case of

- a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- b) A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for
- b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
- c) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Contingent liabilities, Contingent assets and Commitments are reviewed at each Balance Sheet date.

2.18 Revenue Recognition

Accounting for Construction contracts

The Group follows the percentage completion method, based on the proportion that contract cost incurred as on reporting date to the total estimated contract cost including escalations/variations as per Ind AS 11, Construction Contracts.

An expected loss on the construction contract shall be recognised as an expense immediately in accordance with Ind AS - 11.

Accounting for Claims

Claims are accounted as income in the period of receipt of arbitration award or acceptance by client or evidence of acceptance received. Interest awarded, being in the nature of additional compensation under the terms of the contract, is accounted as other operating revenue on receipt of favourable arbitration award

Service concession arrangements (SCA)

Revenue related to construction or upgrade services provided under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognizing revenue on construction contracts, and the toll revenue is recognized as and when the amount is due and recovery is certain.

Other Income

Interest income: Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable Effective interest rate (EIR). Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis

Dividend income: Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

Notes forming part of the Consolidated financial statements (Contd.)

Other Items of Income: Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably

2.19 Employee Benefits

a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits. The benefits like salaries, wages, and short term compensated absences etc. Expenses on non-accumulating compensated absences are recognised in the period in which the absences occur.

b) Post-employment benefits:

i) Defined contribution plans: The state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii) Defined benefit plans: The employees' group gratuity fund schemes are managed by Life Insurance Corporation of India (L.I.C), and post-retirement provident fund scheme are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit and loss.

The net interest cost is calculated by applying the discount rate to the net balance

of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognizes related restructuring costs or termination benefits.

2.20 Taxes on Income

Income tax comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial

Notes forming part of the Consolidated financial statements (Contd.)

recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

iii. Minimum Alternate Tax (MAT)

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

2.21 Leases

Leases in which a substantial portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, in which case the same are recognised as an expense in line with the contractual term.

2.22 Foreign Currencies

Foreign Currency transaction and translation expenditure

- The Functional Currency of the Group is Indian Rupees(INR), and these financial statements are presented in Indian rupees(Lakhs)
- Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.

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

2.23 Cash flow statement

The Consolidated Cash flow statement is prepared in accordance with Ind AS 7 by using indirect method by segregating as cash flows from operating, investing and financing activities. Under the Cash flow from operating activities, the net profit is adjusted for the effects of Non-cash items, Changes in working capital and other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those amounts which are not considered in cash and cash equivalents as on the date of Balance Sheet are included in investing activities.

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).

2.24 Dividend to equity shareholders

Dividend to equity shareholders is recognised as a liability and deducted from shareholders equity, in period in which the dividends are approved by the equity shareholders in general meeting.

2.25 Earnings per share

a) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury share.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

Notes forming part of the Consolidated financial statements (Contd.)

- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.26 Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.27 Exceptional Items

Exceptional Items represents the nature of transactions which are not in recurring nature during the ordinary course of business but lead to increase / decrease in profit / loss for the year.

2.28 Key accounting estimates and judgements

The preparation of these consolidated financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the property plant and equipment, inventory, future obligations in respect of retirement benefit plans, provisions, fair value measurement and taxes etc.

a) Revenue Recognition

The Group follows the percentage completion method, based on the proportion that contract cost incurred as on reporting date to the total estimated contract cost including escalations/ variations, this method is followed when reasonably dependable estimates of costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

b) Property, plant and equipment

The Group reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

d) Provision for employee benefits

The Group uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

e) Income Taxes

Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.

f) Estimation of net realisable value of inventories

In estimating the net realisable value of Inventories the Group makes an estimate of future selling prices and costs necessary to make the sale.

g) Impairment of trade receivables and advances

Significant estimates are required in ascertaining the provision to be made for impairment of trade receivables and advances.

2.29 New standards and interpretations not yet adopted

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from contracts with customers. Ind AS 115 is effective from April 1, 2018. The core principle of the new standard is that entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Further the new standard requires disclosures about the nature, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Notes forming part of the Consolidated financial statements (Contd.)

3. PROPERTY, PLANT AND EQUIPMENT

Particulars	(₹ in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Tangible Assets		
Land - Free Hold *	1,203.32	902.73
Buildings	1,376.50	1,452.08
Plant and Equipment	29,907.73	23,079.32
Furniture and Fixtures	65.55	76.40
Vehicles	697.78	711.62
Office equipment	90.35	67.60
Computers & Accessories	28.08	1912
	33,369.31	26,308.87

Particulars	(₹ in Lakhs)					
	Tangible Assets					
	Land - Free Hold *	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment
Cost or Deemed cost						
As at April 01, 2016	758.21	2,085.85	47,421.85	251.20	1,352.71	127.14
Additions	297.12	195.15	14,045.06	20.47	440.36	51.12
Disposals/adjustments	(152.60)	-	(2,224.14)	-	(199.16)	(2.13)
As at March 31, 2017	902.73	2,281.00	59,242.77	271.67	1,593.91	176.13
Depreciation						
As at April 01, 2016	-	634.27	32,240.33	170.00	816.87	89.55
Charge for the period #	-	194.65	5,944.26	25.27	218.40	21.00
Disposals/adjustments	-	-	(2,021.14)	-	(152.98)	(2.02)
As at March 31, 2017	-	828.92	36,163.45	195.27	882.29	108.53
Net block						
As at March 31, 2017	902.73	1,452.08	23,079.32	76.40	711.62	67.60
As at March 31, 2016	758.21	1,451.58	15,181.52	81.20	535.84	37.59
						19.12
						20.43
						26,308.87
						18,066.37

Notes forming part of the Consolidated financial statements (Contd.)

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Particulars	Tangible Assets							(₹ in Lakhs)
	Land - Free Hold*	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers & Accessories	
Cost or Deemed cost								
As at April 01, 2017	902.73	2,281.00	59,242.77	271.67	1,593.91	176.13	112.94	64,581.15
Additions	300.59	147.37	21,526.80	13.54	255.07	64.48	28.71	22,336.56
Disposals/adjustments	-	-	(4,840.10)	(2.80)	(23.77)	(5.92)	(1.78)	(4,874.37)
As at March 31, 2018	1,203.32	2,428.37	75,929.47	282.41	1,825.21	234.69	139.87	82,043.34
Depreciation								
As at April 01, 2017	-	828.92	36,163.45	195.27	882.29	108.53	93.82	38,272.28
Charge for the period #	-	222.95	12,862.68	21.83	260.01	37.99	18.92	13,424.37
Disposals/adjustments	-	-	(3,004.39)	(0.24)	(14.87)	(2.18)	(0.94)	(3,022.62)
As at March 31, 2018	-	1,051.87	46,021.74	216.86	1,127.43	144.34	111.80	48,674.03
Net block								
As at March 31, 2018	1,203.32	1,376.50	29,907.73	65.55	697.78	90.35	28.08	33,369.31
As at March 31, 2017	902.73	1,452.08	23,079.32	76.40	711.62	67.60	19.12	26,308.87

Includes depreciation of Rs Nil (PY ₹ 7.06 Lakhs) related to machineries used for CSR activities, hence transferred to CSR expenses.

Note: Refer note 17 for details of assets pledged.

Notes forming part of the Consolidated financial statements (Contd.)

3.1 CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Capital work-in-progress	115.07	266.25
	115.07	266.25

As at March 31, 2018

(₹ in Lakhs)	
Particulars	Amount
Cost/ deemed cost	
As at April 01, 2017	273.33
Additions	-
Disposal/capitalized	(151.18)
As at March 31, 2018	122.15
Depreciation	
As at April 01, 2017	7.08
Charge for the period	-
Disposal/adjusted	-
As at March 31, 2018	7.08
Net block	
As at March 31, 2018	115.07
As at March 31, 2017	266.25

As at March 31, 2017

(₹ in Lakhs)	
Particulars	Amount
Cost/ deemed cost	
As at April 01, 2016	714.19
Additions	-
Disposal/capitalized	(440.86)
As at March 31, 2017	273.33
Depreciation	
As at April 01, 2016	3.54
Charge for the period	3.54
Disposal/adjusted	-
As at March 31, 2017	7.08
Net block	
As at March 31, 2017	266.25
As at March 31, 2016	710.65

3.2 INVESTMENT PROPERTY

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Investment Property *	6,501.42	6,445.41
	6,501.42	6,445.41

* Land and investment property includes ₹ 762.07 lakhs (PY ₹ 841.90 lakhs) held in the name of Directors, relatives of Directors for and on behalf of the Company.

Note: Refer note 17 for details of assets pledged.

As at March 31, 2018

(₹ in Lakhs)	
Particulars	Amount
As at April 01, 2017	6,445.41
Additions	56.01
Disposals	-
As at March 31, 2018	6,501.42
Depreciation	
As at April 01, 2017	-
Charge for the period	-
As at March 31, 2018	-
Net block	
As at March 31, 2018	6,501.42
As at March 31, 2017	6,445.41

As at March 31, 2017

(₹ in Lakhs)	
Particulars	Amount
As at April 01, 2016	7,063.94
Additions	70.79
Disposals	(689.32)
As at March 31, 2017	6,445.41
Depreciation	
As at April 01, 2016	-
Charge for the period	-
As at March 31, 2017	-
Net block	
As at March 31, 2017	6,445.41
As at March 31, 2016	7,063.94

Notes forming part of the Consolidated financial statements (Contd.)

3.2 INVESTMENT PROPERTY (CONTD.)**Fair Value of Investment Property**

Details and fair value of the investment property as on March 31, 2018 and March 31, 2017 is given below

(₹ in Lakhs)

Particulars	Fair value Hierarchy	As at March 31, 2018	As at March 31, 2017
Investment Property	Level 3	11,646.60	11,329.67
		11,646.60	11,329.67

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

3.3 OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Computer Software	15.48	1.76
Carriage way	94,248.52	90,088.33
Intangible assets under development	-	8,859.73
Total	94,264.00	98,949.82

(₹ in Lakhs)

Particulars	Computer software	Carriage way	Intangible assets under development	Total
Cost or Deemed cost				
As at April 01, 2016	10.11	58,530.16	42,160.79	1,00,701.06
Additions	0.71	39,522.53	6,221.46	45,744.70
Disposals/adjustments	-	-	(39,522.52)	(39,522.52)
As at March 31, 2017	10.82	98,052.69	8,859.73	1,06,923.24
Depreciation				
As at April 01, 2016	6.66	2,820.94	-	2,827.60
Charge for the period	2.40	5,143.42	-	5,145.82
Disposals/adjustments	-	-	-	-
As at March 31, 2017	9.06	7,964.36	-	7,973.42
Net block				
As at March 31, 2017	1.76	90,088.33	8,859.73	98,949.82
As at March 31, 2016	3.45	55,709.22	42,160.79	97,873.46

(₹ in Lakhs)

Particulars	Computer software	Carriage way	Intangible assets under development	Total
Cost or Deemed cost				
As at April 01, 2017	10.82	98,052.69	8,859.73	1,06,923.24
Additions	20.02	10,090.02	1,230.29	11,340.33
Disposals/adjustments	(0.03)	-	(10,090.02)	(10,090.05)
As at March 31, 2018	30.81	1,08,142.71	-	1,08,173.52
Depreciation				
As at April 01, 2017	9.06	7,964.36	-	7,973.42
Charge for the period	6.27	5,929.83	-	5,936.10
Disposals/adjustments	-	-	-	-
As at March 31, 2018	15.33	13,894.19	-	13,909.52
Net block				
As at March 31, 2018	15.48	94,248.52	-	94,264.00
As at March 31, 2017	1.76	90,088.33	8,859.73	98,949.82

Notes forming part of the Consolidated financial statements (Contd.)

4. INVESTMENTS

		(₹ in Lakhs)	
Particulars		As at March 31, 2018	As at March 31, 2017
NON-CURRENT			
Trade - Unquoted			
a) Investment In Associate (Fair Value of Inter corporate Loans)			
Patel KNR Heavy Infrastructures Ltd.,		1,793.69	1,033.69
Total		1,793.69	1,033.69
Trade - Unquoted			
b) Equity instruments of associates			
Patel KNR Infrastructures Ltd.			
1,48,00,000 (1,48,00,000) equity shares of ₹ 10/- each, fully paid		1,480.00	1,480.00
Add/(Less): Cumulative Share of Profit		65.33	5.72
Net Investment (I)		1,545.33	1,485.72
Patel KNR Heavy Infrastructures Ltd.,			
95,29,500 (95,29,500) equity shares of ₹ 10/- each, fully paid		952.95	952.95
Add/(Less): Cumulative Share of Profit		306.08	430.52
Net Investment (II)		1,259.03	1,383.47
Total Equity investment on associates (I + II)		2,804.36	2,869.19
Less : Impairment Made		1,086.64	1,086.64
Total		1,717.72	1,782.55
Total Non Current Investment (a+b)		3,511.41	2,816.24
CURRENT			
Trade - Quoted - at fair value			
c) Investments in Mutual Funds	Units		
ICICI Bank Mutal Funds	5,14,719 (PY Nil)	1,292.92	-
SBI Infrastructure Fund	Nil (PY 50,000)	-	132.45
SBI PSU Fund	Nil (PY 50,000)	-	5.82
SBI Equity Opportunities Fund - Series I	Nil (PY 50,000)	-	5.68
IDBI Liquid Fund - Regular - Daily Dividend -Reinvestment	Nil (PY 99,616)	-	4,007.09
Total investments		1,292.92	4,151.04
Trade - Unquoted			
d) Current Accounts in Joint Venture			
SEL - KNR JV		462.30	391.72
Total		462.30	391.72
Total current Investments (c+d)		1,755.22	4,542.76
Total Investments			
i) Aggregate amount of amortised cost of unquoted investments - Non Current (a)		1,793.69	1,033.69
ii) Aggregate amount of unquoted investments - Non - Current (b)		2,804.36	2,869.19
iii) Aggregate amount of impairment in value of investments (b)		(1,086.64)	(1,086.64)
iv) Aggregate book value of quoted investments - Current (c)		1,292.92	4,151.04
v) Aggregate amount of unquoted investments - Current (d)		462.30	391.72
		5,266.63	7,359.00

Note : Aggregate market value of quoted investments is ₹ 1,292.92 lakhs (March 31, 2017 ₹ 4,151.04 lakhs)

Notes forming part of the Consolidated financial statements (Contd.)

5. OTHER FINANCIAL ASSET

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Mobilization Advance paid to Sub Contractors	-	258.06
Retention deposit & With Held	59.50	59.50
Advances to Sub-contractors	195.48	1,027.13
Others	-	39.46
Total Non-Current Other Financial Asset	254.98	1,384.15
Current		
Advances to related parties (Refer note : 40)	1.01	59.04
Retention Deposits & Withheld	13,476.95	11,317.88
Interest receivable	168.12	138.21
Security Deposits	1,373.97	607.13
Others Receivable	799.33	904.87
TDS Refund Receivable from Joint Ventures	244.72	223.03
Total Current Other Financial Asset	16,064.10	13,250.16
Total	16,319.08	14,634.31

6. DEFERRED TAX ASSETS (NET)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
Disallowances under the Income Tax Act, 1961	6,832.11	4,512.30
MAT Credit	7,355.92	3,833.65
	14,188.03	8,345.95
Deferred tax liability		
Fixed assets & Ind AS Adjustments	(110.85)	(86.39)
	(110.85)	(86.39)
Total	14,077.18	8,259.56

6.1 Components of deferred income tax assets and liabilities arising on account of temporary differences are:

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax asset		
Expenditure disallowed under Income Tax Act, 1961	586.91	526.13
Provision for doubtful advances	477.02	331.47
Deferred tax on fair value of investment of properties	1,195.66	1,119.01
Property, plant and equipment	4,572.52	2,535.69
MAT credit entitlement	7,355.92	3,833.65
	14,188.03	8,345.95
Deferred tax liability		
Interest income recognised on Intercompany loans	(41.88)	(36.77)
On OCI (Gratuity)	(67.32)	(45.07)
Gain / (Loss) on Fair value of Mutual Funds	(1.65)	(4.55)
	(110.85)	(86.39)
Total	14,077.18	8,259.56

Notes forming part of the Consolidated financial statements (Contd.)

7. TAX ASSETS (NET)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance Tax	1,213.74	4,744.89
	1,213.74	4,744.89
Current		
Advance Tax	4,425.92	6,511.35
Less: Provision for Income Tax	(3,591.04)	(6,036.82)
Income Tax Refund Receivable	1,158.47	693.77
	1,993.35	1,168.30
Total	3,207.09	5,913.19

8. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Un-secured Considered good		
Capital advances	491.43	264.92
Security Deposits	183.33	154.57
GST/WCT Receivable	7,944.11	2,622.84
Other Receivables	151.50	159.24
Total	8,770.37	3,201.57

9. INVENTORIES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	4,299.22	3,656.17
Goods-in transit	171.81	188.85
Stores and spares	2,526.29	1,940.59
Goods-in transit	136.74	18.35
Work in Progress	370.55	2,250.00
Total	7,504.61	8,053.96

9.1 The above inventories are valued at weighted average cost or net realisable value whichever is less.

10. TRADE RECEIVABLES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Trade Receivables	26,913.75	18,169.06
Total Current Trade Receivables	26,913.75	18,169.06
Total	26,913.75	18,169.06

Notes forming part of the Consolidated financial statements (Contd.)

11. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks:		
in current accounts	4,387.66	1,647.28
in deposit accounts	-	37.00
Cheques on hand	-	734.50
Cash on hand (Refer note : 11.1)	111.07	103.80
Total	4,498.73	2,522.58

11.1 Cash on Hand includes ₹ Nil (PY ₹ 2.12 lakhs) held in Foreign Currency

12. OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Earmarked balances with Banks		
Margin Money & Other deposits	696.19	855.99
Un-claimed Dividend	2.94	2.68
Total	699.13	858.67

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

13. LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good:		
- Joint Venture Partners (Refer note : 13.1)	2,631.47	3,177.35
Total Current Loans	2,631.47	3,177.35
Total	2,631.47	3,177.35

13.1 All the loans to joint venture partners are interest bearing.

14. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Un-secured Considered good		
Mobilization & Material Advance paid to Sub Contractors	7,512.30	777.69
Advances to Sub-contractors	12,928.86	8,718.40
Advances to Suppliers (Other than capital advances)	1,235.80	1,661.42
Staff Imprest & Salary Advances	209.70	158.78
Prepaid expenses	282.63	352.69
Due from Customers	14,124.28	8,366.20
Receivables from Others	366.19	64.35
Considered doubtful		
Advances to Sub-contractors	520.00	200.00
Other Receivables	757.80	757.80
Less: Provision for doubtful trade receivables	(1,277.80)	(957.80)
Total	36,659.76	20,099.53

Notes forming part of the Consolidated financial statements (Contd.)

15. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares*	Amount
Authorised Share capital				
Equity Shares of ₹ 2/- each (PY ₹ 10/- each)	17,50,00,000	3,500.00	17,50,00,000	3,500.00
Issued, subscribed & fully paid share capital				
Equity Shares of ₹ 2/- each (PY ₹ 10/- each)	14,06,17,300	2,812.35	14,06,17,300	2,812.35
Total		2,812.35		2,812.35

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

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares (FV of ₹ 2)	Amount	No. of Shares (FV of ₹ 2*)	Amount
Number of Equity Shares at the beginning	14,06,17,300	2,812.35	14,06,17,300	2,812.35
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Brought Back	-	-	-	-
Number of Equity Shares at the end of the year	14,06,17,300	2,812.35	14,06,17,300	2,812.35

* The Company's Equity shares has been split on December 14, 2016 (record date) from face value of ₹ 10/- to ₹ 2/- each

Terms/ Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/- . Each holder of equity share is entitled to one vote per share.

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

The Board of Directors has proposed in their meeting held on May 30, 2018 dividend of ₹ 0.40/- per fully paid equity share.

The Company's Equity shares has been split on December 14, 2016 (record date) from face value of ₹ 10/- to ₹ 2/- each

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

15.2 The details of shareholder holding more than 5% shares as at March 31, 2018 and March 31, 2017 set out below:

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% holding	No. of Shares held	% holding
Kamidi Narasimha Reddy	4,57,43,595	32.53	4,57,43,595	32.53
Kamidi Jalandhar Reddy	1,96,29,605	13.96	1,96,29,605	13.96
Kamidi Yashoda	-	-	88,07,505	6.26
Merreddy Rajesh Reddy	-	-	73,00,000	5.19
HDFC Trustee Company Ltd	1,03,93,522	8.35	1,04,73,985	8.35
ICICI Prudential Infrastructure Fund	-	-	80,41,032	5.72
DSP Blackrock Balanced Fund	84,41,115	6.00	-	-

15.3 - Instruments Entirely equity in nature

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Loans entirely equity in nature	850.00	850.00
	850.00	850.00

Notes forming part of the Consolidated financial statements (Contd.)

16. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Securities premium reserve	12,599.31	12,599.31
b) General reserve	2,849.00	2,849.00
c) Foreign Currency Translation Reserve	67.19	61.68
d) Surplus in the statement of profit and loss		
Balance at the beginning of the period	62,189.49	50,699.67
Add: (Loss)/ Profit for the period	24,347.65	11,489.82
Less:		
Dividend	(703.09)	-
Dividend Tax	(143.13)	-
	85,690.92	62,189.49
e) Other Comprehensive Income - Gratuity	(92.16)	30.80
Balance at the end of the period (a+b+c+d+e)	1,01,114.26	77,730.28

17. BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Secured loans		
From banks		
Term loans (Refer note : 17.5)	49,417.09	53,590.80
Equipment and vehicle loans (Refer note : 17.1)	-	866.00
	49,417.09	54,456.80
Unsecured loans		
From related parties (Refer note : 17.2)	21,184.50	12,161.50
Deferred Payment of Liability - NHAI Premium	3,591.40	3,197.33
	24,775.90	15,358.83
Total	74,192.99	69,815.63

17.1 Details of Secured loans with Rate of interest (ROI) & Maturity Dates

(₹ in Lakhs)

Particulars	Effective Interest rate (p.a)	Maturity	As at March 31, 2018	As at March 31, 2017
Non-current Borrowings				
- From Banks				
- HDFC Bank Ltd	9.00% to 9.85%	15-Aug-18	-	418.49
- Axis Bank Ltd	9.01% to 10.01%	15-Feb-19	-	425.15
- ICICI Bank Ltd	9.50%	01-Nov-18	-	22.36
			-	866.00
Current maturities				
- From Banks				
- HDFC Bank Ltd	9.00% to 9.85%	15-Aug-18	405.29	725.88
- Axis Bank Ltd	9.01% to 10.01%	15-Feb-19	426.61	621.27
- ICICI Bank Ltd	9.50%	01-Nov-18	22.36	31.10
			854.26	1,378.25
Total Secured loans			854.26	2,244.25

Notes forming part of the Consolidated financial statements (Contd.)

17. BORROWINGS (CONTD.)

Terms of Security

From Banks

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

17.2 Un-secured Loans

The company availed un-secured loan from directors, which are repayable on demand and carries interest at 8.25% p.a w.e.f Nov 2017 (10% p.a for the period Apr 2016 to Oct 2016, 9.25% p.a for the period Nov 2016 to Dec 2016 and 8.50% p.a for the period Jan 2017 to Oct 2017)

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

- a. Hypothecation of entire current assets on pari passu basis with other participating banks, Hypothecation of entire current assets on pari passu basis with other participating banks,
- b. First pari passu charge on equitable mortgage of land & buildings, valued at ₹ 124.94 Crores
- c. Hypothecation of certain equipment's of written down value as on March 31, 2018 is ₹ 65.03 Crores
- d. Personal guarantee of Director.

17.4 The interest rate for working capital demand loan and cash credit facilities varies from 8.60% to 10.00 % per annum

17.5 Term Loans of Subsidiaries:

for KNR Muzaffarpur Barauni Tollway Private Limited

Project Loan of ₹ 31,800.00 Lakhs sanctioned by Banks to this fellow subsidiary, and as on March 31, 2018 the total amount availed is ₹ 31,325 Lakhs and sanctioned an additional loan of ₹ 3,500 Lakhs for Change of Scope (COS) Work, and the outstanding amount as on March 31, 2018 is ₹ 31,615.29 Lakhs(including loan for COS of ₹ 435.10 Lakhs) and the company has commenced its commercial operations in the FY 16-17, and achieved 100% PCOD on August 24, 2017.

Terms of security and repayment

- a. Mortgage /charge over the company's immovable and movable properties (other than project assets but including all receivables) both present and future;
- b. Charge/assignment of revenues receivables
- c. Charge over /assignment of the rights, titles and interests of the company in to and in respect of all project agreements (in accordance with concession agreement).
- d. Assignment of insurance policies, interest, benefits, claims, guarantees ,performance bonds and liquidated damages;
- e. Pledge of 51% of the fully paid up Equity share capital of the company;
- f. The aforesaid charge will rank Pari - Passu with the mortgages and charges created/to be created in favour of participating institutions/banks.

The above loan is repayable in fifty quarterly unequal instalments ranging from 0.16 crores to 10.94 crores beginning from 1st January, 2017 to 1st April, 2028. The numbers of balance instalments as on 31st March, 2018 are 45. The interest charged by the lenders is at 12%. Interest is payable monthly.

for KNR Walayar Tollways Private Limited

Project Loan of ₹ 50,000 Lakhs sanctioned by banks, and the outstanding as on March 31, 2018 is ₹ 20,000 Lakhs and the company has commenced its commercial operations in the FY 2015-16. During the FY 2015-16 and 2016-17 the company has repaid its debt of ₹ 26,150 Lakhs by taking an unsecured loan in the form of Subordinated debt from its holding company.

Terms of security and repayment

- a. A first mortgage on all immovable assets (if any) and first charge by way of hypothecation on all moveable assets (including but not limited to all current/non-current assets)both present and future ,ranking Pari-Passu with other lenders save and except assets forming part of the project assets as defined in the Concession Agreement

Notes forming part of the Consolidated financial statements (Contd.)

17. BORROWINGS (CONTD.)

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

All term loans from banks are repayable in 48 ballooned quarterly instalments ranging from ₹ 100 Lakhs to ₹ 1,750 Lakhs beginning from April 1, 2016 to March 31, 2028. The number of Instalments outstanding as on March 31, 2018 are 34. The rate of interest is lead bank 1 year MCLR rate + 0.15% i.e. 9.50% p.a.

18. TRADE PAYABLES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Trade payables		
Bills Payable (Sub-contractors/Labour/Service)	827.27	827.27
Total non-current trade payables	827.27	827.27
Current		
Trade payables		
Sundry Creditors (Suppliers) (Refer note : 18.1)	10,839.02	6,461.34
Bills Payable (Sub-contractors/Labour/Service)	13,922.57	10,000.78
Total current trade payables	24,761.59	16,462.12
Total	25,588.86	17,289.39

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

19. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Retention Deposits and Withheld Amount	15.36	15.40
Other Payables	22.17	71.05
Total non-current other financial liabilities	37.53	86.45

Notes forming part of the Consolidated financial statements (Contd.)

19. OTHER FINANCIAL LIABILITIES (CONTD.)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Current maturities of long-term debts:		
- Term loans - Banks (Refer note 17.5)	1,993.10	920.00
- Equipment and vehicle loans - from banks (Refer note 17.1)	854.26	1,378.25
Interest accrued but not due (Refer note 19.1)	461.23	80.18
Interest accrued and due (Refer note 19.1)	10.12	14.67
Advance Received from Clients	-	8,030.70
Advance Received from Related Parties (Refer note : 40)	21.50	26.50
Unclaimed dividend (Refer note : 19.2)	3.02	2.76
Retention Deposits and With held	10,174.03	8,289.03
Security Deposits	533.52	493.62
Outstanding Expenses	1,893.57	1,156.17
Total current other financial liabilities	15,944.35	20,391.88
Total	15,981.88	20,478.33

19.1 Interest accrued includes interest on un-secured loans received from Directors is ₹ 45194 lakhs (March 31, 2017 ₹ 20.79 Lakhs)

19.2 During this period un-paid dividend amount transferred to IEPF A/c for an amount of ₹ 57,016/- for relating to FY 2009-10 dividend. The balance un-paid dividend is not due for payment to the Investor Education Protection Fund as at Balance Sheet date.

20. PROVISIONS

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Provision for employee benefits		
Gratuity (Refer note : 39)	426.88	180.76
Provision for contractual obligations (Refer note : 20.1)	1,305.72	423.49
Total non -current provisions	1,732.60	604.25
Current		
Provision for Capital expenditure (Refer note : 20.2)	741.50	-
Provision for Labour Cess	1,354.77	1,256.80
Provision for employee benefits: Gratuity (Refer note : 39)	66.33	24.39
Total current provisions	2,162.60	1,281.19
Total	3,895.20	1,885.44

20.1 In respect of subsidiaries, KNR Walayar Tollways Private Limited and KNR Muzaffarpur Barauni Tollway Private Limited has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below

Notes forming part of the Consolidated financial statements (Contd.)

20. PROVISIONS (CONTD.)**Movement of Provision**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	423.49	-
Provision made during the year	842.00	423.49
Un winding Interest on MMR	40.23	
Provision utilised during the year	-	-
Provision reversed during the year	-	-
Balance as at end of the year	1,305.72	423.49

20.2 In respect of subsidiary, KNR Muzaffarpur Barauni Tollway Private Limited has received the 100% PCOD, and ₹ 741.50 lakhs pending for certification, hence provision has been made and capitalised

21. OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Security Deposits	265.91	265.91
Advance received from clients	1,058.62	1,557.06
Total	1,324.53	1,822.97

22. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance received from clients	8,010.43	6,484.76
Due to Customers	18,552.36	15,874.01
Security deposits	1,454.10	969.99
Retention Deposits and Withheld Amount	-	0.34
Dues to statutory/government authorities	1,701.71	1,281.57
Others	132.53	459.48
Total	29,851.13	25,070.15

23. CURRENT TAX LIABILITY (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Income Tax Provision	5,721.76	75.36
Less: Advance tax paid	(5,541.29)	(69.65)
Total	180.47	5.71

Notes forming part of the Consolidated financial statements (Contd.)

24. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Income from Contracts & Services	2,02,441.85	1,67,842.52
Other Operating Income	4,517.76	116.31
Total	2,06,959.61	1,67,958.83

25. OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income	2,169.07	539.07
Interest on Income Tax refunds	1,050.26	1.21
Income from Demonetisation	198.87	-
Dividend Income on Mutual funds	153.76	14.90
Other non-operating income		
Profit on Sale of Asset	631.85	503.60
Scrap Sales	49.86	0.23
Discount Received from suppliers	371.32	200.77
Liabilities no longer required Written Back	685.82	349.70
Insurance Claim Received	50.67	128.67
Gain on Mutual funds	74.52	10.22
Miscellaneous Income	143.05	1,547.19
Total	5,579.05	3,295.56

26. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Construction Materials, Stores & Spares		
Opening Stock	5,737.81	3,613.78
Add: Net Purchases	52,072.36	38,308.75
	57,810.17	41,922.53
Less: Closing Stock	7,123.77	5,737.81
Total Consumption	50,686.40	36,184.72

Notes forming part of the Consolidated financial statements (Contd.)

27. CONSTRUCTION EXPENSES

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sub-contract expenses	44,526.22	54,177.71
Spreading & Assortment exp.	36,657.90	24,619.45
Power and Fuel	629.95	388.74
Seigniorage charges / Royalty	3,353.85	1,233.12
Transport, Loading & Unloading Charges	5,863.50	3,258.45
Hire Charges	1,062.55	834.59
Watch & Ward	292.87	244.76
Recoveries by Clients	416.96	71.21
Value Added Tax	1,224.62	3,746.04
Repairs to Buildings & others	92.55	96.44
Repairs to Machinery	224.44	311.31
Repairs to Vehicles	162.17	199.27
Operation & Maintenance	149.73	737.53
Provision for Periodic maintenance	842.00	423.49
Premium expenses	4.90	329.17
Other construction expenses	1,949.27	1,756.40
Total	97,453.48	92,427.68

28. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages and Other Benefits	7,012.54	5,632.97
Contribution to Provident and Other Funds (Refer note : 39)	281.90	115.04
Staff welfare Expenses	101.84	107.80
Total	7,396.28	5,855.81

29. FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expense on		
Working Capital Demand Loans and Cash Credit	73.17	125.04
Term Loans	5,468.12	4,893.08
Loan from Directors	1,250.42	1,026.08
Others	803.69	490.93
	7,595.40	6,535.13
Other Borrowing Costs		
Processing charges	121.64	208.36
BG / LC charges	428.22	440.07
Bank and Other Financial Charges	104.27	83.33
Total	8,249.53	7,266.89

Notes forming part of the Consolidated financial statements (Contd.)

30. DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation & Amortization	19,360.47	11,562.62
Total	19,360.47	11,562.62

31. OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Travelling & Conveyance (includes Boarding & Lodging expenses)	276.69	257.31
Postage, Telegrams and Telephones	88.70	97.73
Business Promotion expenses	41.09	29.93
Advertisement and publicity	37.92	54.24
Legal & Professional charges	1,087.25	640.97
Insurance	348.65	320.90
Rates and taxes excluding taxes of Income	517.28	495.83
Payments to the Auditor	27.51	19.60
Printing & Stationery	138.63	84.31
Tender expenses	51.51	16.97
Office maintenance	60.93	55.53
Rent expenses	401.32	344.55
Electricity charges	112.17	130.34
Directors Sitting fees	33.00	25.75
Loss on sale of Assets	91.38	48.88
Bad Debts / Advances Written off	572.70	54.81
Provision for Doubtful Advances, Receivables and Deposits	420.53	200.00
Donation	40.27	6.86
CSR Expenses (Refer note 31.1)	51.41	164.93
Miscellaneous expenses	142.78	96.54
Total	4,541.72	3,145.98

31.1 As per Section 135 of Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

A CSR committee has been formed by the company as per the act. The funds were primarily allocated to the corpus and utilized through out the year on these activities in schedule VII of the Companies Act, 2013.

- Gross amount required to be spent by the company during the year ₹ 245.51 Lakhs (PY ₹ 175.12 Lakhs)
- Amount spent during the year on :

(₹ in Lakhs)

Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
	In cash	Yet to be paid in cash	In cash	Yet to be paid in cash
1. Construction/ acquisition of any assets	-	-	-	-
2. On Purposes other than (1) above	51.41	342.08*	164.93	147.98*

* Including cumulative un-spent amounts of previous years.

Notes forming part of the Consolidated financial statements (Contd.)

32. EXCEPTIONAL ITEMS

(₹ in Lakhs)		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provision for Impairment of Investments	-	1,086.64
Total	-	1,086.64

33. TAX EXPENSE

(₹ in Lakhs)		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A - Current Tax		
Current tax on profits for the year	5,756.06	3,682.29
Adjustments in respect of prior years (Refer note 33.1)	(22.69)	(2.49)
Sub-Total	5,733.37	3,679.80
B - Deferred Tax		
Deferred Tax Liability / (Asset) due to timing difference	(2,241.61)	(610.39)
MAT credit entitlement	(3,564.09)	(2,371.22)
Sub-Total	(5,805.70)	(2,981.61)
Total	(72.33)	698.19

33.1 Reconciliation of tax expenses to accounting profit

(₹ in Lakhs)		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Accounting profit before tax	22,822.37	10,573.17
Tax @ 34.608%	7,898.37	3,659.16
Adjustments		
Effect of income exempt from taxation	(9,437.99)	(4,940.23)
Effect of expenses that are not deductible in determining taxable profit	3,722.27	2,647.45
Effect of capital gains	11.84	3.90
Earlier year taxes	(22.69)	(2.49)
Deferred tax	(2,241.61)	(610.39)
Short term capital gain on Mutual funds	1.76	-
Others	(4.28)	(59.21)
Tax Expenses recognised in the statement of profit and loss	(72.33)	698.19
Income tax credit/(expense) recognised in Other Comprehensive Income :		
Tax effect on actuarial gains/losses on defined benefit obligations	67.32	27.12

34. OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Items that will not be reclassified to profit or loss		
i) Actuarial Gains & Losses	(190.28)	75.16
ii) Deferred tax	67.32	(27.12)
Total	(122.96)	48.04

Notes forming part of the Consolidated financial statements (Contd.)

35. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the group, the groups policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and for the future development of the Company. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return on capital to shareholders or issue of new shares.

The Company's adjusted net debt to equity ratio at March 31, 2018 and March 31, 2017 was as follows:-

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Total debt	73,920.30	69,011.40
Less: cash and cash equivalents	5,197.86	3,381.25
Adjusted net debt (A)	68,722.44	65,630.15
Total equity	1,04,776.61	81,392.63
Adjusted equity (B)	1,04,776.61	81,392.63
Adjusted net debt to adjusted equity ratio (A/B)	0.66	0.81

Foot Note : Debt includes Long Term Borrowings (Including Current Maturities) and Interest accrued there on.
Cash and cash equivalents includes other bank balances

36. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(₹ in Lakhs)							
As at March 31, 2018							
Particulars	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets							
Investments in Associates	-	3,511.41	3,511.41	-	-	3,511.41	3,511.41
Other Investments	1,292.92	462.30	1,755.22	1,292.92	-	462.30	1,755.22
Trade receivables	-	26,913.75	26,913.75	-	-	26,913.75	26,913.75
Cash and cash equivalents	-	4,498.73	4,498.73	-	-	-	-
Bank balances other than above	-	699.13	699.13	-	-	-	-
Loans	-	2,631.47	2,631.47	-	-	2,631.47	2,631.47
Other financial assets	-	16,319.08	16,319.08	-	-	16,319.08	16,319.08
	1,292.92	55,035.87	56,328.79	1,292.92	-	49,838.01	51,130.93
Financial liabilities							
Secured Bank loans	-	52,264.45	52,264.45	-	-	52,264.45	52,264.45
Un Secured loans	-	24,775.90	24,775.90	-	-	24,775.90	24,775.90
Trade payables	-	25,588.86	25,588.86	-	-	25,588.86	25,588.86
Other financial liabilities	-	13,134.52	13,134.52	-	-	13,134.52	13,134.52
	-	1,15,763.73	1,15,763.73	-	-	1,15,763.73	1,15,763.73

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Notes forming part of the Consolidated financial statements (Contd.)

36. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTD.)

(₹ in Lakhs)

As at March 31, 2017

Particulars	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets							
Investments in Associates	-	2,816.24	2,816.24	-	-	2,816.24	2,816.24
Other Investments	4,151.04	391.72	4,542.76	4,151.04	-	391.72	4,542.76
Trade receivables	-	18,169.06	18,169.06	-	-	18,169.06	18,169.06
Cash and cash equivalents	-	2,522.58	2,522.58	-	-	-	-
Bank balances other than above	-	858.67	858.67	-	-	-	-
Loans	-	3,177.35	3,177.35	-	-	3,177.35	3,177.35
Other financial assets	-	14,634.31	14,634.31	-	-	14,634.31	14,634.31
	4,151.04	42,569.93	46,720.97	4,151.04	-	39,188.68	43,339.72
Financial liabilities							
Secured Bank loans	-	56,755.05	56,755.05	-	-	56,755.05	56,755.05
Un Secured loans	-	15,358.83	15,358.83	-	-	15,358.83	15,358.83
Trade payables	-	17,289.39	17,289.39	-	-	17,289.39	17,289.39
Other financial liabilities	-	18,180.08	18,180.08	-	-	18,180.08	18,180.08
	-	1,07,583.35	1,07,583.35	-	-	1,07,583.35	1,07,583.35

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

36. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

B. Financial risk management

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

- credit risk
- liquidity risk
- market risk

The company's focus is to estimate a vulnerability of financial risk and to address the issue to minimize the potential adverse effects of its financial performance.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in debt securities.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk on trade receivables, is limited as the customers of the company mainly consists of the Government promoted entities having a strong credit worthiness.

The group's BOT Projects generally does not have trade receivable as collection of toll income coincide as and when the traffic passes through toll plazas. Hence, the management believes that the company is not exposed to any credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and

Notes forming part of the Consolidated financial statements (Contd.)

36. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTD.)

stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at March 31, 2018

(₹ in Lakhs)

₹ in Lakhs,

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Secured Bank loans	52,264.45	2,847.36	6,690.00	42,727.09	52,264.45
Un Secured loans	24,775.90	-	6,355.35	18,420.55	24,775.90
Trade payables	25,588.86	17,912.20	6,849.39	827.27	25,588.86
Other financial liabilities	13,134.52	2,626.90	296.06	10,211.56	13,134.52
	1,15,763.73	23,386.46	20,190.80	72,186.47	1,15,763.73

As at March 31, 2017

(₹ in Lakhs)

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Secured Bank loans	56,755.05	2,298.25	5,376.00	49,080.80	56,755.05
Un Secured loans	15,358.83	-	3,648.45	11,710.38	15,358.83
Trade payables	17,289.39	12,102.57	4,359.55	827.27	17,289.39
Other financial liabilities	18,180.08	4,275.48	8,671.12	5,233.48	18,180.08
	1,07,583.35	18,676.30	22,055.12	66,851.93	1,07,583.35

c) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Groups income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Foreign currency risk

Foreign Currency risk is the risk that fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Group is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency

ii) Interest rate risk

Interest rate risk is the risk that fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The interest risk arises to the Group mainly from long term borrowings with variable rates. The Group measures risk through sensitivity analysis.

The Group is exposed to Interest rate risk as it has few variable interest rate borrowings.

Notes forming part of the Consolidated financial statements (Contd.)

36. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTD.)

The Groups exposure to interest rate risk due to borrowings is as follows:

(₹ in Lakhs)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
Borrowings outstanding	17	49,417.09	53,590.80
Borrowings Current maturities	19	1,993.10	920.00

Sensitivity analysis

(₹ in Lakhs)

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	Year ended March 31, 2018	Year ended March 31, 2017
Increase or decrease in Interest by 25bp	132.40	136.28

Note : In case of Increase in Interest rate, Profit will reduce and vice versa

iii) **Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Group is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The Group measures risk through sensitivity analysis.

The Groups risk management policy is to mitigate the risk by investments in diversified mutual funds.

The Group's exposure to price risk due to investments in mutual fund is as follows:

(₹ in Lakhs)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
Investments in Mutual Funds	4	1,292.92	4,151.04

Sensitivity analysis

(₹ in Lakhs)

Price Rate Risk Analysis	Impact on profit/ loss after tax	
	Year ended March 31, 2018	Year ended March 31, 2017
Increase or decrease in NAV by 2%	25.86	83.02

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

Notes forming part of the Consolidated financial statements (Contd.)

37. CONTINGENT LIABILITY AND COMMITMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
I) CONTINGENT LIABILITIES		
a) Claims against the Group not acknowledged as debt		
1. Disputed Income tax and Interest on TDS	4,492.16*	4,207.18*
2. Disputed Sales tax/ VAT/ Entry tax	513.60	354.59
3. Disputed Service tax	30.00	30.00
4. Others (Civil cases)	514.69	25.69
b) Guarantees		
Corporate guarantees given to banks and financial institutions for financial assistance extended to Joint Operations.	-	-
c) Other money for which the Group is contingently liable		
Joint and several liabilities in respect of joint venture projects and liquidated damages in respect of delays in completion of projects.	Amount not ascertainable	Amount not ascertainable
Total	5,550.45	4,617.46

*The Company has got benefit of deduction under Section 80 IA (4) on eligible projects under provisions of Income Tax Act, 1961 for an amount of ₹ 4,474.13 Lakhs, for the A.Y 2006-07 to 2012-13 the department has filed appeals against ITAT orders at the High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh, and for the AY 2013-14 and AY 2014-15 department filed appeals against CIT(Appeals) at ITAT, Hyderabad.

The Company considers it appropriate not to create a liability for the above said amount on the basis of legal opinion and decided cases.

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
II) COMMITMENTS		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	90.49	1,613.43
b) Estimated amount of committed funding by way of equity/deemed equity to subsidiary companies	-	-
Total	90.49	1,613.43

38. DISCLOSURE PURSUANT TO IND AS 33 EARNINGS PER SHARE(EPS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
i. Profit (loss) attributable to equity shareholders(basic)	24,347.65	11,489.82
ii. Weighted average number of equity shares (basic)	1,406.17	1,406.17
Basic EPS	17.31	8.17
i. Profit (loss) attributable to equity shareholders(diluted)	24,347.65	11,489.82
ii. Weighted average number of equity shares (diluted)	1,406.17	1,406.17
Diluted EPS	17.31	8.17

Notes forming part of the Consolidated financial statements (Contd.)

39. EMPLOYEE BENEFITS

The disclosure is pursuant to the requirements of Ind AS 19.

Defined Benefit plans:

The Group operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

Changes in the Present Value of Obligation

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Present value of obligations as at beginning of the year	224.33	265.13
Interest cost	17.95	21.21
Current Service cost	21.23	19.34
Benefits paid	(0.94)	(6.19)
Actuarial (gain)/loss on obligations	513.86	-
- Due to change in financial obligations	(115.88)	-
- Due to experience adjustments	310.34	-
Past service cost	56.83	(75.16)
Present value of obligations as at end of year	513.86	224.33

Assets recognized in the Balance Sheet

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Liability at the end of the period / year	516.04	220.11
Fair value of plan assets at the end of the period /year	(22.83)	(14.96)
Amount to be recognised in Balance Sheet	493.21	205.15

Expenses recognized in the Statement of Profit & Loss

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Current service cost	21.23	19.02
Interest cost	17.95	21.21
Expected return on plan assets	0.06	(1.59)
Net Actuarial (gain)/loss recognized in the year	56.83	(76.82)
Expenses recognized in statement of profit and loss	96.07	(38.18)

Amount recognised in statement of other comprehensive income(OCI)

(₹ in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Remeasurement for the period - Obligation (gain)/loss	190.28	(75.16)
Remeasurement for the period - plan assets (gain)/loss	-	-
Total Remeasurement cost / (credit) for the period recognised in OCI	190.28	(75.16)
Closing amount recognised in OCI	190.28	(75.16)

Notes forming part of the Consolidated financial statements (Contd.)

40. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24:RELATED PARTY DISCLOSURE

Sl. No	Particulars	Country of Incorporation	Holding	
			As at March 31, 2018	As at March 31, 2017
I)	Subsidiaries			
1	KNR Agrotech & Beverages Pvt Ltd.,	India	100%	100%
2	KNR Infrastructure Projects Pvt Ltd.,	India	100%	100%
3	KNR Energy Ltd.,	India	100%	100%
4	KNR Walayar Tollways Pvt. Ltd.,	India	100%	100%
5	KNR Srirangam Infra Pvt. Ltd.,	India	100%	NA
6	KNR Chidambaram Infra Pvt Ltd.,	India	100%	NA
7	KNR – FZE	UAE	100%	100%
8	KNR Constructions LLC	Oman	65%	65%
9	KNRC Holdings and Investments Pvt. Ltd.,	India	100%	100%
II)	Step-down Subsidiaries			
10	Mesmeric Software Solutions Pvt. Ltd.,	India	100%	100%
11	Nag Talent Ventures & Infotech Pvt. Ltd.,	India	100%	100%
12	Roche Polymers and Additives Pvt. Ltd., #	India	100%	100%
13	Gradient Estates Pvt. Ltd.,	India	100%	100%
14	Gradient Realty Ventures Pvt. Ltd., #	India	100%	100%
15	Asara Construction & Projects Pvt. Ltd.,	India	100%	100%
16	KNR Muzaffarpur Holdings Pvt. Ltd.,	India	100%	100%
17	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	51%	51%
III)	Associates			
1	Patel KNR Infrastructures Ltd.,	India	40%	40%
2	Patel KNR Heavy Infrastructures Ltd.,	India	40%	40%
IV)	Joint Operations			
1	KNR - Patel - JV	India	51%	51%
2	Patel - KNR - JV	India	50%	50%
3	NCC - KNR - JV	India	Project specific	Project specific
4	KNR - SLEC - JV	India	60%	60%
5	KNR - BPL - JV	India	49%	49%
6	KNR - GVR - JV	India	51%	51%
7	KNR - JKM - KAMALA - JV	India	50%	50%
8	KNR - JKM - JV	India	51%	51%
9	KNR - SLMI - JV	India	Project specific	Project specific
10	KNR - TBCPL - JV	India	51%	51%

Notes forming part of the Consolidated financial statements (Contd.)

40. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

Sl. No	Particulars	Country of Incorporation	Holding	
			As at March 31, 2018	As at March 31, 2017
11	KNR - PBEPL - JV	India	75%	75%
12	KNR - SEW - GVR - JV	India	51%	51%
13	PSK - KNR - GVR - JV	India	51%	51%
14	BSCPL INFRASTRUCTURE LIMITED KNR CONSTRUCTIONS LIMITED JV (namely "BSCPL - KNR - JV")	India	50%	50%
15	KNR - HES - ACPL - JV	India	51%	NA

V) Joint Venture

1	SEL - KNR - JV	Bangladesh	49%	49%
---	----------------	------------	-----	-----

VI) Key Management Personnel (KMP)

Name of the person	Designation
1 Sri. K. Narasimha Reddy	Managing Director
2 Sri K. Jalandhar Reddy	Executive Director & CFO
3 Smt. K. Yashoda	Non-Executive Director
4 Sri. B.V. Rama Rao	Independent Director
5 Sri. L.B. Reddy	Independent Director
6 Sri S. Vaikuntanathan	Executive Officer - VP (F&A)
7 Sri M. Venkata Rao	Company Secretary

VIII) Relatives of Key Management Personnel

1	Sri. V.Krishna Reddy	Project Coordinator
---	----------------------	---------------------

Subsidiaries closed on 19th March 2018.

B - List of transaction with related parties during the year

(₹ in Lakhs)				
Sl. No	Particulars	Nature of relation	For the Year ended March 31, 2018	For the Year ended March 31, 2017
1	Patel KNR Heavy Infrastructure Ltd.,	Associate		
	O&M routine maintenance work receipts		549.58	515.72
	O&M major maintenance work receipts		-	2,266.42
	Mobilisation advance received/(recovered)		-	(158.73)
	Re-imbursement of expenditure/(Recovered)		(4.96)	1.92
2	Patel KNR Infrastructure Ltd.,	Associate		
	O&M routine maintenance work receipts		583.98	626.67
3	Patel-KNR-JV	Joint Operations		
	Sale of Aggregates		-	291.74
	Hire charges receipts		-	133.36
	Other receivables		181.72	-
	Sub-contract work receipts		-	27.04
	Sub-contract work expenditure		-	1,110.55
	Advance paid/(recovered)		(12.23)	(67.65)
	Re-imbursement of expenditure/(Recovered)		(49.03)	28.83
	Material Advance Received/(Recovered)		(136.38)	-

Notes forming part of the Consolidated financial statements (Contd.)

40. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

B - List of transaction with related parties during the year (Contd.)

(₹ in Lakhs)				
Sl. No	Particulars	Nature of relation	For the Year ended March 31, 2018	For the Year ended March 31, 2017
4	KNR-BPL-JV	Joint Operations		
	Sub-contract work receipts		211.66	1,463.86
	Material advanced received/(recovered)		116.07	(192.76)
	Retention deposit and Withheld deducted/(released)		5.40	73.60
	Share of TDS refund receivable		2.16	29.26
	Liquidity Damages deposit deducted / (released)		-	(17.67)
5	KNR-SEW-GVR-JV	Joint Operations		
	Sub-contract work receipts		20,478.04	7,442.13
	Retention deposit deducted/(released)		188.12	558.16
	TDS refund share deducted/(released)		99.30	92.29
	Re-imbursement of expenditure/(Recovered)		(4.90)	20.54
6	PSK-KNR-GVR-JV	Joint Operations		
	Sub-contract work receipts		1,999.60	4,342.69
	Retention deposit deducted/(released)		74.90	325.70
	Withheld deducted/(released)		15.43	-
7	KNR-SLMI-JV	Joint Operations		
	Sub-contract work receipts		-	233.22
	TDS refund share deducted/(released)		(83.96)	4.67
	Withheld deducted/(released)		-	-
	Interest received		11.72	-
8	KNR-JKM-JV			
	Sub-contract work received		3,117.70	-
	Retention deposit receivable		99.29	-
	Withheld receivable		16.07	-
9	BSCPL-KNRCL-JV	Joint Operations		
	Sub-contract work received		6,219.82	-
	Retention deposit receivable		182.68	-
10	KNR-HES-ACPL-JV	Joint Operations		
	Sub-contract work received		12,193.62	-
	Retention deposit receivable		470.97	-
	TDS refund share receivable		66.47	-
11	SEL-KNR-JV (Bangladesh)	Joint Controlled Entity		
	Re-imbursement of expenditure/(Recovered)		15.92	18.28
12	K.Narasimha Reddy	KMP- Managing Director		
	Short Term Employee Benefits		504.00	360.00
	Post-employment Benefits		-	-
	Interest Paid on un-secured loans		1,211.67	979.37
	Un-secured loan received		9,191.00	4,642.50
	Un-secured loan (repaid)		(168.00)	(292.50)
	Dividend paid		228.72	-
	Un-secured loan (Dubai branch) #		-	(3.23)
13	K.Jalandhar Reddy	KMP - Executive Director & CFO		
	Short Term Employee Benefits		336.82	240.83
	Post-employment Benefits		20.17	20.17

Notes forming part of the Consolidated financial statements (Contd.)

40. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

B - List of transaction with related parties during the year (Contd.)

(₹ in Lakhs)				
Sl. No	Particulars	Nature of relation	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Land lease rent paid		18.07	20.40
	Guest House rent paid		7.42	7.60
	Office rent paid		2.66	2.50
	Re-imbursement of Locker Rent		-	1.25
	Interest Paid on un-secured loans		38.75	46.72
	Un-secured loan (repaid)		-	(38.50)
	Purchase of quarry Land		36.00	-
	Dividend paid		98.15	-
14	K.Yashoda	KMP - Non Executive Directors		
	Directors sitting fee paid		5.00	3.25
	Dividend paid		44.04	-
15	S.Vaikuntanathan	KMP - Executive Officer		
	Short Term Employee Benefits		29.70	27.45
	Post-employment Benefits		-	-
16	M.Venkata Rao	KMP - Company Secretary		
	Short Term Employee Benefits		13.20	12.00
	Post-employment Benefits		1.11	1.01
17	V.Krishna Reddy	Relative of KMP		
	Short Term Employee Benefits		7.20	6.45
	Post-employment Benefits		-	-
18	B.V.Rama Rao	KMP - Independent Director		
	Siting Fee		14.00	11.25
19	L.B.Reddy	KMP - Independent Director		
	Siting Fee		14.00	11.25

C - Outstanding balance with related parties are as follows:

(₹ in Lakhs)						
Sl. No	Particulars	Nature of Relation	As at March 31, 2018		As at March 31, 2017	
			Receivable from	Payable to	Receivable from	Payable to
1	Patel KNR Heavy Infrastructure Ltd.,	Associate				
	Trade Receivable (Routine maintenance)		66.70	-	43.30	-
	Trade Receivable (Major maintenance)		0.63	-	4.57	-
	Investment in Equity *		952.95	-	952.95	-
	Inter corporate Loans - (Investment) *		1,033.69	-	1,033.69	-
	Re-imbursement of expenses Receivable		1.01	-	5.97	-
2	Patel KNR Infrastructure Ltd.,	Associate				
	Trade Receivable (Routine maintenance)		310.24	-	-	-
	Investment in Equity *		1,480.00	-	1,480.00	-

Notes forming part of the Consolidated financial statements (Contd.)

40. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)

C - Outstanding balance with related parties are as follows: (Contd.)

(₹ in Lakhs)						
Sl. No	Particulars	Nature of Relation	As at March 31, 2018		As at March 31, 2017	
			Receivable from	Payable to	Receivable from	Payable to
3	Patel-KNR-JV	Joint Operations				
	Other Receivables(Sale of Aggregates)		-	-	223.52	-
	Other Receivables(Hire Charges)		-	-	175.29	-
	Other receivables		181.72	-	-	-
	Trade Receivables		213.79	-	335.09	-
	Trade payables		-	10.01	-	101.67
	Advance Recoverable		-	-	10.25	-
	Re-imbursement of expenses Recoverable		-	-	49.03	-
	Retention deposit receivable		698.46	-	725.19	-
	Material Advance payable		-	-	-	272.75
4	KNR-BPL-JV	Joint Operations				
	Material advanced payable		-	168.94	-	103.68
	Retention deposit and Withheld receivable		0.34	-	97.49	-
	Share of TDS refund receivable		-	-	117.90	-
5	KNR-SEW-GVR-JV	Joint Operations				
	Trade Receivables		2,507.44	-	1,807.85	-
	Retention deposit receivable		461.62	-	558.16	-
	Share of TDS refund receivable		144.53	-	92.29	-
	Re-imbursement of expenses Recoverable		5.16	-	20.54	-
6	PSK-KNR-GVR-JV	Joint Operations				
	Trade receivables		277.87	-	509.96	-
	Retention deposit receivable		234.49	-	325.70	-
	Withheld receivable		15.43	-	-	-
7	KNR-SLMI-JV	Joint Operations				
	TDS refund share receivable		25.19	-	272.86	-
	Withheld receivable		0.37	-	0.93	-
8	BSCPL-KNRCL-JV	Joint Operations				
	Trade Receivables		66.89	-	-	-
	Retention deposit receivable		182.68	-	-	-
9	KNR-HES-ACPL-JV	Joint Operations				
	Retention deposit receivable		470.97	-	-	-
	TDS refund share receivable		66.47	-	-	-
10	SEL-KNR-JV (Bangladesh)	Joint Controlled Entity				
	Advance recoverable		35.31	-	19.39	-
11	K. Narasimha Reddy#	KMP - Managing Director				
	Remuneration Payable		-	18.63	-	19.52
	Post-employment benefits payable		-	-	-	-
	Interest Payable		-	449.03	-	20.08
	Un-secured loan payable		-	20,723.00	-	11,700.00
12	K. Jalandhar Reddy	KMP - Executive Director & CFO				
	Remuneration Payable		-	10.79	-	11.67
	Post-employment benefits payable		-	51.92	-	46.15
	Land lease rent payable		-	1.56	-	1.55
	Guest House rent payable		-	0.68	-	0.61
	Office rent payable		-	0.23	-	0.23

Notes forming part of the Consolidated financial statements (Contd.)

40. DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24: RELATED PARTY DISCLOSURE (CONTD.)**C - Outstanding balance with related parties are as follows: (Contd.)**

(₹ in Lakhs)

Sl. No	Particulars	Nature of Relation	As at March 31, 2018		As at March 31, 2017	
			Receivable from	Payable to	Receivable from	Payable to
	Interest Payable		-	2.91	-	0.71
	Un-secured loan payable		-	461.50	-	461.50
13	S. Vaikuntanathan	KMP - Executive Officer				
	Remuneration Payable		-	1.57	-	1.65
	Post-employment benefits payable		-	-	-	-
14	M. Venkata Rao	KMP - Company Secretary				
	Remuneration Payable		-	1.02	-	0.88
	Post-employment benefits payable		-	3.49	-	2.88
15	V. Krishna Reddy	Relative of KMP				
	Remuneration Payable		-	0.57	-	0.48
	Post-employment benefits payable		-	-	-	-

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

* For the year ended March 31, 2018, the Group's provision for impairment of investments is ₹ Nil (PY 1,086.64 Lakhs).

During the year ended March 31, 2018 written back amount in books of account is ₹ Nil (PY 3.23 Lakhs).

41. DISCLOSURE MANDATED BY SCHEDULE III BY WAY OF ADDITIONAL INFORMATION

(₹ in Lakhs)

Name of the entity in the Group	Net Assets, i.e., (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount in Lakhs	As % of consolidated profit or loss	Amount in Lakhs	As % of consolidated other comprehensive income	Amount in Lakhs	As % of total comprehensive income	Amount in Lakhs
Parent	103.92%	114,089.53	114.79%	26,284.26	(103.45%)	(127.20)	114.88%	26,157.06
Indian Subsidiary companies								
KNR Agrotech & Beverages Pvt Ltd.,	(0.03%)	(36.87)	0.01%	2.46	-	-	0.01%	2.46
KNR Infrastructure Projects Pvt Ltd.,	0.00%	(3.40)	0.00%	(0.10)	-	-	0.00%	(0.10)
KNR Energy Ltd.,	(0.03%)	(27.88)	0.00%	(0.16)	-	-	0.00%	(0.16)
KNR Walayar Tollways Pvt. Ltd.,	(7.83%)	(8,593.82)	(6.20%)	(1,419.89)	2.51%	3.09	(6.22%)	(1,416.80)
KNRC Holdings and Investments Pvt. Ltd.,	(2.19%)	(2,403.68)	(6.62%)	(1,514.66)	0.94%	1.15	(6.65%)	(1,513.51)
KNR Srirangam Infra Pvt Ltd	0.00%	(0.22)	0.00%	(0.22)	-	-	0.00%	(0.22)

Notes forming part of the Consolidated financial statements (Contd.)

41. DISCLOSURE MANDATED BY SCHEDULE III BY WAY OF ADDITIONAL INFORMATION

(₹ in Lakhs)

Name of the entity in the Group	Net Assets, i.e., (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount in Lakhs	As % of consolidated profit or loss	Amount in Lakhs	As % of consolidated other comprehensive income	Amount in Lakhs	As % of total comprehensive income	Amount in Lakhs
KNR Chidambaram Infra Pvt Ltd	0.00%	(0.22)	0.00%	(0.22)	-	-	0.00%	(0.22)
Foreign Subsidiary companies								
KNR – FZE	(0.08%)	(91.96)	0.00%	0.00	-	-	0.00%	0.00
KNR Constructions LLC	0.02%	21.01	0.00%	0.00	-	-	0.00%	0.00
Non-controlling interest in all subsidiaries	4.56%	5,005.93	(6.35%)	(1,452.95)	-	-	(6.38%)	(1,452.95)
Indian Associates (Investment as per the equity method)								
Patel KNR Infrastructures Ltd.,	0.06%	65.33	0.26%	59.62	-	-	0.26%	59.62
Patel KNR Heavy Infrastructures Ltd.,	0.28%	306.08	(0.54%)	(124.44)	-	-	(0.55%)	(124.44)
Joint Operations								
KNR – Patel JV	0.63%	686.24	3.00%	686.24	-	-	3.01%	686.24
Patel – KNR JV	0.74%	809.52	3.54%	809.52	-	-	3.55%	809.52
NCC-KNR JV	0.00%	(0.06)	0.00%	(0.06)	-	-	0.00%	(0.06)
KNR – SLEC JV	0.00%	0.10	0.00%	0.10	-	-	0.00%	0.10
KNR-BPL JV	0.00%	-	0.00%	-	-	-	0.00%	-
KNR-GVR JV	0.07%	73.73	0.32%	73.73	-	-	0.32%	73.73
KNR-JKM-KAMALA JV	(0.18%)	(193.33)	(0.84%)	(193.33)	-	-	(0.85%)	(193.33)
KNR-JKM JV	(0.29%)	(318.30)	(1.39%)	(318.30)	-	-	(1.40%)	(318.30)
KNR-SLMI JV	0.00%	3.53	0.02%	3.53	-	-	0.02%	3.53
KNR-TBCPL-JV	(0.07%)	(74.63)	(0.33%)	(74.63)	-	-	(0.33%)	(74.63)
KNR-PBEPL-JV	0.00%	3.61	0.02%	3.61	-	-	0.02%	3.61
KNR-SEW-GVR-JV	0.00%	-	0.00%	-	-	-	0.00%	-
PSK-KNR-GVR-JV	0.00%	-	0.00%	-	-	-	0.00%	-
BSCPL-KNR JV	0.00%	-	0.00%	-	-	-	0.00%	-
KNR-HES-ACPL JV	0.00%	-	0.00%	-	-	-	0.00%	-
Joint ventures (investment as per the equity method)								
SEL-KNR-JV	0.42%	462.30	0.31%	70.59	-	-	0.31%	70.59
Total	100.00%	109,782.54	100.00%	22,894.70	100.00%	(122.96)	100.00%	22,771.74

Notes forming part of the Consolidated financial statements (Contd.)

42. INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTD.)

Assets and liabilities statement

(₹ in Lakhs)

Particulars	Associates		Joint Venture	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Current assets	29,158.10	25,489.95	16,702.76	16,057.85
Non-current assets	58,890.22	63,149.33	961.36	884.58
Current liabilities	9,260.27	5,014.10	16,720.65	16,143.02
Non-current liabilities	67,292.90	73,867.97	-	-
Equity	11,495.15	9,757.21	943.47	799.41
Proportion of the group's ownership interest	40%	40%	49%	49%
Carrying amount of the group's interest	4,598.05	3,902.88	462.30	391.72

Statement of profit and loss

(₹ in Lakhs)

Particulars	Associates		Joint Venture	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Revenue	12,643.91	15,856.52	6,625.04	4,822.82
Operating & Maintenance expenses	3,961.05	5,260.02	-	-
Construction Expenses	-	-	4,663.21	2,975.51
Employee benefits expense	2.80	4.80	142.06	77.57
Finance costs	8,067.36	9,140.68	703.65	654.00
Depreciation and amortization expense	10.42	11.32	293.40	264.62
Other expenses	649.27	352.17	89.49	51.70
Profit/(Loss) before tax	(46.99)	1,087.53	733.23	799.42
Tax expense	115.08	72.89	589.19	-
Profit/(Loss) for the year	(162.07)	1,014.64	144.04	799.42
Group's share of profit for the year	(64.82)	405.85	70.58	391.72
Group's share of other comprehensive income for the year	-	-	-	-
Group's total comprehensive income for the year	(64.82)	405.85	70.58	391.72
Dividend received from the associates during the year	-	-	-	-
Group's share of other comprehensive income for the year	-	-	-	-
Group's total comprehensive income for the year	(64.82)	405.85	70.58	391.72
Dividend received from the associates during the year	-	-	-	-

Notes forming part of the Consolidated financial statements (Contd.)

43. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES CONSIDERED FOR CONSOLIDATION

Sl. No	Particulars	Country	Holding as at	
			March 31, 2018	March 31, 2017
I)	Subsidiaries			
1	KNR Agrotech & Beverages Pvt Ltd.,	India	100%	100%
2	KNR Infrastructure Projects Pvt Ltd.,	India	100%	100%
3	KNR Energy Ltd.,	India	100%	100%
4	KNR Walayar Tollways Pvt. Ltd.,	India	100%	100%
5	KNR – FZE	Dubai	100%	100%
6	KNR Constructions LLC	Oman	65%	65%
7	KNRC Holdings and Investments Pvt. Ltd.,	India	100%	100%
8	KNR Srirangam Infra Pvt. Ltd	India	100%	NA
9	KNR Chidambaram Infra Pvt. Ltd	India	100%	NA
II)	Step-down Subsidiaries			
10	Mesmeric Software Solutions Pvt. Ltd.,	India	100%	100%
11	Nag Talent Ventures & Infotech Pvt. Ltd.,	India	100%	100%
12	Roche Polymers and Additives Pvt. Ltd.,	India	100%	100%
13	Gradient Estates Pvt. Ltd.,	India	100%	100%
14	Gradient Realty Ventures Pvt. Ltd.,	India	100%	100%
15	Asara Construction & Projects Pvt. Ltd.,	India	100%	100%
16	KNR Muzaffarpur Holdings Pvt. Ltd.,	India	100%	100%
17	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	51%	51%
III)	Associates			
1	Patel KNR Infrastructures Ltd.,	India	40%	40%
2	Patel KNR Heavy Infrastructures Ltd.,	India	40%	40%
IV)	Joint Operations			
1	KNR - Patel - JV	India	51%	51%
2	Patel - KNR - JV	India	50%	50%
3	NCC - KNR - JV	India	Project specific	Project specific
4	KNR - SLEC - JV	India	60%	60%
5	KNR - BPL - JV	India	49%	49%
6	KNR - GVR - JV	India	51%	51%
7	KNR - JKM - KAMALA - JV	India	50%	50%
8	KNR - JKM - JV	India	51%	51%
9	KNR - SLMI - JV	India	Project specific	Project specific
10	KNR - TBCPL - JV	India	51%	51%
11	KNR - PBEPL - JV	India	75%	75%
12	KNR - SEW - GVR - JV	India	51%	51%
13	PSK - KNR - GVR - JV	India	51%	51%
14	BSCPL - KNR - JV	India	50%	50%
V)	Joint Venture			
1	SEL - KNR - JV	Bangladesh	49%	49%

Notes forming part of the Consolidated financial statements (Contd.)

44. During the previous year the Group has entered an agreement to sell its share in two associate BOT(Annuity) projects, for which the Group has made an impairment of ₹ 1086.64Lakhs towards sale of its investment which is shown under exceptional items in the statement of profit and loss for the FY 16-17.

During the year the Group has called off the deal with prospective investor, accordingly the investment held for sale has been re-classified to non-current investments.

45. RECONCILIATION BETWEEN THE OPENING AND CLOSING BALANCES IN THE FINANCIAL STATEMENT FOR FINANCIAL LIABILITIES AND ASSETS ARISING FROM FINANCING ACTIVITIES (IND AS – 7)

(₹ in Lakhs)				
Particulars	Secured Loans	Unsecured Loans	Deferred payment of Liability – NHAI Premium	Finance cost
Opening Balance	56,755.05	12,161.50	3,197.33	94.85
Interest/Dividend Accrued during the year	-	-	-	8,249.53
Cash flows				
Received	1,100.00	9,191.00	-	-
Repayment	(5617.32)	(168.00)	-	-
Interest/Dividend paid	-	-	-	(7,412.01)
Non-Cash items				
Unwinding Interest	26.72	-	394.07	(461.02)
Closing Balance	52,264.45	21,184.50	3591.40	471.35

46. SEGMENT INFORMATION

The Group's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Ind AS 108. During the year under report, substantial part of the Group's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

47. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors on May 30, 2018

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

As per our report of even date attached
For **K. P. Rao & Co.,**
Chartered Accountants.
(Firm Regn. No.0031355)

For and on behalf of the Board

K. Viswanath
Partner,
Membership No: 022812

K.Narasimha Reddy
Managing Director,
DIN: 00382412

K. Jalandhar Reddy
Executive Director & CFO,
DIN: 00434911

Place : Hyderabad
Date : May 30, 2018

S.Vaikuntanathan
Vice President (F&A)

M.V.Venkata Rao
Company Secretary

Notes forming part of the Consolidated financial statements (Contd.)

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies /joint ventures

Part "A" : Subsidiaries

Sr. No.	Name of the subsidiary	Reporting period	Reporting Currency and Exchange rate as on the last date of the financial year	Share Capital	Other Equity	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	% of shareholding
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	KNR Agrotech & Beverages Pvt Ltd.,	March 31, 2018	INR	1.00	45.05	250.68	204.63	-	16.00	71.53	-	71.53	100%
2.	KNR Constructions LLC, Oman *	March 31, 2018	INR 169406 / Riials	206.07	180.07	401.77	15.63	-	-	-	-	-	65%
3.	KNR - FZE, UAE *	March 31, 2018	INR 177186 / AED	48.88	(91.25)	0.17	42.54	-	-	-	-	-	100%
4.	KNR Infrastructure Projects Pvt Ltd.,	March 31, 2018	INR	1.00	(3.40)	6.88	9.28	-	-	(0.10)	-	(0.10)	100%
5.	KNR Energy Ltd.,	March 31, 2018	INR	5.00	56.15	192.06	130.91	-	-	49.02	0.05	48.97	100%
6.	KNRC Holdings and Investments Pvt. Ltd.,	March 31, 2018	INR	1.00	3297.66	125.26	82.79	3256.19	-	63.38	-	63.38	100%
7.	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd., **	March 31, 2018	INR	7060.00	3944.96	48158.20	37153.24	-	5968.54	(2966.37)	-	(2966.37)	0.65%
8.	KNR Walar Tollways Pvt. Ltd.,	March 31, 2018	INR	90.00	31057.18	51071.14	20983.33	1059.37	5169.32	(1419.89)	-	(1419.89)	100%
9.	KNR Muzaffarpur Holdings Pvt. Ltd.,	March 31, 2018	INR	2,760.10	4017.35	2.87	29.21	6803.79	-	(0.40)	-	(0.40)	100%
10.	Mesmeric Software Solutions Pvt. Ltd.,	March 31, 2018	INR	1.00	1.97	21.92	18.95	-	-	(1.55)	-	(1.55)	100%
11.	Nag Talent Ventures & Infotech Pvt. Ltd.,	March 31, 2018	INR	1.00	3.47	33.63	29.16	-	-	(2.36)	-	(2.36)	100%
12.	Roche Polymers and Additives Pvt. Ltd., #	March 31, 2018	INR	-	-	-	-	-	-	-	-	-	100%
13.	Gradient Estates Pvt. Ltd.,	March 31, 2018	INR	1.00	2.60	26.02	22.42	-	-	(1.83)	-	(1.83)	100%
14.	Gradient Realty Ventures Pvt. Ltd., #	March 31, 2018	INR	-	-	-	-	-	-	-	-	-	100%
15.	Asara Construction & Projects Pvt. Ltd.,	March 31, 2018	INR	1.00	7.38	56.33	47.95	-	-	(3.89)	-	(3.89)	100%
16.	KNR Sitrangan Infra Pvt. Ltd., ^	March 31, 2018	INR	10.00	(0.22)	10.00	0.22	-	-	(0.22)	-	(0.22)	100%
17.	KNR Chidambaram Infra Pvt. Ltd., ^	March 31, 2018	INR	10.00	(0.22)	10.00	0.22	-	-	(0.22)	-	(0.22)	100%

* As per the Unaudited financial statements.

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

Subsidiaries closed on 19th March 2018.

^ Subsidiaries Incorporated on 19th March 2018 and yet to commence the operations.

- Proposed Dividend from the Subsidiaries is NIL.

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "B" : Associates and Joint Ventures

Name of Associates / Joint Ventures	Latest audited Balance Sheet date	Shares of Associates / Joint Ventures held by the Company on the year end			Description of how there is significant influence	Reason why the Joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit/(Loss) for the year	
		i) Number	ii) Amount of Investment in Joint Venture	iii) Extent of Holding %				i) Considered in consolidation	ii) Not considered in Consolidation
	(1)		(2)		(3)	(4)	(5)	(6)	
I - Associates									
Patel KNR Infrastructures Ltd.,	March 31, 2018	1,48,00,000	1,480.00	40%	SPV Agreement	Consolidated	1,545.34	59.62	-
Patel KNR Heavy Infrastructures Ltd.,	March 31, 2018	95,29,500	952.95	40%	SPV Agreement	Consolidated	2,900.72	(124.44)	-
II - Joint Ventures									
Patel - KNR - JV	March 31, 2018	N.A	409.52	50%	Joint Venture Agreement	Consolidated	409.52	809.52	-
KNR - Patel - JV	March 31, 2018	N.A	173.83	51%	Joint Venture Agreement	Consolidated	173.83	686.24	-
KNR - SLEC - JV	March 31, 2018	N.A	(23.35)	60%	Joint Venture Agreement	Consolidated	(23.35)	0.10	-
KNR - BPL - JV	March 31, 2018	N.A	1.93	49%	Joint Venture Agreement	Consolidated	1.93	-	-
NCC - KNR - JV	March 31, 2018	N.A	0.66	100%	Joint Venture Agreement	Consolidated	0.66	(0.06)	-
KNR - GVR - JV	March 31, 2018	N.A	10.04	51%	Joint Venture Agreement	Consolidated	10.04	71.07	-
KNR - JKM - Kamala - JV *	March 31, 2018	N.A	125.03	50%	Joint Venture Agreement	Consolidated	125.03	-	-
KNR - JKM - JV	March 31, 2018	N.A	1,610.66	51%	Joint Venture Agreement	Consolidated	1,610.66	-	-
KNR - SLMI - JV	March 31, 2018	N.A	5.94	60% & 51%	Two Joint Venture Agreements	Consolidated	5.94	3.53	-
KNR - TBCPL - JV	March 31, 2018	N.A	5.81	51%	Joint Venture Agreement	Consolidated	5.81	12.90	-
KNR - PBEPL - JV	March 31, 2018	N.A	134.76	75%	Joint Venture Agreement	Consolidated	134.76	3.61	-
KNR - SEW - GVR - JV	March 31, 2018	N.A	(24.74)	51%	Joint Venture Agreement	Consolidated	(24.74)	-	-
PSK - KNR - GVR - JV	March 31, 2018	N.A	-	51%	Joint Venture Agreement	Consolidated	-	-	-
BSCPL - KNRCL - JV	March 31, 2018	N.A	84.66	50%	Joint Venture Agreement	Consolidated	84.66	-	-
KNR - HES - ACPL - JV	March 31, 2018	N.A	(319.55)	51%	Joint Venture Agreement	Consolidated	(319.55)	-	-

* As per the Unaudited financial statements.

**Form No. MGT-11****Proxy form**

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

KNR CONSTRUCTIONS LIMITED

CIN:L74210DL1995PLC238364

Regd. Off: C-125, Anand Niketan, New Delhi – 110021 India

E-mail:investors@knrc.com Website:www.knrc.com

Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No /Client ID	
DP ID	

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

Name :	E-mail Id:
Address:	

Signature

or failing him

Name :	E-mail Id:
Address:	

Signature

as my/ our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on the Saturday the September 29, 2018 at 11:00 a.m. at Hotel Mapple Emerald, NH – 8, Rajokri, New Delhi - 110 038 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Sl. No.	Resolution(S)	Vote	
		For	Against
1.	Adoption of Balance Sheet, statement of Profit & Loss ,report of Director's and Auditor's for the financial year 31st March, 2018		
2.	Approval of Dividend at ₹ 0.40 per Equity Share for the Financial Year ended 31st March 2018.		
3	To Appoint a Director in place of Smt. K Yashoda who retires by rotation and being eligible, offers herself for reappointment		
4	Approval of Remuneration to Cost Auditors		
5	Approval in terms of SEBI (LODR) (Amendment) Regulations 2018 to the continuation of Shri B V Rama Rao as Independent Director upto 30.09.2019 as already approved by the members		
6	Approval in terms of SEBI (LODR) (Amendment) Regulations 2018 to the continuation of Shri L B Reddy as Independent Director upto 30.09.2019 as already approved by the members		

Signed thisday of2018

Signature of Shareholder:

Signature of Proxy holder

Signature of the shareholder

across Revenue Stamp

Affix Revenue
Stamps

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- The proxy need not be a member of the company



KNR CONSTRUCTIONS LIMITED

CIN:L74210DL1995PLC238364

Regd. Off: C-125, Anand Niketan, New Delhi – 110021 India

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

Tel:+91-40 40268761/62, Fax:+91 40 40268760

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

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

(to be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of KNR Constructions Limited. I hereby record my presence at the 23rd Annual General Meeting of the shareholders of KNR Constructions Limited on Saturday, the 29th day of September, 2018 at 11.00 A.M. at Hotel Mapple Emerald, NH – 8, Rajokri, New Delhi - 110 038

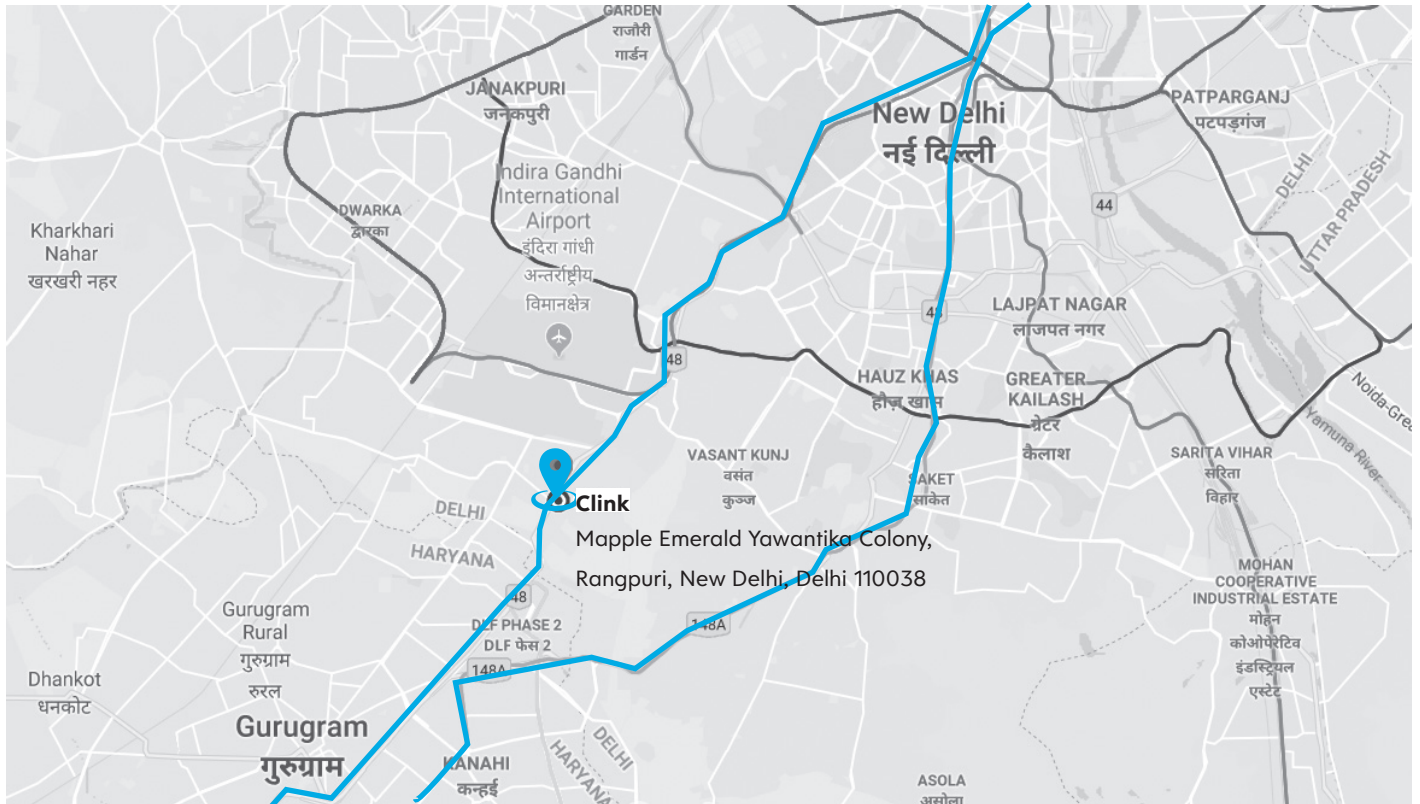
DP ID *		Reg. Folio No.	
Client ID *		No. of Shares	

* Applicable if shares are held in electronic form

Name & Address of Members

Signature of Shareholder / Proxy /
Representative (Please specify)

Route Map to the AGM Venue



Notes

Notes



If undelivered, please return to:

KNR Constructions Limited

CIN: L74210DL1995PLC238364
"KNR House", 3rd & 4th Floors, Plot No. 114,
Phase I, Kavuri Hills, Hyderabad - 500 033

www.knrcl.com