

Date: 29th September, 2017

Ref: KNRCL / SD / 2017 / 104 & 105

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 2016-17

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

With reference to the above, please find attached Annual Report for the FY 2016-17 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





Building the Future

ANNUAL REPORT 2016 - 17

KNR Constructions Limited

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Building the future

Building the Future: Infrastructure is the backbone of our economy and society, from the roads, rails to electricity that lights or heats our homes to the water we drink. By investing in core infrastructure businesses that deliver essential services throughout the economic cycle, KNRCL offers its stakeholders a unique access and opportunity to build the future.

The Government of India is keen on developing the infrastructure sector in the country. This is clearly evident through the numerous initiatives announced for this sector as part of Budget 2017-18. A provision of ₹ 2.4 lakh crore has been set aside for the transportation sector as a whole. This includes the Indian railways, port and roadways.

India has the second largest road network across the world at 4.7 million km. This road network transports more than 60 per cent of all goods in the country and 85 per cent of India's total passenger traffic. Road transportation has gradually increased over the years with the improvement in connectivity between cities, towns and villages in the country. The Indian roads carry almost 90 per cent of the country's passenger traffic and around 65 per cent of its freight.

With 20 years of experience, strong execution skills and over 6000 lane KM of roads constructed, KNRCL is poised to emerge as an important partner in Building the Future of a bright India through infrastructure development.

2016-17 Highlights

Y-o-Y Standalone
Revenue Increase

71%

EBIDTA increased by

50%

Order Book
(as on March 31, 2017)

₹ 37,689
million



Corporate Profile

Incorporated in the year 1995 by Shri K. Narasimha Reddy, KNR Constructions Limited (KNRCL) is an ISO 14001:2004, 9001:2015 and OHSAS 18001:2007 Certified Company and a market leaders in Road Infrastructure – EPC segment. KNRCL is active in various fast growing sectors namely roads & highways, irrigation and urban water infrastructure management. Our project execution strength primarily is, in road transportation engineering projects namely construction and maintenance of roads, highways, flyovers and bridges.

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

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

20

years of experience in Construction sector



46

projects completed in the last 5 years



6000

Lane KM of Road Projects executed across 12 states

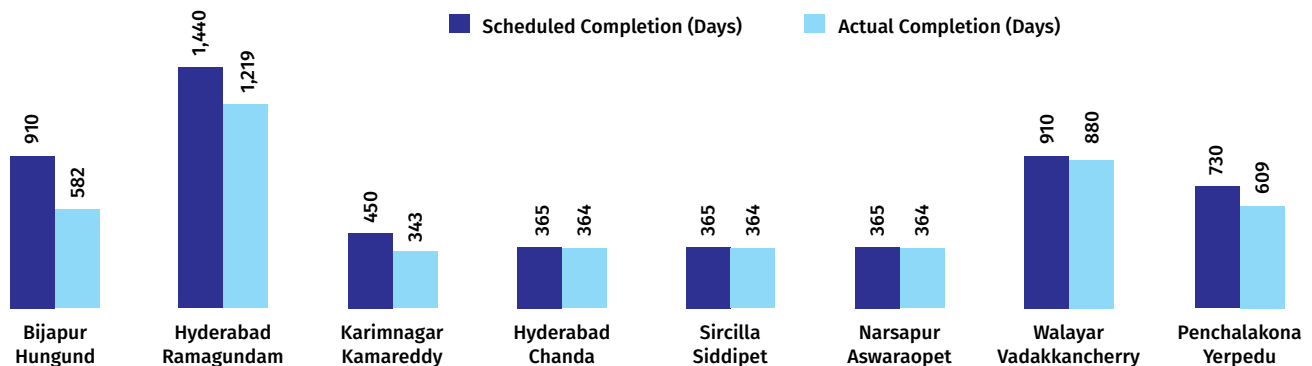


1000+

qualified and experienced employees



Speedy decision making and Strong project execution skills to complete project ahead of times. Received bonus for ahead of time completion



1500+

in house construction equipments



Financial Highlights

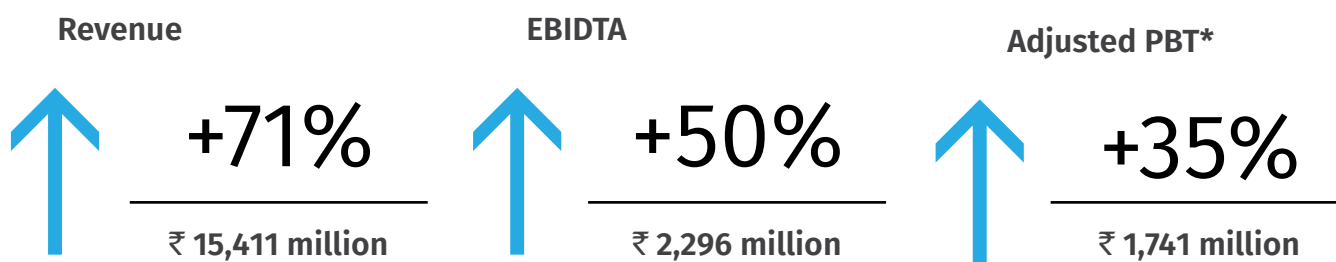
(₹ in million)

| INCOME STATEMENT | FY17* | FY16 | FY15 | FY14 | FY13 |
|---------------------------------------|-------|--------|--------|--------|--------|
| Orders in hand | 37689 | 34635 | 1,3181 | 1,2960 | 2,6291 |
| Turnover (excluding share in JV's) | 15411 | 9026 | 8760 | 8370 | 6887 |
| Operating Profit | 2296 | 1554 | 1261 | 1258 | 1164 |
| Profit Before Tax (PBT) | 1632 | 1301 | 723 | 669 | 670 |
| Profit After Tax (PAT) | 1573 | 1611 | 730 | 610 | 521 |
| Cash Profit | 2211 | 2043 | 1271 | 1182 | 1078 |
| EPS (₹)** | 11.18 | 57.29 | 25.96 | 21.68 | 18.54 |
| Cash EPS (₹)** | 15.76 | 72.62 | 45.18 | 42.07 | 38.34 |
| BALANCE SHEET | | | | | |
| Share Capital | 281 | 281 | 281 | 281 | 281 |
| Other Equity | 8674 | 6988 | 5411 | 4852 | 4275 |
| Net Worth | 8955 | 7261 | 5674 | 5107 | 4521 |
| Secured Loans | 224 | 382 | 683 | 867 | 1803 |
| Unsecured Loans | 1216 | 785 | 280 | 40 | 0 |
| Capital Employed | 9041 | 7339 | 5693 | 5216 | 4593 |
| Book value per share** | 63.68 | 258.17 | 201.76 | 181.57 | 160.75 |

*The amounts for the financial year 2016-17 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.

Standalone Financial Highlights



EBIDTA Margin

15%

₹ 2296 million

Adjusted PAT Margin*

11%

₹ 1682 million

RoE

18%

**Excluding exceptional items of ₹ 109 million*

Economic value added

Total tax paid

₹ 358

million

Employee Salaries

₹ 543

million

CSR spent

₹ 16

million

Message from Managing Director



K. Narasimha Reddy
Founder Promoter and Managing Director

Dear Shareholders,

Welcome to our annual report for the year 2016-17.

The year gone by has been a major landmark on our company's history with the standalone revenue crossing ₹ 15,000 million from ₹ 9,025 million in the previous year.

I am happy to note that at the macroeconomic front infrastructure is gaining momentum with the Government of India planning to invest ₹ 3 trillion that is US \$44.73 billion for developing 35,000 kilometer roads across the country of which 21,000 kilometers will be economic corridors and 14,000 kilometers will be feeder routes. The government plans to develop a total of 66,117 kilometers of roads under different programs such as national highways, development project that is NHDP, special accelerator road development program in Northeast and left-wing extremism districts. Further, the government has identified development of 2000 kilometers of coastal roads to improve the connectivity between ports and remote villages. In the union budget 2017-18, the government has allotted ₹ 64,000 crores, that is, US \$9.55 billion to NHAI for roads and highways and ₹ 27,000 crores, that is, US \$4.03 billion for Pradhan Mantri Gram Sadak Yojana. The Ministry of Road Transport and Highways plans to build five

more greenfield expressways across the country, which are expected to reduce travel time and propel economic growth. On the execution side, the pace of construction has been growing steadily and has achieved 8,142 kilometers during the last fiscal.

Going forward at KNRCL, we want growth that builds a strong foundation and future for our Company. Growth that invests in improving our performance, our project pipeline, and our people. Progressive, sustainable growth that ensures we have the right resources, processes and people in place to meet our own standards and needs, as well as the evolving expectations of society.

I take this opportunity to thank our management, investors, clients, banks and government agencies for the continued support and guidance

Review by Executive Director



K. Jalandhar Reddy
Promoter and Executive Director

On Strategic Positioning: We are among the few best managed infrastructure companies in India with a strong balance sheet, low working capital and one of the highest RoE among peers. Our key advantage has been strong execution and completing most of the project ahead of times. Over the last 5 quarters we reported strong set of numbers aided by a good order-book.

Key Developments: As part of our strategy, Company along with Patel Engineering Limited (PEL) signed a share purchase agreement to sell entire equity stake in two Road BOT (annuity) assets viz. Patel KNR Infrastructures Limited and Patel KNR Heavy Infrastructures Limited. Both the assets are operational annuity based BOT assets awarded by NHAI. We have a total order book of ₹ 37,689 million comprising ₹ 32,085 million in road sector and Rs 5,571 million in irrigation projects and ₹ 33 million in other projects with 53% Central Government Projects, 39% State Government Projects and 8% International Projects and others. Execution against the orderbook is in full swing across projects.

KNR Construction Limited, has infused ₹ 2,615.0 million into Walayar - Vadakkancherry project in Kerala which has been used by the Project Company to pay-off debt thereby reducing the interest burden on the project and total toll collection is around 12.50 lakhs per day which will take care of principal, interest and O&M payments. In respect of Bihar, i.e.

Muzaffarpur-Baurani Project, the Project is on toll basis and we hold 51% equity stake in the project. We have received 75% PCOD as on June 3, 2016, and total collection has been started from June 9, 2016. We are receiving toll of around 13 lakhs per day based on 75% PCOD. NHAI has approved in its meeting held on July 13, 2017 for 100% PCOD subject to execution of Supplementary Agreement and we expect that we will receive the final 100% PCOD by end of August, 2017. We also infused a capex of approximately ₹ 1500 million during FY17.

Going forward: We continue to execute on our business strategy of delivering high quality growth while maintaining high performance standards in health, safety, environment and social acceptability; building a strong pipeline of projects to drive future growth; and employing the best people and motivating them to reach their potential.

Key strategies and outcome

KNRCL's key strategies revolve around our vision to be a model of excellence among infrastructure businesses. To achieve our goals we would build and responsibly manage a high quality portfolio of infrastructure businesses and thereby deliver a superior performance

Key strategies

Capitalise on the huge opportunity of infrastructure development in India

Focus on securing EPC contracts from reputed clients and concessionaire

Focus on projects involving high degree of engineering skills

Continuously explores growth opportunities by forming strategic joint ventures (JVs)

Execute all the projects on time or ahead of schedule



Outcome

KNRCL has emerged as a leading player in the EPC segment and has been one of the fastest growing infrastructure company in India. With over ₹ 15,000 million revenue and ₹ 37,689 million order book the company is poised to grow further.

Some of the esteemed clients of KNRCL are NHAI, MoRTH, and various State Highway and Road development corporations

Advance planning with direct involvement of the management and technology with respect of inhouse equipment are the key advantages of KNRCL

Company has various JVs with competent partner to co-create value in EPC and BOT contracts.

One of the hallmark of KNRCL is completing projects on or before time. Company has been receiving bonus for ahead of times execution of projects



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 Sukumar Babu & Co.,
Chartered Accountants,
Hyderabad

Investor Service Centre

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

Vice President (F & A)

Shri S Vaikuntanathan

Company Secretary

Shri M V Venkata Rao

Registered Office

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

Corporate Office

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

Bankers

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

Management Discussion and Analysis



Global Economy

According to the latest report by WB, published in June 2017, Global growth is firming, contributing to an improvement in confidence. A recovery in industrial activity has coincided with a pickup in global trade, after two years of marked weakness. In emerging market and developing economies (EMDEs), obstacles to growth among commodity exporters are gradually diminishing, while activity in commodity importers remains generally robust. As a result, and despite substantial policy uncertainty, global growth is projected to accelerate to 2.7 percent in 2017, up from a post-crisis low of 2.4 percent in 2016, before strengthening further to 2.9 percent in 2018-19, broadly in line with January projections.

Risk Factors: Disconnect between financial markets and fundamentals, potential market volatility, financial vulnerabilities and policy uncertainties could, however, derail the modest recovery. The positive assessment reflected in market valuations appears disconnected from real economy prospects. Vulnerabilities remain in some advanced economies from rapid house price increases. Risks to emerging market economies are high, including from higher corporate debt, rising non-performing loans and vulnerability to external shocks.

Indian Economy

The Indian Economy has sustained a macro-economic environment of relatively lower inflation, fiscal discipline and moderate current account deficit coupled with broadly stable rupee-dollar exchange rate. The Economic Survey 2016-17 presented in the Parliament states that such sustenance is despite continuing global sluggishness.

As per the advance estimates released by the Central Statistics Office, the growth rate of GDP at

constant market prices for the year 2016-17 is placed at 7.1%, as against 7.9 % in 2015-16. For 2017-18, it is expected that the growth would return to normal as the new currency notes in required quantities come back into circulation and as follow-up actions to demonetization are taken.

Indian Economy – The World Bank (WB) Perspective:

In 2016-17 agriculture grew however investment growth remains subdued, partly because of banking sector stress. India's economy was slowing down in early FY17, until the favorable monsoon started lifting the economy, but the recovery was temporarily disrupted by the government's "demonetization" initiative. On November 8, 2016, the government demonetized (i.e. removed legal tender status from) an estimated 23 billion INR 500 and INR1000 banknotes, corresponding to 86 percent of India's currency in circulation. Demonetization caused an immediate cash crunch, and activity in cash reliant sectors was affected. GDP growth slowed to 7.0 per cent year-on-year (y/y) during the third quarter of 2016-2017 from 7.3 percent in the first quarter. As a result, a modest slowdown is expected in the GDP growth in FY 2016-2017 to 6.8 percent.

According to the WB Update, growth is expected to recover in FY 2017-2018 to 7.2 percent and is projected

- Completed "Penchalakona to Yerpedu section under NH IV" 121 days ahead of scheduled date of completion.
- Sub-division of equity shares of the company from 1 share of FV ₹ 10/- into 5 equity shares of ₹ 2 to improve liquidity.

Timely and smooth implementation of landmark reforms such as the GST, new code to deal with bankruptcies, as well as decisive action to resolve the NPA challenge of public sector banks, is crucial to enhance the economy's potential growth, says the May 2017 edition of the WB Indian Development Update.



to gradually increase to 7.7 percent in FY 2019-2020.

According to WB, India remains the fastest growing economy in the world and the reform momentum continues. GST has been implemented in the fiscal year, and is expected to yield substantial growth dividends from higher efficiencies, and raise more revenues in the long term. The WB report published in May 17 says the fundamentals of the Indian economy remain strong, with robust economic growth, strong fiscal consolidation, low current account deficit, higher agricultural output, growing FDI, low inflation and higher wages in rural areas. Favorable monsoons boosted agriculture and rural consumption, while urban consumption remained robust and exports rebounded in the third quarter of 2016-2017.

Timely and smooth implementation of landmark reforms such as the GST, new code to deal with bankruptcies, as well as decisive action to resolve the NPA challenge of public sector banks, is crucial to enhance the economy's potential growth, says the May 2017 edition of the WB Indian Development Update.

Indian Economy Key Forecasts Fy 17-18

India is expected to be the fastest growing economy in the world in 2017-18 and will be a key driver for global growth, according to the International Monetary Fund (IMF). Medium-term growth prospects are favorable, with growth forecast to rise to about 8 per cent due to the implementation of key reforms like GST, loosening of supply-side bottlenecks, and appropriate fiscal and monetary policies.

Indian Infrastructure Sector:

The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country.

Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. In 2016, India jumped 19 places in World Bank's Logistics Performance Index (LPI) 2016, to rank 35th amongst 160 countries.

India needs ₹ 31 trillion (US\$ 454.83 billion) to be spent on infrastructure development over the next five years, with 70 per cent of funds needed for power, roads and urban infrastructure segments. India is also witnessing significant interest from international investors in the infrastructure space.

Union budget 2017-18 is a positive step forward for India because it has focused on increasing consumption and enabling infrastructure development. It continues to place emphasis on infrastructure development with an increased outlay of ₹ 3,961 billion. The finance minister has announced a 25% increase in allocations for infrastructure over last year. This will surely have a salutary effect on the economy, creating new employment and income-generation opportunities.

One also believes that surplus liquidity in the banking system, spawned by demonetization, will push banks to lower their lending rates and in turn increase the access to credit. This may have a multiplier effect on economic activity, increase consumer spending and create additional demand.

Infrastructure - Key Forecasts:

For a massive country such as India, improvement in infrastructure is a necessity. India's plan to invest as much as ₹ 3.96 trillion in the current financial year to bankroll its new integrated infrastructure plans comprising roads, railways, waterways and civil aviation.

A case in point is roads. Removal of infrastructure bottlenecks is seeing an increase in road construction now, with contracts being awarded rising to over 4,000 km in financial year 2016 and beyond. Also, with just 24% of the National Highway network being four-lane or more, the scope for improvement is immense. Other initiatives such as metro railways are expected to add nearly 500 km of railway lines in metro cities and beyond.

Due to many problems in the PPP Annuity, PPP Toll and EPC models in the previous years, during early 2016 Government of India introduced Hybrid Annuity Model (HAM). Here, hybrid annuity means the first 40% payment is made as fixed amount in five equal installments during construction period, whereas the remaining 60% is paid as variable annuity amount after the completion of the project depending upon the value of assets created and the performance of the developer.

As the government pays only 40%, during the construction stage, the developer should find money for the remaining amount. Here, he has to raise the remaining 60% in the form of equity or loans. There is no toll right for the developer. Under HAM, Revenue collection would be the responsibility of the National Highways Authority of India (NHAI).

Company Overview

KNR Constructions Limited (KNRCL) with its strong and timely executional capabilities, over the last two decades, leveraged its experience and established its market position in infrastructure projects. With Large fleet of sophisticated construction equipments, KNRCL's hallmark of performance is its ability to execute with quality, technically complex and high value projects across segments such as expressways, national highways, state highways, flyovers, bridges in addition to irrigation projects and water management projects. With its pan India presence in more than 12 states, KNRCL is positioned itself to take advantage of emerging infra sector opportunities and poised for a quantum leap.

Major Projects Awarded

As on March 31, 2017 order book stood at ₹ 37,689 million comprising ₹ 32,085 million in road sector and ₹ 5,571 million in irrigation projects and ₹ 33 million in other projects with 53% Central Government Projects, 39% State Government Projects and 8% International Projects and others.

During the Financial Year 2016-17, the Company has the secured orders of ₹ 17,580 millions, mainly mentioned below:-

| Project | Project Award Date | Project Completion Period | Client | Value (₹ in Million) |
|---|--------------------|-----------------------------------|--------------------------------------|------------------------------|
| Four laning of Hubli-Hospet Section of Nh-63 in the state of Karnataka on EPC Mode, Project Start from Km 128.850 to Km 272.571 in the name of BSCPL-KNR (JV) | 8 August, 2016 | 36 months from the appointed date | National Highways Authority of India | 13,347 (KNRCL's share 6,674) |

Other Operational Highlights

The Company has received Bonus of ₹ 60 million for completing of Penchalakona to Yerpedu Road Project 121 days ahead of schedule date of completion.

The Company has featured in “The Fortune India Next 500: India’s Top Midsize Companies” List released in July 2017. KNRCL is ranked 248 in terms of Revenues and 82 in terms of Profits (FY16).

NHAI has approved in its meeting held on July 13, 2017 for 100% PCOD of Muzaffarpur-Barauni Road Project subject to execution of Supplementary Agreement.

Risk and Risk Mitigation

1. **Competition Risk** - With increased project awarding by the government, the road and construction industry is expected to attract several domestic as well as international players. This increase in competition may lead to an aggressive bidding environment, resulting in price cut and low operating margins as well as lower market share of project awards. Risk Mitigation - With two decades of industry experience and led by a proven management team, who have honed their project managing skills right from the drawing board to the final execution, the Company is confident of meeting present and future competition and enjoy continued growth. To further mitigate this risk, where considered prudent, the Company forms strategic partnerships and joint ventures with quality players. This facilitates synergies both in the financial and technical arenas and enables it to compete with the larger players.
2. **Slow-down in Road Sector** - Any slowdown on part of the government to award road projects could adversely affect growth prospects. Risk Mitigation - The present government has taken focused steps to ensure that infrastructure creation moves at an accelerated pace, thus reducing the possibility of this risk to a considerable extent. Moreover, the Company already has sufficient order backlog to ensure growth momentum in the medium term.
3. **Construction Risk** - Infrastructure projects involve complex design and engineering, significant procurement of equipment and supplies and extensive construction management and other activities conducted over extended time periods, sometimes in remote locations. This could lead to cost-time overruns, thereby impacting profitability. Risk Mitigation - KNRCL with its vast experience of project management, balanced capital structuring and efficient cost control measures is well geared to mitigate this risk. Further, in-house repository of specialised construction equipment reduces dependence on external sources, expedite execution and sustain margins.
4. **Raw Material Risk** - Increase in the cost of raw materials, particularly steel and cement, or their unavailability over the tenor of the contract can impact schedules and profit margins. Risk Mitigation - The Company enters into long term arrangement with suppliers for requisite raw materials for the tenure of the project, thus guaranteeing a continuous flow. Backward integration by sourcing aggregates from its mines, for road projects under execution also enables it to control costs. Also, leveraging its industry experience, the Company effectively supervises the availability of raw materials thus keeping the cost escalation risk to a minimum.
5. **Interest Rates** - Rising interest rates during the life span of a project, fuelled by inflation, can decrease profit margins. Risk Mitigation - The Company factors this risk into the cost of project before bidding for it. Despite this, the Company is open to resorting to interest rate hedging in case the need arises.
6. **Traffic Growth Risk** - Revenue from the Company’s Toll-based BOT projects are subject to risks associated with unpredictability of traffic growth. Risk Mitigation - The Company’s operational toll-based BOT project caters to traffic plying between South India’s economically vibrant cities and towns. Major industries are also located on this stretch. With the anticipated uptick in economic activity, commercial traffic is expected to maintain a positive growth momentum, thus reducing the possibility of low toll revenues.
7. **Regulatory Risk** - The complex nature of infrastructure projects means that the Company has to interface with various regulatory authorities throughout the project life cycle, making them especially vulnerable to regulatory action. These requirements are complex and subject to frequent changes as well as new restrictions. Failure to comply with these requirements may result in significant liability to the Company. Risk Mitigation - To deal with this risk effectively, the Company has a regulatory compliance review mechanism in place. Through this the Company gets regular updates and makes changes in its compliance on a real time basis.
8. **Political Risk** - Political disharmony can interrupt or disturb the settled commercial terms of a project, as infrastructure projects with their high visibility have a strong element of public interest. Risk Mitigation - With greater thrust on infrastructure by successive

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

Highlights of Financial Performance

Revenues

The total income from the operations of the company for FY 2016-17 of ₹ 15,410.5 million has grown by 71% over the year, compared to ₹ 9,025.5 millions for FY 2015-16.

Profits

The Earnings before Interest, Depreciation, Taxes and Amortization (EBIDTA) for FY 2016-17 is ₹ 2,295.8 million, accounting for 14.90% of the revenue as against 16.94% in FY 2015-16, mainly due to share of profit of ₹ 148.0 million in one of the Joint Venture Operations has been recorded in the year FY 2015-16.

The Profit after Tax for FY 2016-17 at ₹ 1,572.5 million is 10.20% of revenue, compared to ₹ 1,610.7 million, which constituted 17.85% of the revenue in 2015-16. There is a decrease in Profit after Tax mainly:

- a) During the year the Company has entered a Share Purchase Agreement for sale of its equity in two BOT annuity projects and correspondingly impairment in value of investment to the tune of ₹ 108.6 million has been provided. In percentage it accounts for 0.70% of revenue.
- b) There is a refund of income tax for AY 2009 -10 to 2012- 13 to the tune of ₹ 437.2 million recorded in FY 2015-16 on account of relief received from CIT (Appeals) in respect of deduction of profits under Section 80 IA of the Income Tax Act for the eligible projects executed, which has been later upheld by the ITAT, Hyderabad. In percentage terms, it accounts for 4.84% of the revenue.
- c) Other income for FY 2015-16 is up by on account of interest on Income Tax refund to the tune of ₹ 117.2 million and on percentage terms, it accounts for 1.30% of the revenue.
- d) Other Operating Income is up in FY 2015-16 by on account of share of profit to the tune of ₹ 148.0 million. In Percentage terms, it accounts for 1.64% of the revenue.

Loan Funds

The total secured loans by way of working capital, cash credit, hire purchase loans for fixed assets and un secured loans at the end of the year March 31, 2017 was ₹ 1,440.5 million compared to ₹ 1,167.5 million as on March 31, 2016. The net increase of ₹ 273 million is basically due to infusion of additional fund by the Promoter to pay off the debt of the one of the Project Company and finance of the hire purchase loans for fixed assets needs, necessitated by a rapid growth in the revenue during the year.

As on March 31, 2017, the debt-equity ratio was at same 0.16 as compared to last year. The debt-equity ratio remains in the comfort zone.

Interest and Finance Costs for FY 2016-17 is ₹ 218.99 million, accounting for 1.42% of revenue. In the previous year, interest and finance costs were 1.47% of revenue at ₹ 132.4 million. This is an indicator of improved debt-equity and better management of funds and cash flow of the Company.

Net Worth

The Net Worth has gone up from ₹ 7,377.1 million to ₹ 8,954.7 million in the FY 2016-17 thereby recording an increase of about 22%.

Property, Plant and Equipment

The gross property, plant and equipment as on March 31, 2017 was ₹ 6,401.7 million compared to ₹ 5,136.3 million on March 31, 2016, an incremental asset acquisition of ₹ 1,502.9 million during the FY 2016-17. The Company is making conscious efforts to increase the property, plant and equipment base so as to increase the element of mechanization in the execution of projects to reduce manpower cost and for completion of projects even ahead of the time schedule.

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 1,017 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 22nd Annual General Meeting of KNR Constructions Limited will be held on Thursday the 28th day of September 2017 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, 2017 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, 2017 and the Balance Sheet as on that date.
- 2 To declare Dividend of ₹ 0.50 Per Equity shares of ₹ 2.00 Each to the Shareholders for the financial year 2016-2017
- 3 To appoint a Director in place of Shri K Jalandhar Reddy (DIN:00434911), who retires by rotation and being eligible, offers himself for reappointment
- 4 To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies(Audit and Auditors) Rules, 2014 as amended from time to time, pursuant to the recommendations of the audit committee of the Board of Directors, M/s. K.P. Rao & Co., Chartered Accountants (Firm Reg. No. 003135S) be and is hereby appointed as statutory auditors of the company in place of the retiring auditors M/s. Sukumar Babu & Co., Chartered Accountants (Firm Registration No. 004188S) to hold office from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the 27th AGM to be held in the year 2022 (subject to ratification of their appointment at every AGM if so required under the Act) at such remuneration and out of pocket expenses as may be decided by the Executive Finance Committee of the company."

Special Business

5. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2018 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, 2018, on a remuneration of ₹ 300,000 excluding taxes as may be applicable, be and is hereby ratified."

By Order of the Board of Directors

M. V. Venkata Rao

Company Secretary

Place: Hyderabad

Date: 14-08-2017

Notes:

- a. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 23rd September 2017 to Thursday the 28th day of September 2017 (both days inclusive) for the purpose of Annual General Meeting.
- b. Explanatory Statement as required under Section 102(2) of the Companies Act, 2013 is annexed.
- c. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- d. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- e. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- f. The Company's Registrar and Transfer Agents for its share registry work (Physical and Electronic) are Link Intime India Private Limited (RTA).
- g. Members can avail of the facility of nomination in respect of securities held by them in physical

form pursuant to the provision of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed duly filled-in to RTA. Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.

h. Members are requested to

- intimate to the DP, changes, if any, in their registered addresses and/or changes in their bank account details, if the shares are held in dematerialized form.
- intimate to the Company's RTA, changes if any, in their registered addresses, in their bank account details, if the shares are held in physical form (share certificates).
- consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.
- dematerialize their Physical Shares to Electronic Form (Demat) to eliminate all risks associated with Physical Shares. Our Registrars and Transfer Agents viz., Link Intime India Private Limited, may be contacted for assistance, if any, in this regard.

i. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank details.

j. Members are requested to refer to the Corporate Governance Report for information in connection with the unpaid / unclaimed dividend liable to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government.

k. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specified functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and

relationships between directors inter-se as stipulated under 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 Monday, 25th September, 2017 (9.00 a.m. IST) and ends on Wednesday, 27th September, 2017 (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, 2017, 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.knrcl.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.
- (ii) Click on Shareholders
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com 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) • 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. • 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.

If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (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 scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at 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 22nd September 2017.
- 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.knrcl.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. 22nd September 2017 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. 5

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on 14th August 2017, approved the reappointment of the Cost Auditors, M/s. K.K Rao & Associates, Cost Accountants and remuneration payable to them, as set out in the Resolution under this Item of the Notice.

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

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

Your Directors recommend the Resolution for your approval.

By Order of the Board of Directors

M. V. Venkata Rao

Company Secretary

Place : Hyderabad

Date : 14-08-2017

Directors' Report

Dear Members,

Your Directors are pleased to present the Twenty Second Annual Report and the Company's audited financial statement for the financial year ended March 31, 2017.

Financial Results

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Total revenue (including other income) | 157,132.83 | 93,426.92 |
| Profit before interest and depreciation | 24,898.89 | 18,462.43 |
| Less: Interest and financial charges | 2,189.88 | 1,323.74 |
| Profit Before depreciation | 22,709.01 | 17,138.69 |
| Less: Depreciation and amortization | 6,387.32 | 4,225.34 |
| Profit before tax | 16,321.69 | 12,913.35 |
| Provision for tax (including Deferred Tax) | 596.59 | -3,193.99 |
| Profit after tax | 15,725.10 | 16,107.34 |
| Profit brought forward from previous year | 55,524.67 | 40,094.29 |
| Profit available for appropriation | 71,249.77 | 56,201.63 |
| Appropriations: | | |
| Dividend | - | 562.46 |
| Dividend tax | - | 114.50 |
| Balance carried forward | 71,249.77 | 55,524.67 |
| Paid Up capital | 2,812.35 | 2,812.35 |
| Other Equity | 86,735.09 | 70,958.75 |

Results of operations and the state of company's affairs

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

Revenue from operations ₹ 1,53,254.15 Lakhs

PBDIT(Excluding Other Income) increased by 50.15 % to ₹ 22,957.96 Lakhs

Profit before Tax increased by 34.81% to ₹ 17,408.33 Lakhs

Cash Profit increased by 8.75% to ₹ 22,112.42 Lakhs

Net Profit decreased by 1.90% to ₹ 15,776.34 Lakhs

The order book position as on March 31, 2017 stands at ₹ 3,76,891.94 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 March 31, 2017 is ₹ 86,735.09 Lakhs as against the Paid-up capital of ₹ 2,812.35 Lakhs

Dividend

The Board of Directors has recommended final dividend of ₹ 0.50 per Equity Share of ₹ 2.00 Each for the financial year ended March 31, 2017, amounting to ₹ 703.09 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 2017 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

Transfer to the Investor Education and Protection Fund

In terms of Section 125 of the Companies Act, 2013, an amount of ₹ 70786/- being unclaimed dividend for the Financial Year 2008-2009 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.knrcl.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.knrcl.com and copy of separate audited accounts of its Subsidiaries will be provided to the members at their request.

Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI.

The report on Corporate Governance as stipulated under the 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.knrcl.com/images/ knrcl_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:

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

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

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

Directors

In accordance with the requirements of the Companies Act, 2013 Shri K Jalandhar Reddy, 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. Sukumar Babu & Co., Chartered Accountants, Statutory Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting. As per the provisions of Section 139(2) of the Companies Act, 2013, a transition period of 3 years from the Commencement of the Companies Act, 2013 is provided to appoint a new Auditor when the existing Auditor's firm has completed tenure of Ten Years or more as on the date of commencement of the Companies Act, 2013.

M/s. K.P. Rao & Co., Chartered Accountant, have

consented to the said appointment as statutory auditors of the Company and confirmed that the appointment, if made, would be within the limits specified under the section 141 of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as statutory auditors of the Company in terms of the provision of the section 139, 141 and 143 of the Companies Act, 2013 read with the provisions of the Companies (Audit & Auditors) Rules 2014.

None of the directors / key managerial personnel of the Company and their relatives are concerned or interested financially or otherwise in the resolution set out at item No. 4 of the Notice for approval of the Members.

The Board recommends the resolution set forth item No. 4 of the Notice for approval of the Members.

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 141 of the Companies Act, 2013 (corresponding Section 233B of the Companies Act, 1956) and the MCA General Circular No. 15/2011 dated April 11, 2011, (as amended vide General Circular No. 36/2012 dated November 6, 2012), the Audit Committee has recommended and the Board of Directors had appointed M/s. K.K. Rao & Associates, Cost Accountants, Hyderabad, being eligible and having sought re-appointment, as Cost Auditors of the Company, to carry out the cost audit for the Company during the financial year 2017-18.

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 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as Annexure II to this Report.

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.knrcl.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 out go

Foreign Exchange Inwards - Nil

Foreign Exchange outgo towards

- a) Travel – ₹ 15.67 lakhs (P.Y ₹ 5.12 lakhs)
- b) Import of capital goods and Stores & Spares ₹ 300.71 lakhs (P.Y ₹ 513.09 Lakhs)
- c) Advance / Loan to Subsidiaries – ₹ Nil (P.Y ₹ Nil Lakhs)
- d) Term Loan Repayment and interest – ₹ Nil (P.Y ₹ Nil Lakhs)

Fixed Deposits

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

Industrial Relations

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

Details of Specified Bank Notes

Details of Specified Bank Note (SBN) held and transacted during the period 08.11.2016 to 30.12.2016 as per the clause (x) in Part I Division I of Schedule III the Companies Act, 2013 are furnished in Note No. 12.3 to the financial statements.

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.knrcl.com/images/knrcl_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:

The percentage of increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| S. No. | Name of Director/KMP and Designation | Remuneration of Director/ KMP for financial year 2016-17 (₹ in lakhs) | % increase in Remuneration in the Financial Year 2016-17 | 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 | 360.00 | 49.48% | 240 | Profit before Tax and exceptional item increased by 34.81% and Profit After Tax and comprehensive income decreased by -1.90% in financial Year 2016-17 |
| 2 | K Jalandhar Reddy Executive Director and CFO | 240.83 | 89.33% | 161 | |
| 3 | M V Venkata Rao Company Secretary | 13.01 | 1.01% | 9 | |
| 4 | S.Vaikuntanathan, V.P (F&A) | 27.00 | 42.63% | 18 | |

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 March 31, 2017 as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended are :

| S. 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 | 36,000,000 | 48 Yrs | 11.07.1995 | - | 32.53% |
| 2 | Sri K.Jalandhar Reddy Executive Director & CFO | 46 | B.E Computers | 25,522,729 | 20 Yrs | 11.07.1995 | - | 13.96% |
| 3 | Sri Maj. T.L. Varma Vice President | 62 | B.E. Civil | 4,880,000 | 38 Yrs | 12.07.2011 | LANCO | -- |
| 4 | Sri V. Venugopal Reddy Director Projects | 41 | B.E | 4,610,500 | 17 Yrs | 21.08.2000 | - | 0.09% |
| 5 | Sri. S. Vaikuntanathan Vice President (F&A) | 63 | FCA | 2,745,000 | 37 Yrs | 07.01.2016 | Vaibhav Jyothi Power | -- |
| 6 | Sri. K. Venkata Ram Rao General Manager (F&A) | 43 | ACA, ACS | 2,479,600 | 14 Yrs | 28.09.2015 | RAMKY | -- |
| 7 | Sri. K. Venkateshwarlu Sr. Project Manager | 44 | M.Tech Civil | 2,424,080 | 22 Yrs | 01.02.1999 | KMC | -- |
| 8 | Sri. D. Tirupathi Reddy Chief General Manager (Projects) | 54 | B.Tech Civil | 2,390,200 | 29 Yrs | 01.02.1999 | KMC | -- |
| 9 | Sri T.R. Rajendra Kumar Senior General Manager | 43 | B.Tech | 1,938,000 | 20 Yrs | 01.05.2010 | Matco | -- |
| 10 | Sri D.V. Arun Kumar Project Manager | 41 | B.Tech | 1,709,200 | 19 Yrs | 01.02.2005 | IVRCL | -- |

- 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 ₹ 1.50 lakhs;
- iii) In the financial year, there was increase of 0.81% in the median remuneration of employees;
- iv) There were 1017 employees on the rolls of Company as on March 31, 2017
- v) Relationship between average increase in remuneration and company performance: - The Profit before tax and exceptional items for the financial year ended March 31, 2017 increased by 34.81% whereas the increase in median remuneration was 0.81%
- vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:
The total remuneration of Key Managerial Personnel was ₹ 640.84 lakhs whereas the Profit before tax was ₹ 16321.69 lakhs in 2016-17
- vii) a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2017 at NSE was ₹ 2,71,039.85 lakhs (₹ 1,43,401.52 lakhs as on March 31, 2016)
b) Price Earnings ratio of the Company at NSE was 17.24 as at March 31, 2017 and was 8.90 as at March 31, 2016;
- viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 25.16% whereas the increase in the managerial remuneration for the same financial year was 54.59%
- ix) The key parameters for any variable component of remuneration availed by the directors: Not applicable
- x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year – Not Applicable; and
- xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Policy on Sexual Harassment

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

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

General

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

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

Appreciation and Acknowledgements

Your Directors wish to place on record their gratitude to the Company's shareholders, customers, vendors and bankers for their continued support to KNRC'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

Place: Hyderabad
Date: 14-08-2017

ANNEXURE – I

Annual Report on Corporate Social Responsibility (CSR) activities for the FY 2016-17 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/knrcl_CSR.pdf |
| 2 | Average net profit of the Company for last three financial years | ₹ 8,755.87 Lakhs |
| 3 | Prescribed CSR Expenditure (two percent of the amount as in item 2 above) | ₹ 175.12 Lakhs |
| 4 | Details of CSR spent for the financial year 2016-17 | Details given below |
| | Total amount spent for the financial year 2016-17 | ₹ 27.15 Lakhs |
| | Cumulative unspent amount (including previous years) | ₹ 147.97 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:

| S No | CSR projects or activities identified | Sector in which the Project is covered | Projects or programs(1) Local area or other (2) Specify the State and district where projects or programs 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 | | 8.33 | 8.33 | By the Company |
| 2 | CC Road | Rural Infrastructure Development | Dammanpet Village, Warangal | 150.00 | 4.21 | 141.73 | By the Company |
| 3 | RO Drinking water facility | | Yedula | 1.26 | 1.26 | 1.26 | By the Company |
| 4 | School Furniture | Promotion of Education | Yedula | 10.85 | 10.85 | 10.85 | By the Company |
| 5 | Sponsorship for Participating in XXII world masters Athletics | Promotion of Sports | Palakkad | 2.00 | 2.00 | 2.00 | By the Company |
| 6 | Financial Assistance | Promotion of Education and Health | Palakkad | 0.50 | 0.50 | 0.50 | By the Company |
| Total | | | | 164.64 | 27.15 | 164.67 | |

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.”

K Narasimha Reddy
Managing Director

L B Reddy
Chairman, CSR Committee

Place : Hyderabad

Date : 14-08-2017

Annexure II

Secretarial Audit Report for the Financial Year Ended March 31, 2017

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, 2017 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, 2017 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;
- II. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1956 and the Regulations and the Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- V. The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (as amended from time to time);
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

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

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

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

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

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

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

We further report that:

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

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

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

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

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

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

For VCSR & Associates
Company Secretaries

(Ch.Veeranjaneyulu)

Partner
CP No. 6392

Place: Hyderabad

Date: 14-08-2017

(Annexure)

To
The Members
KNR CONSTRUCTIONS LIMITED
New Delhi

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

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

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

For VCSR & Associates
Company Secretaries

(Ch Veeranjanyulu)

Partner
CP NO. 6392

Place: Hyderabad
Date: 14-08-2017

Annexure III

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on March 31, 2017

[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:-

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

III. Particulars of holding, subsidiary and associate companies

– Attachment A

IV. Share holding pattern (equity share capital breakup as percentage of total equity)

- i) Category wise shareholding – Attachment B
- ii) Shareholding of Promoters – Attachment C
- iii) Change in Promoters' Shareholding – Attachment D
- iv) Shareholding Pattern of top ten Shareholders – Attachment E
(other than Directors, Promoters and Holders of GDRs and ADRs)
- 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/MTD – Attachment J

VII. Penalties / punishment/ compounding of offences

– Attachment K

Attachment - A

III. Particulars of holding, subsidiary and associate companies

| S. NO | NAME OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % of Holding | 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 | Patel KNR Heavy Infrastructures Limited | U70102TG2006PLC049949 | Associate Company | 40% | 2 (6) |
| 7 | Patel KNR Infrastructures Limited | U45201MH2006PLC162856 | Associate Company | 40% | 2 (6) |
| 8 | Mesmeric Software Solutions Private Limited | U72900TG2008PTC058813 | Subsidiary of KNRCHIPL | 100% | 2 (87) |
| 9 | Nag Talent Ventures And Infotech Private Limited | U7220TG2005PTC048640 | Subsidiary of KNRCHIPL | 100% | 2 (87) |
| 10 | Gradient Estates Private Limited | U70102TG2008PTC062280 | Subsidiary of KNRCHIPL | 100% | 2 (87) |
| 11 | Gradient Reality Ventures Private Limited | U70102TG2008PTC062313 | Subsidiary of KNRCHIPL | 100% | 2 (87) |
| 12 | Roche Polymers And Additives Private Limited | U24100TG2011PTC072948 | Subsidiary of KNRCHIPL | 100% | 2 (87) |
| 13 | Asara Construction And Projects Private Limited | U45209TG2007PTC056847 | Subsidiary of KNRCHIPL | 100% | 2 (87) |
| 14 | KNR Muzaffarpur Holdings Private Limited (KMHPL) | U65923TG2011PTC077094 | Subsidiary of KNRCHIPL | 100% | 2 (87) |
| 15 | KNR Muzaffarpur Barauni Tollway Private Limited | U45209TG2011PTC077925 | Subsidiary of KNRCHIPL | 51 % | 2 (87) |
| 16 | KNRCL FZE, UAE | NA | Wholly owned subsidiary | 100 % | 2 (87) |
| 17 | KNR Construcitons LLC, Oman | NA | Subsidiary | 65 % | 2 (87) |

Attachment B

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

i) Category-wise Share Holding

| S. No | Category of Shareholders | Shareholding at the beginning of the year - 2016 | | | | Shareholding at the end of the year - 2017 | | | | % 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 | 17,086,141 | 0 | 17,086,141 | 60.75 | 81,480,705 | 0 | 81,480,705 | 57.9450 | 2.81 |
| (b) | Central Government / State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any Other (Specify) | | | | | | | | | |
| | Sub Total (A)(1) | 17,086,141 | 0 | 17,086,141 | 60.75 | 81,480,705 | 0 | 81,480,705 | | |
| [2] | Foreign | | | | | | | | | |
| (a) | Individuals (Non-Resident Individuals / Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Foreign Portfolio Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | | | | | | | | | |
| | Sub Total (A)(2) | 0 | 0 | 0 | | 0 | 0 | 0 | | |
| | Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2) | 17,086,141 | 0 | 17,086,141 | 60.75 | 81,480,705 | 0 | 81,480,705 | | |
| (B) | Public Shareholding | | | | | | | | | |

| S. No | Category of Shareholders | Shareholding at the beginning of the year - 2016 | | | | Shareholding at the end of the year - 2017 | | | | % Change during the year |
|-------|---|--|----------|-----------|-------------------|--|----------|------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| [1] | Institutions | | | | | | | | | |
| (a) | Mutual Funds / UTI | 6,871,191 | 0 | 6,871,191 | 24.43 | 37,931,664 | 0 | 37,931,664 | 26.9751 | 2.545 |
| (b) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Alternate Investment Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Foreign Portfolio Investor | 981,511 | 0 | 981,511 | 3.49 | 6,455,362 | 0 | 6,455,362 | 4.5907 | 1.1007 |
| (f) | Financial Institutions / Banks | 2,426 | 0 | 2,426 | 0.01 | 17,610 | 0 | 17,610 | 0.0125 | 0.0025 |
| (g) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Provident Funds/ Pension Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) | Any Other (Specify) | | | | | | | | | |
| | Sub Total (B)(1) | 7,855,128 | 0 | 7,855,128 | 27.93 | 44,404,636 | 0 | 44,404,636 | | |
| [2] | Central Government/ State Government(s)/ President of India | | | | | | | | | |
| | Sub Total (B)(2) | 0 | 0 | 0 | | 0 | 0 | 0 | | |
| [3] | Non-Institutions | | | | | | | | | |
| (a) | Individuals | | | | | | | | | |
| (i) | Individual shareholders holding nominal share capital upto ₹ 1 lakh. | 1,284,418 | 14 | 1,284,432 | 4.56 | 6,158,627 | 70 | 6,158,697 | 4.3798 | 0.1802 |
| (ii) | Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1,083,401 | 0 | 1,083,401 | 3.85 | 4,491,925 | 0 | 4,491,925 | 3.1944 | 0.6556 |
| (b) | NBFCs registered with RBI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Employee Trusts | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Overseas Depositories (holding DRs) (balancing figure) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | | | | | | | | | |

| S. No | Category of Shareholders | Shareholding at the beginning of the year - 2016 | | | | Shareholding at the end of the year - 2017 | | | | % Change during the year |
|--------------------------------------|--|--|-----------|-------------------|-------------------|--|-----------|--------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| | Foreign Nationals | 0 | 0 | 0 | 0 | 5,750 | 0 | 5,750 | 0.0041 | 0.0041 |
| | Hindu Undivided Family | 51,993 | 0 | 51,993 | 0.18 | 299,013 | 0 | 299,013 | 0.2126 | 0.0326 |
| | Non Resident Indians (Non Repat) | 18,583 | 0 | 18,583 | 0.06 | 140,663 | 0 | 140,663 | 0.1 | 0.04 |
| | Non Resident Indians (Repat) | 54,817 | 0 | 54,817 | 0.19 | 377,139 | 0 | 377,139 | 0.2682 | 0.0782 |
| | Office bearer | 270 | 0 | 270 | 0 | | | | | |
| | Clearing Member | 25,817 | 0 | 25,817 | 0.09 | 143,074 | 0 | 143,074 | 0.1017 | 0.0117 |
| | Bodies Corporate | 662,878 | 0 | 662,878 | 2.35 | 3,115,698 | 0 | 3,115,698 | 2.2157 | 0.1343 |
| | Sub Total (B)(3) | 3,182,177 | 14 | 3,182,191 | 11.31 | 14,731,889 | 70 | 14,731,959 | | |
| | Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3) | 11,037,305 | 14 | 11,037,319 | 39.24 | 59,136,525 | 70 | 59,136,595 | | |
| | Total (A)+(B) | 28,123,446 | 14 | 28,123,460 | 100.00 | 140,617,230 | 70 | 140,617,300 | | |
| (C) Non Promoter - Non Public | | | | | | | | | | |
| [1] | Custodian/DR Holder | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| [2] | Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total (A)+(B)+(C) | 28,123,446 | 14 | 28,123,460 | 100.00 | 140,617,230 | 70 | 140,617,300 | 100.00 | |

* face value of each equity shares of ₹ 10/- each has been subdivided in to 5 equity shares of ₹ 2/- each w.e.f 13.12.2016 (Record date 14.12.2016)

Attachment C

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

ii. Shareholding of Promoter

| S. No | Shareholders Name | Shareholding at the beginning of the year - 2016 | | | Shareholding at the end of the year – 2017 | | | % 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 | 9,798,719 | 34.8418 | 0 | 45,743,595 | 32.5306 | 0 | -2.3112 |
| 2 | Jalandhar Reddy Kamidi | 4,025,921 | 14.3152 | 0 | 19,629,605 | 13.9596 | 0 | -0.3556 |
| 3 | Kamidi Yashoda | 1,761,501 | 6.2635 | 0 | 8,807,505 | 6.2635 | 0 | 0 |
| 4 | Mereddy Rajesh Reddy | 1,500,000 | 5.3336 | 0 | 7,300,000 | 5.1914 | 0 | -0.1422 |
| | Total | 17,086,141 | 60.7541 | 0 | 81,480,705 | 57.945 | 0 | -2.8091 |

* face value of each equity shares of ₹ 10/- each has been subdivided in to 5 equity shares of ₹ 2/- each w.e.f 13.12.2016 (record date 14.12.2016)

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)

| S. No. | Name & Type of Transaction | Shareholding at the beginning of the year – 2016 | | Transactions during the year | | Cumulative Shareholding at the end of the year – 2017 | |
|--------|----------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | 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 | 9,798,719 | 34.8418 | | | | |
| | Transfer | | | 25 July 2016 | 650,000 | 9,148,719 | 32.5306 |
| | Transfer | | | 23 Dec 2016 | 45,743,595 | 45,743,595 | 32.5306 |
| | At the end of the year | | | | | 45,743,595 | 32.5306 |
| 2 | Jalandhar Reddy Kamidi | 4,025,921 | 14.3152 | | | | |
| | Transfer | | | 25 July 2016 | 100,000 | 3,925,921 | 13.9596 |
| | Transfer | | | 23 Dec 2016 | 19,629,605 | 19,629,605 | 13.9596 |
| | At the end of the year | | | | | 19,629,605 | 13.9596 |
| 3 | Kamidi Yashoda | 1,761,501 | 6.2635 | | | | |
| | Transfer | | | 23 Dec 2016 | 8,807,505 | 8,807,505 | 6.2635 |
| | At the end of the year | | | | | 8,807,505 | 6.2635 |
| 4 | Mereddy Rajesh Reddy | 1,500,000 | 5.3336 | | | | |
| | Transfer | | | 23 Dec 2016 | 7,300,000 | 7,300,000 | 5.1914 |

* face value of each equity shares of ₹ 10/- each has been subdivided in to 5 equity shares of ₹ 2/- each w.e.f 13.12.2016 (record date 14.12.2016)

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):

| S. No. | Name & Type of Transaction | Shareholding at the beginning of the year - 2016 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2017 | |
|--------|--|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | 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 – CAP Opportunities Fund | 2,347,797 | 8.3482 | | | | |
| | Transfer | | | 23 Dec 2016 | 9,391,188 | 11738,985 | 8.3482 |
| | Transfer | | | 17 Feb 2017 | (765,000) | 10,973,985 | 7.8041 |
| | Transfer | | | 24 Mar 2017 | (500,000) | 10,473,985 | 7.4486 |
| | At the end of the year | | | | | 10,473,985 | 7.4486 |
| 2 | ICICI Prudential Infrastructure Fund | 961,719 | 3.4196 | | | | |
| | Transfer | | | 23 Dec 2016 | 5,910,926 | 6,872,645 | 4.8875 |
| | Transfer | | | 06 Jan 2017 | 76,600 | 6,949,245 | 4.9420 |
| | Transfer | | | 13 Jan 2017 | 1,276 | 695,0521 | 4.9429 |
| | Transfer | | | 03 Feb 2017 | 334,395 | 728,4916 | 5.1807 |
| | Transfer | | | 24 Feb 2017 | 5,204 | 7,290,120 | 5.1844 |
| | Transfer | | | 03 Mar 2017 | 130,042 | 7,420,162 | 5.2768 |
| | Transfer | | | 10 Mar 2017 | 56,544 | 7,476,706 | 5.3171 |
| | Transfer | | | 17 Mar 2017 | 12,230 | 7,488,936 | 5.3258 |
| | Transfer | | | 24 Mar 2017 | 552,096 | 8,041,032 | 5.7184 |
| | Transfer | | | 31 Mar 2017 | 21,269 | 8,062,301 | 5.7335 |
| | At the end of the year | | | | | 806,2301 | 5.7335 |
| 3 | DSP Blackrock India T.I.G.E.R. Fund | 296,467 | 1.0542 | | | | |
| | Transfer | | | 23 Dec 2016 | 6,028,095 | 6,028,095 | 4.2869 |
| | Transfer | | | 31 Mar 2017 | 416481 | 6,444,576 | 4.5831 |
| | At the end of the year | | | | | 6,444,576 | 4.5831 |
| 4 | TATA Equity opportunities Fund | 1,402,600 | 4.9873 | | | | |
| | Transfer | | | 23 Dec 2016 | 5,217,400 | 6,620,000 | 4.7078 |
| | Transfer | | | 03 Feb 2017 | (100,000) | 6,520,000 | 4.6367 |
| | Transfer | | | 24 Feb 2017 | (22,500) | 6,497,500 | 4.6207 |
| | Transfer | | | 31 Mar 2017 | (210,000) | 6,287,500 | 4.4714 |
| | At the end of the year | | | | | 6,287,500 | 4.4714 |

| S. No. | Name & Type of Transaction | Shareholding at the beginning of the year - 2016 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2017 | |
|--------|---|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. Of Shares Held | % Of Total Shares Of The Company | Date Of Transac-Tion | No. Of Shares | No Of Shares Held | % Of Total Shares Of The Company |
| 5 | HSBC Global Investment Funds - Asia Ex Japan Equity Smaller Companies | 0 | 0.0000 | | | | |
| | Transfer | | | 23 Dec 2016 | 39325 | 39325 | 0.0280 |
| | Transfer | | | 20 Jan 2017 | 3597439 | 3636764 | 2.5863 |
| | Transfer | | | 27 Jan 2017 | (35391) | 3601373 | 2.5611 |
| | Transfer | | | 03 Feb 2017 | (245324) | 3356049 | 2.3867 |
| | Transfer | | | 17 Feb 2017 | 765207 | 4121256 | 2.9308 |
| | At the end of the year | | | | | 4121256 | 2.9308 |
| 6 | Franklin India Smaller Companies Fund | 507,577 | 1.8048 | | | | |
| | Transfer | | | 23 Dec 2016 | 2002603 | 2510180 | 1.7851 |
| | Transfer | | | 20 Jan 2017 | (25018) | 2485162 | 1.7673 |
| | Transfer | | | 27 Jan 2017 | (100) | 2485062 | 1.7673 |
| | Transfer | | | 03 Feb 2017 | (16331) | 2468731 | 1.7556 |
| | Transfer | | | 10 Feb 2017 | (1857) | 2466874 | 1.7543 |
| | At the end of the year | | | | | 2466874 | 1.7543 |
| 7 | L&T Mutual Fund Trustee Limited-L&T Business Cycles Fund | 744,233 | 2.6463 | | | | |
| | Transfer | | | 23 Dec 2016 | 1357367 | 2101600 | 1.4946 |
| | At the end of the year | | | | | 2101600 | 1.4946 |
| 8 | TATA Aia Life Insurance Co Ltd-Whole Life Mid Cap Equity Fund-Ulif 009 04/01/07 Wle 110 | 275,607 | 0.9800 | | | | |
| | Transfer | | | 23 Dec 2016 | 1101317 | 1376924 | 0.9792 |
| | At the end of the year | | | | | 1376924 | 0.9792 |
| 9 | Sarah Faisal Hawa | 237,097 | 0.8431 | | | | |
| | Transfer | | | 16 Dec 2016 | 948388 | 1185485 | 0.8431 |
| | At the end of the year | | | | | 1185485 | 0.8431 |
| 10 | Prakash Peraje Pai | 185,640 | 0.6594 | | | | |
| | Transfer | | | 16 Dec 2016 | 908830 | 908830 | 0.6463 |
| | Transfer | | | 10 Mar 2017 | (8830) | 900000 | 0.6400 |
| | At the end of the year | | | | | 900000 | 0.6400 |

| S. No. | Name & Type of Transaction | Shareholding at the beginning of the year - 2016 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2017 | |
|--------|----------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. Of Shares Held | % Of Total Shares Of The Company | Date Of Transac-Tion | No. Of Shares | No Of Shares Held | % Of Total Shares Of The Company |
| 11 | New Vernon India Limited | 269,268 | 0.9574 | | | | |
| | Transfer | | | 23 Dec 2016 | 577,072 | 846,340 | 0.6019 |
| | At the end of the year | | | | | 846,340 | 0.6019 |

* face value of each equity shares of ₹ 10/- each has been subdivided in to 5 equity shares of ₹ 2/- each w.e.f 13.12.2016 (record date : 14.12.2016)

Attachment F

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

v) Shareholding of Directors and Key Managerial Personnel:

| | | Opening 01.04.2016 | | | Closing 31.03.2017 | | | Increase/ (Decrease) in share holding |
|---|----------------------------|--------------------|----------------------------------|---|--------------------|----------------------------------|---|---------------------------------------|
| | | 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 | 9,798,719 | 34.8418 | NIL | 45,743,595 | 32.5306 | NIL | (650,000) |
| 2 | Jalandhar Reddy Kamidi | 4,025,921 | 14.3152 | NIL | 19,629,605 | 13.9596 | NIL | (100,000) |
| 3 | K. Yashoda | 1,761,501 | 6.2635 | NIL | 8,807,505 | 6.2635 | NIL | 0 |
| 4 | Merreddy Rajesh Reddy | 1,500,000 | 5.3336 | NIL | 7,300,000 | 5.1914 | NIL | (200,000) |
| 5 | Bandhakavi Venkata Ramarao | 0 | 0 | NIL | 0 | 0 | NIL | 0 |
| 6 | Lodugu Balaram Reddy | 0 | 0 | NIL | 0 | 0 | NIL | 0 |
| 7 | M V Venkata Rao | 270 | Nil | NIL | 1350 | Nil | NIL | 0 |
| | Total | 17,086,411 | 60.7541 | | 81,482,055 | 57.9451 | | |

* face value of each equity shares of ₹ 10/- each has been subdivided in to 5 equity shares of ₹ 2/- each w.e.f 13.12.2016 (record date : 14.12.2016)

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

(Amount in ₹)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|--|----------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 112,213,891 | 785,000,000 | - | 897,213,891 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 391,902 | 4,801,216 | - | 5,193,118 |
| Total (i+ii+iii) | 112,605,793 | 789,801,216 | - | 902,407,009 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 331,764,416 | 464,250,046 | | 796,014,462 |
| * Reduction | 219,554,183 | 33,099,841 | | 252,654,024 |
| Net Change | 112,210,233 | 431,150,205 | - | 543,360,438 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 224,424,124 | 1,216,150,205 | - | 1,440,574,329 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 1,155,084 | 2,078,734 | - | 3,233,818 |
| Total (i+ii+iii) | 225,579,208 | 1,218,228,939 | - | 1,443,808,147 |

Attachment H
Remuneration Of Directors And Key Managerial Personnel-
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

| S. No | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total |
|----------|---|-------------------------|-------------------|--------------------|
| | | 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 | 36,000,000 | 24,000,000 | 60,000,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | 82,729 | 82,729 |
| | (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 | 36,000,000 | 24,082,729 | 60,082,729 |
| | Overall Ceiling as per the Act | | | 179,818,978 |

Attachment I

Remuneration Of Directors And Key Managerial Personnel- B. Remuneration to other directors

(Amount in ₹)

| S. No | Particulars of Remuneration | Name of Directors | | | Total |
|----------|--|-------------------|-----------|-----------|-----------|
| | | B V Rama Rao | L B Reddy | K Yashoda | |
| 1 | Independent Directors | Yes | Yes | No | |
| | Fee for attending board committee meetings | 1,125,000 | 1,125,000 | - | 2,250,000 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | 1,125,000 | 1,125,000 | - | 2,250,000 |
| 2 | Other Non-Executive Directors | | | | |
| | Fee for attending board committee meetings | - | - | 325,000 | 325,000 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (2) | - | - | 325,000 | 325,000 |
| | Total | 1,125,000 | 1,125,000 | 325,000 | 2,575,000 |

Attachment J

Remuneration Of Directors And Key Managerial Personnel- C. Remuneration To Key Managerial Personnel Other Than Md/Manager/WTD

(Amount in ₹)

| S. No | Particulars of Remuneration | Key Managerial Personnel | | Total |
|----------|---|--------------------------|-----------|-----------|
| | | CS | VP (F&A) | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,200,000 | 2,700,000 | 3,900,000 |
| | (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 | 72,000 | - | 72,000 |
| | - Group Gratuity | 28,846 | - | 28,846 |
| | Total | 1,300,846 | 2,700,000 | 4,000,846 |

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 | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| 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
 - o the Company;
 - o the financial statements;
 - o compliance with laws;
 - o relationship with customers, suppliers and other stakeholders;
- Delegation of appropriate authority to the committees / executive directors / senior

executives of the company for effective management of operations

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

Seven Board Meetings were held during the year 2016-2017. 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:

| S. No. | Dates | Board Strength | No. of Directors Present |
|--------|--------------|----------------|--------------------------|
| 1 | 30.05.2016 | 5 | 3 |
| 2 | 14.08.2016 | 5 | 5 |
| 3 | 30.09.2016 | 5 | 4 |
| 4 | 14.11.2016 | 5 | 5 |
| 5 | 30.11.2016 | 5 | 4 |
| 6 | 13.02.2017 | 5 | 4 |
| 7 | 10.03.2017 * | 2 | 2 |

* meeting of independent directors only

Attendance of Directors at the Board Meetings, last Annual General Meeting (AGM) and number of other directorships and chairmanships / memberships of each Director in various companies as on March 31, 2017 is as under:

| Name | Attendance of the meetings during the Year | | No. of other Directorships ^ | No. of Memberships / chairmanships of other companies @ |
|-------------------------|--|----------|------------------------------|---|
| | Board Meetings | Last AGM | | |
| Shri B. V. Rama Rao | 7 | Yes | Nil | Nil |
| Shri L. B. Reddy | 7 | Yes | 1 | Nil |
| Shri K. Narasimha Reddy | 6 | Yes | 3 | Nil |
| Shri K. Jalandhar Reddy | 3 | Yes | 1 | Nil |
| Smt. K Yashoda | 4 | No | Nil | Nil |

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

@ in accordance with 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 the our company's website www.knrcil.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 10th March 2017 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 2016-17 | |
|---------------------|--|----------|
| | Held | Attended |
| Shri B. V. Rama Rao | 1 | 1 |
| Shri L. B. Reddy | 1 | 1 |

Details of Directors

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

Shri B. V. Rama Rao, aged 77 years, is Non-Executive and Independent Chairman of our Company. He holds a Masters Degree in Economics from Osmania University, Master's in Public Administration from Kennedy School of Government, Harvard, USA and was also conferred the title of Overseas Fellow Member of the Economic Development Institute, by the World Bank. Shri B V Rama Rao joined the Indian Administrative Service in 1973 and has over 34

years of experience in areas such as development, administration and industrial management. During his stint with the Indian Administrative Service, Shri B V Rama Rao has served in various positions including Chief Secretary to the Government of Andhra Pradesh and Chairman and Managing Director, Nizam Sugars Limited until his retirement in 1997.

Shri B V Rama Rao joined the Board of Directors of the Company with effect from 26th December 2005 and he is currently the Chairman of the Board and Member of Audit Committee, 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, 2017

Shri L. B Reddy, aged 75 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, 2017

Shri K. Narasimha Reddy aged 69 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 48 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 Energy Limited, KNR Muzaffarpur Holdings Private Limited, KNRC Holdings and Investments Private Limited, KNR Muzaffarpur Barauni Tollway Private Limited, KNR Walayar Tollways Private Limited, Roche Polymers & Additives Private Limited, Gradient Realty Ventures Private Limited, Gradient Estates Private Limited, Asara Constructions & Projects Private Limited and Trapezoid Software Solutions Private Limited as on March 31, 2017

Shri Narasimha Reddy is holding 4,57,43,595 Equity Shares in the Company as on March 31, 2017.

Smt. K Yashoda, aged 65 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, as on 31st March 2016

Smt. K Yashoda is holding 88,07,505 Equity Shares in the Company as on March 31, 2017.

Shri K Jalandhar Reddy, aged 46 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 20 years of experience in the roads and infrastructure sector. He started his career with KNR Constructions as a project manager and was elevated as Executive Director from the year 1997. He heads the tendering and bidding activities of the company, as also is in charge of the projects of the Company which are executed in Southern India

Shri Jalandhar Reddy is presently the Executive Director of KNR Constructions Limited and Director of KNR Infrastructures Projects Private Limited, Vishnu Publicity Solutions Private Limited, Trapezoid Software Solutions Private Limited, Mesmeric Software Solutions Private Limited, KNR Agrotech and Beverages Private Limited, Nag Talent Ventures & Infotech Private Limited, KNR Energy Limited, KNR Muzaffarpur Holdings Private Limited, KNRC Holdings and Investments Private Limited, Siriadhvaitha Agrotech Private Limited, KNR Muzaffarpur Barauni Tollway Private Limited, KNR Walayar Tollways Private Limited, Roche Polymers & Additives Private Limited,

Gradient Realty Ventures Private Limited, Gradient Estates Private Limited and Asara Constructions & Projects Private Limited as on March 31, 2017

Shri Jalandhar Reddy is holding 1,96,29,605 Equity Shares in the Company as on March 31, 2017.

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

Attendance of the members at the Audit Committee Meetings:

During the current financial year 2016-2017 Four Audit Committee Meetings were held and the details of the Audit Committee Meetings are as under:-

| S. No. | Dates | Committee Strength | No. of Directors Present |
|--------|------------|--------------------|--------------------------|
| 1 | 30.05.2016 | 3 | 2 |
| 2 | 14.08.2016 | 3 | 3 |
| 3 | 14.11.2016 | 3 | 3 |
| 4 | 13.02.2016 | 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 / achievements bonus and perquisites payable to Wholtime 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 2016-2017:

(Amount in ₹)

| Name | Position | Sitting Fee | Salary & Perquisite | Total |
|--|---------------------|-------------|---------------------|-------------|
| Independent Directors / Non Executive Directors | | | | |
| Shri B. V. Rama Rao | Chairman / Director | 11,25,000 | – | 11,25,000 |
| Shri L. B. Reddy | Director | 11,25,000 | – | 11,25,000 |
| Smt. K Yashoda | Director | 325,000 | - | 325,000 |
| Wholetime Directors | | | | |
| Shri K. Narasimha Reddy | Managing Director | – | 3,60,00,000 | 3,60,00,000 |
| Shri K. Jalandhar Reddy | Executive Director | – | 2,40,82,729 | 2,40,82,729 |

Shares held by the Non-Executive Directors as on March 31, 2017 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 | 88,07,505 |

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;

- (iv) Review of cases for refusal of transfer / transmission of shares and debentures;
- (v) Reference to statutory and regulatory authorities regarding investor grievances;
- (vi) And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

Shareholders complaints Status:

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

Name and designation of Compliance Officer

Mr. M. V. Venkata Rao, Company Secretary
 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 |
|----------------|----------------------------------|--|
| 2013-14 | 30th September 2014 11:30 a.m | Hotel Maple Emerald, NH-8, Rajokri, New Delhi – 110038 |
| 2014-15 | 30th September 2015 11:00 a.m | Hotel Maple Emerald, NH-8, Rajokri, New Delhi – 110038 |
| 2015-16 | 30th September 2016 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 20.10.2016 were passed on 29.11.2016 through postal ballot which related to following items:

1. Sub-division of Nominal Value of Equity Shares from ₹ 10 to ₹ 2 each
2. Alteration of Capital Clause of Memorandum of Association of the Company

3. Adoption of new set of Articles of Association
4. Revision of Remuneration to Shri K Narasimha Reddy, Managing Director
5. Revision of Remuneration to Shri K Jalandhar Reddy, Executive Director

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.

6. DISCLOSURES;

a. Related Party Transactions

During the year ended March 31, 2017, there were no materially significant related party transactions, which could have potential conflict with the Company's interests at large. Statement in summary form of transactions with related parties is placed before the audit committee for review. All related party transactions are negotiated on an arms length basis, and are intended to further the Company's interests. In compliance with the accounting standard 18, transactions with related parties are disclosed in the notes to accounts.

b. Details of non-Compliance etc

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

c. Disclosure of Accounting Treatment

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

d. Board Disclosures

i. Risk Management

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

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

The risks are being identified by a detailed study. Senior Management are analysing and working in mitigating them through co-ordination among the various departments. Insurance coverage and

personal accident coverage for lives of all employees are also being taken.

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

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

ii. Internal Control System

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

e. Code of Conduct

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

f. CEO / CFO Certification

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

7. Compliance with Non-mandatory requirements

- a. **Non-Executive Chairman's Office:** The Company doesn't maintain any office of the Non-executive chairman and any expenditure incurred by him in performance of his duties will be reimbursed by the Company.

- b. **Tenure of Independent Directors:** In terms of the Governance Policy of the Company, all Directors including Independent Directors except Managing Director are appointed / re-appointed for a period of five years or a shorter duration in accordance with retirement guidelines as determined by the Board from time to time. No maximum tenure for Independent Directors has been specifically determined by the Board.

- c. **Remuneration Committee:** The Company has a Remuneration Committee under the nomenclature "Remuneration Committee", the details of which are provided in this Report under the section "Committees of Board – Remuneration Committee"

- d. **Shareholders Rights:** The Quarterly, half-yearly and annual financial results of the Company are published in newspapers on all India basis and complete set of annual report is sent to every Shareholder of the Company

- e. **Audit Qualifications:** During the financial year 2016-2017, there are no audit qualifications in the Company's standalone financial statements. However in respect of Consolidated financial, in respect of 2 subsidiaries and 1 Joint Venture whose financial statements were not audited by their auditors.

Management Reply : The Financial impact of the audit qualification is already factored in the consolidated financial statements and no further financial impact is envisaged by the Company

- f. **Training of Board Members:** Strategic supervision of the Company is the responsibility of the Board. To achieve this, the Board undertakes periodic review of various matters including business-wise performance and related matters, risk management, borrowings, internal & external audit findings etc., Directors are also briefed on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic development.

- g. **Mechanism for evaluation of Non-Executive Directors:** The role of the Board of Directors is to provide direction and exercise control to ensure that the

Company is managed in a manner that fulfills stakeholders' aspirations and societal expectations. The Board has not evolved any method/mechanism for appointment of non-executive directors.

- h. **Whistle Blower Policy:** The Company encourages open door policy where every employee have access to the Head of the Business / Department, employees are free to report existing / probable violation of laws, regulations or unethical conduct in the organization.

8. Means of Communication

Quarterly results:

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

News releases, presentations, among others:

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

Presentations to institutional investors / analysts:

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

Website:

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

Annual Report:

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

Management Discussion and Analysis (MDA) Report

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

Disclosures to Stock Exchanges:

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

NSE Electronic Application Processing System (NEAPS):

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

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

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

SEBI Complaints Redress System (SCORES):

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

Dedicated e-mail ID

Investors@knrcl.com

9. General shareholders information

| | | | | |
|------|--|----------------|---|--|
| i. | Annual Meeting | General | : | 22nd Annual General Meeting Thursday the 28th September 2017 |
| | Time | | : | 11.00 AM |
| | Venue | | : | Hotel Mappel Emerald, NH-8, Rajkora, New Delhi - 110038 |
| ii. | Financial Year | | : | April 01, 2016 to March 31, 2017 |
| iii. | Book closure dates | | : | 23rd September 2017 to 28th September 2017 (both days inclusive) |
| iv. | Dividend date | Payment | : | NA |
| v. | Financial Calendar for the year 2017-2018 | | | |
| | Financial Reporting for the first quarter ended 30th June 2017 | | : | on or before 14th August 2017 |

| | | |
|--|---|---------------------------------|
| Financial Reporting for the second quarter / half-year ended 30th September 2017 | : | on or before 14th November 2017 |
| Financial Reporting for the third quarter / nine months ended 31st December 2017 | : | on or before 14th February 2018 |
| Financial Reporting for the fourth quarter / year ended 31st March 2018 | : | on or before 30th May 2018 |

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 |
| 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 2016-17 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 2016-17 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

c. Corporate Identity Number (CIN)

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

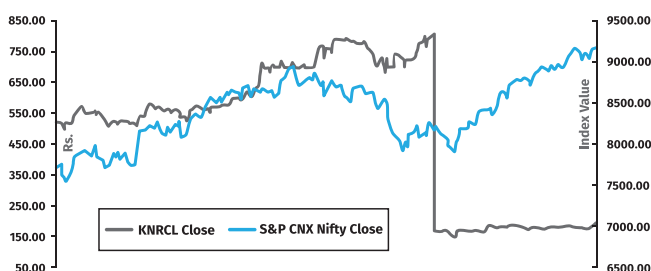
viii. Market Price Data:

| Month | BSE Limited, (BSE) | | National Stock Exchange of India Limited (NSE) | |
|----------------|--------------------|-----------|--|-----------|
| | High Price | Low Price | High Price | Low Price |
| April 2016 | 574.50 | 494.25 | 575.00 | 493.00 |
| May 2016 | 576.90 | 503.00 | 560.00 | 503.05 |
| June 2016 | 585.20 | 520.00 | 587.00 | 518.00 |
| July 2016 | 602.65 | 543.00 | 604.00 | 546.05 |
| August 2016 | 726.40 | 575.00 | 725.00 | 576.05 |
| September 2016 | 786.70 | 675.25 | 788.45 | 665.05 |
| October 2016 | 819.90 | 740.00 | 820.00 | 746.10 |
| November 2016 | 787.00 | 625.00 | 796.35 | 570.00 |
| December 2016 | 814.90 | 148.00 | 849.00 | 147.00 |
| January 2017 | 201.70 | 166.00 | 201.90 | 165.50 |
| February 2017 | 191.45 | 169.00 | 190.90 | 167.50 |
| March 2017 | 200.00 | 173.00 | 194.00 | 172.65 |

* face value of each equity shares of ₹ 10/- each has been subdivided in to 5 equity shares of ₹ 2/- each w.e.f 13.12.2016. (record date: 14.12.2016)

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

KNRCL - S&P Nifty Price Chart



KNRCL - BSE Sensex Price Chart



* face value of each equity shares of ₹ 10/- each has been subdivided in to 5 equity shares of ₹ 2/- each w.e.f 13.12.2016. (record date: 14.12.2016)

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 4725 Equity Shares are lying in the suspense account as on March 31, 2017

Secretarial Audit

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

xii. Distribution of shareholding as on March 31, 2017

| Range | | No. of Shareholders | | No of shares held | |
|--------------|-----------|---------------------|-----------------|-------------------|-----------------|
| From | To | Number | % of total | Number | % of total |
| 1 | 500 | 8429 | 75.1583 | 1302431 | 0.9262 |
| 501 | 1000 | 1099 | 9.7994 | 870053 | 0.6187 |
| 1001 | 2000 | 845 | 7.5346 | 1195495 | 0.8502 |
| 2001 | 3000 | 330 | 2.9425 | 832283 | 0.5919 |
| 3001 | 4000 | 101 | 0.9006 | 350978 | 0.2496 |
| 4001 | 5000 | 98 | 0.8738 | 473671 | 0.3369 |
| 5001 | 10000 | 131 | 1.1681 | 959430 | 0.6823 |
| 10001 | And above | 182 | 1.6228 | 134632959 | 95.7442 |
| Total | | 11215 | 100.0000 | 140617300 | 100.0000 |

xiii. Pattern of Shareholding as on March 31, 2017

| | Category | Total Shares | Total Holders | Total Percent |
|----|---|------------------|---------------|---------------|
| 1 | Clearing Members | 143074 | 143 | 0.1017 |
| 2 | Other Bodies Corporate | 3115698 | 212 | 2.2157 |
| 3 | Financial Institutions | 15297 | 1 | 0.0109 |
| 4 | Hindu Undivided Family | 299013 | 256 | 0.2126 |
| 5 | Mutual Funds | 37931664 | 36 | 26.9751 |
| 6 | Non Nationalised Banks | 2313 | 1 | 0.0016 |
| 7 | Foreign Nationals | 5750 | 1 | 0.0041 |
| 8 | Non Resident Indians | 377139 | 354 | 0.2682 |
| 9 | Non Resident (Non Repatriable) | 140663 | 101 | 0.1000 |
| 10 | Public | 10650622 | 10090 | 7.5742 |
| 11 | Promoters | 81480705 | 4 | 57.9450 |
| 12 | Foreign Portfolio Investors (Corporate) | 6455362 | 16 | 4.5907 |
| | TOTAL | 140617300 | 11215 | 100.00 |

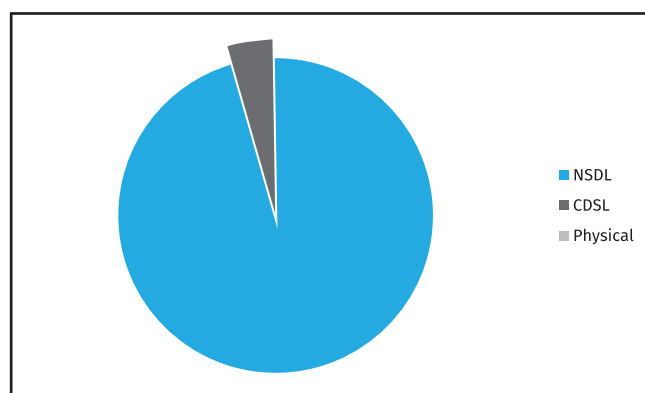
xiv. Dematerialisation of Shares & Liquidity

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

As on March 31, 2017 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, 2017

| | No. of Shares | % of Total |
|--------------|--------------------|---------------|
| NSDL | 134,120,137 | 95.38 |
| CDSL | 6,497,093 | 4.62 |
| Physical | 70 | 0.00 |
| Total | 140,617,300 | 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 ₹ * |
|------|------------------|--------------------|---------------------|-----------------------|---------------|
| 2010 | Final | 2.00 | 29.09.2010 | 29.10.2017 | 57984.00 |
| 2011 | Final | 2.00 | 22.09.2011 | 22.10.2018 | 68620.00 |
| 2012 | Final | 1.00 | 08.08.2012 | 08.09.2019 | 29467.00 |
| 2013 | Final | 1.00 | 14.09.2013 | 14.10.2020 | 25229.00 |
| 2014 | Final | 1.00 | 30.09.2014 | 30.10.2021 | 44519.00 |
| 2015 | Final | 1.00 | 30.09.2015 | 30.10.2022 | 19047.00 |
| 2016 | Interim | 1.00 | 15.03.2016 | 15.04.2023 | 23081.00 |

* as on March 31, 2017

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, 2017.

For KNR Constructions Limited

K Narasimha Reddy
Managing Director

Place: Hyderabad
Date: 14-08-2017

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
KNR Constructions Limited

We have examined the compliance of conditions of Corporate Governance by M/s. KNR Constructions Limited ("the company") for the year ended March 31, 2017, as per the provisions of regulations 17-27, 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 ("Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

We further 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.

Restrictions on Use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For Sukumar Babu & Co
Chartered Accountants

C. Sukumar Babu
Partner
Membership No. 024293

Place: Hyderabad
Date: 14-08-2017

CEO and CFO Compliance Certificate

In relation to the Audited Financial Accounts of the Company as at March 31, 2017, 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

Place: Hyderabad
Date: 14-08-2017

K Jalandhar Reddy
Executive Director & CFO
S Vaikuntanathan
VP (F&A)

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 | 2016-17 |
| 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 | The company undertakes road, bridge, irrigation construction activities at various locations in India, depending upon contract received from the clients |
| | 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 Millions |
| 2 | Total Turnover (INR) | ₹ 15,410.53 Millions |
| 3 | Total profit after taxes (INR) | ₹ 1,572.51 Millions |
| 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 |

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@knrcl.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? | | | | | | | | | |
| | Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 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.knrcl.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 |

(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 March 31, 2017. | 1,017 |
| 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. | 10 |
| 4 | Number of permanent employees with disabilities | 2 |
| 5 | Employee association | Nil |
| 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 68 GETs and 35 DETs at various sites.</p> <p>Health Awareness Programmes</p> <p>During the FY 2016-17, the Company has also conducted health programme viz. Cardio Camp and General Check up 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. |
| 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 undertaken by the Company is provided in the annexure I 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. | ₹ 16.49 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 behaviour 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 Auditors' Report

To the Members of
KNR Constructions Limited

Report on the Standalone 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 March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 control 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the

Act, we give in “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit.
- c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act have been dealt with in audited by the us.
- d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- e) 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 Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
- f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its material financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on the audit procedures performed and the representation provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Company. However as stated in the note 12.3 to the financial statements and as represented to us by the management during the aforesaid period ₹ 77.63 Lakhs has been utilized for other than permitted transactions and ₹ 12.08 Lakhs has been received from other than permitted transactions.

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

Place: Hyderabad
Date: 30-05-2017

C. Sukumar Babu
Partner
Membership No: 024293

Annexure-A to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date)

- i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.
- c) According to the information provided to us, the title deeds of immovable properties, as disclosed in Note 3 and 3.1 to standalone financial statements are held in the name of the company except the following assets.

| Total Number of cases (Lands) | Whether leasehold / freehold | Gross block and net block as on 31-03-17 (₹ in Lakhs) | Remarks |
|-------------------------------|------------------------------|---|---|
| 33 | Freehold | 660.64 | Lands are registered in the name of directors, relatives of directors for and on behalf of the company due to restrictions in registration of the lands in the name of the Company, by the land laws of respective states in which the land is situated.* |

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

- ii. As explained to us, inventories have been physically verified at regular intervals during the year by the management and no material discrepancies were noticed on physical verification. In our opinion, having regard to the nature of business and location of inventory, the frequency of verification is reasonable.
- iii. a) The Company has granted un-secured loans and advances to subsidiaries and associates during the year and the maximum amount involved during the period and the balances of said loans/advance were aggregating to ₹ 2055.99 Lakhs and ₹ 658.50 Lakhs respectively.

- b) There are no specific agreements for these transactions except in the case of two subsidiaries and one associate which state that the interest free unsecured loans are to be granted as per the terms and conditions of common loan agreements entered into by the subsidiary company with its lenders. In all other cases un-secured loans are given on an account basis. In the absence of agreements for these loans/advances, the terms and conditions and their impact on the interests of the Company cannot be ascertained. Hence, the question of regularity of payment of principal and interest does not arise.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. According to the information and explanations 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 and rules framed there under, where applicable, during the year.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies(Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section(1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost 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 or complete.
- vii. According to the information and explanations given to us, in respect of records of statutory dues:
 - a) The company, has been regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax,

Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Sales Tax, Cess, and other statutory dues applicable to it, to 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, Value added Tax, Sales Tax, Cess, and other statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- c) The 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 dues | Amount (Rupees in lakhs) | Period to which the amount Name relates | Forum where dispute is pending |
|--|--------------------------------|-----------------------------|---|--|
| Income Tax Act, 1961 | Income Tax | Tax paid under protest | F.Y 2006-07 | Income Tax Appellate Tribunal, Hyderabad. |
| Income Tax Act, 1961 | Interest on TDS delay payments | 9.86 | F.Y 2009-10 | Deputy Commissioner of Income Tax, Circle 14(2), Hyderabad |
| Andhra Pradesh Value Added Tax Act, 2005 | VAT | 45.35 | F.Y 2010-11 | Appellate Deputy Commissioner (C.T), Hyderabad. |
| Madhya Pradesh Value Added Tax Act, 2002 | VAT | 34.97 | F.Y 2014-15 | Additional Commissioner of Appeals – Gwalior |
| | Entry Tax | 41.13 | F.Y 2010-11 | Commissioner of Appeals - Gwalior |
| | Entry Tax | 182.88 | F.Y 2014-15 | Additional Commissioner of Appeals - Gwalior |
| Sales tax and VAT laws | Entry Tax | 28.87 | F.Y 2009-10 to 11-12 | Odisha High Court |

- viii. During the year the company has not defaulted in repayment of loans or borrowing to the bank. The company has not issued debentures.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have applied by the company during the year for the purposes for which they were raised.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds by the company or on the company by its officers or employees has been noticed or reported during the period under audit.
- xi. According to the information provided to us, and based on our examination of records, the company has paid managerial remuneration, in accordance with provision of the section 197 of the Companies Act, 2013.
- xii. In our opinion and according to the information provided to use, the company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information provided to use, the transaction entered with the related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.

- xiv. According to the information provided to us and based on our examination of records, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. The company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934.

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

C. Sukumar Babu
Partner
Membership No: 024293

Place: Hyderabad
Date: 30-05-2017

Annexure-B to the Independent Auditors' Report (Referred to in paragraph 2 (g) under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date)

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

We have audited the internal financial controls over financial reporting of KNR Constructions Limited ("the Company") as of March 31, 2017 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

C. Sukumar Babu
Partner

Place: Hyderabad
Date: 30-05-2017

Membership No: 024293

Balance Sheet as at March 31, 2017

(₹ in Lakhs)

| Particulars | Note | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|------|-------------------------|-------------------------|-------------------------|
| I ASSETS | | | | |
| 1) Non-current assets | | | | |
| a) Property, plant and equipment | 3 | 26,068.89 | 17,620.66 | 16,094.57 |
| b) Capital work-in-progress | | 152.93 | 593.79 | 263.04 |
| c) Investment property | 3.1 | 6,147.75 | 6,461.73 | 6,332.23 |
| d) Other Intangible assets | 3.2 | 1.67 | 3.30 | 0.70 |
| e) Financial Assets | | | | |
| i) Investments | 4 | 398.85 | 398.85 | 398.85 |
| ii) Other Investments | 4 | 46,229.61 | 33,229.61 | 14,803.11 |
| iii) Loans | 5 | 313.15 | 760.93 | 699.38 |
| iv) Other financial assets | 6 | 1,389.01 | 2,256.49 | 2,226.35 |
| f) Deferred tax assets (Net) | 7 | 4,321.04 | 3,737.70 | 3,261.70 |
| g) Non current tax assets (Net) | 8 | 7,892.72 | 4,662.86 | 3,914.02 |
| h) Other non-current assets | 9 | 2,753.66 | 2,492.33 | 2,305.54 |
| Total Non-current assets | | 95,669.28 | 72,218.25 | 50,299.49 |
| 2) Current assets | | | | |
| a) Inventories | 10 | 5,735.51 | 3,534.98 | 3,590.59 |
| b) Financial assets | | | | |
| i) Investments in Associates held for sale | 4 | 1,346.31 | - | - |
| ii) Other Investments | 4 | 5,533.72 | 4,894.68 | 3,537.52 |
| iii) Trade receivables | 11 | 16,395.99 | 12,936.34 | 17,650.15 |
| iv) Cash and cash equivalents | 12 | 2,464.05 | 1,508.55 | 1,572.60 |
| v) Bank balances, other than (iv) above | 13 | - | 105.25 | - |
| vi) Loans | 5 | 3,177.35 | 877.35 | 1,051.26 |
| vii) Other financial assets | 6 | 13,155.13 | 8,463.14 | 8,266.75 |
| c) Current tax assets (Net) | 8 | 474.53 | 4,140.74 | 1,517.37 |
| d) Other current assets | 14 | 17,841.16 | 17,176.06 | 12,939.12 |
| Total Current assets | | 66,123.75 | 53,637.09 | 50,125.36 |
| TOTAL ASSETS | | 161,793.03 | 125,855.34 | 100,424.85 |
| II EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a) Equity Share capital | 15 | 2,812.35 | 2,812.35 | 2,812.35 |
| b) Other equity | 16 | 86,735.09 | 70,958.75 | 55,552.86 |
| Total equity | | 89,547.44 | 73,771.10 | 58,365.21 |
| Liabilities | | | | |
| 1) Non-current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 17 | 13,027.50 | 8,548.13 | 2,813.14 |
| ii) Trade Payables | 18 | 827.27 | 827.27 | 827.27 |
| iii) Other financial liabilities | 19 | 321.19 | 333.61 | 361.67 |
| b) Provisions | 20 | 173.18 | 230.62 | 171.82 |
| c) Other non-current liabilities | 21 | 1,822.97 | 1,858.31 | 1,710.45 |
| Total non-current liabilities | | 16,172.11 | 11,797.94 | 5,884.35 |
| 2) Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 17 | - | 2,702.51 | 6,004.61 |
| ii) Trade Payables | 18 | 13,438.83 | 10,380.98 | 6,223.24 |
| iii) Other financial liabilities | 19 | 17,845.43 | 16,207.09 | 5,284.24 |
| b) Provisions | 20 | 1,281.19 | 1,118.89 | 1,063.63 |
| c) Other current liabilities | 22 | 23,508.03 | 9,876.83 | 17,599.57 |
| Total current liabilities | | 56,073.48 | 40,286.30 | 36,175.29 |
| TOTAL EQUITY AND LIABILITIES | | 161,793.03 | 125,855.34 | 100,424.85 |
| 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 Sukumar Babu & Co.,
Chartered Accountants
(Firm Regn. No. 004188S)

For and on behalf of the Board

C.Sukumar Babu
Partner
Membership No: 024293

K.Narasimha Reddy
Managing Director
DIN: 00382412

K. Jalandhar Reddy
Executive Director & CFO
DIN: 00434911

Place : Hyderabad
Date : 30-05-2017

S.Vaikuntanathan
Vice President (F&A)

M.V.Venkata Rao
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2017

(₹ in Lakhs)

| | Particulars | Note | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|-------------|--|-------|------------------------------|------------------------------|
| I | Revenue from Operations | 23 | 154,105.26 | 90,254.74 |
| II | Other income | 24 | 3,027.57 | 3,172.18 |
| III | Total Revenue (I + II) | | 157,132.83 | 93,426.92 |
| IV | Expenses | | | |
| | Cost of materials consumed | 25 | 33,508.87 | 27,917.35 |
| | Construction Expenses | 26 | 89,304.73 | 40,134.18 |
| | Employee benefits expense | 27 | 5,523.72 | 4,311.83 |
| | Finance costs | 28 | 2,189.88 | 1,323.74 |
| | Depreciation and amortization expense | 29 | 6,387.32 | 4,225.34 |
| | Other expenses | 30 | 2,809.98 | 2,601.13 |
| | Total expenses (IV) | | 139,724.50 | 80,513.57 |
| V | Profit before exceptional items and tax (III - IV) | | 17,408.33 | 12,913.35 |
| VI | Exceptional items | 31 | 1,086.64 | - |
| VII | Profit/(Loss) before tax (V - VI) | | 16,321.69 | 12,913.35 |
| VIII | Tax expense | 32 | | |
| | 1) Current tax | | 1,209.47 | 1,640.44 |
| | 2) Adjustment of tax relating to earlier periods | | (2.49) | (4,372.26) |
| | 3) Deferred tax | | (610.39) | (462.17) |
| | | | 596.59 | (3,193.99) |
| IX | Profit/(Loss) for the year (VII - VIII) | | 15,725.10 | 16,107.34 |
| X | Other comprehensive income/(loss) | 33 | | |
| a) | Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of the defined benefit plans | | 78.36 | (39.97) |
| | Deferred Tax on above items | | (2712) | 13.83 |
| b) | Items that will be reclassified to profit or loss | | - | - |
| XI | Total Comprehensive Income for the year (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period) | | 15,776.34 | 16,081.20 |
| XII | Earnings per equity share : (In Rs.) | | | |
| | 1) Basic | 38 | 11.18 | 11.45 |
| | 2) Diluted | | 11.18 | 11.45 |
| | 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 Sukumar Babu & Co.,
Chartered Accountants
(Firm Regn. No. 004188S)

C.Sukumar Babu
Partner
Membership No: 024293

Place : Hyderabad
Date : 30-05-2017

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, 2017

Equity Share Capital

(₹ in Lakhs)

| Particulars | Number of Shares | Amount |
|---|------------------|----------|
| Balance as at April 1, 2015 | 28,123,460 | 2,812.35 |
| Add: Equity shares allotted during the year | - | - |
| Balance as at March 31, 2016 | 28,123,460 | 2,812.35 |
| Add: Equity shares allotted during the year | - | - |
| Balance as at March 31, 2017 * | 140,617,300 | 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 | | | | Items of other comprehensive income/(loss) | Total |
|---|----------------------------|-----------------|--|---|--|------------------|
| | Securities Premium Reserve | General Reserve | Exchange difference on transaction & translation | Surplus in the statement of profit and loss | Other items of Other Comprehensive Income | |
| Balance as at 1st, April, 2015 | 12,599.31 | 2,849.00 | (1.65) | 40,094.29 | 11.91 | 55,552.86 |
| Profit for the year | - | - | - | 16,107.34 | - | 16,107.34 |
| Other Comprehensive Income/loss for the year (Net of Taxes) | - | - | - | - | (26.14) | (26.14) |
| Payment of Dividends | - | - | - | (562.46) | - | (562.46) |
| Payment of Dividend Distribution tax | - | - | - | (114.50) | - | (114.50) |
| Written off during the period | - | - | 1.65 | - | - | 1.65 |
| Balance as at March 31, 2016 | 12,599.31 | 2,849.00 | - | 55,524.67 | (14.23) | 70,958.75 |
| 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 |

See accompanying notes forming part of financial statements

As per our report of even date attached

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

C.Sukumar Babu
Partner
Membership No: 024293

Place : Hyderabad
Date : 30-05-2017

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, 2017

(₹ In Lakhs)

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| A) Cash Flow from Operating Activities | | |
| Profit before tax | 16,321.69 | 12,913.35 |
| Adjustments for : | | |
| Depreciation and Amortisation | 6,387.32 | 4,225.34 |
| Loss/(Profit) on sale of Property, Plant and Equipment, Investment Property (Net) | (247.45) | (268.74) |
| Liabilities no longer required Written Back | (349.66) | (500.86) |
| Bad Debts / Advances Written Off | 54.64 | 262.77 |
| (Gain) / Loss on Fair value of Mutual Funds | (6.68) | 1.95 |
| Interest Income on Fair Value of Financial instruments | (44.71) | (61.54) |
| Provision for Impairment of investments | 1,086.64 | - |
| Provision for Doubtful Advances and Other receivables | 200.00 | (11.31) |
| Dividend received on current investments | (14.90) | - |
| Finance cost | 2,189.88 | 1,323.74 |
| Interest Income | (473.21) | (283.39) |
| Operating profit before working capital changes | 25,103.56 | 17,601.31 |
| Changes in working capital: | | |
| (Increase)/Decrease in Trade and Other Receivables and prepayments | (8,374.01) | (167.51) |
| (Increase)/Decrease in Inventories | (2,200.53) | 55.61 |
| Increase/(Decrease) in Trade and other Payables | 17,871.64 | 8,411.53 |
| Cash generated / (used) from Operations | 32,400.66 | 25,900.94 |
| Income Taxes (paid) / Refund | (746.12) | (564.27) |
| Net Cash Flows from / (used in) Operating Activities - (A) | 31,654.54 | 25,336.67 |
| B) Cash flow from Investing Activities | | |
| Proceeds from sale of property, plant and equipment | 821.25 | 467.67 |
| Payments for property, plant and equipment and Capital Work-in-Progress | (14,652.88) | (6,413.21) |
| Interest Received | 381.99 | 251.68 |
| Bank Balances not considered as cash and cash equivalents | 383.47 | (163.11) |
| Loans/Advances to Subsidiaries/Associates and others | (1,807.51) | 173.90 |
| Investments in Subsidiaries, Associates and Others | (16,065.31) | (19,785.61) |
| Dividend received on current investments | 14.90 | - |
| TDS on Interest Received | (24.51) | (76.12) |
| Net Cash flow from / (used In) Investing Activities - (B) | (30,948.60) | (25,544.80) |

(₹ In Lakhs)

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| C) Cash flow from Financing Activities | | |
| Proceeds from borrowings | 7,960.14 | 10,014.98 |
| Repayment of borrowings | (2,526.54) | (4,668.10) |
| Increase / (decrease) in short term borrowings | (2,702.51) | (3,302.10) |
| Finance cost paid | (2,203.31) | (1,281.60) |
| Dividend and Dividend Tax Paid | - | (676.96) |
| Net cash flow from / (used in) Financing Activities - (C) | 527.78 | 86.22 |
| Net increase (decrease) in cash and cash equivalents - (A+B+C) | 1,233.72 | (121.91) |
| Cash & Cash Equivalents at the beginning of the year | 410.40 | 532.31 |
| Cash & Cash Equivalents at end of the year (Refer note:1) | 1,644.12 | 410.40 |
| Note: | | |
| 1 Cash & Cash equivalents | | |
| Cash on hand | 37.07 | 57.70 |
| Bank Balance and Cheques on Hand - Current Account | 1,607.05 | 352.70 |
| 2 The Cash flow statement is prepared in accordance with the Indirect Method stated in Ind-As 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities. | | |
| 3 Previous year's figures have been regrouped, wherever necessary. | | |
| 4 Figures in brackets represent cash outflows. | | |

As per our report of even date attached

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

C.Sukumar Babu
Partner
Membership No: 024293

Place : Hyderabad
Date : 30-05-2017

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

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 under the provisions of Indian Companies Act in 1995. 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.

The Company's financial statements up to and for the year ended 31 March, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 47.

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.

Notes forming part of the financial statements

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, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any

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

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 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 Rs. 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

| S. 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 * |

Notes forming part of the financial statements

| S. No. | Description | Useful life given as per Companies Act 2013 | Company's estimated useful life |
|--------|--|---|---------------------------------|
| 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 |
| | Intangible Assets | | |
| | - Computer Software's | As per accounting standard | 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.

2.6 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.

Notes forming part of the financial statements

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:

- (i) decision has been made to sell,
- (ii) the assets are available for immediate sale in its present condition,
- (iii) the assets are being actively marketed and
- (iv) 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 –
 - a) receive cash/another Financial Asset from another Entity, or
 - b) 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;
- FVTOCI – debt investment;
- FVTOCI – equity investment; or
- FVTPL

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

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

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

Notes forming part of the financial statements

of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Notes forming part of the financial statements

recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

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 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.

212 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.

213 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.

214 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

Notes forming part of the financial statements

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.

215 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 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 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.

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.

216 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.

Notes forming part of the financial statements

- 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.

217 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

Notes forming part of the financial statements

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 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.

218 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.

219 Foreign currencies

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

2.20 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

Notes forming part of the financial statements

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 date 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).

2.21 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.

2.22 Earnings per share

a) Basic Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the number of weighted average 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
- The weighted average number of additional equity shares that would have been outstanding

assuming the conversion of all dilutive potential equity shares.

2.23 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.

2.24 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.

2.25 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

Notes forming part of the financial statements

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

2.26 New standards and interpretations not yet adopted

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows', The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

Notes forming part of the financial statements

3 Property, Plant and Equipment

(₹ In Lakhs)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|-------------------------|-------------------------|-------------------------|-------------------------|
| Land - Free Hold * | 774.93 | 477.81 | 153.93 |
| Buildings | 1,388.19 | 1,385.28 | 1,380.13 |
| Plant and Equipment | 23,066.33 | 15,091.75 | 13,937.36 |
| Furniture and Fixtures | 74.77 | 79.14 | 92.19 |
| Vehicles | 703.51 | 532.43 | 472.74 |
| Office equipment | 42.30 | 33.99 | 39.33 |
| Computers & Accessories | 18.86 | 20.26 | 18.89 |
| | 26,068.89 | 17,620.66 | 16,094.57 |

(₹ 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 1, 2015 | 153.93 | 1,890.69 | 44,771.53 | 257.78 | 1,144.41 | 141.78 | 117.00 | 48,477.12 |
| Additions | 323.88 | 121.20 | 5,172.90 | 16.81 | 274.57 | 21.93 | 17.59 | 5,948.88 |
| Disposals/ Adjustments | - | - | (2,882.62) | (26.79) | (80.92) | (42.92) | (291.8) | (3,062.43) |
| As at March 31, 2016 | 477.81 | 2,011.89 | 47,061.81 | 247.80 | 1,338.06 | 120.79 | 105.41 | 51,363.57 |
| Accumulated Depreciation | | | | | | | | |
| As at April 1, 2015 | - | 510.56 | 30,834.17 | 165.59 | 671.67 | 102.45 | 98.11 | 32,382.55 |
| Charge for the period | - | 116.05 | 3,845.52 | 28.07 | 194.53 | 24.10 | 15.59 | 4,223.86 |
| Disposals/ Adjustments | - | - | (2,709.63) | (25.00) | (60.57) | (39.75) | (28.55) | (2,863.50) |
| As at March 31, 2016 | - | 626.61 | 31,970.06 | 168.66 | 805.63 | 86.80 | 85.15 | 33,742.91 |
| Net block | | | | | | | | |
| As at March 31, 2016 | 477.81 | 1,385.28 | 15,091.75 | 791.4 | 532.43 | 33.99 | 20.26 | 17,620.66 |
| As at April 01, 2015 | 153.93 | 1,380.13 | 13,937.36 | 92.19 | 472.74 | 39.33 | 18.89 | 16,094.57 |

Notes forming part of the financial statements

(₹ In Lakhs)

| | Tangible Assets | | | | | | | |
|---------------------------------|--------------------|-----------------|---------------------|------------------------|-----------------|------------------|-------------------------|-------------------|
| | Land - Free Hold * | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office equipment | Computers & Accessories | Total |
| Cost or Deemed Cost : | | | | | | | | |
| As at April 1, 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 1, 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 ₹ 7.06 Lakhs (PY ₹ Nil) related to machineries used for CSR activities, hence transferred to CSR expenses.

Note: Refer note 17 for details of assets pledged.

31 Investment Property

(₹ In Lakhs)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|-----------------------|----------------------|----------------------|----------------------|
| Investment Property * | 6,147.75 | 6,461.73 | 6,332.23 |
| | 6,147.75 | 6,461.73 | 6,332.23 |

* Land and investment property includes ₹ 660.64 lakhs (P.Y ₹ 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.

Notes forming part of the financial statements

(₹ In Lakhs)

| | Amount |
|---------------------------------|-----------------|
| Cost or Deemed Cost | |
| As at April 1, 2015 | 6,332.23 |
| Additions | 129.50 |
| Disposals or Adjustments | - |
| As at March 31, 2016 | 6,461.73 |
| Accumulated Depreciation | |
| As at April 1, 2015 | - |
| Charge for the period | - |
| Disposals or Adjustments | - |
| As at March 31, 2016 | - |
| Net block | |
| As at March 31, 2016 | 6,461.73 |
| As at April 01, 2015 | 6,332.23 |
| Cost / Deemed Cost | |
| As at April 1, 2016 | 6,461.73 |
| Additions | 70.79 |
| Disposals / Adjustments | (384.77) |
| As at March 31, 2017 | 6,147.75 |
| Accumulated Depreciation | |
| As at April 1, 2016 | - |
| Charge for the period | - |
| Disposals or Adjustments | - |
| As at March 31, 2017 | - |
| Net block | |
| As At March 31, 2017 | 6,147.75 |
| 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, 2017 and March 31, 2016 and April 01, 2015 is given below

(₹ In Lakhs)

| | Fair value Hierarchy | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Investment Property | Level 3 | 10,990.66 | 10,977.03 | 10,275.55 |
| | | 10,990.66 | 10,977.03 | 10,275.55 |

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.

Notes forming part of the financial statements

3.2 Other Intangible assets

(₹ In Lakhs)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|-------------------|-------------------------|-------------------------|-------------------------|
| Computer Software | 1.67 | 3.30 | 0.70 |
| Total | 1.67 | 3.30 | 0.70 |

| | Computer software | Total |
|---------------------------------|-------------------|-------------|
| Cost / Deemed Cost | | |
| As at April 01, 2015 | 12.70 | 12.70 |
| Additions | 4.08 | 4.08 |
| Disposals / Adjustments | (6.85) | (6.85) |
| As at March 31, 2016 | 9.93 | 9.93 |
| Accumulated Depreciation | | |
| As at April 01, 2015 | 12.00 | 12.00 |
| Charge for the period | 1.48 | 1.48 |
| Disposals / Adjustments | (6.85) | (6.85) |
| As at March 31, 2016 | 6.63 | 6.63 |
| Net block | | |
| As at March 31, 2016 | 3.30 | 3.30 |
| As at April 01, 2015 | 0.70 | 0.70 |

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

Notes forming part of the financial statements

4 Investments

(₹ in Lakhs)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| Non-Current | | | |
| Trade - Unquoted | | | |
| a) Equity instruments of subsidiaries (At cost): | | | |
| KNR Agrotech & Beverages Pvt Ltd. | 1.00 | 1.00 | 1.00 |
| 10,000 (10,000) equity shares of Rs. 10/- each, fully paid | | | |
| KNR Infrastructure Projects Pvt Ltd | 1.00 | 1.00 | 1.00 |
| 10,000 (10,000) equity shares of Rs. 10/- each, fully paid | | | |
| KNR Energy Ltd | 5.00 | 5.00 | 5.00 |
| 50,000 (50,000) equity shares of Rs. 10/- each, fully paid | | | |
| KNRC Holdings & Investments Private Ltd | 1.00 | 1.00 | 1.00 |
| 10,000 (10,000) equity shares of Rs. 10/- each, fully paid | | | |
| KNR Muzaffarpur Barauni Tollway Pvt Ltd (Refer note 4.1) | 45.90 | 45.90 | 45.90 |
| 4,59,000 (4,59,000) equity shares of Rs. 10/- each, fully paid | | | |
| KNR Walayar Tollways Pvt Ltd (Refer note 4.2) | 90.00 | 90.00 | 90.00 |
| 9,00,000 (9,00,000) equity shares of Rs. 10/- each, fully paid | | | |
| KNR Constructions - LLC, at Oman | 206.07 | 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 | 48.88 |
| 05 (05) equity shares of 10,000 AED each, fully paid | | | |
| Total | 398.85 | 398.85 | 398.85 |
| b) Investment In Subsidiaries & Associates (FV of Inter corporate Loans) | | | |
| Subsidiaries | | | |
| KNR Walayar Tollways Pvt Ltd | 39,651.00 | 26,651.00 | 13,501.00 |
| KNR Muzaffarpur Barauni Tollway Pvt Ltd., | 5,276.50 | 5,276.50 | - |
| KNR Agrotech & Beverages Pvt Ltd., | 83.94 | 83.94 | 83.94 |
| KNR Energy Limited | 91.11 | 91.11 | 91.11 |
| KNRC Holdings and Investments Pvt Ltd | 93.37 | 93.37 | 93.37 |

Notes forming part of the financial statements

(₹ in Lakhs)

| | | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|--|--------------------|-------------------------|-------------------------|-------------------------|
| Associates | | | | |
| Patel-KNR Heavy Infrastructures Ltd., | | 1,033.69 | 1,033.69 | 1,033.69 |
| Total other Investments | | 46,229.61 | 33,229.61 | 14,803.11 |
| Total non-current investments (a+b) | | 46,628.46 | 33,628.46 | 15,201.96 |
| Current | | | | |
| Trade - Unquoted | | | | |
| c) Equity instruments of associates (Held for sale): | | | | |
| Patel KNR Infrastructures Ltd. | | 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 | - | - |
| 95,29,500 (95,29,500) equity shares of ₹ 10/- each, fully paid | | | | |
| | | 2,432.95 | - | - |
| Less : Impairment made | | (1,086.64) | - | - |
| | | 1,346.31 | - | - |
| Trade - Unquoted | | | | |
| d) 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 | | | | |
| | | - | 2,432.95 | 2,432.95 |
| Trade - Quoted - at fair value | | | | |
| e) Investments in Mutual Funds | No.of Units | | | |
| SBI Infrastructure Fund | 50,000 (PY 50,000) | 6.82 | 5.40 | 5.96 |
| SBI Magnum Comma Fund | Nil (PY 30,998) | - | 11.73 | 12.29 |
| SBI PSU Fund | 50,000 (PY 50,000) | 5.82 | 4.22 | 4.74 |
| SBI Equity Opportunities Fund - Series I | 50,000 (PY 50,000) | 5.68 | 4.49 | 4.81 |
| ICICI Prudential Liquid - Direct Plan - Growth | 16,64,646 (PY Nil) | 4,007.09 | - | - |
| | | 4,025.41 | 25.84 | 27.80 |

Notes forming part of the financial statements

(₹ in Lakhs)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|--|-------------------------|-------------------------|-------------------------|
| Trade - Unquoted | | | |
| f) Current Accounts in Firms/AOP | | | |
| KNR - BPL - JV | 1.93 | 1.93 | 1.93 |
| NCC-KNR-JV | 0.66 | 0.61 | - |
| KNR - GVR - JV | 34.44 | 5.41 | - |
| KNR - JKM - KAMALA - JV | 125.03 | 125.03 | 125.03 |
| KNR - SLMI - JV | 15.52 | - | 24.41 |
| KNR-JKM-JV | 147.58 | 1,212.97 | 51.34 |
| KNR-PBEPL-JV | 143.67 | 299.31 | - |
| PATEL - KNR - JV | 1,038.44 | 790.63 | 874.06 |
| KNR TBCPL JV | 1.04 | - | - |
| | 1,508.31 | 2,435.89 | 1,076.77 |
| Total other investments (d+e+f) | 5,533.72 | 4,894.68 | 3,537.52 |
| Total current investments (c+d+e+f) | 6,880.03 | 4,894.68 | 3,537.52 |
| Total Investments | | | |
| i) Aggregate amount of Unquoted investments - Non Current (a) | 398.85 | 398.85 | 398.85 |
| ii) Aggregate amount of amortised cost of unquoted investments - Non Current (b) | 46,229.61 | 33,229.61 | 14,803.11 |
| iii) Aggregate amount of unquoted investments - Current (d+f) | 1,508.31 | 4,868.84 | 3,509.72 |
| iv) Aggregate book value of quoted investments - Current (e) | 4,025.41 | 25.84 | 27.80 |
| v) Aggregate amount of unquoted investments held for sale - Current (c) | 2,432.95 | - | - |
| vi) Aggregate amount of impairment in value of investments (c) | (1,086.64) | - | - |
| | 53,508.49 | 38,523.14 | 18,739.48 |

Note : Aggregate market value of quoted investments is ₹ 4,025.41 Lakhs (March 31, 2016 ₹ 25.84 lakhs and April 01, 2015 ₹ 27.80 lakhs)

- 4.1 1,44,000 Shares (P.Y. 1,44,000) equity share have been pledged with Punjab National Bank for the term loan availed by KNR Muzaffarpur Barauni Tollway Pvt Ltd.,
- 4.2 4,59,000 Shares (P.Y. 4,59,000) equity share have been pledged with Central Bank of India for the term loan availed by KNR Walayar Tollways Pvt Ltd.,

Notes forming part of the financial statements

5 Loans

(₹ in Lakhs)

| | As at | | |
|--|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Unsecured, considered good: | | | |
| Loans to related parties (Refer note : 5.1 and 44) | | | |
| - Subsidiaries | 313.15 | 760.93 | 699.38 |
| Total Non-Current Loans | 313.15 | 760.93 | 699.38 |
| Current | | | |
| Unsecured, considered good: | | | |
| Loans to related parties (Refer note : 5.1 and 44) | | | |
| - Joint Venture Partners | 3,177.35 | 877.35 | 1,051.26 |
| Total Current Loans | 3,177.35 | 877.35 | 1,051.26 |
| Total | 3,490.50 | 1,638.28 | 1,750.64 |

- 5.1** - Loans due by subsidiaries have common directors.
- Intercompany loans to related parties carried at fair value (Amortized cost) as per Ind AS
 - All the above loans are interest bearing

6 Other Financial Assets

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Unsecured, considered good: | | | |
| Mobilization Advance paid to Sub Contractors | 258.06 | 385.52 | 385.52 |
| Retention deposits & With Held | 59.50 | 59.50 | 59.50 |
| Advances to Sub-contractors | 1,027.13 | 1,745.31 | 1,727.59 |
| Security Deposits | 4.86 | 26.70 | 25.59 |
| Others | 39.46 | 39.46 | 28.15 |
| Total Non-Current Other Financial Assets | 1,389.01 | 2,256.49 | 2,226.35 |
| Current | | | |
| Unsecured, considered good: | | | |
| Advances to related parties (Refer note : 44) | 345.35 | 513.20 | 368.47 |
| Retention Deposits & Withheld | 10,523.19 | 6,751.33 | 7,097.91 |
| Advances to sub-contractors | - | - | 107.40 |
| Interest receivable | 133.18 | 41.96 | 10.25 |
| Security Deposits | 589.40 | 476.79 | 300.68 |
| TDS Refund Receivable from Joint Venture's | 491.59 | 365.37 | 382.04 |
| Others | 1,072.42 | 314.49 | - |
| Total Current Other Financial Assets | 13,155.13 | 8,463.14 | 8,266.75 |
| Total | 14,544.14 | 10,719.63 | 10,493.10 |

Notes forming part of the financial statements

7 Deferred Tax Assets, Net

(₹ in Lakhs)

| | As at | | |
|--|-------------------|-------------------|-------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Deferred tax assets | | | |
| Disallowances under the Income Tax Act, 1961 | 2,810.66 | 810.70 | 562.14 |
| | 2,810.66 | 810.70 | 562.14 |
| Deferred tax liability | | | |
| Fixed assets & Ind AS Adjustments | (1,510.38) | (2,927.00) | (2,699.56) |
| | (1,510.38) | (2,927.00) | (2,699.56) |
| Total | 4,321.04 | 3,737.70 | 3,261.70 |

8 Tax Assets (Net)

(₹ in Lakhs)

| | As at | | |
|------------------------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Advance Tax | 4,059.07 | 3,202.40 | 3,240.52 |
| MAT Credit | 3,833.65 | 1,460.46 | 673.50 |
| Total Non-Current Tax Asset | 7,892.72 | 4,662.86 | 3,914.02 |
| Current | | | |
| Advance Tax | 6,511.35 | 6,078.04 | 3,034.37 |
| Less: Provision for Income Tax | (6,036.82) | (3,974.61) | (1,517.00) |
| Income Tax Refund Receivable | - | 2,037.31 | - |
| Total Current Tax Asset | 474.53 | 4,140.74 | 1,517.37 |
| Total | 8,367.25 | 8,803.60 | 5,431.39 |

9 Other Non-current Assets

(₹ in Lakhs)

| | As at | | |
|-----------------------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Un-secured Considered good | | | |
| Capital advances | 239.92 | 7712 | 7719 |
| Security Deposits | 152.90 | 871.36 | 796.03 |
| WCT Receivable | 2,358.53 | 1,523.87 | 1,412.34 |
| Other Receivables | 2.31 | 19.98 | 19.98 |
| Total | 2,753.66 | 2,492.33 | 2,305.54 |

10 Inventories

(₹ in Lakhs)

| | As at | | |
|-------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Raw materials | 3,587.72 | 1,833.22 | 2,763.08 |
| Goods-in transit | 188.85 | 187.21 | 69.86 |
| | 3,776.57 | 2,020.43 | 2,832.94 |
| Stores and spares | 1,940.59 | 1,485.36 | 630.59 |
| Goods-in transit | 18.35 | 2919 | 127.06 |
| | 1,958.94 | 1,514.55 | 757.65 |
| Total | 5,735.51 | 3,534.98 | 3,590.59 |

10.1 The above inventories are valued at weighted average cost or net realisable value whichever is less.**11 Trade Receivables**

(₹ in Lakhs)

| | As at | | |
|---------------------------------------|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Current | | | |
| Unsecured, considered good | | | |
| Trade Receivables (Refer note : 11.1) | 16,395.99 | 12,936.34 | 17,650.15 |
| Total Current Trade Receivables | 16,395.99 | 12,936.34 | 17,650.15 |
| Total | 16,395.99 | 12,936.34 | 17,650.15 |

11.1 Includes ₹ 4,892.74 lakhs (P.Y ₹ 8,688.17 lakhs) due from company/Joint Ventures in which Company/ Directors are interested.**12 Cash and Cash Equivalents**

(₹ in Lakhs)

| | As at | | |
|--|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Balances with banks: | | | |
| In current accounts | 1,037.65 | 352.70 | 299.65 |
| In deposit accounts with original maturity of less than three months | - | - | 177.00 |
| Cheques on hand | 569.40 | - | - |
| Cash on hand (Refer note 12.1) | 37.07 | 57.70 | 55.66 |
| Earmarked balances with Banks | | | |
| Margin Money deposits (Refer note 12.2) | 162.36 | 379.79 | 704.89 |
| Un-claimed Dividend | 2.68 | 4.89 | 3.61 |
| Long Term Deposits | 654.89 | 713.47 | 331.79 |
| Total | 2,464.05 | 1,508.55 | 1,572.60 |

12.1 Cash on hand includes ₹ 2.12 lakhs (P.Y ₹ 2.61 lakhs) held in Foreign Currencies**12.2 Margin Money Deposits have been lodged with Banks against Guarantees / Letters of credit issued by them.**

Notes forming part of the financial statements

12.3 Disclosure on Specified Bank notes (SBN)

During the year, the company had specified bank notes or other denomination notes as defined in the MCA notification GSR 308 (E) dated March 31, 2017 on the details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 the denomination wise SBNs and other notes as per the notification is given below:

(₹ in Lakhs)

| Particulars | Specified Bank Notes | Other Denomination Notes | Total |
|--|----------------------|--------------------------|--------|
| Closing Cash in hand as on November 8, 2016 | 71.57 | 39.71 | 111.28 |
| (+) Permitted receipts | - | 56.31 | 56.31 |
| (+) Non-permitted receipts | 12.08 | - | 12.08 |
| (-) Permitted payments | - | 55.32 | 55.32 |
| (-) Non-permitted payments | 77.63 | - | 77.63 |
| (-) Amount deposited in Banks | 6.02 | - | 6.02 |
| Closing cash in hand as on December 30, 2016 | - | 40.70 | 40.70 |

For the purpose of this clause, the term 'Specified bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated the 8th November, 2016.

13 Other Bank Balances

(₹ in Lakhs)

| | As at | | |
|---|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Deposits with maturity more than 3 months but less than 12 months | - | 105.25 | - |
| Total | - | 105.25 | - |

14 Other Current Assets

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Un-secured Considered good | | | |
| Mobilization Advance paid to Sub Contractors | 22.10 | 2,732.59 | 192.81 |
| Advances to Sub-contractors | 7,383.88 | 3,489.60 | 2,681.51 |
| Advances to Suppliers (Other than capital advances) | 1,599.11 | 1,423.94 | 799.17 |
| Staff Imprest & Salary Advances | 130.85 | 145.85 | 85.07 |
| Prepaid expenses | 327.17 | 538.02 | 180.24 |
| Due from Customers / Unbilled Revenue | 8,366.20 | 8,560.40 | 8,626.55 |
| Receivables from Others | 9.00 | 285.66 | 373.77 |
| Security Deposits | 2.85 | - | - |
| Considered doubtful | | | |
| Advances to Sub-contractors | 200.00 | - | - |
| Other Receivables | 757.80 | 757.80 | 769.11 |
| Less: Provision for doubtful trade receivables | (957.80) | (757.80) | (769.11) |
| Total | 17,841.16 | 17,176.06 | 12,939.12 |

Notes forming part of the financial statements

15 Equity Share Capital

(₹ in Lakhs)

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|---|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| Equity Shares of ₹ 2/- each (P.Y ₹ 10/- each) | 175,000,000* | 3,500.00 | 35,000,000 | 3,500.00 | 35,000,000 | 3,500.00 |
| Issued, subscribed & fully paid up share capital | | | | | | |
| Equity Shares of ₹ 2/- each (P.Y ₹ 10/- each) | 140,617,300* | 2,812.35 | 28,123,460 | 2,812.35 | 28,123,460 | 2,812.35 |
| Total | | 2,812.35 | | 2,812.35 | | 2,812.35 |

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)

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|--|----------------------------|----------|----------------------------|----------|----------------------------|----------|
| | No. of Shares (FV of ₹ 2*) | Amount | No. of Shares (FV of ₹ 10) | Amount | No. of Shares (FV of ₹ 10) | Amount |
| Number of Equity Shares at the beginning | 140,617,300 | 2,812.35 | 28,123,460 | 2,812.35 | 28,123,460 | 2,812.35 |
| Add:- Number of Shares Issued | - | - | - | - | - | - |
| Less: Number of Shares Bought Back | - | - | - | - | - | - |
| Number of Equity Shares at the end of the year | 140,617,300 | 2,812.35 | 28,123,460 | 2,812.35 | 28,123,460 | 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 shares 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, 2017 dividend of ₹ 0.50/- 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.

Notes forming part of the financial statements

15.2 The details of shareholder holding more than 5% shares as at March 31, 2017, March 31, 2016 and April 01, 2015 is set out below:

| Name of the shareholder | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|--------------------------------------|--|-----------|---|-----------|--|-----------|
| | No. of Shares (₹ 2/- each face value) | % holding | No. of Shares (₹ 10/- each face value) | % holding | No. of Shares (Rs. (₹ 10/- each face value) | % holding |
| Kamidi Narasimha Reddy | 45,743,595 | 32.53 | 9,798,719 | 34.84 | 10,798,719 | 34.84 |
| Kamidi Jalandhar Reddy | 19,629,605 | 13.96 | 4,025,921 | 14.32 | 4,335,021 | 14.32 |
| Kamidi Yashoda | 8,807,505 | 6.26 | 1,761,501 | 6.26 | 1,761,501 | 6.26 |
| Mereddy Rajesh Reddy | 7,300,000 | 5.19 | 1,500,000 | 5.33 | 1,500,000 | 5.33 |
| HDFC Trustee Company Ltd | 10,473,985 | 7.45 | 2,347,797 | 8.35 | 2,347,797 | 8.35 |
| ICICI Prudential Infrastructure Fund | 8,041,032 | 5.72 | - | - | - | - |

16 Other Equity

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| a) Securities premium reserve | 12,599.31 | 12,599.31 | 12,599.31 |
| b) General reserve | 2,849.00 | 2,849.00 | 2,849.00 |
| c) Foreign Currency Translation Reserve | - | - | (1.65) |
| d) Surplus in the statement of profit and loss | | | |
| Balance at the beginning of the period | 55,524.67 | 40,094.29 | 33,000.91 |
| Add: Profit/(Loss) for the period | 15,725.10 | 16,107.34 | 8,468.10 |
| Less: Depreciation on transition to SCH II of Companies act | - | - | (1,374.72) |
| Proposed Dividend | - | (562.46) | - |
| Dividend Tax | - | (114.50) | - |
| | 71,249.77 | 55,524.67 | 40,094.29 |
| e) Other Comprehensive Income - Gratuity | 37.01 | (14.23) | 11.91 |
| Total (a+b+c+d+e) | 86,735.09 | 70,958.75 | 55,552.86 |

Notes forming part of the financial statements

17 Borrowings

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Secured loans | | | |
| From banks | | | |
| - Equipment and vehicle loans (Refer note 17.1) | 866.00 | 698.13 | 13.14 |
| | 866.00 | 698.13 | 13.14 |
| Unsecured loans | | | |
| From related parties (Refer note 17.2) | 12,161.50 | 7,850.00 | 2,800.00 |
| | 12,161.50 | 7,850.00 | 2,800.00 |
| Total non-current borrowings | 13,027.50 | 8,548.13 | 2,813.14 |
| Current | | | |
| Secured loans | | | |
| From banks (Refer note 17.3 & 17.4) | | | |
| - Working capital demand loans | - | - | 400.00 |
| - Cash credits | - | 2,702.51 | 5,604.61 |
| Total current borrowings | - | 2,702.51 | 6,004.61 |
| Total | 13,027.50 | 11,250.64 | 8,817.75 |

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

(₹ in Lakhs)

| | Effective Interest rate (p.a) | Maturity | As at | | |
|-------------------------------|-------------------------------|-----------|-----------------|-----------------|----------------|
| | | | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current Borrowings | | | | | |
| - From Banks | | | | | |
| - HDFC Bank Ltd | 9.00% to 9.85% | 15-Aug-18 | 418.47 | 213.85 | 13.14 |
| - Axis Bank Ltd | 9.01% to 10.01% | 15-Feb-19 | 425.15 | 430.82 | - |
| - ICICI Bank Ltd | 9.50% | 01-Nov-18 | 22.38 | 53.46 | - |
| | | | 866.00 | 698.13 | 13.14 |
| Current maturities | | | | | |
| - From Banks | | | | | |
| - HDFC Bank Ltd | 9.00% to 9.85% | 15-Aug-18 | 725.89 | 158.45 | 114.13 |
| - Axis Bank Ltd | 9.01% to 10.01% | 15-Feb-19 | 621.27 | 237.28 | 116.63 |
| - ICICI Bank Ltd | 9.50% | 01-Nov-18 | 31.09 | 28.28 | - |
| - From Others | | | | | |
| - L&T Finance Ltd | 11.35% | 10-Jun-15 | - | - | 581.36 |
| | | | 1,378.25 | 424.01 | 812.12 |
| Total Secured loans | | | 2,244.25 | 1,122.14 | 825.26 |

Notes forming part of the financial statements

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

From Others

L&T Finance Ltd.,

- Secured by Hypothecation of specific free hold Plant & Machinery

17.2 Un secured Loans

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

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,
- b. First pari passu charge on equitable mortgage of land & buildings, valued at ₹ 99.83 Crores
- c. Hypothecation of certain equipment's of written down value as on March 31, 2017 is ₹ 45.03 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 11.90 % per annum

18 Trade Payables

(₹ in Lakhs)

| | As at | | |
|--|------------------|------------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Bills Payable (Sub-contractors/Labour/Service) | 827.27 | 827.27 | 827.27 |
| Total non-current trade payables | 827.27 | 827.27 | 827.27 |
| Current | | | |
| Sundry Creditors (Suppliers) (Refer Note 18.1) | 5,916.48 | 4,072.02 | 3,066.42 |
| Bills Payable (Sub-contractors/Labour/Service) | 7,522.35 | 6,308.96 | 3,156.82 |
| Total current trade payables | 13,438.83 | 10,380.98 | 6,223.24 |
| Total | 14,266.10 | 11,208.25 | 7,050.51 |

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.

Notes forming part of the financial statements

19 Other Financial Liabilities

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Retention Deposits and Withheld Amount | 15.40 | 27.81 | 70.72 |
| Advance Received From Related Parties (Refer note : 44) | | | |
| - Subsidiaries | 256.91 | 256.91 | 242.06 |
| Other Payables | 48.88 | 48.89 | 48.89 |
| Total non-current other financial liabilities | 321.19 | 333.61 | 361.67 |
| Current | | | |
| Current maturities of long-term debts: | | | |
| Equipment and vehicle loans - from banks (Refer note : 17.1) | 1,378.25 | 424.01 | 230.76 |
| Equipment and vehicle loans - from others (Refer note : 17.1) | - | - | 581.36 |
| Interest accrued but not due (Refer note 19.1) | 38.50 | 51.93 | 9.79 |
| Advance Received From Clients | 8,030.70 | 10,555.68 | - |
| Unclaimed dividend (Refer note 19.2) | 2.76 | 4.97 | 3.68 |
| Retention Deposits and With held | 6,757.84 | 3,134.50 | 3,014.88 |
| Security Deposits | 278.69 | 277.75 | - |
| Outstanding Expenses | 813.76 | 808.66 | 665.88 |
| Current account balances with JV's | 544.93 | 949.59 | 777.89 |
| Total current other financial liabilities | 17,845.43 | 16,207.09 | 5,284.24 |
| Total | 18,166.62 | 16,540.70 | 5,645.91 |

19.1 Interest payable on Term Loans and on un-secured loans received from Directors ₹ 20.79 lakhs (March 31, 2016 ₹ 48.01 Lakhs and April 01, 2015 ₹ Nil)

19.2 During this period un-paid dividend amount transferred to IEPF A/c for an amount of ₹ 70,786/- for relating to F. Y 2008-09 dividend. The balance un-paid dividend is not due for payment to the Investor Education Protection Fund as at Balance Sheet date.

Notes forming part of the financial statements

20 Provisions

(₹ in Lakhs)

| | As at | | |
|---|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Provision for employee benefits (Refer note : 39) | | | |
| - Gratuity | 173.18 | 230.62 | 171.82 |
| Total non -current provisions | 173.18 | 230.62 | 171.82 |
| Current | | | |
| Provision for Wealth Tax | - | - | 4.13 |
| Provision for Labour Cess | 1,256.80 | 1,103.09 | 1,046.80 |
| Provision for employee benefits (Refer note : 39) | | | |
| - Gratuity | 24.39 | 15.80 | 12.70 |
| Total current provisions | 1,281.19 | 1,118.89 | 1,063.63 |
| Total | 1,454.37 | 1,349.51 | 1,235.45 |

21 Other Non-Current Liabilities

(₹ in Lakhs)

| | As at | | |
|-------------------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Advance received from clients | 1,557.06 | 1,557.06 | 1,557.06 |
| Security Deposits | 265.91 | 301.25 | 153.39 |
| Total | 1,822.97 | 1,858.31 | 1,710.45 |

22 Other Current Liabilities

(₹ in Lakhs)

| | As at | | |
|--|------------------|-----------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Advance received from clients | 5,106.58 | 4,533.82 | 3,754.40 |
| Due to Customers | 15,874.01 | 3,639.82 | 12,235.30 |
| Security deposits | 969.99 | 642.17 | 728.45 |
| Dues to statutory/government authorities | 1,098.15 | 508.27 | 715.97 |
| Others | 459.30 | 552.75 | 165.45 |
| Total | 23,508.03 | 9,876.83 | 17,599.57 |

Notes forming part of the financial statements

23 Revenue From Operations

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|------------------------|------------------------------|------------------------------|
| Income from Contracts | 153,254.15 | 88,510.69 |
| Other Operating Income | 85111 | 1,744.05 |
| Total | 154,105.26 | 90,254.74 |

24 Other Income

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Interest Income | 473.21 | 283.39 |
| Interest on loans | 44.71 | 61.54 |
| Interest on Income tax refunds | - | 1,172.40 |
| Dividend Income | 14.90 | - |
| Other non-operating income | | |
| Profit on Sale of Asset | 296.33 | 323.04 |
| Scrap Sales | 0.23 | 150.74 |
| Discount received from suppliers | 155.68 | 64.56 |
| Liabilities no longer required written back | 349.66 | 500.86 |
| Insurance claim received | 128.67 | 90.49 |
| Gain on Mutual Funds | 6.68 | - |
| Miscellaneous Income | 1,557.50 | 525.16 |
| Total | 3,027.57 | 3,172.18 |

25 Cost of Materials Consumed

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Construction Materials, Stores & Spares | | |
| Opening Stock | 3,534.98 | 3,590.59 |
| Add: Net Purchases | 35,709.40 | 27,861.74 |
| | 39,244.38 | 31,452.33 |
| Less: Closing Stock | 5,735.51 | 3,534.98 |
| Total Consumption | 33,508.87 | 27,917.35 |

Notes forming part of the financial statements

26 Construction Expenses

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Sub-contract expenses | 54,054.18 | 16,836.98 |
| Spreading & Assortment Exp. | 23,887.54 | 15,874.93 |
| Power and Fuel | 335.18 | 183.17 |
| Seigniorage charges / Royalty | 1,217.03 | 597.44 |
| Transport, Loading & Un loading charges | 3,129.17 | 1,842.87 |
| Recoveries by Clients | 71.21 | 14.95 |
| Value Added Tax | 3,600.58 | 2,594.68 |
| Repairs to Buildings & Others | 94.06 | 56.44 |
| Repairs to Machinery | 175.76 | 183.34 |
| Repairs to Vehicles | 164.05 | 111.94 |
| Miscellaneous expenses | 2,575.97 | 1,837.44 |
| Total | 89,304.73 | 40,134.18 |

27 Employee Benefits Expense

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Salaries, Wages and Other Benefits | 5,322.11 | 4,112.20 |
| Contribution to Provident and Other Funds (Refere Note : 39) | 109.14 | 89.68 |
| Staff welfare Expenses | 92.47 | 109.95 |
| Total | 5,523.72 | 4,311.83 |

28 Finance Costs

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Interest Expense on | | |
| Working Capital Demand Loans and Cash Credit | 125.04 | 262.42 |
| Term Loans | 138.49 | 65.46 |
| Suppliers Credit | 2.84 | 7.02 |
| Loan from Directors | 1,026.08 | 458.30 |
| Others | 207.92 | 36.51 |
| | 1,500.37 | 829.71 |
| Other Borrowing Costs | | |
| Processing Charges | 208.36 | 164.15 |
| BG / LC Charges | 439.54 | 276.27 |
| Bank and Other Financial Charges | 41.61 | 42.44 |
| Net gain/loss on foreign currency transactions and translation | - | 11.17 |
| Total | 2,189.88 | 1,323.74 |

Notes forming part of the financial statements

29 Depreciation and Amortization Expense

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|-------------------------------|------------------------------|------------------------------|
| Depreciation and Amortization | 6,387.32 | 4,225.34 |
| Total | 6,387.32 | 4,225.34 |

30 Other Expenses

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Travelling and Conveyance (includes Boarding & Lodging expenses) | 220.52 | 216.09 |
| Postage, Telegrams and Telephones | 85.46 | 79.65 |
| Business Promotion expenses | 29.93 | 12.09 |
| Advertisement and publicity | 47.96 | 39.09 |
| Legal & Professional charges | 452.71 | 439.43 |
| Insurance | 292.34 | 283.71 |
| Rates and taxes excluding taxes of Income | 485.94 | 404.92 |
| Auditor's Remuneration (Refer note : 37) | 5.00 | 5.00 |
| Printing & Stationery | 78.64 | 75.38 |
| Tender expenses | 16.97 | 20.86 |
| Office maintenance | 55.44 | 59.76 |
| Rent expenses | 344.55 | 241.36 |
| Electricity charges | 126.11 | 184.45 |
| Directors Sitting fees | 25.75 | 20.50 |
| Loss on sale of Assets | 48.88 | 54.30 |
| Bad Debts / Advances written off | 54.64 | 262.77 |
| Provision for Doubtful Advances, Receivables and Deposits | 200.00 | - |
| Donation | 6.86 | 8.05 |
| (Gain) / Loss on Fair value of Mutual Funds | - | 1.95 |
| CSR expenses (refer note : 30.1) | 164.93 | 125.54 |
| Forex loss | - | 0.23 |
| Miscellaneous expenses | 67.35 | 66.00 |
| Total | 2,809.98 | 2,601.13 |

Notes forming part of the financial statements

30.1

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.

- a) Gross amount required to be spent by the company during the year ₹ 175.12 Lakhs (P.Y ₹ 134.87 Lakhs)
b) Amount spent during the year on :

(₹ in Lakhs)

| | Year Ended March 31, 2017 | | Year Ended March 31, 2016 | |
|---|---------------------------|------------------------|---------------------------|------------------------|
| | 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 | 164.93 | 147.98* | 125.54 | 137.79* |
| *Including cumulative un-spent amounts of previous years. | | | | |

31 Exceptional Items

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---------------------------|---------------------------|
| Provision for Impairment of Investments | 1,086.64 | - |
| Total | 1,086.64 | - |

32 Tax Expense

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---------------------------|---------------------------|
| A - Current Tax | | |
| Current tax on profits for the year | 3,580.69 | 2,456.66 |
| MAT credit entitlement | (2,371.22) | (816.22) |
| Adjustments in respect of prior years (Refer note : 321) | (2.49) | (4,372.26) |
| Sub-Total | 1,206.98 | (2,731.82) |
| B - Deferred Tax | | |
| Deferred Tax Liability / (Asset) due to timing difference | (610.39) | (462.17) |
| Sub-Total | (610.39) | (462.17) |
| Total | 596.59 | (3,193.99) |

32.1 Adjustments in respect of prior years, includes share of Income Tax of JV ₹ 260.68 lakhs in the F.Y 15-16

Notes forming part of the financial statements

32.2 Reconciliation of tax expenses to accounting profit

(₹ In Lakhs)

| | | |
|---|---------------|-------------------|
| Accounting profit before tax | 16,321.69 | 12,913.35 |
| Tax @ 34.608% | 5,648.61 | 4,469.05 |
| Adjustments | | |
| Effect of income exempt from taxation | (5,355.69) | (3,192.09) |
| Effect of expenses that are not deductible in determining taxable profit | 912.65 | 363.48 |
| Effect of capital gains | 3.90 | - |
| Earlier year taxes | (2.49) | (4,372.26) |
| Deferred tax | (610.39) | (462.17) |
| Tax Expenses recognised in the statement of profit and loss | 596.59 | (3,193.99) |
| Income tax credit/(expense) recognised in Other Comprehensive Income : | | |
| Tax effect on actuarial gains/losses on defined benefit obligations | 2712 | (13.83) |

33 Other Comprehensive Income

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| i) Items that will not be reclassified to profit or loss | | |
| Actuarial Gains & Losses on plan benefits | 78.36 | (39.97) |
| ii) Deferred Tax on above | (2712) | 13.83 |
| Total | 51.24 | (26.14) |

34. 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, 2017, March 31, 2016 and April 01, 2015 was as follows

(₹ in Lakhs)

| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|---|------------------|------------------|------------------|
| Total debt | 14,405.75 | 11,674.65 | 9,629.87 |
| Less: cash and cash equivalents | 2,464.05 | 1,508.55 | 1,572.60 |
| Adjusted net debt | 11,941.70 | 10,166.10 | 8,057.27 |
| Total equity | 89,547.44 | 73,771.10 | 58,365.21 |
| Adjusted equity | 89,547.44 | 73,771.10 | 58,365.21 |
| | | | |
| Adjusted net debt to adjusted equity ratio | 0.13 | 0.14 | 0.14 |

35 Financial instruments - Fair values and risk management

A. Accounting 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.

As at March 31, 2017

(₹ in Lakhs)

| 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 | - | - | - | - |
| Other Investments | 4,025.41 | 47,737.92 | 51,763.33 | 4,025.41 | - | - | 4,025.41 |
| Trade receivables | - | 16,395.99 | 16,395.99 | - | - | - | - |
| Cash and cash equivalents | - | 2,464.05 | 2,464.05 | - | - | - | - |
| Loans | - | 3,490.50 | 3,490.50 | - | - | - | - |
| Other financial assets | - | 14,544.14 | 14,544.14 | - | - | - | - |
| | 4,025.41 | 86,377.76 | 90,403.17 | 4,025.41 | - | - | 4,025.41 |
| Financial liabilities | | | | | | | |
| Secured Bank loans | - | 2,244.25 | 2,244.25 | - | - | - | - |
| Un Secured loans | - | 12,161.50 | 12,161.50 | - | - | - | - |
| Trade payables | - | 14,266.10 | 14,266.10 | - | - | - | - |
| Other financial liabilities | - | 16,788.37 | 16,788.37 | - | - | - | - |
| | - | 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.

Notes forming part of the financial statements

As at March 31, 2016

(₹ in Lakhs)

| 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 | - | 398.85 | 398.85 | - | - | - | - |
| Other Investments | 25.84 | 38,098.45 | 38,124.29 | 25.84 | - | - | 25.84 |
| Trade receivables | - | 12,936.34 | 12,936.34 | - | - | - | - |
| Cash and cash equivalents | - | 1,508.55 | 1,508.55 | - | - | - | - |
| Bank deposits with maturity more than 3 months | - | 105.25 | 105.25 | - | - | - | - |
| Loans | - | 1,638.28 | 1,638.28 | - | - | - | - |
| Other financial assets | - | 10,719.63 | 10,719.63 | - | - | - | - |
| | 25.84 | 65,405.35 | 65,431.19 | 25.84 | - | - | 25.84 |
| Financial liabilities | | | | | | | |
| Secured Bank loans | - | 3,824.65 | 3,824.65 | - | - | - | - |
| Un Secured loans | - | 7,850.00 | 7,850.00 | - | - | - | - |
| Trade payables | - | 11,208.25 | 11,208.25 | - | - | - | - |
| Other financial liabilities | - | 16,116.69 | 16,116.69 | - | - | - | - |
| | - | 38,999.59 | 38,999.59 | - | - | - | - |

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.

As at April 01, 2015

(₹ in Lakhs)

| 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 | - | 398.85 | 398.85 | - | - | - | - |
| Other Investments | 27.80 | 18,312.83 | 18,340.63 | 27.80 | - | - | 27.80 |
| Trade receivables | - | 17,650.15 | 17,650.15 | - | - | - | - |
| Cash and cash equivalents | - | 1,572.60 | 1,572.60 | - | - | - | - |
| Loans | - | 1,750.64 | 1,750.64 | - | - | - | - |
| Other financial assets | - | 10,493.10 | 10,493.10 | - | - | - | - |
| | 27.80 | 50,178.17 | 50,205.97 | 27.80 | - | - | 27.80 |
| Financial liabilities | | | | | | | |
| Secured Bank loans | - | 6,829.87 | 6,829.87 | - | - | - | - |
| Un Secured loans | - | 2,800.00 | 2,800.00 | - | - | - | - |
| Trade payables | - | 7,050.51 | 7,050.51 | - | - | - | - |
| Other financial liabilities | - | 4,833.79 | 4,833.79 | - | - | - | - |
| | - | 21,514.17 | 21,514.17 | - | - | - | - |

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 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.

Notes forming part of the financial statements

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.

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, 2017

(₹ in Lakhs)

| Particulars | Contractual Cashflows | | | | 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 |

As at March 31, 2016

(₹ in Lakhs)

| Particulars | Contractual Cashflows | | | | Total |
|---|-----------------------|------------------|------------------|-------------------|------------------|
| | Carrying Amount | Upto 1 year | 1 to 3 Years | More than 3 years | |
| Non-derivative financial liabilities | | | | | |
| Secured Bank loans | 3,824.65 | 424.01 | 2,244.25 | 1,156.39 | 3,824.65 |
| Un Secured loans | 7,850.00 | - | - | 7,850.00 | 7,850.00 |
| Trade payables | 11,208.25 | 7,845.78 | 2,535.20 | 827.27 | 11,208.25 |
| Other financial liabilities | 16,116.69 | 3,223.34 | 9,425.24 | 3,468.11 | 16,116.69 |
| | 38,999.59 | 11,493.13 | 14,204.69 | 13,301.77 | 38,999.59 |

As at April 01, 2015

(₹ in Lakhs)

| Particulars | Contractual Cashflows | | | | Total |
|---|-----------------------|-----------------|-----------------|-------------------|------------------|
| | Carrying Amount | Upto 1 year | 1 to 3 Years | More than 3 years | |
| Non-derivative financial liabilities | | | | | |
| Secured Bank loans | 6,829.87 | 812.12 | 1,802.26 | 4,215.49 | 6,829.87 |
| Un Secured loans | 2,800.00 | - | - | 2,800.00 | 2,800.00 |
| Trade payables | 7,050.51 | 4,935.36 | 1,287.88 | 827.27 | 7,050.51 |
| Other financial liabilities | 4,833.79 | 966.76 | 490.48 | 3,376.55 | 4,833.79 |
| | 21,514.17 | 6,714.24 | 3,580.62 | 11,219.31 | 21,514.17 |

Notes forming part of the financial statements

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 are 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: (₹ in lakhs)

| Particulars | Note | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|-----------------------------|------|----------------|----------------|----------------|
| Investments in Mutual Funds | 4 | 4,025.41 | 25.84 | 27.80 |

Sensitivity analysis (₹ in lakhs)

| Price Rate Risk Analysis | Impact on profit/ loss after tax | |
|--|----------------------------------|---------------------------|
| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
| Increase or decrease in NAV by 2% | 80.51 | 0.52 |
| Note : In case of Decrease in NAV, Profit will reduce and vice versa | | |

Notes forming part of the financial statements

36 Contingent Liability and Commitments

(₹ in lakhs)

| | As at | | |
|--|--------------------------|--------------------------|--------------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| i) Contingent Liabilities | | | |
| a) Claims against the company not acknowledged as debt | | | |
| 1. Disputed Income tax and Interest on TDS | 4,207.18* | 4126.02* | 1,752.46 |
| 2. Disputed Sales tax/ VAT/ Entry tax | 354.59 | 607.33 | 1,549.33 |
| 3. Disputed Service tax | 30.00 | - | 22312 |
| 4. Others (Civil cases) | 25.69 | 50.76 | 173.73 |
| b) Guarantees | | | |
| Corporate guarantees given to banks and financial institutions for financial assistance extended to Subsidiaries, Associates and Joint Ventures | - | - | 5,000.00 |
| 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 | Amount not ascertainable |
| Total | 4,617.46 | 4,784.11 | 8,698.64 |
| <p>*During the previous year, Company has got benefit of deduction under Section 80 IA (4) on eligible projects under Income Tax Act for the A.Y 2006-07 to 2012-13 against our appeals filed at ITAT for an amount of ₹ 4,111.56 lakhs. The department has filed appeals against ITAT orders at the High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh. The Company considers it appropriate not to create a liability for the above said amount on the basis of legal opinion and decided cases.</p> | | | |
| ii) Commitments | | | |
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,613.43 | 1,580.51 | 8,316.78 |
| b) Other commitments | | | |
| Estimated amount of committed funding by way of equity/loans to subsidiary companies | 3,500.00 | - | 3,600.00 |
| Future Export commitments on account of import of machinery and equipment at concessional rate of duty under EPCG scheme | - | - | 1,651.59 |
| Total | 5,113.43 | 1580.51 | 13568.37 |

Notes forming part of the financial statements

37 Remuneration paid to the Statutory Auditors

(₹ in lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|----------------------|------------------------------|------------------------------|
| Statutory Audit Fees | 2.00 | 2.00 |
| Taxation | 1.00 | 1.00 |
| Other services | 2.00 | 2.00 |

38 Disclosure pursuant to Ind AS 33 "Earnings Per Share (EPS)"

(₹ in lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| i. Profit (loss) attributable to equity shareholders(basic) | 1572510 | 1610734 |
| ii. Weighted average number of equity shares (basic) | 140617 | 140617 |
| Basic EPS | 1118 | 11.45 |
| i. Profit (loss) attributable to equity shareholders(diluted) | 1572510 | 1610734 |
| ii. Weighted average number of equity shares (diluted) | 140617 | 140617 |
| Diluted EPS | 1118 | 11.45 |

39 Employee Benefits

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

Defined Benefit plans:

The Company operates gratuity plan through Life Insurance Corporation of India (LIC) 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 ₹ 98.17 lakhs (PY 2015-16 is ₹ 81.40 lakhs).

Changes in the Present Value of Obligation

(₹ In Lakhs)

| | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Present value of obligations as at beginning of the year | 261.77 | 202.31 |
| Interest cost | 20.94 | 16.18 |
| Current Service cost | 18.59 | 14.30 |
| Benefits paid | (6.19) | (10.98) |
| Actuarial (gain)/loss on obligations | (78.36) | 39.96 |
| Present value of obligations as at end of year | 216.75 | 261.77 |

Changes in Fair value of plan assets

(₹ In Lakhs)

| | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Fair value of plan assets at beginning of the year | 15.35 | 17.80 |
| Expected return on plan assets | 1.59 | 1.47 |
| Contributions | 7.49 | 7.06 |
| Benefits paid | (5.25) | (10.98) |
| Actuarial gain/(loss) on obligation | - | - |
| Fair value of plan assets at the end of year | 19.18 | 15.35 |

Notes forming part of the financial statements

Assets recognized in the Balance Sheet

(₹ In Lakhs)

| | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| Liability at the end of the period / year | 216.75 | 261.77 |
| Fair value of plan assets at the end of the period / year | (1918) | (15.35) |
| Amount to be recognised in Balance Sheet | 197.57 | 246.42 |

Expenses recognized in the Statement of Profit & Loss

(₹ In Lakhs)

| | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| Current service cost | 18.59 | 14.30 |
| Interest cost | 20.94 | 16.18 |
| Expected return on plan assets | (1.59) | (1.47) |
| Net Actuarial (gain)/loss recognized in the year | (78.36) | 39.96 |
| Expenses recognized in statement of profit and loss | (40.42) | 68.97 |

Amount recognised in statement of other comprehensive income (OCI)

(₹ In Lakhs)

| | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Opening amount recognised in OCI | 39.97 | 45.46 |
| Remeasurement for the period - Obligation (gain)/loss | (78.36) | 39.97 |
| Remeasurement for the period - plan assets (gain)/loss | - | - |
| Total Remeasurement cost / (credit) for the period recognised in OCI | (78.36) | 39.97 |
| Closing amount recognised in OCI | (78.36) | 39.97 |

Assumptions

| | | |
|----------------------------------|---|---|
| Discount Rate | 8% | 8% |
| Salary Escalation | 15% | 10% |
| Mortality rate | Indian assured lives mortality (2006-08) ultimate | Indian assured lives mortality (2006-08) ultimate |
| Average future working life time | 23.36 years | 25.60 years |
| Attrition rate | 13% | 7% |

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.

Quantities sensitivity analysis for significant assumptions is as below:

(₹ In Lakhs)

| 1% increase | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| i. Discount rate | 198.86 | 231.27 |
| ii. Salary escalation rate- over a long-term | 222.68 | 273.95 |
| iii. Attrition rate | 198.86 | 231.27 |
| 1% decrease | | |
| i. Discount rate | 237.40 | 298.47 |
| ii. Salary escalation rate- over a long-term | 210.23 | 247.72 |
| iii. Attrition rate | 237.40 | 298.47 |

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.

Notes forming part of the financial statements

40 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)

| S. No. | Name of the Company | Balance as at | | | Maximum outstanding during the year | | |
|-----------|--|----------------|----------------|----------------|-------------------------------------|----------------|----------------|
| | | March 31, 2017 | March 31, 2016 | April 01, 2015 | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| A. | Subsidiaries and Associates | | | | | | |
| 1 | KNR Agrotech & Beverages Pvt Ltd., | 194.41 | 422.51 | 388.96 | 422.51 | 422.51 | 388.96 |
| 2 | KNR Energy Ltd., | 191.08 | 324.16 | 301.74 | 326.28 | 324.16 | 301.74 |
| 3 | KNRC Holdings and Investments Pvt Ltd., | 168.85 | 271.37 | 249.31 | 274.68 | 271.37 | 249.31 |
| 4 | KNR Walayar Tollways Pvt Ltd - | 24.00 | 198.48 | 53.46 | 483.71 | 874.77 | 338.57 |
| 5 | Patel KNR Heavy Infrastructures Ltd., | 5.97 | 4.04 | 3.10 | 15.31 | 4.04 | 3.10 |
| 6 | KNR Muzaffarpur Barauni Tollway Pvt. Ltd., | 20.03 | - | 2.57 | 479.34 | 40.94 | 2.57 |
| 7 | KNRCL - FZE | 43.25 | 43.25 | 59.51 | 43.25 | 59.51 | 59.51 |
| 8 | KNR Infrastructure Projects Pvt. Ltd., | 9.08 | 8.87 | 8.48 | 9.08 | 8.87 | 8.48 |
| 9 | KNR Muzaffarpur Holdings Pvt. Ltd., | 1.83 | 1.47 | 0.72 | 1.83 | 1.47 | 0.72 |
| B. | Loans and Advances where there is no repayment schedule | | | | | | |
| 1 | KNR Agrotech & Beverages Pvt Ltd., | 194.41 | 422.51 | 388.96 | 422.51 | 422.51 | 388.96 |
| 2 | KNR Energy Ltd., | 191.08 | 324.16 | 301.74 | 326.28 | 324.16 | 301.74 |
| 3 | KNRC Holdings and Investments Pvt Ltd., | 168.85 | 271.37 | 249.31 | 274.68 | 271.37 | 249.31 |
| 4 | KNR Walayar Tollways Pvt Ltd., | 24.00 | 198.48 | 53.46 | 483.71 | 874.77 | 338.57 |
| 5 | Patel KNR Heavy Infrastructures Ltd., | 5.97 | 4.04 | 3.10 | 15.31 | 4.04 | 3.10 |
| 6 | KNR Muzaffarpur Barauni Tollway Pvt. Ltd. | 20.03 | - | 2.57 | 479.34 | 40.94 | 2.57 |
| 7 | KNRCL - FZE | 43.25 | 43.25 | 59.51 | 43.25 | 59.51 | 59.51 |
| 8 | KNR Infrastructure Projects Pvt. Ltd., | 9.08 | 8.87 | 8.48 | 9.08 | 8.87 | 8.48 |
| 9 | KNR Muzaffarpur Holdings Pvt. Ltd., | 1.83 | 1.47 | 0.72 | 1.83 | 1.47 | 0.72 |

Notes forming part of the financial statements

41 Disclosure pursuant to Ind AS 11 “Construction Contracts”

(₹ In Lakhs)

| | | March 31, 2017 | March 31, 2016 |
|---|---|----------------|----------------|
| a | Contract Revenue recognised as revenue during the year | 1,48,977.09 | 82,120.26 |
| b | Aggregate Contract costs incurred and recognised Profits, (less recognised losses) up to the reporting date for contracts in progress | 4,59,699.16 | 3,18,340.20 |
| c | Amount of advances received for contracts in progress | 14,444.34 | 14,930.78 |
| d | Amount of retention money for contracts in progress | 10,573.56 | 5,056.94 |
| e | Gross Amount due from customers for contracts in progress | 8,366.20 | 8,560.40 |
| f | Gross Amount due to customers for contracts in progress | 15,874.01 | 3,639.82 |

42 Value of imports calculated on CIF basis

(₹ In Lakhs)

| | | March 31, 2017 | March 31, 2016 |
|---|--------------------|----------------|----------------|
| a | Material Purchases | Nil | Nil |
| b | Stores & Spares | 17.79 | 68.23 |
| c | Capital goods | 282.92 | 444.86 |

43 Expenditure/Remittance in Foreign Currency

(₹ In Lakhs)

| | | March 31, 2017 | March 31, 2016 |
|---|---|----------------|----------------|
| a | On account of Travel/Other expenses (including boarding & lodging expenses) | 15.67 | 512 |
| b | On account of Advance/Loan | - | - |
| c | Income/Advances received | - | - |

44 Disclosure of Related Parties/ Related Party Transactions pursuant to Ind As 24: Related party Disclosure”

A Names of related parties and nature of relationship

| S. No. | Particulars | Country | Holding as at | | |
|-----------|--|---------|----------------|----------------|----------------|
| | | | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| I) | Subsidiaries | | | | |
| 1 | KNR Agrotech & Beverages Pvt Ltd., | India | 100% | 100% | 100% |
| 2 | KNR Infrastructure Projects Pvt Ltd., | India | 100% | 100% | 100% |
| 3 | KNR Energy Ltd., | India | 100% | 100% | 100% |
| 4 | KNR Walayar Tollways Pvt. Ltd., | India | 100% | 100% | 100% |
| 5 | KNR – FZE | UAE | 100% | 100% | 100% |
| 6 | KNR Constructions LLC | Oman | 65% | 65% | 65% |
| 7 | KNRC Holdings and Investments Pvt. Ltd., | India | 100% | 100% | 100% |

Notes forming part of the financial statements

| S. No. | Particulars | Country | Holding as at | | |
|-------------|--|------------|------------------|------------------|------------------|
| | | | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| II) | Step-down Subsidiaries | | | | |
| 8 | Mesmeric Software Solutions Pvt. Ltd., | India | 100% | 100% | 100% |
| 9 | Nag Talent Ventures & Infotech Pvt. Ltd., | India | 100% | 100% | 100% |
| 10 | Roche Polymers and Additives Pvt. Ltd., | India | 100% | 100% | 100% |
| 11 | Gradient Estates Pvt. Ltd., | India | 100% | 100% | 100% |
| 12 | Gradient Realty Ventures Pvt. Ltd., | India | 100% | 100% | 100% |
| 13 | Asara Construction & Projects Pvt. Ltd., | India | 100% | 100% | 100% |
| 14 | KNR Muzaffarpur Holdings Pvt. Ltd., | India | 100% | 100% | 100% |
| 15 | KNR Muzaffarpur-Barauni Tollway Pvt. Ltd., | India | 51% | 51% | 51% |
| III) | Associates | | | | |
| 1 | Patel KNR Infrastructures Ltd., | India | 40% | 40% | 40% |
| 2 | Patel KNR Heavy Infrastructures Ltd. | India | 40% | 40% | 40% |
| IV) | Joint Operations | | | | |
| 1 | KNR – Patel JV | India | 51% | 51% | 51% |
| 2 | Patel – KNR JV | India | 50% | 50% | 50% |
| 3 | NCC-KNR JV | India | Project specific | Project specific | Project specific |
| 4 | KNR – SLEC JV | India | 60% | 60% | 60% |
| 5 | KNR-BPL JV | India | 49% | 49% | 49% |
| 6 | KNR-GVR JV | India | 51% | 51% | 51% |
| 7 | KNR-JKM-Kamala JV | India | 50% | 50% | 50% |
| 8 | KNR-JKM JV | India | 51% | 51% | 51% |
| 9 | KNR-SLMI JV | India | Project specific | Project specific | Project specific |
| 10 | KNR-TBCPL-JV | India | 51% | 51% | 51% |
| 11 | KNR-PBEPL-JV | India | 75% | 75% | 75% |
| 12 | KNR-SEW-GVR-JV | India | 51% | 51% | 51% |
| 13 | PSK-KNR-GVR-JV | India | 51% | 51% | 51% |
| 14 | BSCPL-KNR-JV | India | 50% | 50% | 50% |
| V) | Joint Controlled Entities | | | | |
| 1 | SEL-KNR-JV | Bangladesh | 49% | 49% | 49% |

Notes forming part of the financial statements

| | | |
|-------------|--|-------------------------------|
| 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 (appointed w.e.f 07-01-2016) | Executive Officer - VP (F&A) |
| 7 | Sri G. Sravana Kumar (resigned w.e.f 30-11-2015) | Executive Officer - CGM (F&A) |
| 8 | Sri M. Venkata Rao | Company Secretary |
| VII) | Relatives of Key Management Personnel | |
| 1 | Sri. V.Krishna Reddy | Project Co-Ordinator |
| 2 | Sri. M.Rajesh Reddy (resigned w.e.f 12.01.2015) | Executive Director |

B List of transaction with related parties are as follows :

(₹ In Lakhs)

| S. No | Particulars | Nature of relation | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|----------|--|----------------------|---------------------------|---------------------------|
| 1 | KNR Walayar Tollways Pvt. Ltd., | Subsidiary | | |
| | EPC work contract receipts | | 1,437.06 | 8,075.03 |
| | O&M work receipts | | 568.92 | 460.04 |
| | Inter corporate Loans given/(repaid) | | 13,000.00 | 13,150.00 |
| | Re-imbursement of expenditure incurred/(recovered) | | (174.48) | 145.02 |
| | Withheld paid /(received) | | - | (222.43) |
| 2 | KNR Muzaffarpur Barauni Tollway Pvt Ltd., | Step down Subsidiary | | |
| | Inter corporate Loans given/(repaid) | | - | 5,276.50 |
| | Re-imbursement of expenditure/(recovered) | | 138.14 | (120.68) |
| 3 | KNR Agrotech & Beverages Pvt Ltd., | Subsidiary | | |
| | Interest Income on Inter corporate loans | | 12.75 | 18.60 |
| | Inter corporate Loans given/(repaid) | | (219.50) | - |
| | Advance paid/(recovered) | | (21.34) | 14.94 |
| 4 | KNR Energy Limited | Subsidiary | | |
| | Interest Income on Inter corporate loans | | 16.79 | 22.25 |
| | Inter corporate Loans given/(repaid) | | (152.00) | - |
| | Advance paid/(recovered) | | 2.12 | 0.17 |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of relation | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|-----------|--|----------------------|---------------------------|---------------------------|
| 5 | KNRC Holdings and Investments Pvt Ltd | Subsidiary | | |
| | Interest Income on Inter corporate loans | | 15.17 | 20.70 |
| | Inter corporate Loans given/(repaid) | | (121.00) | - |
| | Advance paid/(recovered) | | 3.31 | 1.37 |
| 6 | KNR Infrastructure Projects Pvt Ltd | Subsidiary | | |
| | Advance paid/(recovered) | | 0.20 | 0.39 |
| 7 | KNR Constructions - LLC | Subsidiary | | |
| | Advance paid (on translation amount) | | - | 14.84 |
| 8 | KNRCL - FZE | Subsidiary | | |
| | Advance paid (on translation amount) | | - | (16.26) |
| 9 | KNR Muzaffarpur Barauni Holdings Pvt Ltd., | Step down Subsidiary | | |
| | Advance paid/(recovered) | | 0.36 | 0.75 |
| 10 | Patel KNR Heavy Infrastructures Ltd., | Associate | | |
| | O&M routine maintenance work receipts | | 515.72 | 492.04 |
| | O&M major maintenance work receipts | | 2,266.42 | 703.58 |
| | Mobilisation advance received/(recovered) | | (158.73) | 158.73 |
| | Re-imbursement of expenditure incurred/(recovered) | | 1.92 | 0.95 |
| 11 | Patel KNR Infrastructures Ltd., | Associate | | |
| | O&M routine maintenance work receipts | | 626.67 | 593.75 |
| | O&M Major maintenance work receipts | | - | 4,141.02 |
| | Mobilization advance (received)/recovered | | - | 320.00 |
| | Re-imbursement of expenditure incurred/(recovered) | | - | 0.49 |
| 12 | Patel-KNR-JV | Joint Operations | | |
| | Sale of aggregates | | 583.48 | 391.95 |
| | Hire charges receipts | | 266.71 | 195.38 |
| | Sub-contract work receipts | | 54.08 | - |
| | Sub-contract work expenditure | | 2,221.09 | 4,747.71 |
| | Share of Profit/(Loss) | | 132.66 | 44.62 |
| | Current Account additions/(drawings) | | 115.14 | (128.03) |
| | Advance paid/(recovered) | | (135.30) | 155.80 |
| | Re-imbursement of expenditure incurred/(recovered) | | 57.65 | 40.39 |
| | Material Advance received/(recovered) | | - | (36.56) |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of relation | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|-----------|--|--------------------|---------------------------|---------------------------|
| 13 | KNR-BPL-JV | Joint Operations | | |
| | Sub-contract work receipts | | 1,463.86 | 281.95 |
| | Material advanced received/(recovered) | | (192.76) | (93.84) |
| | Retention deposit & Withheld deducted/(released) | | 73.60 | (83.90) |
| | Share of TDS refund deducted/(released) | | 29.26 | (4.95) |
| | Liquidity Damages deducted / (released) | | (17.67) | - |
| 14 | KNR-SEW-GVR-JV | Joint Operations | | |
| | Sub-contract work receipts | | 7,442.13 | - |
| | Retention deposit deducted/(released) | | 558.16 | - |
| | Share of TDS refund deducted/(released) | | 92.29 | - |
| | Re-imbursement of expenditure incurred/(recovered) | | 20.54 | - |
| 15 | PSK-KNR-GVR-JV | Joint Operations | | |
| | Sub-contract work receipts | | 4,342.69 | - |
| | Retention deposit deducted/(released) | | 325.70 | - |
| 16 | KNR-TBPCL-JV | Joint Operations | | |
| | Share of Profit/(Loss) | | 166.71 | 134.93 |
| | Current Account additions/(drawings) | | (33.49) | (5.99) |
| | Interest received on Un secured loan | | - | 0.86 |
| | BG Commission received | | - | 1.53 |
| 17 | KNR-PBEPL-JV | Joint Operations | | |
| | Share of profit/(loss) | | 42.21 | (0.10) |
| | Current Account additions/(drawings) | | (197.85) | 299.41 |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of relation | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|-----------|---|--------------------|---------------------------|---------------------------|
| 18 | KNR-SLMI-JV | Joint Operations | | |
| | Share of profit/(loss) | | 0.12 | 15.71 |
| | Current Account additions/(drawings) | | 26.51 | (51.23) |
| | Sub-contract work receipts | | 233.22 | 2,246.69 |
| | Share of TDS refund deducted/(released) | | 4.67 | (11.72) |
| | Withheld deducted/(released) | | - | 0.93 |
| | Interest received on Un secured loan | | - | 37.07 |
| | Un-secured loan given | | - | 1,760.20 |
| | Un-secured loan repaid | | - | (1,760.20) |
| | Retention deposit deducted/(released) | | - | (880.15) |
| | Material advance received/(repaid) | | - | (206.66) |
| 19 | KNR-GVR-JV | Joint Operations | | |
| | Share of profit/(loss) | | 29.03 | 9.41 |
| | Current Account additions/(drawings) | | - | (4.00) |
| 20 | KNR-PATEL-JV | Joint Operations | | |
| | Share of profit/(loss) | | 260.80 | 1,287.75 |
| | Share of Income Tax expenses/(income) | | - | (260.68) |
| | Current Account additions/(drawings) | | 0.62 | (1,906.86) |
| 21 | KNR-SLEC-JV | Joint Operations | | |
| | Share of profit/(loss) | | (0.03) | (0.03) |
| 22 | NCC-KNR-JV | Joint Operations | | |
| | Share of profit/(loss) | | (0.06) | (22.38) |
| | Current Account additions/(drawings) | | 0.10 | 91.92 |
| 23 | KNR-JKM-JV | Joint Operations | | |
| | Share of profit/(loss) | | - | 31.12 |
| | Current Account additions/(drawings) | | (1,065.37) | 1,130.49 |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of relation | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|-----------|--|--------------------------------|---------------------------|---------------------------|
| 24 | SEL-KNR-JV (Bangladesh) | Joint Controlled Entity | | |
| | Re-imbursement of expenditure incurred/(recovered) | | 18.28 | 1.11 |
| 25 | K.Narasimha Reddy | KMP - Managing Director | | |
| | Short term employee benefits | | 360.00 | 240.00 |
| | Post-employment Benefits | | - | - |
| | Interest paid on un-secured loans | | 979.37 | 354.80 |
| | Un-secured loan received | | 4,642.50 | 8,056.00 |
| | Un-secured loan (repaid) | | (292.50) | (2,206.00) |
| | Dividend paid | | - | 195.97 |
| | Un-secured loan (Dubai branch) # | | (3.23) | - |
| 26 | K.Jalandhar Reddy | KMP - Executive Director & CFO | | |
| | Short term employee benefits | | 240.83 | 120.00 |
| | Post-employment benefits | | 20.17 | 10.08 |
| | Land lease rent paid | | 20.40 | 20.40 |
| | Guest house rent paid | | 7.60 | 6.92 |
| | Office rent paid | | 2.50 | - |
| | Re-imbursement of locker rent | | 1.25 | - |
| | Interest Paid on un-secured loans | | 46.72 | 62.21 |
| | Un-secured loan received | | - | 515.00 |
| | Un-secured loan (repaid) | | (38.50) | (715.00) |
| | Dividend paid | | - | 80.52 |
| 27 | K.Yashoda | KMP - Non-Executive Director | | |
| | Un-secured loan received | | - | 175.00 |
| | Un-secured loan (repaid) | | - | (775.00) |
| | Interest Paid on un-secured loans | | - | 41.29 |
| | Directors sitting fee paid | | 3.25 | 3.00 |
| | Dividend paid | | - | 35.23 |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of relation | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|-----------|---|----------------------------|---------------------------|---------------------------|
| 28 | S. Vaikuntanathan (appointed w.e.f 07-01-2016) | KMP - Executive Officer | | |
| | Short term employee benefits | | 27.45 | 6.31 |
| 29 | G.Sravana Kumar (resigned w.e.f 30-11-2015) | KMP - Executive Officer | | |
| | Short term employee benefits | | - | 20.46 |
| | Post-employment benefits | | - | 1.92 |
| 30 | M.Venkata Rao | KMP - Company Secretary | | |
| | Short term employee benefits | | 12.00 | 12.16 |
| | Post-employment benefits | | 1.01 | 1.01 |
| 31 | M.Rajesh Reddy (resigned w.e.f 12.01.2015) | Relative of KMP | | |
| | Dividend paid | | - | 30.00 |
| 32 | V.Krishna Reddy | Relative of KMP | | |
| | Short term employee benefits | | 6.45 | 6.00 |
| 33 | B.V.Rama Rao | KMP - Independent Director | | |
| | Siting fee | | 11.25 | 8.50 |
| 34 | L.B.Reddy | KMP - Independent Director | | |
| | Siting fee | | 11.25 | 9.00 |

Notes forming part of the financial statements

C Outstanding balance with related parties are as follows :

(₹ In Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|----------|---|----------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 1 | KNR Walayar Tollways Pvt. Ltd., | Subsidiary | | | | | | |
| | Trade receivable (EPC) | | - | - | 19.50 | - | 7,065.79 | - |
| | Trade receivable (O&M) | | 46.46 | - | 219.69 | - | - | - |
| | Investment in equity | | 90.00 | - | 90.00 | - | 90.00 | - |
| | Inter corporate loans - (Investment) | | 39,651.00 | - | 26,651.00 | - | 13,501.00 | - |
| | Re-imbursement of expenses receivable | | 24.00 | - | 198.48 | - | 53.46 | - |
| | Withheld receivable | | - | - | - | - | 222.43 | |
| 2 | KNR Muzaffarpur Barauni Tollways Pvt Ltd., | Step down Subsidiary | | | | | | |
| | Investment in equity | | 45.90 | - | 45.90 | - | 45.90 | - |
| | Inter corporate loans - (Investment) | | 5,276.50 | - | 5,276.50 | - | - | - |
| | Re-imbursement of expenses receivable | | 20.03 | - | - | 118.11 | 2.57 | - |
| 3 | KNR Agrotech & Beverage Pvt Ltd., | Subsidiary | | | | | | |
| | Investment in equity | | 1.00 | - | 1.00 | - | 1.00 | - |
| | Inter corporate loans - (Investment) | | 83.94 | - | 83.94 | - | 83.94 | - |
| | Inter corporate loans receivable | | 23.02 | - | 229.77 | - | 211.17 | - |
| | Advance receivable | | 171.39 | - | 192.73 | - | 177.79 | - |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|----------|---|--------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 4 | KNR Energy Limited | Subsidiary | | | | | | |
| | Investment in equity | | 5.00 | - | 5.00 | - | 5.00 | - |
| | Inter corporate loans - (Investment) | | 9111 | - | 9111 | - | 9111 | - |
| | Inter corporate loans receivable | | 139.94 | - | 275.15 | - | 252.90 | - |
| | Advance receivable | | 5113 | - | 49.01 | - | 48.84 | - |
| 5 | KNRC Holdings and Investments Pvt Ltd | Subsidiary | | | | | | |
| | Investment in equity | | 1.00 | - | 1.00 | - | 1.00 | - |
| | Inter corporate loans - (Investment) | | 93.37 | - | 93.37 | - | 93.37 | - |
| | Inter corporate loans receivable | | 15018 | - | 256.01 | - | 235.31 | - |
| | Advance receivable | | 18.68 | - | 15.37 | - | 14.00 | - |
| 6 | KNR Infrastructure Projects Pvt Ltd | Subsidiary | | | | | | |
| | Investment in equity | | 1.00 | - | 1.00 | - | 1.00 | - |
| | Advance receivable | | 9.08 | - | 8.87 | - | 8.48 | - |
| 7 | KNR Constructions - LLC | Subsidiary | | | | | | |
| | Investment in equity | | 206.07 | - | 206.07 | - | 206.07 | - |
| | Advance receivable (including translation amount) | | - | 256.91 | - | 256.91 | - | 242.07 |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|-----------|---|----------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 8 | KNRCL - FZE | Subsidiary | | | | | | |
| | Investment in equity | | 48.88 | - | 48.88 | - | 48.88 | - |
| | Advance receivable (including translation amount) | | 43.25 | - | 43.25 | - | 59.51 | - |
| 9 | KNR Muzaffarpur Barauni Holdings Pvt Ltd., | Step down Subsidiary | | | | | | |
| | Advance receivable | | 1.83 | - | 1.47 | | 0.72 | - |
| 10 | Patel KNR Heavy Infrastructures Ltd., | Associate | | | | | | |
| | Trade receivable (Routine maintenance) | | 43.30 | - | 41.64 | - | 39.67 | - |
| | Trade receivable (Major maintenance) | | 4.57 | - | - | - | - | - |
| | Mobilization advance payable | | - | - | - | 158.73 | - | - |
| | Investment in equity * | | 952.95 | - | 952.95 | - | 952.95 | - |
| | Inter corporate loans - (Investment) * | | 1,033.69 | - | 1,033.69 | - | 1,033.69 | - |
| | Re-imbursement of expenses receivable | | 5.97 | - | 4.05 | - | 310 | - |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|-----------|--|--------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 11 | Patel KNR Infrastructures Ltd., | Associate | | | | | | |
| | Trade receivable (Routine maintenance) | | - | | 250.40 | - | - | - |
| | Trade receivable (Major maintenance) | | - | - | 98.00 | - | - | - |
| | Mobilization advance payable | | - | - | - | - | - | 320.00 |
| | Investment in equity * | | 1,480.00 | - | 1,480.00 | - | 1,480.00 | - |
| 12 | Patel-KNR-JV | Joint Operations | | | | | | |
| | Other receivables (Sale of Aggregates) | | 447.03 | - | 134.38 | - | - | - |
| | Other receivables (Hire charges) | | 350.58 | - | 149.05 | - | - | - |
| | Trade receivables | | 670.18 | - | 627.18 | - | 627.18 | - |
| | Trade payables | | - | 101.67 | - | 197.71 | - | 101.67 |
| | Current account | | 1,038.44 | - | 790.64 | - | 874.05 | - |
| | Advance receivable | | 20.50 | - | 155.80 | - | - | - |
| | Re-imbursement of expenses recoverable | | 98.04 | - | 40.39 | - | - | - |
| | Retention deposit receivable | | 1,450.37 | - | 1,450.37 | - | 1,450.37 | - |
| | Material advance recoverable | | - | 272.75 | - | 272.75 | - | 309.31 |
| | Corporate guarantee given | | - | - | - | - | 5,000.00 | - |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|-----------|---|--------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 13 | KNR-BPL-JV | Joint Operations | | | | | | |
| | Material advanced receivable | | - | 103.68 | - | 296.44 | - | 390.27 |
| | Current account | | 1.93 | - | 1.93 | - | 1.93 | - |
| | Retention deposit and Withheld receivable | | 97.49 | - | 23.89 | - | 107.79 | - |
| | Share of TDS refund receivable | | 117.90 | - | 88.64 | - | 93.59 | - |
| | Liquidity damages receivable | | - | - | 17.67 | - | 17.67 | - |
| 14 | KNR-SEW-GVR-JV | Joint Operations | | | | | | |
| | Trade receivables | | 1,807.85 | - | - | - | - | - |
| | Retention deposit receivable | | 558.16 | - | - | - | - | - |
| | Share of TDS refund receivable | | 92.29 | - | - | - | - | - |
| | Re-imbursement of expenses recoverable | | 20.54 | - | - | - | - | - |
| 15 | PSK-KNR-GVR-JV | Joint Operations | | | | | | |
| | Trade receivables | | 509.96 | - | - | - | - | - |
| | Retention deposit receivable | | 325.70 | - | - | - | - | - |
| 16 | KNR-TBPCL-JV | Joint Operations | | | | | | |
| | Current account | | 1.04 | - | (132.18) | - | (261.12) | - |
| 17 | KNR-PBEPL-JV | Joint Operations | | | | | | |
| | Current account | | 143.67 | - | 299.31 | - | - | - |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|-----------|--------------------------------|--------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 18 | KNR-SLMI-JV | Joint Operations | | | | | | |
| | Current account | | 15.53 | - | (1110) | - | 24.42 | - |
| | Trade receivables | | - | - | - | - | 955.53 | - |
| | Share of TDS refund receivable | | 272.86 | - | 268.19 | - | 279.91 | - |
| | With held receivable | | 0.93 | - | 0.93 | - | - | - |
| | Retention deposit receivable | | - | - | - | - | 88015 | - |
| | Material advance recoverable | | - | - | - | - | - | 206.66 |
| 19 | KNR-GVR-JV | Joint Operations | | | | | | |
| | Current account | | 34.44 | - | 5.41 | - | - | - |
| 20 | KNR-PATEL-JV | Joint Operations | | | | | | |
| | Current account | | (512.47) | - | (773.89) | | (415.46) | |
| 21 | KNR-SLEC-JV | Joint Operations | | | | | | |
| | Current account | | (32.45) | - | (32.42) | - | (32.39) | - |
| 22 | NCC-KNR-JV | Joint Operations | | | | | | |
| | Current account | | 0.66 | - | 0.62 | - | (68.92) | - |
| | BG Commission received | | | | | | | |
| 23 | KNR-JKM-JV | Joint Operations | | | | | | |
| | Current account | | 147.58 | - | 1,212.95 | - | 51.34 | - |
| 24 | KNR-JKM-Kamala-JV | Joint Operations | | | | | | |
| | Current account | | 125.03 | - | 125.03 | - | 125.03 | - |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|-----------|----------------------------------|------------------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 25 | SEL-KNR-JV (Bangladesh) | Joint Controlled Entity | | | | | | |
| | Advance receivable | | 19.39 | | 111 | - | - | - |
| 26 | K.Narasimha Reddy | KMP-Managing Director | | | | | | |
| | Remuneration payable | | - | 19.52 | - | 12.72 | - | 0.05 |
| | Interest payable | | - | 20.08 | - | 44.97 | - | - |
| | Un-secured loan received | | - | 11,700.00 | - | 7,350.00 | - | 1,500.00 |
| | Un-secured loan (Dubai) # | | - | - | - | 3.23 | - | 3.23 |
| 27 | K.Jalandhar Reddy | KMP-Executive Director & CFO | | | | | | |
| | Remuneration payable | | - | 11.67 | - | 5.75 | - | 6.07 |
| | Post-employment benefits payable | | - | 4615 | - | 2019 | - | 1731 |
| | Land lease rent payable | | - | 1.55 | - | 1.55 | - | 1.53 |
| | Guest house rent payable | | - | 0.61 | - | 0.66 | - | 0.51 |
| | Office rent payable | | - | 0.23 | - | - | - | - |
| | Interest payable | | - | 0.71 | - | 3.04 | - | - |
| | Un-secured loan received | | - | 461.50 | - | 500.00 | - | 700.00 |

Notes forming part of the financial statements

(₹ In Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|-------|---|------------------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 28 | K.Yashoda | KMP - Non Executive Director | | | | | | |
| | Un-secured loan received | | - | - | - | - | - | 600.00 |
| 29 | S.Vaikuntanathan (appointed w.e.f 07-01-2016) | KMP - Executive Officer | | | | | | |
| | Remuneration Payable | | - | 1.65 | - | 0.70 | - | - |
| 30 | G.Sravana Kumar (resigned w.e.f 30-11-2015) | KMP - Executive Officer | | | | | | |
| | Remuneration payable | | - | - | - | - | - | 1.21 |
| | Post-employment benefits payable | | - | - | - | 6.49 | - | 4.15 |
| 31 | M.Venkata Rao | KMP - Company Secretary | | | | | | |
| | Remuneration payable | | - | 0.88 | - | 0.80 | - | 0.54 |
| | Post-employment benefits payable | | - | 2.88 | - | 2.31 | - | 1.62 |
| 32 | V. Krishna Reddy | Relatives of KMP | | | | | | |
| | Remuneration payable | | - | 0.48 | - | 0.40 | - | 0.39 |

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, 2017, the Company has made provision for impairment of investments of ₹ 1086.64 lakhs and for the F.Y 15-16 ₹ Nil.

During the F.Y 16-17 written back of ₹ 3.23 lakhs in books of accounts.

Notes forming part of the financial statements

- 45** During the 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 ₹ 1,086.64 lakhs towards sale of its investment which is shown under exceptional items in the statement of profit and loss.

46 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.

47 Disclosures as required by Indian Accounting standard (Ind AS) 101 First time adoption of Indian accounting standard

As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016 the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('IGAAP').

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening Ind AS balance sheet on the date of transition i.e. April 01, 2015.

In preparing Ind AS Financial Statements as at April 01, 2015 and in presenting the comparative information for the year ended March 31, 2016 the Company has adjusted amounts reported previously in financial statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with IGAAP, and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions and mandatory exceptions availed

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

Optional Exemptions

Property plant and equipment, capital work-in-progress, Investment Property and intangible assets

The company has elected to avail exemption under Ind AS 101, to use Indian GAAP carrying value as deemed cost at the date of transition for all the items of property, plant and equipment, as per the statement of financial position prepared in accordance with previous GAAP.

Investments in Subsidiaries, Joint ventures and Associates

The company has elected to continue with the carrying value for all its investments in subsidiaries, joint ventures and associates as of transition date measured under Indian GAAP as Deemed cost as on transition date except certain investments where fair value has been considered as deemed cost.

Mandatory exceptions

Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

De recognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the de-recognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the de-recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

Notes forming part of the financial statements

The Company has elected to apply the de-recognition principles of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

a) Reconciliation of Total Equity as at March 31, 2016 and April 01, 2015

(₹ In Lakhs)

| Particulars | Notes | As at March 31, 2016 | As at April 01, 2015 |
|---|-------|----------------------|----------------------|
| Net Equity as per IGAAP | | 72,696.05 | 56,920.55 |
| Interest on fair value of Financial instruments | 1 & 2 | 185.89 | 126.31 |
| Prior Period Adjustments | 3 | - | 288.22 |
| Proposed dividend and related distribution tax | 4 | - | 338.48 |
| Preliminary Expenses(Unamortized)-Miscellaneous Asset | 3 | (89.09) | (178.19) |
| Deferred tax adjustments | 5 | 978.25 | 869.84 |
| Equity reportable under Ind AS | | 73,771.10 | 58,365.21 |

b) Reconciliation of Statement of Profit and Loss and Other Comprehensive Income

(₹ In Lakhs)

| Particulars | Notes | Year ended March 31, 2016 |
|---|-------|---------------------------|
| Net Profit under IGAAP | | 16,112.33 |
| Finance Income on Financial Instruments | 1 & 2 | 59.59 |
| Remeasurement of defined benefit plans | 6 | 39.97 |
| Prior Period Items | 3 | (288.22) |
| Reversal of Preliminary Expenses (Unamortized) | 3 | 89.09 |
| Deferred tax on above adjustments (net) | 5 | 94.58 |
| Net Profit under Ind AS | | 16,107.34 |
| Other comprehensive income (net of tax) | 6 | (26.14) |
| Total comprehensive income as per Ind AS | | 16,081.20 |

Notes to Reconciliation

- Under Ind AS, loans are measured at fair value (Amortised cost) as compared to being carried at cost in the IGAAP. This Ind AS adjustment includes the difference between the book value and the fair value of an interest free loan given to a subsidiary, which is treated as investment in that subsidiary. The interest on the present value of this loan is recognised over the tenure of the loan using the Effective interest rate (EIR) method.
- Under Ind AS, investments in Mutual funds are carried at fair value through profit and loss as compared to being carried at cost under IGAAP. This Ind AS adjustment represents the difference in the fair value (Market value) and the cost of investments in Mutual funds.

Notes forming part of the financial statements

- 3) Under Ind AS, prior period expenses and income need to be restated to the year which it belongs to, the said Ind AS adjustment represents the restatement of prior period expenses, and the outstanding preliminary expenses not written off as per IGAAP has been written off on transition to IndAS.
- 4) Under Indian GAAP, dividends on equity shares recommended by the board of directors after the end of the reporting period but before the financial statements were approved for issue, were recognised in the financial statements as a liability, under Ind AS, such dividends along with the dividend distribution tax there on are to be recognised as a liability when approved by the members in a general meeting
- 5) Deferred tax has been recognised on all the adjustments made on transition to Ind AS.
- 6) As per Ind As, actuarial gains and losses, return on plan asset and any change in the effect of the asset to be recognized in other comprehensive income. So, during Financial Year 2015-16, the actuarial gain/ (loss) on gratuity has been reclassified to Other Comprehensive Income from gratuity expense.

c) Changes in Statement of cashflow for the year ended March 31, 2016

There are no material adjustments in the statement of cash flow due to adoption of Ind As.

48 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on May 30, 2017

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

As per our report of even date attached

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

C.Sukumar Babu
Partner
Membership No: 024293

Place : Hyderabad
Date : 30-05-2017

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 Auditors' 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 (hereinafter referred to as "the Holding Company") and its Subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint operations, associates and joint controlled entities, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, 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 statements")

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its joint operations, associates and joint controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and of its joint operations, associates and joint controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint operations, associates and its joint controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were

operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated 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 Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 subparagraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

The Consolidated financial statements include:

- a) The unaudited financial statements of two (2) subsidiaries, whose financial statements reflect total assets of ₹ 147.62 Lakhs as at March 31, 2017, total revenue of ₹ Nil, total net profit after tax of ₹ Nil and total comprehensive income of ₹ Nil for the year ended March 31, 2017, and six (6) joint operations, whose financial statements reflect total assets of ₹ 5,673.28 Lakhs as at March 31, 2017, total revenue of ₹ 3,920.50 Lakhs, total net (loss) after tax of ₹ 563.25 Lakhs and total comprehensive loss of ₹ 563.25 Lakhs as considered in the consolidated financial results, in respect of one (1) joint controlled entity is based on financial results prepared by the management and not audited by their auditors.
- b) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 in respect of two (2) subsidiaries, six (6) joint operations and one (1) joint controlled entity included in this statement are prepared in accordance with the Ind AS have not been audited by their auditors.

Qualified 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 the subsidiaries, joint operations, associates and joint controlled entities, referred to below in Other matters paragraph, except for the effects of the matters described in the Basis for Qualified opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group, its joint operations, associates and joint controlled entity as at March 31, 2017, and their consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

- a. We did not audit the financial statements of six (6) joint operations included in the consolidated financial results, whose financial statements reflect total assets of ₹4,494.06 lakhs as at March 31, 2017, total revenues of ₹ 989.68 lakhs, total net profit of ₹ 42.12 lakhs

and total comprehensive income of ₹ 42.12 lakhs for the year ended on that date, and two (2) subsidiaries which reflects total assets of ₹102,587.63 lakhs for the year ended on that date, total revenues of ₹ 10,006.72 lakhs, net loss of ₹4,030.64 lakhs and total comprehensive loss of ₹ 4033.03 lakhs for the year ended March 31, 2017, and two (2) associates in respect of and the consolidated financial results also include the Group's share of net profit of ₹ 405.86 and total comprehensive income of ₹ 405.86 lakhs for the year ended March 31, 2017, as considered in the consolidated financial results, in respect of, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the financial statements certified by the Management.

- b. The consolidated financial results includes the unaudited financial statements of two (2) subsidiaries, whose financial statements reflect total assets of ₹147.62 lakhs as at March 31, 2017, total revenue of ₹ Nil, total net loss after tax of ₹ Nil and total comprehensive loss of ₹ Nil for the year ended March 31, 2017, and six (6) joint operations, whose financial statements reflect total assets of ₹ 5,673.28 lakhs as at March 31, 2017, total revenue of ₹ 3,920.50 lakhs, total net loss after tax of ₹ 563.25 lakhs and total comprehensive loss of ₹ 563.25 lakhs for the year ended March 31, 2017, as considered in the consolidated financial results, whose financial statements have not been audited by us. These financial statements are have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the financial statements certified by the Management.

- c. The comparative financial information for the year ended March 31, 2017 respect of:
- i. Two (2) Subsidiaries; six (6) Joint Operations, and two (2) associates included in this Statement prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.
- ii. Two (2) Subsidiaries and one (1) Joint controlled entity, included in this Statement prepared in accordance accounting principles generally accepted in their respective countries and which have been un-audited. The parent's management has converted the financial statements of such joint controlled entity operations located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India and the conversion adjustments prepared by the management of the parent and audited by us is not modified.
- iii. One (1) joint operation included in this Statement prepared in accordance Ind AS have not been audited by their auditors. According to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, joint operations, associates and joint controlled entities as noted in the 'other matter' paragraph, we report, to the extent applicable, that:
 - (a) We have sought and except for the matter described in sub-paragraph (a) and (b) of the Basis for Qualified opinion above 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, except for the effect of the matters described in sub-paragraph (a) and (b) of the Basis for Qualified opinion above 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 the 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 relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, except for the effect of the matters described in sub-paragraph (a) and (b) of the Basis for Qualified opinion above the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, joint operation, associate companies and joint controlled entities incorporated in India, none of the directors of the Group companies, its joint operations, associate companies and joint controlled entities incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, joint operations, associate companies and joint controlled entities incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (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 Auditor's) 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 the other auditors on separate financial statements as also the other financial information of the subsidiaries, joint operations, associates and joint controlled entities, as noted in the 'Other matter' paragraph:

- i. Except for the possible effect of the matters described in sub-paragraph (a) and (b) of the Basis for Qualified opinion above, there were no pending litigations as at March 31, 2017 which would impact the consolidated financial position of the Group, its joint operations, associates and joint controlled entities.
- ii. The Group, its joint operations, associates and joint controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2017.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, joint operations, associate companies and joint controlled entities incorporated in India during the year ended March 31, 2017.
- iv. The requisite disclosures in Consolidated Ind AS financial statements for holdings as well as dealings in Specified Bank Notes

as defined in the Notification S.O. 3407(E) during the period from November 8, 2016 to December 30, 2016 have been provided with respect to Holding Company and subsidiaries incorporated in India. Based on audit procedures and reliance on management representation, we report that the disclosures are in accordance with books of account and other records maintained by the Holding Company and its Subsidiaries incorporated in India and as produced to us by the Management of the Holding Company. However, as stated in Note 11.3 to the financial statements and as represented to us by the Management during the aforesaid period ₹ 77.63 lakhs has been utilized for other than permitted transactions and ₹ 12.08 lakhs has been received from other than permitted transactions.

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

C. Sukumar Babu
Partner
Membership No: 024293

Place: Hyderabad
Date: 30-05-2017

Annexure-“A” To The Independent Auditors’ Report

(Referred to in paragraph 2 (f) under the heading “Report on Other Legal and Regulatory Requirements” of our report on even date)

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

In conjunction with our audit of consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of KNR Constructions Limited (“the Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of un authorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

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

Basis for Qualified Opinion

The Parent has consolidated financial statements of two (2) subsidiaries, six (6) joint operations and one (1) joint entity, which has been included in the consolidated financial statements based on unaudited financial statements. Hence, we are unable to comment on the adequacy and operating effectiveness of the internal financial controls over financial reporting related to the consolidation of the said entities and consequently the items of revenues, expenses, assets, liabilities and net cash flows from the said subsidiaries and Joint operations which are incorporated in the consolidated financial statements of the Parent have not been audited and therefore not reported by us.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters

paragraph below, the Parent and its associate companies, which are companies incorporated in India, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the

control criteria, the Group has maintained, 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, 2017, based on the internal control over financial reporting criteria established by the respective companies 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, and this has affected our opinion on the said consolidated Ind AS financial statements of the Company.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates two (2) subsidiaries and six (6) joint operations which are incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

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

C. Sukumar Babu
Partner
Membership No: 024293

Place: Hyderabad
Date: 30-05-2017

Consolidated Balance Sheet as at March 31, 2017

(₹ in Lakhs)

| Particulars | Note | As At March 31, 2017 | As At March 31, 2016 | As At April 01, 2015 |
|--|------|-------------------------|-------------------------|-------------------------|
| I ASSETS | | | | |
| 1) Non-current assets | | | | |
| a) Property, plant and equipment | 3 | 26,308.87 | 18,066.37 | 16,557.11 |
| b) Capital work-in-progress | 3.1 | 266.25 | 710.65 | 383.44 |
| c) Investment Property | 3.2 | 6,445.41 | 7,063.94 | 6,934.44 |
| d) Other Intangible assets | 3.3 | 90,090.09 | 55,712.67 | 0.70 |
| e) Intangible assets under development | 3.3 | 8,859.73 | 42,160.79 | 88,794.58 |
| f) Financial Assets | | | | |
| i) Investments | 4 | 1,033.69 | 1,033.69 | 1,033.69 |
| ii) Other Financial Asset | 5 | 1,389.01 | 2,256.49 | 2,226.35 |
| g) Deferred tax assets (Net) | 6 | 4,425.91 | 3,812.86 | 3,336.86 |
| h) Non-Current tax assets (Net) | 7 | 8,578.54 | 4,662.85 | 3,914.02 |
| i) Other non-current assets | 8 | 3,201.57 | 2,946.37 | 2,579.12 |
| Total Non-current assets | | 150,599.07 | 138,426.68 | 125,760.31 |
| 2) Current assets | | | | |
| a) Inventories | 9 | 8,053.96 | 6,183.34 | 5,572.58 |
| b) Financial assets | | | | |
| i) Investments in Associates held for sale | 4 | 1,782.55 | - | - |
| ii) Other Investment | 4 | 4,542.76 | 2,489.17 | 2,162.25 |
| iii) Trade receivables | 10 | 18,169.06 | 13,459.80 | 11,013.29 |
| iv) Cash and cash equivalents | 11 | 3,360.36 | 4,395.35 | 4,354.58 |
| v) Bank balances, other than (iv) above | 12 | 20.89 | 126.14 | - |
| vi) Loans | 13 | 3,177.35 | 877.35 | 1,051.26 |
| vii) Other Financial Asset | 5 | 13,245.30 | 7,910.56 | 10,173.89 |
| c) Current tax assets (Net) | 7 | 1,168.30 | 4,572.73 | 2,248.97 |
| d) Other current assets | 14 | 20,099.53 | 20,121.25 | 15,084.19 |
| Total Current assets | | 73,620.06 | 60,135.69 | 51,661.01 |
| TOTAL ASSETS | | 224,219.13 | 198,562.37 | 177,421.32 |
| II EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a) Equity Share capital | 15 | 2,812.35 | 2,812.35 | 2,812.35 |
| b) Other equity | 16 | 78,580.28 | 67,049.84 | 56,524.92 |
| Equity attributable to the share holders of the company | | 81,392.63 | 69,862.19 | 59,337.27 |
| Non-Controlling Interests | | 6,458.88 | 8,073.72 | 9,060.47 |
| Total Equity | | 87,851.51 | 77,935.91 | 68,397.74 |
| Liabilities | | | | |
| 1) Non-current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 17 | 66,618.30 | 69,895.40 | 65,481.01 |
| ii) Trade Payables | 18 | 827.27 | 827.27 | 827.27 |
| iii) Other financial liabilities | 19 | 3,283.78 | 98.87 | 141.78 |
| b) Provisions | 20 | 604.25 | 233.99 | 171.82 |
| c) Other non-current liabilities | 21 | 1,822.97 | 1,858.31 | 1,710.45 |
| Total non-current liabilities | | 73,156.57 | 72,913.84 | 68,332.33 |
| 2) Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 17 | - | 2,702.51 | 6,004.61 |
| ii) Trade Payables | 18 | 16,462.12 | 11,062.86 | 6,717.00 |
| iii) Other financial liabilities | 19 | 20,391.88 | 21,186.25 | 7,500.97 |
| b) Provisions | 20 | 1,281.19 | 1,118.89 | 1,063.63 |
| c) Current Tax Liabilities (Net) | 22 | 5.71 | - | - |
| d) Other current liabilities | 23 | 25,070.15 | 11,642.11 | 19,405.04 |
| Total current liabilities | | 63,211.05 | 47,712.62 | 40,691.25 |
| TOTAL EQUITY AND LIABILITIES | | 224,219.13 | 198,562.37 | 177,421.32 |
| 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 Sukumar Babu & Co.,
Chartered Accountants
(Firm Regn. No. 004188S)

C.Sukumar Babu
Partner
Membership No: 024293
Place : Hyderabad
Date : 30-05-2017

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, 2017

(₹ In Lakhs)

| | Particulars | Note | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|------|---|-------|---------------------------|---------------------------|
| I | Gross Revenue from Operations | 24 | 167,958.83 | 119,167.60 |
| II | Other income | 25 | 3,295.56 | 4,302.36 |
| III | Total Revenue (I + II) | | 171,254.39 | 123,469.96 |
| IV | Expenses | | | |
| | Cost of materials consumed | 26 | 36,184.72 | 31,786.16 |
| | Construction Expenses | 27 | 92,427.68 | 43,608.34 |
| | Change in Work in Progress | | 240.60 | (632.96) |
| | Construction Cost under Service Concession Arrangements | | 3,707.85 | 19,655.19 |
| | Employee benefits expense | 28 | 5,855.81 | 4,625.59 |
| | Finance costs | 29 | 7,266.89 | 5,699.70 |
| | Depreciation and amortization expense | 30 | 11,562.62 | 7,085.77 |
| | Other expenses | 31 | 3,145.98 | 2,950.28 |
| | Total expenses (IV) | | 160,392.15 | 114,778.07 |
| V | Profit/(Loss) before share of (Profit)/Loss from investment in Associates and Joint Controlled entities (III-IV) | | 10,862.24 | 8,691.89 |
| VI | Share of Profit/(Loss) from Associates and joint controlled entities | | 797.57 | 328.89 |
| VII | Profit/(Loss) before exceptional items and tax (V + VI) | | 11,659.81 | 9,020.78 |
| VIII | Exceptional items | 32 | 1,086.64 | - |
| IX | Profit/(Loss) before tax (VII-VIII) | | 10,573.17 | 9,020.78 |
| X | Tax expense | 33 | | |
| | 1) Current tax | | 1,311.07 | 2,384.10 |
| | 2) Adjustment of tax relating to earlier periods | | (2.49) | (4,111.58) |
| | 3) Deferred tax | | (610.39) | (462.17) |
| | | | 698.19 | (2,189.65) |
| XI | Profit/(Loss) for the year (IX - X) | | 9,874.98 | 11,210.43 |
| XII | Other comprehensive income/(loss) | 34 | | |
| a) | Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of the defined benefit plans | | 75.16 | (42.98) |
| | Deferred Tax on above items | | (27.12) | 13.83 |
| 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) | | 9,923.02 | 11,181.28 |
| | Profit /(Loss) attributable to (XI): | | | |
| | Owners of the Company | | 11,489.82 | 11,213.01 |
| | Non-controlling interests | | (1,614.84) | (2.58) |
| | Total comprehensive income attributable to (XIII): | | | |
| | Owners of the Company | | 11,537.86 | 11,183.86 |
| | Non-controlling interests | | (1,614.84) | (2.58) |
| XIV | Earnings per equity share: (In ₹) | | | |
| | 1) Basic | 38 | 8.17 | 7.97 |
| | 2) Diluted | | 8.17 | 7.97 |
| | 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 Sukumar Babu & Co.,
Chartered Accountants
(Firm Regn. No. 004188S)

C.Sukumar Babu
Partner
Membership No: 024293

Place : Hyderabad
Date : 30-05-2017

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 Changes In Equity

for the year Ended March 31, 2017

A Equity Share Capital

(₹ In Lakhs)

| Particulars | Number | Amount |
|------------------------------|-------------|----------|
| As at April 01, 2015 | 28,123,460 | 2,812.35 |
| Issue of equity shares | - | - |
| As at March 31, 2016 | 28,123,460 | 2,812.35 |
| Issue of equity shares | - | - |
| As at March 31, 2017* | 140,617,300 | 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 shareholders of the Company | | | | | | Total Attributable to the shareholders of the Company | Non- controlling interests | Total |
|---|---|----------------------------------|---------------------|---|----------------------|---|--|----------------------------------|------------------|
| | Reserves and Surplus | | | | | Items of other comprehen- sive income/ (loss) | | | |
| | Capital Reserve | Securities Premium Reserve | General Reserves | Exchange difference on transaction & translation | Retained Earnings | Other items of Other Comprehen- sive Income | | | |
| Balance as at 1st, April, 2015 | 850.00 | 12,599.31 | 2,849.00 | 51.08 | 40,163.62 | 11.91 | 56,524.92 | 9,060.47 | 65,585.39 |
| Profit for the year | - | - | - | - | 11,213.01 | - | 11,213.01 | (2.58) | 11,210.43 |
| Other comprehensive income/(loss) for the year | - | - | - | - | - | (29.15) | (29.15) | - | (29.15) |
| Dividends & Dividend tax paid | - | - | - | - | (676.96) | - | (676.96) | - | (676.96) |
| Exchange Differences on translation of foreign operations | - | - | - | 18.02 | - | - | 18.02 | - | 18.02 |
| Other items | - | - | - | - | - | - | - | (984.17) | (984.17) |
| Balance as at March 31, 2016 | 850.00 | 12,599.31 | 2,849.00 | 69.10 | 50,699.67 | (17.24) | 67,049.84 | 8,073.72 | 75,123.56 |
| Balance as at 1st, April, 2016 | 850.00 | 12,599.31 | 2,849.00 | 69.10 | 50,699.67 | (17.24) | 67,049.84 | 8,073.72 | 75,123.56 |
| Profit for the year | - | - | - | - | 11,489.82 | - | 11,489.82 | (1614.84) | 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 | 850.00 | 12,599.31 | 2,849.00 | 61.68 | 62,189.49 | 30.80 | 78,580.28 | 6,458.88 | 89,039.16 |

See accompanying notes forming part of financial statements

As per our report of even date attached

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

For and on behalf of the Board

C.Sukumar Babu
Partner
Membership No: 024293

K.Narasimha Reddy
Managing Director
DIN: 00382412

K. Jalandhar Reddy
Executive Director & CFO
DIN: 00434911

Place : Hyderabad
Date : 30-05-2017

S.Vaikuntanathan
Vice President (F&A)

M.V.Venkata Rao
Company Secretary

Consolidated Cash Flow Statement for the Year Ended March 31, 2017

(₹ In Lakhs)

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|---------------------------------|---------------------------------|
| A) Cash flow from Operating Activities | | |
| Profit before tax | 10,573.17 | 9,020.78 |
| Adjustments for : | | |
| Depreciation and Amortisation expense | 11,562.62 | 7,085.77 |
| Liabilities no longer required written back | (349.70) | (500.99) |
| Bad debts/advances written off | 54.81 | 283.07 |
| (Gain)/Loss on disposal of property, plant and equipment | (454.72) | (268.74) |
| (Gain) / Loss on Fair value of Financial instruments | (10.22) | 1.95 |
| Provision for Impairment of investments | 1,086.64 | - |
| Provision for Doubtful Advances and Other Receivables | 200.00 | (11.31) |
| Dividend received on current investments | (14.90) | - |
| Finance costs | 7,266.89 | 5,688.53 |
| Interest Income | (539.07) | (1,572.14) |
| | 18,802.35 | 10,706.14 |
| Operating profit before working capital changes | 29,375.52 | 19,726.92 |
| Working capital adjustments: | | |
| (Increase)/Decrease in Trade and Other Receivables and prepayments | (9,571.54) | (9,011.31) |
| (Increase)/Decrease in Inventories | (1,870.62) | (610.76) |
| Increase/(Decrease) in Trade and other Payables | 21,227.02 | 16,080.29 |
| Cash generated / (used in) from Operations | 39,160.38 | 26,185.14 |
| Share of profit/(loss) of an associate and a joint venture | (797.57) | (331.47) |
| Income Taxes (paid) / Refunds | (1,795.33) | (1,268.99) |
| Net Cash Flows from / (used in) Operating Activities - (A) | 36,567.48 | 24,584.68 |
| B) Cash Flow from Investing Activities | | |
| Proceeds from sale of property, plant and equipment | 1,546.00 | 467.67 |
| Purchase of property, plant and equipment and Capital Work-in-Progress | (20,906.29) | (25,737.54) |
| Purchase of investments | (4,114.99) | - |
| Interest Received | 445.80 | 1,575.79 |
| Bank Balances not considered as cash and cash equivalents | 383.47 | 166.00 |
| Loans to Joint Venture Partners | (2,300.00) | 173.91 |
| Foreign Exchange Translation | (7.42) | 18.01 |
| Non Controlling Interest | - | (986.75) |
| Dividend received on current investments | 14.90 | - |

(₹ In Lakhs)

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|---------------------------------|---------------------------------|
| TDS on Interest Received | (24.51) | (76.12) |
| Net cash flow from / (used in) investing Activities - (B) | (24,963.04) | (24,399.03) |
| C) Cash flow from Financing Activities | | |
| Proceeds/(Repayment) from long term borrowings | 5,765.74 | 5,066.14 |
| Repayment of borrowings | (10,291.11) | (3,937.71) |
| Finance cost paid | (7,835.84) | (5,294.15) |
| Grant Amount received | - | 4,989.94 |
| Dividends paid and Dividend Tax Paid | - | (676.96) |
| Net cash from / (used in) Financing Activities - (C) | (12,361.21) | 147.26 |
| Net increase (decrease) in cash and cash equivalents - (A+B+C) | (756.77) | 332.91 |
| Cash & Cash Equivalents at the beginning of the year | 3,279.35 | 2,946.44 |
| Cash &Cash Equivalents as at the end of the year (Refer note:1) | 2,522.58 | 3,279.35 |
| Note: | | |
| 1 Cash & Cash equivalents includes: | | |
| Cash in Hand | 103.80 | 98.84 |
| Bank Balance -Current Account | 2,418.78 | 3,180.51 |
| 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 Sukumar Babu & Co.,
Chartered Accountants
(Firm Regn. No. 004188S)

C.Sukumar Babu
Partner
Membership No: 024293

Place : Hyderabad
Date : 30-05-2017

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

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 under the provisions of Indian Companies Act in 1995. 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.

The Group's consolidated financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under the Act and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 46.

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 40. 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

Notes forming part of the Consolidated financial statements

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, 2017.
- 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:
 - a) The amount of equity attributable to Non-controlling holders at the date on which investment in a subsidiary is made; and
 - b) 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 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,

Notes forming part of the Consolidated financial statements

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, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any

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

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 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

Notes forming part of the Consolidated financial statements

| S. 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 |
| | Intangible Assets | | |
| - | Computer Software's | As per accounting standard | 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

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 derecognized.

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:

- (i) decision has been made to sell,
- (ii) the assets are available for immediate sale in its present condition,
- (iii) the assets are being actively marketed and

Notes forming part of the Consolidated financial statements

- (iv) 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 –
 - a) receive Cash / another Financial Asset from another Entity, or
 - b) 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;
- FVTOCI – debt investment;
- FVTOCI – equity investment; or
- 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:

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

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Notes forming part of the Consolidated financial statements

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 derecognizes 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 derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes 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

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

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).

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

Notes forming part of the Consolidated financial statements

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 income on receipt of favourable arbitration award

Notes forming part of the Consolidated financial statements

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.

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

Notes forming part of the Consolidated financial statements

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 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

Notes forming part of the Consolidated financial statements

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

- a) The Functional Currency of the Group is Indian Rupees(INR), and these financial statements are presented in Indian rupees(Lakhs)
- b) Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.
- c) 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
- The weighted average number of additional equity shares that

Notes forming part of the Consolidated financial statements

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.

Notes forming part of the Consolidated financial statements

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

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Group

2.29 New standards and interpretations not yet adopted

Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows', The amendments are applicable to the Group from April 1, 2017.

Notes forming part of the Consolidated financial statements

3 Property, Plant and Equipment

(₹ in Lakhs)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|-------------------------|-------------------------|-------------------------|-------------------------|
| Land - Free Hold * | 902.73 | 758.21 | 434.33 |
| Buildings | 1,452.08 | 1,451.58 | 1,438.65 |
| Plant and Equipment | 23,079.32 | 15,181.52 | 14,052.98 |
| Furniture and Fixtures | 76.40 | 81.20 | 93.24 |
| Vehicles | 711.62 | 535.84 | 478.39 |
| Office equipment | 67.60 | 37.59 | 40.49 |
| Computers & Accessories | 19.12 | 20.43 | 19.03 |
| | 26,308.87 | 18,066.37 | 16,557.11 |

(₹ in Lakhs)

| | Land - Free Hold* | Build- ings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office equipment | Computers & Accessories | Total |
|---------------------------------|-------------------------|-----------------|------------------------|------------------------------|-----------------|---------------------|-------------------------------|-------------------|
| Cost / Deemed cost | | | | | | | | |
| As at April 01, 2015 | 434.33 | 1,954.60 | 45,127.06 | 259.91 | 1,159.06 | 145.05 | 118.77 | 49,198.78 |
| Additions | 323.88 | 131.25 | 5,177.42 | 18.08 | 274.57 | 25.01 | 18.06 | 5,968.27 |
| Disposals/ adjustments | - | - | (2,882.63) | (26.79) | (80.92) | (42.92) | (29.18) | (3,062.44) |
| As at March 31, 2016 | 758.21 | 2,085.85 | 47,421.85 | 251.20 | 1,352.71 | 127.14 | 107.65 | 52,104.61 |
| Depreciation | | | | | | | | |
| As at April 01, 2015 | - | 515.95 | 31,074.08 | 166.67 | 680.67 | 104.56 | 99.74 | 32,641.67 |
| Charge for the period # | - | 118.32 | 3,875.88 | 28.33 | 196.77 | 24.74 | 16.03 | 4,260.07 |
| Disposals/ adjustments | - | - | (2,709.63) | (25.00) | (60.57) | (39.75) | (28.55) | (2,863.50) |
| As at March 31, 2016 | - | 634.27 | 32,240.33 | 170.00 | 816.87 | 89.55 | 87.22 | 34,038.24 |
| Net block | | | | | | | | |
| As at March 31, 2016 | 758.21 | 1,451.58 | 15,181.52 | 81.20 | 535.84 | 37.59 | 20.43 | 18,066.37 |
| As at April 01, 2015 | 434.33 | 1,438.65 | 14,052.98 | 93.24 | 478.39 | 40.49 | 19.03 | 16,557.11 |

Includes ₹ 0.31 Lakhs of depreciation pertaining to one of the subsidiary, which has been capitalised.

Notes forming part of the Consolidated financial statements

(₹ in Lakhs)

| | Land - Free Hold* | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office equipment | Computers & Accessories | Total |
|---------------------------------|-------------------------|-----------------|------------------------|------------------------------|-----------------|---------------------|-------------------------------|------------------|
| Cost/deemed cost | | | | | | | | |
| As at April 01, 2016 | 758.21 | 2,085.85 | 47,421.85 | 251.20 | 1,352.71 | 127.14 | 107.65 | 52,104.61 |
| Additions | 297.12 | 195.15 | 14,045.06 | 20.47 | 440.36 | 51.12 | 15.50 | 15,064.78 |
| Disposals/ adjustments | (152.60) | - | (2,224.14) | - | (199.16) | (2.13) | (10.21) | (2,588.24) |
| As at March 31, 2017 | 902.73 | 2,281.00 | 59,242.77 | 271.67 | 1,593.91 | 176.13 | 112.94 | 64,581.15 |
| Depreciation | | | | | | | | |
| As at April 01, 2016 | - | 634.27 | 32,240.33 | 170.00 | 816.87 | 89.55 | 87.22 | 34,038.24 |
| Charge for the period ** | - | 194.65 | 5,944.26 | 25.27 | 218.40 | 21.00 | 16.74 | 6,420.32 |
| Disposals/ adjustments | - | - | (2,021.14) | - | (152.98) | (2.02) | (10.14) | (2,186.28) |
| As at March 31, 2017 | - | 828.92 | 36,163.45 | 195.27 | 882.29 | 108.53 | 93.82 | 38,272.28 |
| Net block | | | | | | | | |
| As at March 31, 2017 | 902.73 | 1,452.08 | 23,079.32 | 76.40 | 711.62 | 67.60 | 19.12 | 26,308.87 |
| As at March 31, 2016 | 758.21 | 1,451.58 | 15,181.52 | 81.20 | 535.84 | 37.59 | 20.43 | 18,066.37 |

** Includes depreciation of ₹ 7.06 Lakhs (PY Nil) 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

3.1 Capital work-in-progress

(₹ in Lakhs)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|--------------------------|-------------------------|-------------------------|-------------------------|
| Capital work-in-progress | 266.25 | 710.65 | 383.44 |
| | 266.25 | 710.65 | 383.44 |

(₹ in Lakhs)

| Particulars | Amount |
|-----------------------------|---------------|
| Cost or deemed cost | |
| As at April 01, 2015 | 383.44 |
| Additions | 330.75 |
| Disposal/capitalized | - |
| As at March 31, 2016 | 714.19 |
| Depreciation | |
| As at April 01, 2015 | - |
| Charge for the period | 3.54 |
| Disposal/adjusted | - |
| As at March 31, 2016 | 3.54 |
| Net block | |
| As at March 31, 2016 | 710.65 |
| As at April 01, 2015 | 383.44 |
| Cost or 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 |

Notes forming part of the Consolidated financial statements

3.2 Investment Property

(₹ in Lakhs)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|-----------------------|-------------------------|-------------------------|-------------------------|
| Investment Property * | 6,445.41 | 7,063.94 | 6,934.44 |
| | 6,445.41 | 7,063.94 | 6,934.44 |

*Land and investment property includes ₹ 660.64 lakhs (P.Y ₹ 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.

(₹ in Lakhs)

| Particulars | Amount |
|-----------------------------|-----------------|
| Cost/deemed cost | |
| As at April 01, 2015 | 6,934.44 |
| Additions | 129.50 |
| Disposals | - |
| As at March 31, 2016 | 7,063.94 |
| Depreciation | |
| As at April 01, 2015 | - |
| Charge for the period | - |
| As at March 31, 2016 | - |
| Net block | |
| As at March 31, 2016 | 7,063.94 |
| As at April 01, 2015 | 6,934.44 |
| Cost/deemed cost | |
| 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

Fair Value of Investment Property

Details and fair value of the investment property as on March 31, 2017 and March 31, 2016 and April 01, 2015 is given below

(₹ in Lakhs)

| | Fair value Hierarchy | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Investment Property | Level 3 | 11,329.67 | 11,689.23 | 10,950.25 |
| | | 11,329.67 | 11,689.23 | 10,950.25 |

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)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Computer Software | 1.76 | 3.45 | 0.70 |
| Carriage way | 90,088.33 | 55,709.22 | - |
| Intangible assets under development | 8,859.73 | 42,160.79 | 88,794.58 |
| Total | 98,949.82 | 97,873.46 | 88,795.28 |

| | Computer software | Carriage way | Intangible assets under development | Total |
|-----------------------------|-------------------|------------------|-------------------------------------|-------------------|
| Cost or deemed cost | | | | |
| As at April 01, 2015 | 12.70 | - | 88,794.58 | 88,807.28 |
| Additions | 4.26 | 58,530.16 | 11,896.37 | 70,430.79 |
| Disposals/adjustments | (6.85) | - | (58,530.16) | (58,537.01) |
| As at March 31, 2016 | 10.11 | 58,530.16 | 42,160.79 | 100,701.06 |
| Depreciation | | | | |
| As at April 01, 2015 | 12.00 | - | - | 12.00 |
| Charge for the period | 1.52 | 2,820.94 | - | 2,822.46 |
| Disposals/adjustments | (6.86) | - | - | (6.86) |
| As at March 31, 2016 | 6.66 | 2,820.94 | - | 2,827.60 |
| Net block | | | | |
| As at March 31, 2016 | 3.45 | 55,709.22 | 42,160.79 | 97,873.46 |
| As at April 01, 2015 | 0.70 | - | 88,794.58 | 88,795.28 |

Notes forming part of the Consolidated financial statements

| | Computer software | Carriage way | Intangible assets under development | Total |
|-----------------------------|-------------------|------------------|-------------------------------------|-------------------|
| Cost/deemed cost | | | | |
| As at April 01, 2016 | 10.11 | 58,530.16 | 42,160.79 | 100,701.06 |
| 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 | 106,923.24 |
| 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 April 01, 2016 | 3.45 | 55,709.22 | 42,160.79 | 97,873.46 |

4 Investments

(₹ in Lakhs)

| | As at | | |
|---|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Trade - Unquoted | | | |
| a) Investment In Associate (Fair Value of Inter corporate Loans) | | | |
| Patel KNR Heavy Infrastructures Ltd., | 1,033.69 | 1,033.69 | 1,033.69 |
| Total non current investments | 1,033.69 | 1,033.69 | 1,033.69 |
| Current | | | |
| Trade - Unquoted | | | |
| b) Equity instruments of associates(held for sale): | | | |
| Patel KNR Infrastructures Ltd. | | | |
| 1,48,00,000 (1,48,00,000) equity shares of ₹ 10/- each, fully paid | 1,480.00 | - | - |
| Add/(Less): Cumulative Share of Profit | 5.72 | - | - |
| Net Investment (I) | 1,485.72 | - | - |
| Patel KNR Heavy Infrastructures Ltd., | | | |
| 95,29,500 (95,29,500) equity shares of ₹ 10/- each, fully paid | 952.95 | - | - |
| Add/(Less): Cumulative Share of Profit | 430.52 | - | - |
| Net Investment (II) | 1,383.47 | - | - |

Notes forming part of the Consolidated financial statements

| | | | |
|--|-----------------|-----------------|-----------------|
| Total Equity investment on associates (I + II) | 2,869.19 | - | - |
| Less : Impairment Made | 1,086.64 | - | - |
| Total Investment held for sale | 1,782.55 | - | - |
| Trade - Unquoted | | | |
| c) 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 | - | 11.99 | (133.23) |
| Net Investment (I) | - | 1,491.99 | 1,346.77 |
| Patel KNR Heavy Infrastructure Ltd | | | |
| 95,29,500 (95,29,500) equity shares of ₹ 10/- each, fully paid | - | 952.95 | 952.95 |
| Add/(Less): Cumulative Share of Profit | - | 18.39 | (165.27) |
| Net Investment (II) | - | 971.34 | 787.68 |
| Total Equity investment on Associates (I + II) | - | 2,463.33 | 2,134.45 |

(₹ in Lakhs)

| | | As at | | |
|---|--------------------|-----------------------|-----------------------|-----------------------|
| | | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Trade - Quoted - at fair value | | | | |
| d) Investments in Mutual Funds | Units | | | |
| SBI Infrastructure Fund | 50,000 (PY 50,000) | 132.45 | 5.40 | 5.96 |
| SBI Magnum Comma Fund | Nil (PY 50,000) | - | 11.73 | 12.29 |
| SBI PSU Fund | 50,000 (PY 50,000) | 5.82 | 4.22 | 4.74 |
| SBI Equity Opportunities Fund - Series I | 50,000 (PY 50,000) | 5.68 | 4.49 | 4.81 |
| IDBI Liquid Fund - Regular - Daily Dividend -Reinvestment | 99,616 (PY Nil) | 4,007.09 | - | - |
| Total current investments | | 4,151.04 | 25.84 | 27.80 |
| Trade - Unquoted | | | | |
| e) Current Accounts in Joint Controlled Entity | | | | |
| SEL - KNR JV | | 391.72 | - | - |
| Total other investments (c+d+e) | | 4,542.76 | 2,489.17 | 2,162.25 |
| Total current investments (b+c+d+e) | | 6,325.31 | 2,489.17 | 2,162.25 |

Notes forming part of the Consolidated financial statements

| (₹ in Lakhs) | | | |
|---|-----------------|-----------------|-----------------|
| Total Investments | | | |
| i) Aggregate amount of amortised cost of unquoted investments - Non Current (a) | 1,033.69 | 1,033.69 | 1,033.69 |
| ii) Aggregate amount of unquoted investments - Current (c+e) | 391.72 | 2,463.33 | 2,134.45 |
| iii) Aggregate book value of quoted investments - Current (d) | 4,151.04 | 25.84 | 27.80 |
| iv) Aggregate amount of unquoted investments held for sale - Current (b) | 2,869.19 | - | - |
| v) Aggregate amount of impairment in value of investments (b) | (1,086.64) | - | - |
| | 7,359.00 | 3,522.86 | 3,195.94 |

Note : Aggregate market value of quoted investments is ₹ 4,151.04 lakhs (March 31, 2016 ₹ 25.84 lakhs and April 01, 2015 ₹ 27.80 lakhs)

5 Other Financial Asset

(₹ in Lakhs)

| | As at | | |
|--|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Mobilization Advance paid to Sub Contractors | 258.06 | 385.52 | 385.52 |
| Retention deposit & With Held | 59.50 | 59.50 | 59.50 |
| Advances to Sub-contractors | 1,027.13 | 1,745.31 | 1,727.59 |
| Others | 39.46 | 39.46 | 28.15 |
| Security Deposits | 4.86 | 26.70 | 25.59 |
| Total Non-current Other Financial Asset | 1,389.01 | 2,256.49 | 2,226.35 |
| Current | | | |
| Advances to related parties (Refer note : 40) | 59.04 | 4.05 | 3.10 |
| Retention Deposits & Withheld | 11,317.88 | 7,089.87 | 7,115.11 |
| Advances to sub-contractors | - | - | 107.40 |
| Interest receivable | 138.21 | 44.94 | 48.59 |
| Security Deposits | 602.27 | 227.47 | 87.11 |
| Others Receivable | 904.87 | 178.86 | 2,430.54 |
| TDS Refund Receivable from Joint Ventures | 223.03 | 365.37 | 382.04 |
| Total Current Other Financial Asset | 13,245.30 | 7,910.56 | 10,173.89 |
| Total | 14,634.31 | 10,167.05 | 12,400.24 |

Notes forming part of the Consolidated financial statements

6 Deferred Tax Assets, Net

(₹ in Lakhs)

| | As at | | |
|--|-------------------|-------------------|-------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Deferred tax assets | | | |
| Disallowances under the Income Tax Act, 1961 | 2,915.53 | 885.86 | 637.30 |
| | 2,915.53 | 885.86 | 637.30 |
| Deferred tax liability | | | |
| Fixed assets & Ind AS Adjustments | (1,510.38) | (2,927.00) | (2,699.56) |
| | (1,510.38) | (2,927.00) | (2,699.56) |
| Total | 4,425.91 | 3,812.86 | 3,336.86 |

7 Tax Assets (Net)

(₹ in Lakhs)

| | As at | | |
|------------------------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Advance Tax | 4,744.89 | 3,202.39 | 3,240.52 |
| MAT Credit | 3,833.65 | 1,460.46 | 673.50 |
| Total Non-current tax asset | 8,578.54 | 4,662.85 | 3,914.02 |
| Current | | | |
| Advance Tax | 6,511.35 | 7,682.32 | 4,270.74 |
| Less: Provision for Income Tax | (6,036.82) | (5,674.34) | (2,578.61) |
| Income Tax Refund Receivable | 693.77 | 2,564.75 | 556.84 |
| Total current tax asset | 1,168.30 | 4,572.73 | 2,248.97 |
| Total | 9,746.84 | 9,235.58 | 6,162.99 |

8 Other Non-Current Assets

(₹ in Lakhs)

| | As at | | |
|-----------------------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Un-secured Considered good | | | |
| Capital advances | 264.92 | 102.12 | 102.19 |
| Security Deposits | 154.57 | 875.99 | 796.79 |
| WCT Receivable | 2,622.84 | 1,788.19 | 1,512.08 |
| TDS Receivable | 6.94 | 6.94 | 6.94 |
| Other Receivables | 152.30 | 173.13 | 161.12 |
| Total | 3,201.57 | 2,946.37 | 2,579.12 |

Notes forming part of the Consolidated financial statements

9 Inventories

(₹ in Lakhs)

| | As at | | |
|-------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Raw materials | 3,656.17 | 1,912.02 | 2,808.47 |
| Goods-in transit | 188.85 | 187.21 | 69.86 |
| Stores and spares | 1,940.59 | 1,485.36 | 630.59 |
| Goods-in transit | 18.35 | 29.19 | 127.06 |
| Work in Progress | 2,250.00 | 2,569.56 | 1,936.60 |
| Total | 8,053.96 | 6,183.34 | 5,572.58 |

10 Trade Receivables

(₹ in Lakhs)

| | As at | | |
|---------------------------------|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Current | | | |
| Unsecured, considered good | | | |
| Trade Receivables | 18,169.06 | 13,459.80 | 11,013.29 |
| Total Current Trade Receivables | 18,169.06 | 13,459.80 | 11,013.29 |
| Total | 18,169.06 | 13,459.80 | 11,013.29 |

11 Cash And Cash Equivalents

(₹ in Lakhs)

| | As at | | |
|---|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Balances with banks: | | | |
| in current accounts | 1,647.28 | 2,171.87 | 2,694.34 |
| in deposit accounts | 37.00 | 1,008.64 | 177.00 |
| Cheques on hand | 734.50 | - | - |
| Cash on hand (Refer note : 11.1) | 103.80 | 98.84 | 75.10 |
| Earmarked balances with Banks | | | |
| Margin Money deposits (Refer note : 11.2) | 180.21 | 397.64 | 722.74 |
| Un-claimed Dividend | 2.68 | 4.89 | 3.61 |
| Long Term Deposits | 654.89 | 713.47 | 681.79 |
| Total | 3,360.36 | 4,395.35 | 4,354.58 |

11.1 Cash on hand includes ₹ 2.12 lakhs (PY ₹ 2.61 lakhs) held in Foreign Currencies

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

11.3 Disclosure of Specified Bank Notes (SBNs)

As per MCA notification G.S.R. 308 (E) dated March 31, 2017, the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, are given below:

Notes forming part of the Consolidated financial statements

(₹ in Lakhs)

| Particulars | SBN's | Other denomination notes | Total |
|---|-------|--------------------------|---------------|
| Closing cash in hand as on November 8, 2016 | 87.97 | 67.66 | 155.63 |
| (+) Permitted receipts | 10.65 | 551.80 | 562.45 |
| (+) Non-permitted receipts | 12.08 | - | 12.08 |
| (-) Permitted payments | - | 56.70 | 56.70 |
| (-) Non-permitted payments | 77.63 | - | 77.63 |
| (-) Amount deposited in Banks | 33.07 | 461.26 | 494.33 |
| Closing cash in hand as on December 30, 2016 | - | 101.50 | 101.50 |

For the purpose of this clause, the term 'Specified bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated the 8th November, 2016

In some of the BOT subsidiaries, the amount disclosed as 'permitted receipts' in other than SBNs denote the net income to the company from toll collection through cash mode, irrespective of the denomination in which the amount is received and amount which was returned as change to the users, the amount disclosed will contain only the net amount accounted by the company as toll collected through cash.

12 Other Bank Balances

(₹ in Lakhs)

| | As at | | |
|---|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Deposits with maturity more than 3 months but less than 12 months | 20.89 | 126.14 | - |
| Total | 20.89 | 126.14 | - |

13 Loans

(₹ in Lakhs)

| | As at | | |
|---|-----------------|----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Current | | | |
| Unsecured, considered good: | | | |
| - Joint Venture Partners (Refer note : 13.1) | 3,177.35 | 877.35 | 1,051.26 |
| Total Current Loans | 3,177.35 | 877.35 | 1,051.26 |
| Total | 3,177.35 | 877.35 | 1,051.26 |

13.1 All the loans from joint venture partners are interest bearing

Notes forming part of the Consolidated financial statements

14 Other Current Assets

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Un-secured Considered good | | | |
| Mobilization & Material Advance paid to Sub Contractors | 777.69 | 4,629.25 | 2,139.70 |
| Advances to Sub-contractors | 8,718.40 | 4,280.28 | 2,786.10 |
| Advances to Suppliers (Other than capital advances) | 1,661.42 | 1,617.54 | 859.20 |
| Staff Imprest & Salary Advances | 158.78 | 164.59 | 97.31 |
| Prepaid expenses | 352.69 | 542.78 | 197.19 |
| Due from Customers / Unbilled Revenue | 8,366.20 | 8,560.40 | 8,626.55 |
| Receivables from Others | 64.35 | 326.41 | 378.14 |
| Considered doubtful | | | |
| Advances to Sub-contractors | 200.00 | - | - |
| Other Receivables | 757.80 | 757.80 | 769.11 |
| Less: Provision for doubtful trade receivables | (957.80) | (757.80) | (769.11) |
| Total | 20,099.53 | 20,121.25 | 15,084.19 |

15 Equity Share Capital

(₹ in Lakhs)

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|---|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| Authorised Share capital | | | | | | |
| Equity Shares of ₹ 2/- each (P.Y ₹ 10/- each) | 175,000,000 | 3,500.00 | 35,000,000 | 3,500.00 | 35,000,000 | 3,500.00 |
| Issued, subscribed & fully paid up share capital | | | | | | |
| Equity Shares of ₹ 2/- each (P.Y ₹ 10/- each) | 140,617,300* | 2,812.35 | 28,123,460 | 2,812.35 | 28,123,460 | 2,812.35 |
| Total | | 2,812.35 | | 2,812.35 | | 2,812.35 |

Notes forming part of the Consolidated financial statements

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

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|--|----------------------------|-----------------|----------------------------|-----------------|----------------------------|-----------------|
| | No. of Shares (FV of ₹ 2*) | Amount in Lakhs | No. of Shares (FV of ₹ 10) | Amount in Lakhs | No. of Shares (FV of ₹ 10) | Amount in Lakhs |
| Number of Equity Shares at the beginning of the year | 140,617,300 | 2,812.35 | 28,123,460 | 2,812.35 | 28,123,460 | 2812.35 |
| Add:- Number of Shares Issued | - | - | - | - | - | - |
| Less: Number of Shares Brought Back | - | - | - | - | - | - |
| Number of Equity Shares at the end of the year | 140,617,300 | 2,812.35 | 28,123,460 | 2,812.35 | 28,123,460 | 2812.35 |

*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 shares 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, 2017 dividend of ₹ 0.50/- 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, 2017, March 31, 2016 and April 01, 2015 set out below:

| Name of the shareholder | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|--------------------------------------|----------------------|-----------|----------------------|-----------|----------------------|-----------|
| | No. of Shares held | % holding | No. of Shares held | % holding | No. of Shares held | % holding |
| Kamidi Narasimha Reddy | 48,993,595 | 32.53 | 9,798,719 | 34.84 | 9,798,719 | 34.84 |
| Kamidi Jalandhar Reddy | 20,129,605 | 13.96 | 4,025,921 | 14.32 | 4,025,921 | 14.32 |
| Kamidi Yashoda | 8,807,505 | 6.26 | 1,761,501 | 6.26 | 1,761,501 | 6.26 |
| Mereddy Rajesh Reddy | 7,300,000 | 5.19 | 1,500,000 | 5.33 | 1,500,000 | 5.33 |
| HDFC Trustee Company Ltd | 10,473,985 | 8.35 | 2,347,797 | 8.35 | 2,347,797 | 8.35 |
| ICICI Prudential Infrastructure Fund | 8,041,032 | 5.72 | - | - | - | - |

Notes forming part of the Consolidated financial statements

16 Other Equity

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| a) Securities premium reserve | 12,599.31 | 12,599.31 | 12,599.31 |
| b) General reserve | 2,849.00 | 2,849.00 | 2,849.00 |
| c) Deemed Equity | 850.00 | 850.00 | 850.00 |
| d) Foreign Currency Translation Reserve | 61.68 | 69.10 | 51.08 |
| e) Surplus in the statement of profit and loss | | | |
| Balance at the beginning of the period | 50,699.67 | 40,163.62 | 33,646.80 |
| Add: (Loss)/ Profit for the period | 11,489.82 | 11,213.01 | 7,891.54 |
| Less: Depreciation on transition to SCH II of Companies act | - | - | (1,374.72) |
| Proposed Dividend | - | (562.46) | - |
| Dividend Tax | - | (114.50) | - |
| | 62,189.49 | 50,699.67 | 40,163.62 |
| f) Other Comprehensive Income - Gratuity | 30.80 | (17.24) | 11.91 |
| Balance at the end of the period (a+b+c+d+e+f) | 78,580.28 | 67,049.84 | 56,524.92 |

17 Borrowings

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Secured loans | | | |
| From banks | | | |
| Term loans (Refer note : 17.5) | 53,590.80 | 61,346.43 | 62,667.04 |
| Equipment and vehicle loans (Refer note : 17.1) | 866.00 | 698.13 | 13.13 |
| From Others | | | |
| Term loans | - | 0.84 | 0.84 |
| | 54,456.80 | 62,045.40 | 62,681.01 |
| Unsecured loans | | | |
| From related parties (Refer note : 17.2) | 12,161.50 | 7,850.00 | 2,800.00 |
| | 12,161.50 | 7,850.00 | 2,800.00 |
| Total non-current borrowings | 66,618.30 | 69,895.40 | 65,481.01 |

Notes forming part of the Consolidated financial statements

| | As at | | |
|---|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Current | | | |
| Secured loans | | | |
| From banks (Refer Note : 17.3 and 17.4) | | | |
| Working capital demand loans | - | - | 400.00 |
| Cash credits | - | 2,702.51 | 5,604.61 |
| Total current borrowings | - | 2,702.51 | 6,004.61 |
| Total | 66,618.30 | 72,597.91 | 71,485.62 |

17.1 Details of Secured loans with Rate of interest (ROI) & Maturity Dates

(₹ in Lakhs)

| | Effective Interest rate (p.a) | Maturity | As at | | |
|-------------------------------|-------------------------------|-----------|-----------------|-----------------|----------------|
| | | | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current Borrowings | | | | | |
| - From Banks | | | | | |
| - HDFC Bank Ltd | 9.00% to 9.85% | 15-Aug-18 | 418.49 | 213.85 | 13.13 |
| - Axis Bank Ltd | 9.01% to 10.01% | 15-Feb-19 | 425.15 | 430.82 | - |
| - ICICI Bank Ltd | 9.50% | 01-Nov-18 | 22.36 | 53.46 | - |
| | | | 866.00 | 698.13 | 13.13 |
| Current maturities | | | | | |
| - From Banks | | | | | |
| - HDFC Bank Ltd | 9.00% to 9.85% | 15-Aug-18 | 725.88 | 158.45 | 114.13 |
| - Axis Bank Ltd | 9.01% to 10.01% | 15-Feb-19 | 621.27 | 237.28 | 116.63 |
| - ICICI Bank Ltd | 9.50% | 01-Nov-18 | 31.10 | 28.28 | - |
| - From Others | | | | | |
| - L&T Finance Ltd | 11.35% | 10-Jun-15 | - | - | 581.36 |
| | | | 1,378.25 | 424.01 | 812.12 |
| Total Secured loans | | | 2,244.25 | 1,122.14 | 825.25 |

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

Notes forming part of the Consolidated financial statements

iii) ICICI Bank Ltd.,

- Secured by Hypothecation of specific assets purchased out of the loan, comprising Plant & Machinery

From Others

L&T Finance Ltd.,

- Secured by Hypothecation of specific free hold Plant & Machinery

17.2 Un secured Loans

The company availed un-secured loan from directors, which are repayable on demand and carries interest at 8.50% p.a w.e.f Jan'17 (10% p.a for the period Apr'16 to Oct'16 and 9.25% p.a for the period Nov'16 to Dec'16)

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 ₹ 99.83 Crores
- c. Hypothecation of certain equipment's of written down value as on March 31, 2017 is ₹ 45.03 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 11.90 % per annum

17.5 Term Loans of Subsidiaries:

for KNR Muzaffarpur Barauni Tollway Private Limited

Project Loan of ₹ 31,800 lakhs sanctioned by banks to this fellow subsidiary, and as on March 31, 2017 the total amount availed is ₹ 31,225 lakhs and sanctioned an additional loan of ₹ 3,500 lakhs for Change of scope(COS) and ₹ 2,500 lakhs has been availed, and the outstanding amount as on March, 2017 is ₹ 33,571.66 lakhs (including loan for COS of ₹ 2,366.66 lakhs) and during this financial year, the company has commenced its commercial operations,

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 favor of participating institutions/banks.

The above term loan is repayable in fifty quarterly unequal installments ranging from ₹ 16 lakhs to ₹ 1094 lakhs beginning from 1st January, 2017 to 1st April, 2029. The numbers of balance installments as on March 31, 2017 are 49. 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, 2017 is ₹ 21,150 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

- 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 be 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 balloned quarterly installments ranging from ₹ 100 Lakhs to ₹ 1,750 Lakhs beginning from 1st April 2016 to 31st March 2028. The number of Installments outstanding as on 31st March 2017 are 38. The rate of interest is lead bank 1 year MCLR rate + 0.15% i.e. 9.50% p.a.

18 Trade Payables

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Bills Payable (Sub-contractors/Labour/Service) | 827.27 | 827.27 | 827.27 |
| Total non-current trade payables | 827.27 | 827.27 | 827.27 |
| Current | | | |
| Sundry Creditors (Suppliers) (Refer note : 18.1) | 6,461.34 | 3,858.01 | 2,523.75 |
| Bills Payable (Sub-contractors/Labour/Service) | 10,000.78 | 7,204.85 | 4,193.25 |
| Total current trade payables | 16,462.12 | 11,062.86 | 6,717.00 |
| Total | 17,289.39 | 11,890.13 | 7,544.27 |

- 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.

Notes forming part of the Consolidated financial statements

19 Other Financial Liabilities

(₹ in Lakhs)

| | As at | | |
|---|------------------|------------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Retention Deposits and Withheld Amount | 15.40 | 27.81 | 70.72 |
| Premium Payable | 3,197.33 | - | - |
| Other Payables | 71.05 | 71.06 | 71.06 |
| Total non-current other financial liabilities | 3,283.78 | 98.87 | 141.78 |
| Current | | | |
| Current maturities of long-term debts: | | | |
| - Term loans - Banks (Refer note : 17.5) | 920.00 | 420.00 | 15.75 |
| - Equipment and vehicle loans - from banks (Refer note : 17.1) | 1,378.25 | 424.01 | 230.76 |
| - Equipment and vehicle loans - from others (Refer note : 17.1) | - | - | 581.36 |
| Interest accrued but not due (Refer note 19.1) | 80.18 | 663.80 | 656.56 |
| Interest accrued and due (Refer note 19.1) | 14.67 | - | 202.59 |
| Advance Received from Clients | 8,030.70 | 10,555.68 | - |
| Advance Received from Related Parties (Refer note : 40) | 26.50 | 2,802.98 | 764.15 |
| Unclaimed dividend (Refer note : 19.2) | 2.76 | 4.97 | 3.68 |
| Retention Deposits and With held | 8,289.03 | 4,240.90 | 3,755.61 |
| Security Deposits | 493.62 | 470.98 | 447.02 |
| Outstanding Expenses | 1,156.17 | 1,602.93 | 843.49 |
| Total current other financial liabilities | 20,391.88 | 21,186.25 | 7,500.97 |
| Total | 23,675.66 | 21,285.12 | 7,642.75 |

19.1 Interest payable on Term Loans and un-secured loans received from Directors

19.2 During this period un-paid dividend amount transferred to IEPF A/c for an amount of ₹ 70,786/- for relating to F.Y 2008-09 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)

| | As at | | |
|---|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Non-current | | | |
| Provision for employee benefits | | | |
| Gratuity (Refer note : 39) | 180.76 | 233.99 | 171.82 |
| Provision for contractual obligations (Refer note : 20.1) | 423.49 | - | - |
| Total non -current provisions | 604.25 | 233.99 | 171.82 |
| Current | | | |
| Provision for Wealth Tax | - | - | 4.13 |
| Provision for Labour Cess | 1,256.80 | 1,103.09 | 1,046.80 |
| Provision for employee benefits: Gratuity (Refer note : 39) | 24.39 | 15.80 | 12.70 |
| Total current provisions | 1,281.19 | 1,118.89 | 1,063.63 |
| Total | 1,885.44 | 1,352.88 | 1,235.45 |

Notes forming part of the Consolidated financial statements

- 20.1** In respect of subsidiaries, KNR Walayar tollways 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

Movement of Provision

(₹ in lakhs)

| | As at | |
|-------------------------------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Balance as on beginning of the year | - | - |
| Provision made during the year | 423.49 | - |
| Provision utilised during the year | - | - |
| Provision reversed during the year | - | - |
| Balance as at the end of the year | 423.49 | - |

21 Other Non-Current Liabilities

(₹ in Lakhs)

| | As at | | |
|-------------------------------|-----------------|-----------------|-----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Security Deposits | 265.91 | 301.25 | 153.39 |
| Advance received from clients | 1,557.06 | 1,557.06 | 1,557.06 |
| Total | 1,822.97 | 1,858.31 | 1,710.45 |

22 Current Tax Liability

(₹ in Lakhs)

| | As at | | |
|---------------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Tax Liability (Net) | 5.71 | - | - |
| Total | 5.71 | - | - |

23 Other Current Liabilities

(₹ in Lakhs)

| | As at | | |
|--|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Advance received from clients | 6,208.60 | 5,605.84 | 4,746.79 |
| Due to Customers | 15,874.01 | 3,639.82 | 12,235.30 |
| Security deposits | 969.99 | 642.17 | 728.45 |
| Retention Deposits and Withheld Amount | 0.34 | - | - |
| Mobilisation Advance | 276.16 | 276.16 | - |
| Dues to statutory/government authorities | 1,281.57 | 802.55 | 1,421.59 |
| Others | 459.48 | 675.57 | 272.91 |
| Total | 25,070.15 | 11,642.11 | 19,405.04 |

Notes forming part of the Consolidated financial statements

24 Revenue From Operations

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|----------------------------------|------------------------------|------------------------------|
| Income from Contracts & Services | 167,842.52 | 118,995.16 |
| Other Operating Income | 116.31 | 172.44 |
| Total | 167,958.83 | 119,167.60 |

25 Other Income

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Interest Income | 539.07 | 1,572.14 |
| Interest on Income Tax refunds | 1.21 | 1,172.40 |
| Dividend Income | 14.90 | - |
| Other non-operating income | | |
| Profit on Sale of Asset | 503.60 | 323.04 |
| Scrap Sales | 0.23 | 150.74 |
| Discount Received from suppliers | 200.77 | 65.65 |
| Liabilities no longer required Written back | 349.70 | 500.99 |
| Insurance Claim received | 128.67 | 90.49 |
| Gain on Mutual funds | 10.22 | - |
| Miscellaneous Income | 1,547.19 | 426.91 |
| Total | 3,295.56 | 4,302.36 |

26 Cost of Materials Consumed

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Construction Materials, Stores & Spares | | |
| Opening Stock | 3,613.78 | 3,635.98 |
| Add: Net Purchases | 38,308.75 | 31,763.96 |
| | 41,922.53 | 35,399.94 |
| Less: Closing Stock | 5,737.81 | 3,613.78 |
| Total consumption | 36,184.72 | 31,786.16 |

Notes forming part of the Consolidated financial statements

27 Construction Expenses

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Sub-contract expenses | 54,177.71 | 18,242.66 |
| Spreading & Assortment exp. | 24,619.45 | 16,488.73 |
| Power and Fuel | 388.74 | 190.90 |
| Seigniorage charges / Royalty | 1,233.12 | 624.64 |
| Transport, Loading & Un loading charges | 3,258.45 | 1,937.74 |
| Recoveries by clients | 71.21 | 14.95 |
| Value Added Tax | 3,746.04 | 2,896.52 |
| Repairs to Buildings & Others | 96.44 | 60.41 |
| Repairs to machinery | 311.31 | 391.80 |
| Repairs to vehicles | 199.27 | 168.22 |
| Operation & Maintenance | 737.53 | 460.04 |
| Periodic maintenance expenditure | 423.49 | - |
| Premium expenses | 329.17 | - |
| Miscellaneous expenses | 2,835.75 | 2,131.73 |
| Total | 92,427.68 | 43,608.34 |

28 Employee Benefits Expense

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Salaries, Wages and Other Benefits | 5,632.97 | 4,404.17 |
| Contribution to Provident and Other Funds (Refer Note : 39) | 115.04 | 89.68 |
| Staff welfare Expenses | 107.80 | 131.74 |
| Total | 5,855.81 | 4,625.59 |

29 Finance Costs

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Interest Expense on | | |
| Working Capital Demand Loans and Cash Credit | 125.04 | 262.42 |
| Term Loans | 4,893.08 | 4,392.55 |
| Loan from Directors | 1,026.08 | 458.30 |
| Others | 490.93 | 81.24 |
| | 6,535.13 | 5,194.51 |
| Other Borrowing Costs | | |
| Processing charges | 208.36 | 166.45 |
| BG / LC charges | 440.07 | 287.20 |
| Bank and Other Financial charges | 83.33 | 40.37 |
| Net gain/loss on foreign currency transactions and translation | - | 11.17 |
| Total | 7,266.89 | 5,699.70 |

Notes forming part of the Consolidated financial statements

30 Depreciation And Amortization Expense

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|-------------------------------|------------------------------|------------------------------|
| Depreciation and Amortization | 11,562.62 | 7,085.77 |
| Total | 11,562.62 | 7,085.77 |

31 Other Expenses

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Travelling & Conveyance (includes Boarding & Lodging Expenses) | 257.31 | 223.51 |
| Postage, Telegrams and Telephones | 97.73 | 81.19 |
| Business Promotion expenses | 29.93 | 12.09 |
| Advertisement and publicity | 54.24 | 45.91 |
| Legal & Professional charges | 640.97 | 693.10 |
| Insurance | 320.90 | 287.63 |
| Rates and taxes excluding taxes of Income | 495.83 | 415.27 |
| Payments to the Auditor | 19.60 | 17.08 |
| Printing & Stationery | 84.31 | 78.21 |
| Tender expenses | 16.97 | 20.86 |
| Office maintenance | 55.53 | 59.76 |
| Rent expenses | 344.55 | 245.85 |
| Electricity charges | 130.34 | 184.50 |
| Directors Sitting fees | 25.75 | 20.50 |
| Loss on sale of Assets | 48.88 | 54.30 |
| Bad Debts / Advances written off | 54.81 | 283.07 |
| Provision for Doubtful Advances, Receivables and Deposits | 200.00 | - |
| Forex loss | - | 0.23 |
| Donation | 6.86 | 8.12 |
| (Gain) / Loss on Fair value of Mutual funds | - | 1.95 |
| CSR expenses (Refer note : 31.1) | 164.93 | 125.54 |
| Miscellaneous expenses | 96.54 | 91.61 |
| Total | 3,145.98 | 2,950.28 |

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.

a) Gross amount required to be spent by the company during the year ₹ 175.12 Lakhs (PY ₹ 134.87 Lakhs)

Notes forming part of the Consolidated financial statements

b) Amount spent during the year on :

(₹ in Lakhs)

| | Year Ended March 31, 2017 | | Year Ended March 31, 2016 | |
|--|---------------------------|------------------------|---------------------------|------------------------|
| | 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 | 164.93 | 147.98* | 125.54 | 137.79* |

* Including cumulative un-spent amounts of previous years.

32 Exceptional Items

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---------------------------|---------------------------|
| Provision for Impairment of Investments | 1,086.64 | - |
| Total | 1,086.64 | - |

33 Tax Expense

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---------------------------|---------------------------|
| A - Current Tax | | |
| Current tax on profits for the year | 3,682.29 | 3,200.32 |
| MAT credit entitlement | (2,371.22) | (816.22) |
| Adjustments in respect of prior years (Refer note 33.1) | (2.49) | (4,111.58) |
| Sub-Total | 1,308.58 | (1,727.48) |
| B - Deferred Tax | | |
| Deferred Tax Liability / (Asset) due to timing difference | (610.39) | (462.17) |
| Sub-Total | (610.39) | (462.17) |
| Total | 698.19 | (2,189.65) |

33.1 Adjustments in respect of prior years, includes share of Income Tax of JV ₹ 260.68 lakhs in the F.Y 15-16

33.2 Reconciliation of tax expenses to accounting profit

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---------------------------|---------------------------|
| Accounting profit before tax | 10,573.17 | 9,020.78 |
| Tax @ 34.608% | 3,659.16 | 3,121.91 |
| Adjustments | | |
| Effect of income exempt from taxation | (4,940.23) | (2,091.22) |
| Effect of expenses that are not deductible in determining taxable profit | 2,647.45 | 1,353.41 |
| Effect of capital gains | 3.90 | - |
| Earlier year taxes | (2.49) | (4,111.58) |
| Deferred tax | (610.39) | (462.17) |
| Others | (59.21) | - |
| Tax Expenses recognised in the statement of profit and loss | 698.19 | (2,189.65) |
| Income tax credit/(expense) recognised in Other Comprehensive Income : | | |
| Tax effect on actuarial gains/losses on defined benefit obligations | 27.12 | (13.83) |

Notes forming part of the Consolidated financial statements

34 Other Comprehensive Income

(₹ in Lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| i) Items that will not be reclassified to profit or loss | | |
| Actuarial Gains & Losses | 75.16 | (42.98) |
| ii) Deferred tax | (27.12) | 13.83 |
| Total | 48.04 | (29.15) |

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, 2017, March 31, 2016 and April 01, 2015 was as follows

(₹ in Lakhs)

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|------------------|------------------|------------------|
| Total debt | 68,916.55 | 70,739.41 | 66,308.88 |
| Less: cash and cash equivalents | 3,360.36 | 4,395.35 | 4,354.58 |
| Adjusted net debt | 65,556.19 | 66,344.06 | 61,954.30 |
| Total equity | 81,392.63 | 69,862.19 | 59,337.27 |
| Adjusted equity | 81,392.63 | 69,862.19 | 59,337.27 |
| Adjusted net debt to adjusted equity ratio | 0.81 | 0.95 | 1.04 |

Notes forming part of the Consolidated financial statements

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.

As at March 31, 2017

(₹ in Lakhs)

| 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 | - | - | - | - |
| Other Investments | 4,151.04 | 391.72 | 4,542.76 | 4,151.04 | - | - | 4,151.04 |
| Trade receivables | - | 18,169.06 | 18,169.06 | - | - | - | - |
| Cash and cash equivalents | - | 3,360.36 | 3,360.36 | - | - | - | - |
| Bank deposits with maturity more than 3 months | - | 20.89 | 20.89 | - | - | - | - |
| Loans | - | 3,177.35 | 3,177.35 | - | - | - | - |
| Other financial assets | - | 14,634.31 | 14,634.31 | - | - | - | - |
| | 4,151.04 | 42,569.93 | 46,720.97 | 4,151.04 | - | - | 4,151.04 |
| Financial liabilities | | | | | | | |
| Secured Bank loans | - | 56,755.05 | 56,755.05 | - | - | - | - |
| Un Secured loans | - | 12,161.50 | 12,161.50 | - | - | - | - |
| Trade payables | - | 17,289.39 | 17,289.39 | - | - | - | - |
| Other financial liabilities | - | 21,377.41 | 21,377.41 | - | - | - | - |
| | - | 107,583.35 | 107,583.35 | - | - | - | - |

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.

Notes forming part of the Consolidated financial statements

As at March 31, 2016

(₹ in Lakhs)

| Particulars | Carrying amount | | | Fair Value | | | |
|--|-----------------|-------------------|-----------------------|--------------|----------|----------|--------------|
| | FVTPL | Amortised Cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | |
| Investments in Associates held for sale | - | 1,033.69 | 1,033.69 | - | - | - | - |
| Other Investments | 25.84 | 2,463.33 | 2,489.17 | 25.84 | - | - | 25.84 |
| Trade receivables | - | 13,459.80 | 13,459.80 | - | - | - | - |
| Cash and cash equivalents | - | 4,395.35 | 4,395.35 | - | - | - | - |
| Bank deposits with maturity more than 3 months | - | 126.14 | 126.14 | - | - | - | - |
| Loans | - | 877.35 | 877.35 | - | - | - | - |
| Other financial assets | - | 10,167.05 | 10,167.05 | - | - | - | - |
| | 25.84 | 32,522.71 | 32,548.55 | 25.84 | - | - | 25.84 |
| Financial liabilities | | | | | | | |
| Secured Bank loans | - | 65,591.92 | 65,591.92 | - | - | - | - |
| Un Secured loans | - | 7,850.00 | 7,850.00 | - | - | - | - |
| Trade payables | - | 11,890.13 | 11,890.13 | - | - | - | - |
| Other financial liabilities | - | 20,441.11 | 20,441.11 | - | - | - | - |
| | - | 105,773.16 | 105,773.16 | - | - | - | - |

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

As at April 01, 2015

(₹ in Lakhs)

| Particulars | Carrying amount | | | Fair Value | | | |
|---|-----------------|------------------|-----------------------|--------------|----------|----------|--------------|
| | FVTPL | Amortised Cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | |
| Investments in Associates held for sale | - | 1,033.69 | 1,033.69 | - | - | - | - |
| Other Investments | 27.80 | 2,134.45 | 2,162.25 | 27.80 | - | - | 27.80 |
| Trade receivables | - | 11,013.29 | 11,013.29 | - | - | - | - |
| Cash and cash equivalents | - | 4,354.58 | 4,354.58 | - | - | - | - |
| Loans | - | 1,051.26 | 1,051.26 | - | - | - | - |
| Other financial assets | - | 12,400.24 | 12,400.24 | - | - | - | - |
| | 27.80 | 31,987.51 | 32,015.31 | 27.80 | - | - | 27.80 |
| Financial liabilities | | | | | | | |
| Secured Bank loans | - | 69,513.49 | 69,513.49 | - | - | - | - |
| Un Secured loans | - | 2,800.00 | 2,800.00 | - | - | - | - |
| Trade payables | - | 7,544.27 | 7,544.27 | - | - | - | - |
| Other financial liabilities | - | 6,814.88 | 6,814.88 | - | - | - | - |
| | - | 86,672.64 | 86,672.64 | - | - | - | - |

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

36. Financial instruments - Fair values and risk management

B. Financial risk management

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

- a) credit risk
- b) liquidity risk
- c) market risk

The company's 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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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, 2017

(₹ in Lakhs)

| | Contractual Cashflows | | | | 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 | 12,161.50 | - | 3,648.45 | 8,513.05 | 12,161.50 |
| Trade payables | 17,289.39 | 12,102.57 | 4,359.55 | 827.27 | 17,289.39 |
| Other financial liabilities | 21,377.41 | 4,275.48 | 8,671.12 | 8,430.81 | 21,377.41 |
| | 107,583.35 | 18,676.30 | 22,055.12 | 66,851.93 | 107,583.35 |

Notes forming part of the Consolidated financial statements

As at March 31, 2016

(₹ in Lakhs)

| | Contractual Cashflows | | | | Total |
|---|-----------------------|------------------|------------------|-------------------|-------------------|
| | Carrying Amount | Upto 1 year | 1 to 3 Years | More than 3 years | |
| Non-derivative financial liabilities | | | | | |
| Secured Bank loans | 65,591.92 | 844.01 | 4,722.25 | 60,025.66 | 65,591.92 |
| Un Secured loans | 7,850.00 | - | - | 7,850.00 | 7,850.00 |
| Trade payables | 11,890.13 | 8,323.09 | 2,739.77 | 827.27 | 11,890.13 |
| Other financial liabilities | 20,441.11 | 8,176.44 | 7,924.90 | 4,339.77 | 20,441.11 |
| | 105,773.16 | 17,343.54 | 15,386.92 | 73,042.70 | 105,773.16 |

As at April 01, 2015

(₹ in Lakhs)

| | Contractual Cashflows | | | | Total |
|---|-----------------------|-----------------|-----------------|-------------------|------------------|
| | Carrying Amount | Upto 1 year | 1 to 3 Years | More than 3 years | |
| Non-derivative financial liabilities | | | | | |
| Secured Bank loans | 69,513.49 | 827.87 | 3,142.26 | 65,543.36 | 69,513.49 |
| Un Secured loans | 2,800.00 | - | - | 2,800.00 | 2,800.00 |
| Trade payables | 7,544.27 | 5,280.99 | 1,436.01 | 827.27 | 7,544.27 |
| Other financial liabilities | 6,814.88 | 2,044.46 | 873.03 | 3,897.39 | 6,814.88 |
| | 86,672.64 | 8,153.32 | 5,451.30 | 73,068.02 | 86,672.64 |

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

The Groups exposure to interest rate risk due to borrowings is as follows:

(₹ in lakhs)

| Particulars | Note No. | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|-------------------------------|----------|----------------|----------------|----------------|
| Borrowings outstanding | 17 | 53,590.80 | 61,346.43 | 62,667.04 |
| Borrowings Current maturities | 19 | 920.00 | 420.00 | 15.75 |

Sensitivity analysis

(₹ in lakhs)

| Interest Rate Risk Analysis | Impact on profit/ loss after tax | |
|--|----------------------------------|------------------------------|
| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
| Increase or decrease in Interest by 25bp | 136.28 | 154.42 |

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 No. | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|-----------------------------|----------|----------------|----------------|---------------|
| Investments in Mutual Funds | 4 | 4,151.04 | 25.84 | 27.80 |

Sensitivity analysis

(₹ in lakhs)

| Price Rate Risk Analysis | Impact on profit/ loss after tax | |
|--|----------------------------------|------------------------------|
| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
| Increase or decrease in NAV by 2% | 83.02 | 0.52 |
| Note : In case of Decrease in NAV, Profit will reduce and vice versa | | |

Notes forming part of the Consolidated financial statements

37 Contingent Liability and Commitments

(₹ in lakhs)

| | As at | | |
|---|--------------------------|--------------------------|--------------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| i) Contingent Liabilities | | | |
| a) Claims against the Group not acknowledged as debt | | | |
| 1. Disputed Income tax and Interest on TDS | 4,207.18* | 4126.02* | 1,752.46 |
| 2. Disputed Sales tax/ VAT/ Entry tax | 354.59 | 607.33 | 1,549.33 |
| 3. Disputed Service tax | 30.00 | - | 223.12 |
| 4. Others (Civil cases) | 25.69 | 50.76 | 173.73 |
| b) Guarantees | | | |
| Corporate guarantees given to banks and financial institutions for financial assistance extended to Joint Operations. | - | - | 5,000.00 |
| 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 | Amount not ascertainable |
| Total | 4,617.46 | 4,784.11 | 8,698.64 |
| *During the previous year, The Holding Company has got benefit of deduction under Section 80 IA (4) on eligible projects under Income Tax Act for the A.Y 2006-07 to 2012-13 against our appeals filed at ITAT for an amount of ₹ 4,111.56 lakhs. The department has filed appeals against ITAT orders at the High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh. The Holding Company considers it appropriate not to create a liability for the above said amount on the basis of legal opinion and decided cases. | | | |
| ii) Commitments | | | |
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,613.43 | 1,580.51 | 14,024.02 |
| b) Estimated amount of committed funding by way of equity/deemed equity to subsidiary companies | - | - | 3,600.00 |
| c) Other commitments | | | |
| Future Export commitments on account of import of machinery and equipment at concessional rate of duty under EPCG scheme | - | - | 1,651.59 |
| Total | 1,613.43 | 1,580.51 | 19,275.61 |

38 Disclosure pursuant to Ind AS 33 "Earnings Per Share(EPS)"

(₹ in lakhs)

| | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|------------------------------|------------------------------|
| i. Profit (loss) attributable to equity shareholders(basic) | 11,489.82 | 11,213.01 |
| ii. Weighted average number of equity shares (basic) | 1,406.17 | 1,406.17 |
| Basic EPS | 8.17 | 7.97 |
| i. Profit (loss) attributable to equity shareholders(diluted) | 11,489.82 | 11,213.01 |
| ii. Weighted average number of equity shares (diluted) | 1,406.17 | 1,406.17 |
| Diluted EPS | 8.17 | 7.97 |

Notes forming part of the Consolidated financial statements

39 Employee Benefits

The disclosure is pursuant to the requirements of Ind As 19.

The liability for gratuity in respect of following subsidiaries/step down subsidiaries:

- i) KNR Muzaffarpur Barauni Tollway Private Limited for the year ended March 31, 2017 is ₹ 1.98 lakhs (March 31, 2016 is ₹ Nil)
- ii) KNR Walayar Tollways Private Limited for the year ended March 31, 2017 is ₹ 5.60 lakhs (March 31, 2016 is ₹ 3.36 lakhs)

40 Disclosure of Related Parties/ Related Party Transactions pursuant to Ind As 24: Related party Disclosure"

A Names of related parties and nature of relationship

| S. No. | Particulars | Country | Holding as at | | |
|-------------|--|---------|----------------|----------------|---------------|
| | | | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| I) | Subsidiaries | | | | |
| 1 | KNR Agrotech & Beverages Pvt Ltd., | India | 100% | 100% | 100% |
| 2 | KNR Infrastructure Projects Pvt Ltd., | India | 100% | 100% | 100% |
| 3 | KNR Energy Ltd., | India | 100% | 100% | 100% |
| 4 | KNR Walayar Tollways Pvt. Ltd., | India | 100% | 100% | 100% |
| 5 | KNR – FZE | UAE | 100% | 100% | 100% |
| 6 | KNR Constructions LLC | Oman | 65% | 65% | 65% |
| 7 | KNRC Holdings and Investments Pvt. Ltd., | India | 100% | 100% | 100% |
| II) | Step-down Subsidiaries | | | | |
| 8 | Mesmeric Software Solutions Pvt. Ltd., | India | 100% | 100% | 100% |
| 9 | Nag Talent Ventures & Infotech Pvt. Ltd., | India | 100% | 100% | 100% |
| 10 | Roche Polymers and Additives Pvt. Ltd., | India | 100% | 100% | 100% |
| 11 | Gradient Estates Pvt. Ltd., | India | 100% | 100% | 100% |
| 12 | Gradient Realty Ventures Pvt. Ltd., | India | 100% | 100% | 100% |
| 13 | Asara Construction & Projects Pvt. Ltd., | India | 100% | 100% | 100% |
| 14 | KNR Muzaffarpur Holdings Pvt. Ltd., | India | 100% | 100% | 100% |
| 15 | KNR Muzaffarpur-Barauni Tollway Pvt. Ltd., | India | 51% | 51% | 51% |
| III) | Associates | | | | |
| 1 | Patel KNR Infrastructures Ltd., | India | 40% | 40% | 40% |
| 2 | Patel KNR Heavy Infrastructures Ltd., | India | 40% | 40% | 40% |

Notes forming part of the Consolidated financial statements

| | | | | | |
|-------|--|---|------------------|-------------------------------|------------------|
| IV) | Joint Operations | | | | |
| 1 | KNR – Patel JV | India | 51% | 51% | 51% |
| 2 | Patel – KNR JV | India | 50% | 50% | 50% |
| 3 | NCC-KNR JV | India | Project specific | Project specific | Project specific |
| 4 | KNR – SLEC JV | India | 60% | 60% | 60% |
| 5 | KNR-BPL JV | India | 49% | 49% | 49% |
| 6 | KNR-GVR JV | India | 51% | 51% | 51% |
| 7 | KNR-JKM-Kamala JV | India | 50% | 50% | 50% |
| 8 | KNR-JKM JV | India | 51% | 51% | 51% |
| 9 | KNR-SLMI JV | India | Project specific | Project specific | Project specific |
| 10 | KNR-TBCPL-JV | India | 51% | 51% | 51% |
| 11 | KNR-PBEPL-JV | India | 75% | 75% | 75% |
| 12 | KNR-SEW-GVR-JV | India | 51% | 51% | 51% |
| 13 | PSK-KNR-GVR-JV | India | 51% | 51% | 51% |
| 14 | BSCPL-KNR-JV | India | 50% | 50% | 50% |
| V) | Joint Controlled Entity | | | | |
| 1 | SEL-KNR-JV | Bangladesh | 49% | 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 (appointed w.e.f 07-01-2016) | | | Executive Officer - VP (F&A) | |
| 7 | Sri G. Sravana Kumar (resigned w.e.f 30-11-2015) | | | Executive Officer - CGM (F&A) | |
| 8 | Sri M. Venkata Rao | | | Company Secretary | |
| VIII) | Relatives of Key Management Personnel | | | | |
| 1 | Sri. V. Krishna Reddy | Project Coordinator | | | |
| 2 | Sri. M. Rajesh Reddy | Executive Director (resigned i.e. 12.01.2015) | | | |

Notes forming part of the Consolidated financial statements

B List of transaction with related parties during the year

(₹ in Lakhs)

| S. No | Particulars | Nature of relation | For the Year Ended March 31, 2017 | For the Year Ended March 31, 2016 |
|----------|--|--------------------|-----------------------------------|-----------------------------------|
| 1 | Patel KNR Heavy Infrastructures Ltd., | Associate | | |
| | O&M routine maintenance work receipts | | 515.72 | 492.04 |
| | O&M major maintenance work receipts | | 2,266.42 | 703.58 |
| | Mobilisation advance received/(recovered) | | (158.73) | 158.73 |
| | Re-imbursement of expenditure incurred/(recovered) | | 1.92 | 0.95 |
| 2 | Patel KNR Infrastructures Ltd., | Associate | | |
| | O&M routine maintenance work receipts | | 626.67 | 593.75 |
| | O&M Major maintenance work receipts | | - | 4,141.02 |
| | Mobilisation advance (received)/recovered | | - | 320.00 |
| | Re-imbursement of expenditure incurred/(recovered) | | - | 0.49 |
| 3 | Patel-KNR-JV | Joint Operations | | |
| | Sale of aggregates | | 291.74 | 195.98 |
| | Hire charges receipts | | 133.36 | 97.69 |
| | Sub-contract work receipts | | 27.04 | - |
| | Sub-contract work expenditure | | 1,110.55 | 2,373.86 |
| | Advance paid/(recovered) | | (67.65) | 77.90 |
| | Re-imbursement of expenditure/(recovered) | | 28.83 | 40.39 |
| | Material Advance Received | | - | (36.56) |
| 4 | KNR-BPL-JV | Joint Operations | | |
| | Sub-contract work receipts | | 1,463.86 | 143.79 |
| | Material advanced received/(recovered) | | (192.76) | (47.86) |
| | Retention deposit and Withheld deducted/(released) | | 73.60 | (42.79) |
| | Share of TDS refund deducted/(released) | | 29.26 | (2.52) |
| | Liquidity Damages deposit deducted / (released) | | (17.67) | - |
| 5 | KNR-SEW-GVR-JV | Joint Operations | | |
| | Sub-contract work receipts | | 7,442.13 | - |
| | Retention deposit deducted/(released) | | 558.16 | - |
| | Share of TDS refund deducted/(released) | | 92.29 | - |
| | Re-imbursement of expenditure/(recovered) | | 20.54 | - |
| 6 | PSK-KNR-GVR-JV | Joint Operations | | |
| | Sub-contract work receipts | | 4,342.69 | - |
| | Retention deposit deducted/(released) | | 325.70 | - |

Notes forming part of the Consolidated financial statements

(₹ in Lakhs)

| S. No | Particulars | Nature of relation | For the Year Ended March 31, 2017 | For the Year Ended March 31, 2016 |
|-----------|---|--------------------------------|-----------------------------------|-----------------------------------|
| 7 | KNR-TBPCL-JV | Joint Operations | | |
| | Interest received on Un secured loan | | - | 0.86 |
| | BG Commission received | | - | 0.77 |
| 8 | KNR-SLMI-JV | Joint Operations | | |
| | Sub-contract work receipts | | 233.22 | 898.68 |
| | Share of TDS refund deducted/(released) | | 4.67 | (11.72) |
| | Withheld deducted/(released) | | - | 0.93 |
| | Interest received on Un secured loan | | - | 37.07 |
| | Un-secured loan given | | - | 1,760.20 |
| | Un-secured loan repaid | | - | (1,760.20) |
| | Retention deposit deducted/(released) | | - | (880.15) |
| | Material advance received/(repaid) | | - | (206.66) |
| 9 | SEL-KNR-JV (Bangladesh) | Joint Controlled Entity | | |
| | Re-imbursement of expenditure incurred /(recovered) | | 18.28 | 1.11 |
| 10 | K.Narasimha Reddy | KMP - Managing Director | | |
| | Short term employee benefits | | 360.00 | 240.00 |
| | Post-employment benefits | | - | - |
| | Interest Paid on un-secured loans | | 979.37 | 354.80 |
| | Un-secured loan received | | 4,642.50 | 8,056.00 |
| | Un-secured loan (repaid) | | (292.50) | (2,206.00) |
| | Dividend paid | | - | 195.97 |
| | Un-secured loan (Dubai branch) # | | (3.23) | - |
| 11 | K.Jalandhar Reddy | KMP - Executive Director & CFO | | |
| | Short term employee benefits | | 240.83 | 120.00 |
| | Post-employment benefits | | 20.17 | 10.08 |
| | Land lease rent paid | | 20.40 | 20.40 |
| | Guest House rent paid | | 7.60 | 6.92 |
| | Office rent paid | | 2.50 | - |
| | Re-imbursement of locker rent | | 1.25 | - |
| | Interest paid on un-secured loans | | 46.72 | 62.21 |
| | Un-secured loan received | | - | 515.00 |
| | Un-secured loan (repaid) | | (38.50) | (715.00) |
| | Dividend paid | | - | 80.52 |

Notes forming part of the Consolidated financial statements

(₹ in Lakhs)

| S. No | Particulars | Nature of relation | For the Year Ended March 31, 2017 | For the Year Ended March 31, 2016 |
|-----------|--|------------------------------|-----------------------------------|-----------------------------------|
| 12 | K. Yashoda | KMP - Non Executive Director | | |
| | Un-secured loan received | | - | 175.00 |
| | Un-secured loan (repaid) | | - | (775.00) |
| | Interest Paid on un-secured loans | | - | 41.29 |
| | Directors sitting fee paid | | 3.25 | 3.00 |
| | Dividend paid | | - | 35.23 |
| 13 | S.Vaikuntanathan (appointed w. e. f 07-01-2016) | KMP - Executive Officer | | |
| | Short term employee benefits | | 27.45 | 6.31 |
| 14 | G. Sravana Kumar (resigned w. e. f 30-11-2015) | KMP - Executive Officer | | |
| | Short term employee benefits | | - | 20.46 |
| | Post-employment benefits | | - | 1.92 |
| 15 | M. Venkata Rao | KMP - Company Secretary | | |
| | Short term employee benefits | | 12.00 | 12.16 |
| | Post-employment benefits | | 1.01 | 1.01 |
| 16 | M. Rajesh Reddy (resigned w. e. f 12.01.2015) | Relatives of KMP | | |
| | Dividend paid | | - | 30.00 |
| 17 | V. Krishna Reddy | Relatives of KMP | | |
| | Short term employee benefits | | 6.45 | 6.00 |
| 18 | B. V. Rama Rao | KMP - Independent Director | | |
| | Sitting fee | | 11.25 | 8.50 |
| 19 | L. B. Reddy | KMP - Independent Director | | |
| | Sitting fee | | 11.25 | 9.00 |

Notes forming part of the Consolidated financial statements

C Outstanding balance with related parties are as follows:

(₹ in Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|----------|--|--------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 1 | Patel KNR Heavy Infrastructures Ltd., | Associate | | | | | | |
| | Trade Receivable (Routine maintenance) | | 43.30 | - | 41.64 | - | 39.67 | - |
| | Trade Receivable (Major maintenance) | | 4.57 | - | - | - | - | - |
| | Mobilisation advance payable | | - | - | - | 158.73 | - | - |
| | Investment in equity * | | 952.95 | - | 952.95 | - | 952.95 | - |
| | Inter corporate loans - (Investment) * | | 1,033.69 | - | 1,033.69 | - | 1,033.69 | - |
| | Re-imbursement of expenses Receivable | | 5.97 | - | 4.05 | - | 3.10 | - |
| 2 | Patel KNR Infrastructures Ltd., | Associate | | | | | | |
| | Trade Receivable (Routine maintenance) | | - | | 250.40 | - | - | - |
| | Trade Receivable (Major maintenance) | | - | - | 98.00 | - | - | - |
| | Mobilisation advance payable | | - | - | - | - | - | 320.00 |
| | Investment in equity * | | 1,480.00 | - | 1,480.00 | - | 1,480.00 | - |
| 3 | Patel-KNR-JV | Joint Operations | | | | | | |
| | Other receivables(Sale of aggregates) | | 223.52 | - | 67.19 | - | - | - |
| | Other receivables(Hire charges) | | 175.29 | - | 74.53 | - | - | - |
| | Trade receivables | | 335.09 | - | 313.59 | - | 313.59 | - |
| | Trade payables | | - | 101.67 | - | 197.71 | - | 50.84 |
| | Advance recoverable | | 10.25 | - | 77.90 | - | - | - |
| | Re-imbursement of expenses receivable | | 49.03 | - | 20.20 | - | - | - |
| | Retention deposit receivable | | 725.19 | - | 725.19 | - | 725.19 | - |
| | Material advance payable | | - | 272.75 | - | 272.75 | - | 154.66 |
| | Corporate guarantee given | | - | - | - | - | 5,000.00 | - |

Notes forming part of the Consolidated financial statements

(₹ in Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|----------|---|--------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 4 | KNR-BPL-JV | Joint Operations | | | | | | |
| | Material advanced payable | | - | 103.68 | - | 151.18 | - | 199.04 |
| | Retention deposit and Withheld receivable | | 97.49 | - | 12.18 | - | 54.97 | - |
| | Share of TDS refund receivable | | 117.90 | - | 45.21 | - | 47.73 | - |
| | Liquidity damages receivable | | - | - | 9.01 | - | 9.01 | - |
| 5 | KNR-SEW-GVR-JV | Joint Operations | | | | | | |
| | Trade receivables | | 1,807.85 | - | - | - | - | - |
| | Retention deposit receivable | | 558.16 | - | - | - | - | - |
| | Share of TDS refund receivable | | 92.29 | - | - | - | - | - |
| | Re-imbursement of expenses recoverable | | 20.54 | - | - | - | - | - |
| 6 | PSK-KNR-GVR-JV | Joint Operations | | | | | | |
| | Trade receivables | | 509.96 | - | - | - | - | - |
| | Retention deposit receivable | | 325.70 | - | - | - | - | - |
| 7 | KNR-SLMI-JV | Joint Operations | | | | | | |
| | Trade receivables | | - | - | - | - | 382.21 | - |
| | Share of TDS refund receivable | | 272.86 | - | 107.28 | - | 111.96 | - |
| | Withheld receivable | | 0.93 | - | 0.37 | - | - | - |
| | Retention deposit receivable | | - | - | - | - | 352.06 | - |
| | Material advance payable | | - | - | - | - | - | 82.66 |
| 8 | SEL-KNR-JV (Bangladesh) | Joint Venture | | | | | | |
| | Advance recoverable | | 19.39 | - | 1.11 | - | - | - |

Notes forming part of the Consolidated financial statements

(₹ in Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|-----------|--|--------------------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 9 | K.Narasimha Reddy | KMP - Managing Director | | | | | | |
| | Remuneration payable | | - | 19.52 | - | 12.72 | - | 0.05 |
| | Interest payable | | - | 20.08 | - | 44.97 | - | - |
| | Un-secured loan payable | | - | 11,700.00 | - | 7,350.00 | - | 1,500.00 |
| | Un-secured loan payable (Dubai) # | | - | - | - | 3.23 | - | 3.23 |
| 10 | K.Jalandhar Reddy | KMP - Executive Director & CFO | | | | | | |
| | Remuneration payable | | - | 11.67 | - | 5.75 | - | 6.07 |
| | Post-employment benefits payable | | - | 46.15 | - | 20.19 | - | 17.31 |
| | Land lease rent payable | | - | 1.55 | - | 1.55 | - | 1.53 |
| | Guest House rent payable | | - | 0.61 | - | 0.66 | - | 0.51 |
| | Office rent payable | | - | 0.23 | - | - | - | - |
| | Interest payable | | - | 0.71 | - | 3.04 | - | - |
| | Un-secured loan payable | | - | 461.50 | - | 500.00 | - | 700.00 |
| 11 | K.Yashoda | KMP - Non Executive Director | | | | | | |
| | Un-secured loan payable | | - | - | - | - | - | 600.00 |
| 12 | S.Vaikuntanathan (appointed w.e.f 07-01-2016) | KMP - Executive Officer | | | | | | |
| | Remuneration payable | | | 1.65 | - | 0.70 | - | - |
| 13 | G. Sravana Kumar (resigned w.e.f 30-11-2015) | KMP - Executive Officer | | | | | | |
| | Remuneration payable | | - | - | - | - | - | 1.21 |
| | Post-employment benefits payable | | - | - | - | 6.49 | - | 4.15 |

Notes forming part of the Consolidated financial statements

(₹ in Lakhs)

| S. No | Particulars | Nature of Relation | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|-----------|----------------------------------|-------------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | Receivable from | Payable to | Receivable from | Payable to | Receivable from | Payable to |
| 14 | M.Venkata Rao | KMP - Company Secretary | | | | | | |
| | Remuneration payable | | - | 0.88 | - | 0.80 | - | 0.54 |
| | Post-employment benefits payable | | - | 2.88 | - | 2.31 | - | 1.62 |
| 15 | V. Krishna Reddy | Relative of KMP | | | | | | |
| | Remuneration payable | | - | 0.48 | - | 0.40 | - | 0.39 |

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, 2017, the Group has made provision for impairment of investments of ₹ 1086.64 lakhs (P.Y ₹ Nil).

During the year ended March 31, 2017 written back amount in books of account is ₹ 3.23 lakhs.

Notes forming part of the Consolidated financial statements

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 | 101.60% | 89,260.17 | 152.39% | 15,048.93 | 106.66% | 51.24 | 152.17% | 15,100.17 |
| Indian Subsidiary companies | | | | | | | | |
| KNR Agrotech & Beverages Pvt Ltd., | (0.03%) | (26.58) | 0.72% | 71.48 | - | - | 0.72% | 71.48 |
| KNR Infrastructure Projects Pvt Ltd., | 0.00% | (3.30) | 0.00% | (0.21) | - | - | 0.00% | (0.21) |
| KNR Energy Ltd., | (0.01%) | (10.93) | 0.66% | 64.82 | - | - | 0.65% | 64.82 |
| KNR Walayar Tollways Pvt. Ltd., | (8.17%) | (7,177.03) | (23.81%) | (2,350.80) | (3.21%) | (1.54) | (23.71%) | (2,352.34) |
| KNRC Holdings and Investment Pvt. Ltd., | (1.00%) | (875.01) | (16.36%) | (1,615.76) | (3.46%) | (1.66) | (16.30%) | (1,617.42) |
| Foreign Subsidiary companies | | | | | | | | |
| KNR – FZE | (0.10%) | (91.09) | 0.00% | - | - | - | - | - |
| KNR Constructions LLC | 0.02% | 14.64 | 0.00% | - | - | - | - | - |
| Non-controlling interest in all subsidiaries | 7.35% | 6,458.88 | (16.35%) | (1,614.84) | - | - | (16.27%) | (1,614.84) |
| Indian Associates (Investment as per the equity method) | | | | | | | | |
| Patel KNR Infrastructures Ltd., | 0.01% | 5.72 | (0.06%) | (6.28) | - | - | (0.06%) | (6.28) |
| Patel KNR Heavy Infrastructures Ltd., | 0.49% | 430.52 | 4.17% | 412.13 | - | - | 4.15% | 412.13 |
| Joint Operations | | | | | | | | |
| KNR – Patel JV | (0.01%) | (5.07) | (0.05%) | (5.07) | - | - | (0.05%) | (5.07) |
| Patel – KNR JV | (0.51%) | (443.76) | (4.49%) | (443.76) | - | - | (4.47%) | (443.76) |
| NCC-KNR JV | 0.00% | (0.06) | 0.00% | (0.06) | - | - | 0.00% | (0.06) |
| KNR – SLEC JV | 0.00% | (0.03) | 0.00% | (0.03) | - | - | 0.00% | (0.03) |
| KNR-BPL JV | 0.00% | - | 0.00% | - | - | - | - | - |
| KNR-GVR JV | 0.03% | 30.57 | 0.31% | 30.57 | - | - | 0.31% | 30.57 |
| KNR-JKM-KAMALA JV | 0.00% | (0.15) | 0.00% | (0.15) | - | - | 0.00% | (0.15) |
| KNR-JKM JV | (0.30%) | (260.54) | (2.64%) | (260.54) | - | - | (2.63%) | (260.54) |
| KNR-SLMI JV | 0.00% | 0.12 | 0.00% | 0.12 | - | - | 0.00% | 0.12 |

Notes forming part of the Consolidated financial statements

(₹ 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-TBCPL-JV | 0.13% | 110.50 | 1.12% | 110.50 | - | - | 1.11% | 110.50 |
| KNR-PBEPL-JV | 0.05% | 42.21 | 0.43% | 42.21 | - | - | 0.43% | 42.21 |
| KNR-SEW-GVR-JV | - | - | 0.00% | - | - | - | - | - |
| PSK-KNR-GVR-JV | - | - | 0.00% | - | - | - | - | - |
| Joint Controlled Entities (investment as per the equity method) | | | | | | | | |
| SEL-KNR-JV | 0.45% | 391.72 | 3.97% | 391.72 | - | - | 3.95% | 391.72 |
| Total | 100.00% | 87,851.51 | 100.00% | 9,874.98 | 100.00% | 48.04 | 100.00% | 9,923.02 |

42 Investment in associates and Joint Controlled Entities

Assets and liabilities statement

(₹ in lakhs)

| Particulars | Associates | | | Joint Controlled Entities | | |
|--|----------------------|----------------------|----------------------|---------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
| Current assets | 25,489.95 | 23,623.77 | 26,988.39 | 16,057.85 | Nil | Nil |
| Non-current assets | 63,149.33 | 67,864.36 | 68,803.91 | 884.58 | | |
| Current liabilities | 5,014.10 | 4,962.42 | 6,423.49 | 16,143.02 | | |
| Non-current liabilities | 73,867.97 | 77,783.15 | 81,448.47 | - | | |
| Equity | 9,757.21 | 8,742.56 | 7,920.34 | 799.41 | | |
| Proportion of the group's ownership interest | 40% | 40% | 40% | 49% | | |
| Carrying amount of the group's interest | 3,902.88 | 3,497.02 | 3,168.14 | 391.72 | | |

Notes forming part of the Consolidated financial statements

Statement of profit and loss

(₹ in lakhs)

| Particulars | Associates | | Joint Venture | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2017 | Year ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 |
| Revenue | 15,856.52 | 13,977.53 | 4,822.82 | Nil |
| Operating & Maintenance expenses | 5,260.02 | 3,635.59 | - | |
| Construction Expenses | - | - | 2,975.51 | |
| Employee benefits expense | 4.80 | 4.80 | 77.57 | |
| Finance costs | 9,140.68 | 9,307.65 | 654.00 | |
| Depreciation and amortization expense | 11.32 | 8.38 | 264.62 | |
| Other expenses | 352.17 | 198.90 | 51.70 | |
| Profit/(Loss) before tax | 1,087.53 | 822.21 | 799.42 | |
| Tax expense | 72.89 | - | - | |
| Profit/(Loss) for the year | 1,014.64 | 822.21 | 799.42 | |
| Group's share of profit for the year | 405.85 | 328.89 | 391.72 | |
| Group's share of other comprehensive income for the year | - | - | - | |
| Group's total comprehensive income for the year | 405.85 | 328.89 | 391.72 | |
| Dividend received from the associates during the year | - | - | - | |

43 Subsidiaries, Associates and Joint ventures considered for consolidation

A Names of related parties and nature of relationship

| S. No. | Particulars | Country | Holding as at | | |
|------------|--|---------|----------------|----------------|----------------|
| | | | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| I) | Subsidiaries | | | | |
| 1 | KNR Agrotech & Beverages Pvt Ltd., | India | 100% | 100% | 100% |
| 2 | KNR Infrastructure Projects Pvt Ltd., | India | 100% | 100% | 100% |
| 3 | KNR Energy Ltd., | India | 100% | 100% | 100% |
| 4 | KNR Walayar Tollways Pvt. Ltd., | India | 100% | 100% | 100% |
| 5 | KNR – FZE | UAE | 100% | 100% | 100% |
| 6 | KNR Constructions LLC | Oman | 65% | 65% | 65% |
| 7 | KNRC Holdings and Investments Pvt. Ltd., | India | 100% | 100% | 100% |
| II) | Step-down Subsidiaries | | | | |
| 8 | Mesmeric Software Solutions Pvt. Ltd., | India | 100% | 100% | 100% |
| 9 | Nag Talent Ventures & Infortech Pvt. Ltd., | India | 100% | 100% | 100% |
| 10 | Roche Polymers and Additives Pvt. Ltd., | India | 100% | 100% | 100% |

Notes forming part of the Consolidated financial statements

| S. No. | Particulars | Country | Holding as at | | |
|-------------|--|------------|------------------|------------------|------------------|
| | | | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| 11 | Gradient Estates Pvt. Ltd., | India | 100% | 100% | 100% |
| 12 | Gradient Realty Ventures Pvt. Ltd., | India | 100% | 100% | 100% |
| 13 | Asara Construction & Projects Pvt. Ltd., | India | 100% | 100% | 100% |
| 14 | KNR Muzaffarpur Holdings Pvt. Ltd., | India | 100% | 100% | 100% |
| 15 | KNR Muzaffarpur-Barauni Tollway Pvt. Ltd., | India | 51% | 51% | 51% |
| III) | Associates | | | | |
| 1 | Patel KNR Infrastructures Ltd., | India | 40% | 40% | 40% |
| 2 | Patel KNR Heavy Infrastructures Ltd., | India | 40% | 40% | 40% |
| IV) | Joint Operations | | | | |
| 1 | KNR – Patel JV | India | 51% | 51% | 51% |
| 2 | Patel – KNR JV | India | 50% | 50% | 50% |
| 3 | NCC-KNR JV | India | Project specific | Project specific | Project specific |
| 4 | KNR – SLEC JV | India | 60% | 60% | 60% |
| 5 | KNR-BPL JV | India | 49% | 49% | 49% |
| 6 | KNR-GVR JV | India | 51% | 51% | 51% |
| 7 | KNR-JKM-Kamala JV | India | 50% | 50% | 50% |
| 8 | KNR-JKM JV | India | 51% | 51% | 51% |
| 9 | KNR-SLMI JV | India | Project specific | Project specific | Project specific |
| 10 | KNR-TBCPL-JV | India | 51% | 51% | 51% |
| 11 | KNR-PBEPL-JV | India | 75% | 75% | 75% |
| 12 | KNR-SEW-GVR-JV | India | 51% | 51% | 51% |
| 13 | PSK-KNR-GVR-JV | India | 51% | 51% | 51% |
| 14 | BSCPL-KNR-JV | India | 50% | 50% | 50% |
| V) | Joint Controlled Entities | | | | |
| 1 | SEL-KNR-JV | Bangladesh | 49% | 49% | 49% |

44 During the 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 ₹ 1,086.64 lakhs towards sale of its investment which is shown under exceptional items in the statement of profit and loss.

45 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.

Notes forming part of the Consolidated financial statements

46 Disclosures as required by Indian Accounting standard (Ind AS) 101 First time adoption of Indian accounting standard

As stated in Note 2, these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016 the Group had prepared its Consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('IGAAP').

The accounting policies set out in Note 2 have been applied in preparing these consolidated financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening Ind AS balance sheet on the date of transition i.e. April 01, 2015.

In preparing its Ind AS balance sheet as at April 01, 2015 and in presenting the comparative information for the year ended March 31, 2016 the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with IGAAP, and how the transition from IGAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

Optional Exemptions

Property plant and equipment, capital work-in-progress, Investment Property and intangible assets

The group has elected to avail exemption under Ind AS 101, to use Indian GAAP carrying value as deemed cost at the date of transition for all the items of property, plant and equipment, as per the statement of financial position prepared in accordance with previous GAAP.

Intangible assets accounted for in accordance with Appendix to Ind AS 11(Service Concession Arrangements)

As permitted by Ind AS 101, the Group has elected to apply Appendix to Ind AS 11 retrospectively at the date of transition to Ind AS for the intangible assets under Service Concession Arrangements.

Investments in Associates and Joint venture

The Group has elected to continue with the carrying value for all its investments in associates and joint venture as of transition date measured under IGAAP as Deemed cost as on transition date except certain investments where fair value has been considered as deemed cost.

Mandatory exceptions

Estimates

- a) As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with the IGAAP unless there is objective evidence that those estimates were in error.

De recognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the de-recognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the de-recognition requirements retrospectively from a date chosen by it, if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition principles of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Notes forming part of the Consolidated financial statements

a) Reconciliation of Total Equity as at March 31, 2016 and April 01, 2015

(₹ in Lakhs)

| Particulars | Note | As at March 31, 2016 | As at April 01, 2015 |
|--|------|-------------------------|-------------------------|
| Net Equity as per IGAAP | | 69,696.22 | 78,847.74 |
| Interest on fair value of Financial instruments | 1 | 3.99 | 8.80 |
| Prior Period Adjustments | 2 | - | 288.22 |
| Proposed dividend and related distribution tax | 3 | - | 338.48 |
| Preliminary Expenses (Unamortized) - Miscellaneous Asset | 2 | (89.00) | (178.19) |
| Deemed Equity of un secured loan | 4 | 850.00 | 850.00 |
| Pre-operative expenses w/off | 5 | (6.37) | (6.06) |
| Change in share of Profit/(Loss) from Associates | 6 | 799.19 | (209.67) |
| Goodwill written off | 7 | (1.83) | (1.83) |
| Capital grant adjusted with intangible asset | 8 | - | (21,470.06) |
| Additional depreciation accounted | 8 | (2,368.26) | - |
| Deferred tax adjustments | 9 | 978.25 | 869.84 |
| Equity reportable under Ind AS | | 69,862.19 | 59,337.27 |

b) Reconciliation of Statement of Profit and Loss and Other Comprehensive Income

(₹ in Lakhs)

| Particulars | Note | Year ended March 31, 2016 |
|---|------|------------------------------|
| Net Profit under IGAAP | | 12,639.01 |
| Finance Income on Financial Instruments | 1 | (4.80) |
| Reclassification of net actuarial gain/(loss) on employee defined benefit obligations to Other comprehensive income | 10 | 42.98 |
| Reversal of Preliminary Expenses (Unamortized) | 2 | 88.86 |
| Prior Period Items | 2 | (288.22) |
| Construction Income as per Service concession arrangements | 8 | 19,655.19 |
| Construction Cost as per Service concession arrangements | 8 | (19,655.19) |
| Share of Profit/(Loss) from Associates | 6 | 1,008.86 |
| Additional Depreciation accounted | 8 | (2,368.26) |
| Deferred tax on above adjustments (net) | 9 | 94.58 |
| Net Profit under IND AS | | 11,213.01 |
| Other comprehensive income (net of tax) | 10 | (29.15) |
| Total comprehensive income as per Ind AS | | 11,183.86 |

Notes to Reconciliation

- Under Ind AS, investments in Mutual funds are carried at fair value through profit and loss as compared to being carried at cost under IGAAP. This Ind AS adjustment represents the difference in the fair value (Market value) and the cost of investments in Mutual funds.

Notes forming part of the Consolidated financial statements

Under Ind AS, loans are valued at present value as compared to being carried at cost in the IGAAP. This Ind AS adjustment includes the difference between the book value and the present value of an interest free loan given to a subsidiary, which is treated as investment in that subsidiary. The interest on the present value of this loan is recognised over the tenure of the loan using the Effective Interest Rate (EIR) method.

- 2) Under Ind AS, prior period expenses and income need to be restated to the year which it belongs to, the said Ind AS adjustment represents the restatement of prior period expenses, and the outstanding preliminary expenses not written off as per IGAAP has been written off on transition to Ind-AS.
- 3) Under Ind AS, the dividend should be accounted whenever it is paid, the said Ind AS adjustment represents that the provision of proposed dividend has been restated to the financial year where the actual payment has been made.
- 4) Under previous IGAAP, transaction costs incurred in connection with borrowings are capitalized and amortized accordingly. For transition to Ind AS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly, borrowings as at April 01, 2015 have been reduced by ₹ 102.25 Lakhs with consequent effect of ₹ 102.25 Lakhs to intangible asset.

Interest free Unsecured loan

The Group has received interest free loan in the nature of promoters' contribution under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, such interest-free unsecured loan was repayable after the lenders are paid in full and will be paid only at the option of the Group, since the Group has no contractual obligation to deliver cash or another financial asset to settle the obligation, the interest-free Un secured loan is fair valued on initial recognition and recognized as "Deemed Equity" and included as part of "Other equity".

- 5) On transition to Ind AS, the preoperative expenses to the extent not written off are written off to the statement of profit and loss to the extent required.
- 6) On transition to Ind AS, the changes in the net worth as well as change in net profit of associates are accounted to the extent applicable.
- 7) On transition to Ind AS, the goodwill of the group has been written off to the extent applicable.
- 8) Under Ind AS, specific guidance is applicable for accounting by private sector operators involved in provision of public sector infrastructure assets and services. Under previous GAAP, there was no authoritative guidance for accounting for such arrangements. Accordingly, the Group has recognized as its intangible asset.

Based on Ind AS the Group has recognized the income of ₹ 19,655.19 lakhs on construction expenses of ₹ 19,655.19 lakhs incurred in the respective financial year.

In one of the subsidiary, Under previous Indian GAAP, Grant received from authority has been recognized as Capital reserve. For transition to Ind AS, grants amounting to ₹ 26,460.00 lakhs (₹ 21,472.82 lakhs and ₹ 4,987.18 lakhs for FY 14-15 and FY 15-16) are recognized at fair value and consequently reduced from Intangible asset by same amount.

In one of the subsidiary, Under previous Indian GAAP, the toll collection rights are amortized over the period of rights given under the concession Agreement (as they represent right to collect toll revenue during the concession period) on the basis and in the manner as specified in schedule II of the companies act 2013. For transition to Ind AS, Group follows straight line method for amortization as prescribed in IND AS-38 over the life of concession period to maintain the uniform accounting policy.

- 9) Deferred tax has been recognised on all the adjustments made on transition to Ind AS.
- 10) As per Ind AS 1, actuarial gains and losses, return on plan asset and any change in the effect of the asset to be recognized in other comprehensive income. So, during Financial Year 2015-16, the actuarial gain recognized on gratuity reclassified to Other Comprehensive Income from gratuity expense.

Notes forming part of the Consolidated financial statements

c) Changes in Statement of cash flow for the year ended March 31, 2016

There are no material adjustments in the statement of cash flow due to adoption of Ind AS.

47 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on May 30, 2017

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

For Sukumar Babu & Co.,

Chartered Accountants
(Firm Regn. No. 004188S)

C.Sukumar Babu

Partner
Membership No: 024293

Place : Hyderabad
Date : 30-05-2017

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

Notes forming part of the Consolidated financial statements

FORM AOC-1

(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

(₹ in Lakhs)

| Name of the subsidiary | Reporting period | Exchange rate as on the last date of the financial year | Share Capital | Reserves | Total Assets | Total Liabilities | Investments | Turnover | Profit/ (Loss) before taxation | Provision for taxation | Profit/ (Loss) after taxation | Proposed Dividend | % of share holding |
|---|------------------|---|---------------|-----------|--------------|-------------------|-------------|----------|--------------------------------|------------------------|-------------------------------|-------------------|--------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| KNR Agrotech & Beverages Pvt Ltd., | March 31, 2017 | INR | 1.00 | 44.62 | 240.67 | 195.05 | - | 30.00 | 62.92 | 4.18 | 58.74 | - | 100% |
| KNR Constructions LLC, Oman * | March 31, 2017 | INR 168.205 / Rials | 206.07 | 177.34 | 398.92 | 15.51 | - | - | - | - | - | - | 65% |
| KNR – FZE, UAE * | March 31, 2017 | INR 17.653 / AED | 48.88 | (91.09) | 0.18 | 42.39 | - | - | - | - | - | - | 100% |
| KNR Infrastructure Projects Pvt Ltd., | March 31, 2017 | INR | 1.00 | (3.30) | 6.88 | 9.18 | - | - | (0.21) | - | (0.21) | - | 100% |
| KNR Energy Ltd., | March 31, 2017 | INR | 5.00 | 63.39 | 259.52 | 191.13 | - | - | 52.21 | 4.18 | 48.03 | - | 100% |
| KNRC Holdings and Investments Pvt. Ltd., | March 31, 2017 | INR | 1.00 | 102.22 | 213.68 | 173.96 | 63.50 | - | 61.80 | 4.16 | 57.64 | - | 100% |
| KNR Muzaffarpur-Barauni Tollway Pvt. Ltd., ** | March 31, 2017 | INR | 7,060.00 | 3,715.49 | 48,381.15 | 37,605.66 | - | 5,606.41 | (3,293.82) | - | (3,293.82) | - | 0.65% |
| KNR Walayar Tollways Pvt. Ltd., | March 31, 2017 | INR | 90.00 | 32,473.98 | 54,206.49 | 21,642.51 | 125.63 | 4,154.78 | (2,350.80) | - | (2,350.80) | - | 100% |
| KNR Muzaffarpur Holdings Pvt. Ltd., | March 31, 2017 | INR | 2,760.10 | 823.06 | 3,611.99 | 28.83 | 3,609.10 | - | (0.11) | - | (0.11) | - | 100% |
| Mesmeric Software Solutions Pvt. Ltd., | March 31, 2017 | INR | 1.00 | 3.52 | 21.92 | 17.40 | - | - | (1.49) | - | (1.49) | - | 100% |
| Nag Talent Ventures & Infortech Pvt. Ltd., | March 31, 2017 | INR | 1.00 | 5.83 | 33.63 | 26.80 | - | - | (2.27) | - | (2.27) | - | 100% |
| Roche Polymers and Additives Pvt. Ltd., | March 31, 2017 | INR | 1.00 | (1.10) | 0.67 | 0.77 | - | - | (0.16) | - | (0.16) | - | 100% |
| Gradient Estates Pvt. Ltd., | March 31, 2017 | INR | 1.00 | 4.43 | 26.02 | 20.59 | - | - | (1.76) | - | (1.76) | - | 100% |
| Gradient Realty Ventures Pvt. Ltd., | March 31, 2017 | INR | 1.00 | (1.25) | 0.57 | 0.82 | - | - | (0.16) | - | (0.16) | - | 100% |
| Asara Construction & Projects Pvt. Ltd. | March 31, 2017 | INR | 1.00 | 11.27 | 56.32 | 44.05 | - | - | (3.65) | - | (3.65) | - | 100% |

* As per the Un audited financial statements.

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

Notes forming part of the Consolidated financial statements

(₹ in Lakhs)

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) Extend 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, 2017 | 14,800,000 | 1,480.00 | 40% | SPV Agreement | Consolidated | 1,485.72 | (6.28) | - |
| Patel KNR Heavy Infrastructures Ltd., | March 31, 2017 | 9,529,500 | 952.95 | 40% | SPV Agreement | Consolidated | 1,383.47 | 412.13 | - |
| II - Joint Ventures | | | | | | | | | |
| Patel-KNR JV* | March 31, 2017 | N.A | 1,038.44 | 50% | Joint Venture Agreement | Consolidated | 1,038.44 | (443.76) | - |
| KNR-Patel JV | March 31, 2017 | N.A | (512.47) | 51% | Joint Venture Agreement | Consolidated | (512.47) | (5.07) | - |
| KNR-SLEC JV* | March 31, 2017 | N.A | (32.46) | 60% | Joint Venture Agreement | Consolidated | (32.46) | (0.03) | - |
| KNR-BPL JV* | March 31, 2017 | N.A | 1.93 | 49% | Joint Venture Agreement | Consolidated | 1.93 | - | - |
| NCC-KNR JV | March 31, 2017 | N.A | 0.66 | 100% | Joint Venture Agreement | Consolidated | 0.66 | (0.06) | - |
| KNR-GVR JV* | March 31, 2017 | N.A | 34.44 | 51% | Joint Venture Agreement | Consolidated | 34.44 | 30.57 | - |
| KNR-JKM-Kamala JV | March 31, 2017 | N.A | 125.03 | 50% | Joint Venture Agreement | Consolidated | 125.03 | (0.15) | - |
| KNR-JKM JV * | March 31, 2017 | N.A | 147.58 | 51% | Joint Venture Agreement | Consolidated | 147.58 | (260.54) | - |
| KNR-SLMI JV | March 31, 2017 | N.A | 15.52 | 60% & 51% | Two Joint Venture Agreements | Consolidated | 15.52 | 0.12 | - |
| KNR-TBCPL-JV * | March 31, 2017 | N.A | 1.04 | 51% | Joint Venture Agreement | Consolidated | 1.04 | 110.50 | - |
| KNR-PBEPL-JV | March 31, 2017 | N.A | 143.67 | 75% | Joint Venture Agreement | Consolidated | 143.67 | 42.21 | - |

* As per the Un audited 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@knrcl.com Website:www.knrcl.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 Thursday the September 28, 2017 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 March 31, 2017 | | |
| 2. | Approval of Divided at ₹ 0.50 per Equity Share for the Financial Year ended March 31, 2017 | | |
| 3 | To Appoint a Director in place of Shri K Jalandhar Reddy who retires by rotation and being eligible, offers himself for reappointment | | |
| 4 | Appointment of M/s K.P Rao & Co., Chartered Accountants as Statutory Auditors in place of M/s Sukumar Babu & Co., under rotation of Auditors as per Section 139 of the Companies Act, 2013 | | |
| 5 | Approval of Remuneration to Cost Auditors | | |

Affix
Revenue
Stamps

Signed this ____ day of ____ 2017

Signature of Shareholder:

Signature of Proxy holder

Signature of the shareholder
across Revenue Stamp

Note:

- 1) 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.
- 2) 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

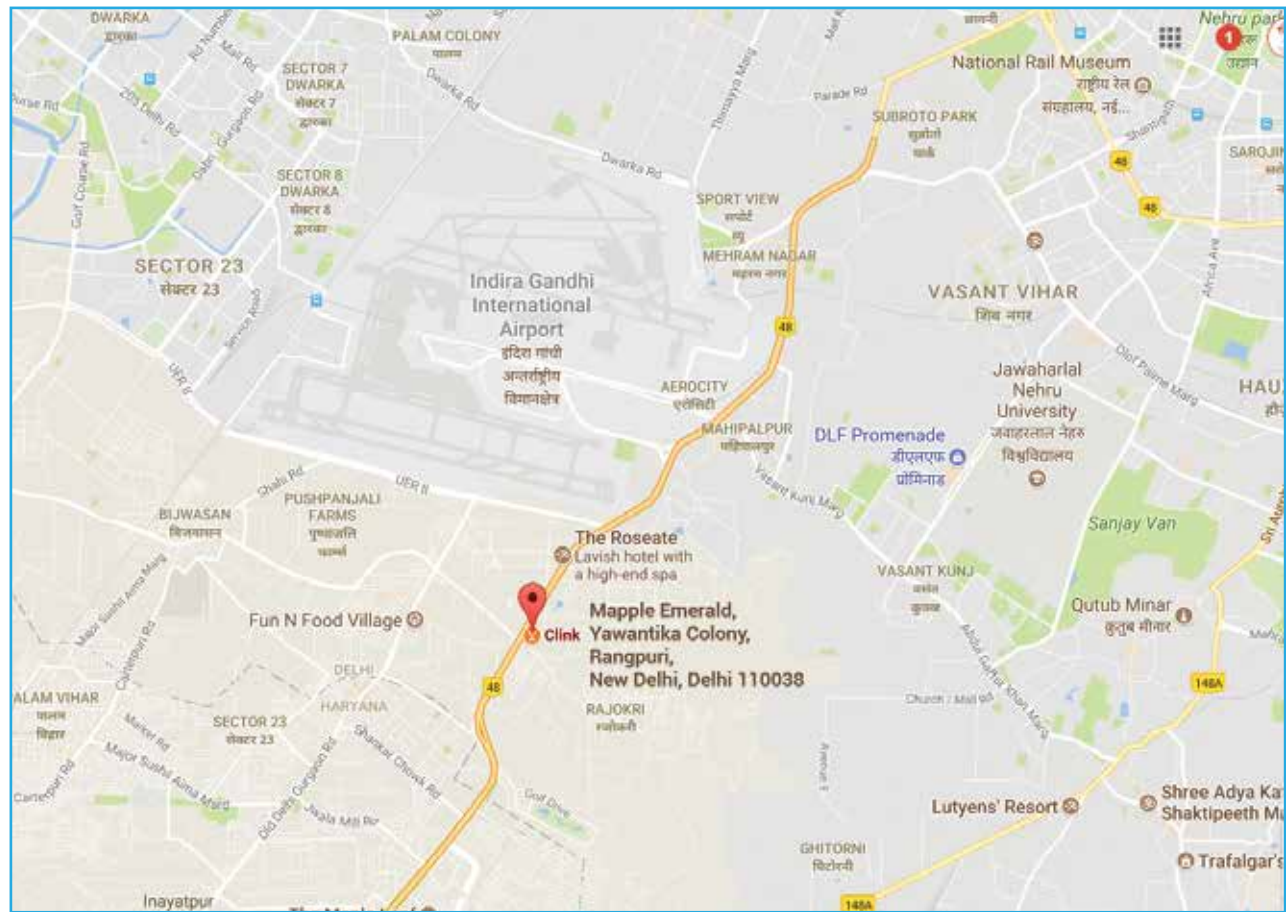
ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

(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 22nd Annual General Meeting of the shareholders of KNR Constructions Limited on Thursday, the 28th day of September, 2017 at 11.00 A.M. at Hotel Mapple Emerald, NH – 8, Rajokri, New Delhi - 110 038

| | |
|----------------------------------|--|
| Reg. Folio No. / DP ID Client ID | |
| Name and address of the Member | |
| No. of Shares | |
| Signature | |

Route Map to the AGM Venue







If undelivered, please return to:

KNR Constructions Limited

CIN: L74210DL1995PLC238364

"KNR House" 3rd & 4th Floor, Plot No: 114,
Phase I, Kavuri Hills, Hyderabad - 500 033

www.knrcl.com