

KNR INFRASTRUCTURE PROJECTS PRIVATE LIMITED

CIN: U45200TG2005PTC045323

BOARD OF DIRECTORS

Shri K. Jalandhar Reddy

Shri M. Rajesh Reddy

AUDITORS

M/s. Sukumar Babu & Co.,

Chartered Accountants,

Flat. No: 513, Aditya Enclave, Annapurna Block,
Ameerpet, Hyderabad.

REGISTERED OFFICE

8-2686/B/6/A/302,
12th Square Building, 3rd Floor,
Road No. 12, Banjara Hills,
Hyderabad – 500034
Andhra Pradesh, India

NOTICE

Notice is hereby given that the **9th Annual General Meeting** of the members of **KNR Infrastructure Projects Private Limited** will be held at its registered office at 8-2686/B/6/A/302, 12th Square Building, 3rd Floor, Road No. 12, Banjara Hills, Hyderabad – 500034 on, Saturday the 27th day of September 2014 at 10.30 AM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, together with the Reports of the Directors and the Auditors thereon.
2. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Sukumar Babu & Co., Chartered Accountants (Firm Registration No. 004188S) be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.

BY ORDER OF THE BOARD

For KNR Infrastructure Projects Private Limited

Sd/-
Director

Place: Hyderabad
Date: 25.08.2014

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Members/proxies are requested to bring the attendance slips duly filled in for attending the meeting and to bring their copies of the Annual Report to the meeting as copies will not be distributed at the meeting.
3. Members desiring to seek any information on the annual accounts are requested to write to the company at an early date to enable compilation of information.

For KNR Infrastructure Projects Private Limited

Sd/-

Director

Place: Hyderabad

Date: 25.08.2014

DIRECTOR'S REPORT

To
The Members,

Your Directors take pleasure in presenting the **9th Annual Report** together with the Audited Accounts for the year ended 31st March, 2014.

OPERATIONS:

During the year the Company has no operations but however there is credit balance written off.

Amount in Rs.

Particulars	2013-2014	2012-2013
Total Revenue	Nil	1,06,02,250
Profit / (loss) Before Tax	4,03,77,039	(29,55,136)
Profit / (loss) After Tax	4,02,67,349	(29,55,136)

FIXED DEPOSITS

The company has neither accepted nor renewed any deposits falling within the purview of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby state that

- i) in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- ii) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and profit for the year ended on that date;
- iii) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv) the accounts for the year ended March 31, 2014 have been prepared on a going concern basis.

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

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

a) Conservation of Energy: Not Applicable

b) Technology absorption, Adoption and Innovation: Not Applicable

No technology absorption is involved and there is no import of technology.

c) Foreign Exchange earnings and outgo

Earnings	Rs. Nil (P.Y Nil)
Outgo	Rs. Nil (P.Y Nil)

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies Act (Particulars of employees) Rules, 1975, as remuneration of none of the employees is in excess of Rs.2,00,000/- per month or Rs.24,00,000/- per annum during the financial year.

AUDITORS:

The Statutory Auditors of the Company viz., **M/s. Sukumar Babu & Co.**, Chartered Accountants retire at the conclusion of the next Annual General Meeting and being eligible have offered themselves for reappointment to hold office from the conclusion of the this Annual General Meeting till the conclusion of the next Annual General Meeting.

ACKNOWLEDGEMENTS:

Your Directors like to place on record their appreciation to the Company's Members for the support and co-operation extended to the Company.

For and on behalf of the Board

Sd/-

Sd/-

Director

Director

Place: Hyderabad

Date: 25.08.2014

Sukumar Babu & Co
Chartered Accountants,
Flat. No: 513, Aditya Enclave, Annapurna Block, Ameerpet, Hyderabad-500016

Independent Auditor's Report

To the Members of
KNR Infrastructure Projects Pvt. Ltd.,

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, is not applicable to the company.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place: Hyderabad
Date: 24-05-2014

KNR INFRASTRUCTURE PROJECTS PVT LTD

BALANCE SHEET AS AT 31 MARCH 2014

(Amount in Rs.)

PARTICULARS	NOTE No.	As At 31-03-2014	As At 31-03-2013
I EQUITY AND LIABILITIES			
1) SHAREHOLDERS' FUNDS			
a) Share Capital	3	100,000	100,000
b) Reserves and Surplus	4	178,873	(40,088,476)
		278,873	(39,988,476)
2) SHARE APPLICATION MONEY PENDING ALLOTMENT		-	-
3) NON - CURRENT LIABILITIES			
-Long-term borrowings	5	691,067	45,108,409
4) CURRENT LIABILITIES			
-Other Current Liabilities	6	20,000	641,112
- Short-Term Provisions	7	109,690	-
TOTAL		1,099,630	5,761,045
II ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets			
Tangible Assets	8	278,174	342,215
b) Long Term loans and Advances	9	-	3,500,000
		278,174	3,842,215
2) CURRENT ASSETS			
a) Cash and Cash Equivalents	10	685,529	1,569,268
b) Short-term loans and advances	11	-	200,000
c) Other Current Assets	12	135,927	149,562
		821,456	1,918,830
TOTAL		1,099,630	5,761,045
Significant Accounting Policies	1 & 2		
Notes referred to above form an integral part of the accounts			
As per our report of even date attached			
For Sukumar Babu & Co.,			
Chartered Accountants			
(Firm Regn. No. 004188S)			
For and on behalf of the Board			
Sd/-		Sd/-	Sd/-
C.Sukumar Babu		K. Jalandhar Reddy	M. Rajesh Reddy
Partner		Director	Director
Membership No: 024293			
Place : Hyderabad			
Date : 24-05-2014			

KNR INFRASTRUCTURE PROJECTS PVT LTD

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(Amount in Rs.)

PARTICULARS	NOTE No.	For The Year ended 31-03-14	For The Year ended 31-03-13
I Income			
Revenue from operations	13	-	10,602,250
Other income	14	40,606,584	38,207
Total Revenue		40,606,584	10,640,457
II Expenses:			
Purchase of Stock in Trade		-	-
Change in inventories of stock in trade		-	11,066,473
Employee benefits expense	15	100,850	600,000
Finance costs	16	4,338	144,808
Depreciation and amortization expense	17	73,601	89,788
Other expenses	18	50,756	1,694,524
Total expenses		229,545	13,595,593
Profit before tax (I- II)		40,377,039	(2,955,136)
Tax expense:			
1) Current tax		109,690	-
2) Deferred tax		-	-
Profit (Loss) for the period		40,267,349	(2,955,136)
Earnings per equity share:			
1) Basic		4,026.73	(295.51)
2) Diluted		4,026.73	(295.51)
Significant Accounting Policies	1 & 2		
Notes referred to above form an integral part of the accounts			
As per our report of even date attached			
For Sukumar Babu & Co.,			
Chartered Accountants			
(Firm Regn. No. 004188S)			
For and on behalf of the Board			
Sd/-	Sd/-	Sd/-	
C.Sukumar Babu	K. Jalandhar Reddy	M. Rajesh Reddy	
Partner	Director	Director	
Membership No: 024293			
Place : Hyderabad			
Date : 24-05-2014			

KNR INFRASTRUCTURE PROJECTS PVT LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Amount in Rs.)

PARTICULARS	For the Year ended 31-03-2014	For the Year ended 31-03-2013
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(loss) before Tax	40,267,349	(2,955,136)
Adjustments for		
Depreciation	64,041	80,229
Preliminary Expenses Written off	9,560	9,560
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	40,340,950	(2,865,347)
(Increase)/Decrease in Trade and Other Receivables	4,053,424	14,510,494
Increase/(Decrease) in Trade Payables and Other Liabilities	(621,112)	(87,240)
CASH GENERATED FROM OPERATIONS	43,773,262	11,557,906
Taxes paid	109,690	-
NET CASH USED IN OPERATING ACTIVITIES	43,882,952	11,557,906
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work In Progress	-	-
(Increase)/Decrease in Other Receivables	-	-
Increase/(Decrease) in Other Payable & Liabilities	-	-
NET CASH USED IN INVESTING ACTIVITIES	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Un-secured loans or Advances / (Repaid)	(44,417,342)	(11,996,785)
NET CASH FROM FINANCING ACTIVITIES	(44,417,342)	(11,996,785)
	(534,390)	(438,879)
Cash and Cash Equivalents as at the beginning of the year	1,219,919	1,658,798
Cash and Cash Equivalents as at the end of the year (Refer note 10)	685,529	1,219,919

Notes:

1 Components of Cash & Cash Equivalents

Cash in Hand

205,123

205,123

Bank Balance -Current Account

480,406

1,014,796

685,529

1,219,919

2 The Cash flow statement is prepared in accordance with the Indirect Method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.

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

4 Figures in brackets represent cash outflows.

The Schedules referred above form an integral part of the Balance Sheet.

For Sukumar Babu & Co.,

Chartered Accountants

(Firm Regn. No. 004188S)

For and on behalf of the Board

Sd/-

C.Sukumar Babu

Partner

Membership No: 024293

Sd/-

K. Jalandhar Reddy

Director

Sd/-

M.Rajesh Reddy

Director

Place: Hyderabad

Date : 24-05-2014

KNR INFRASTRUCTURE PROJECTS PVT LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3 SHARE CAPITAL

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
EQUITY SHARE CAPITAL				
Authorised Share capital				
50,000 Equity Shares of Rs. 10/- each	50000	500,000	50,000	500,000
Issued, subscribed & fully paid share capital				
10,000 Equity Shares of Rs. 10/- each Issue at Par	10000	100,000	10,000	100,000
Total	10,000	100,000	10,000	100,000

The Company has only one class of equity shares having a par value of Rs.10/-per share. Each holder of equity shares is entitled to one vote per share.The Company declares and pays dividends in indian rupees. The dividend, if any proposed, by the board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.

During the year ended 31st March 2014, no dividend is declared by Board of Directors. (Previous year - Nil)

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2013 is set out below:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Number of Equity Shares at the beginning	10,000	100,000	10,000	100,000
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Brought Back	-	-	-	-
Number of Equity Shares at the end	10,000	100,000	10,000	100,000

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

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
KNR Constructions Ltd & its Nominees	10,000	100	10,000	100
	10,000	100	10,000	100

4 RESERVES AND SURPLUS

Particulars	(Amount in Rs.)	
	As at March 31, 2014	As at March 31, 2013
Surplus/(deficit) in the Statement of Profit and Loss		
Opening balance	(40,088,476)	(37,133,340)
Add: Profit/(Loss) for the year	40,267,349	(2,955,136)
Total	178,873	(40,088,476)

KNR INFRASTRUCTURE PROJECTS PVT LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

5 LONG- TERM BORROWINGS

Particulars	(Amount in Rs.)	
	As at	
	March 31, 2014	March 31, 2013
UNSECURED LOANS		
Loans and advances from related parties		
(refer note no: 22)		
From J V Panindra Reddy	-	17,510,240
From KNR Constructions Ltd	691,067	27,598,169
(There is no specific agreement with the above parties for repayment)		
Total	691,067	45,108,409

6 OTHER CURRENT LIABILITIES

Particulars	(Amount in Rs.)	
	As at	
	March 31, 2014	March 31, 2013
Outstanding Expenses		
TDS Payable	-	17,000
Audit Fee payable	20,000	45,000
Vat payable	-	530,112
Salaries Payable	-	49,000
Total	20,000	641,112

7 SHORT TERM PROVISIONS

Particulars	(Amount in Rs.)	
	As at	
	March 31, 2014	March 31, 2013
OTHERS		
Provision for Income Tax	109,690	-
Total	109,690	-

KNR INFRASTRUCTURE PROJECTS PVT LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

9 LONG TERM LOANS AND ADVANCES

Particulars	(Amount in Rs.)	
	As at	
	March 31, 2014	March 31, 2013
UNSECURED CONSIDERED GOOD		
Security Deposits		
-Krishnapatnam Port Trust	-	3,000,000
-Visakhapatnam Port Trust	-	500,000
Total	-	3,500,000

10 CASH AND BANK BALANCES

Particulars	(Amount in Rs.)	
	As at	
	March 31, 2014	March 31, 2013
Cash & Cash Equivalents		
Balance with Banks		
Current accounts	480,406	1,014,796
Cash on hand	205,123	205,123
Sub-Total	685,529	1,219,919
Other Bank Balance		
Balance with banks against Margin Money	-	-
Deposit with more than 12 Month Maturity	-	349,349
Sub-Total	-	349,349
Total	685,529	1,569,268

11 SHORT TERM LOANS AND ADVANCES

Particulars	(Amount in Rs.)	
	As at	
	March 31, 2014	March 31, 2013
UNSECURED, CONSIDERED GOOD		
Others		
-Heramba Kumar Mukharjee	-	200,000
Total	-	200,000

KNR INFRASTRUCTURE PROJECTS PVT LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

12 OTHER CURRENT ASSETS

(Amount in Rs.)

Particulars	As at	
	March 31, 2014	March 31, 2013
TDS Receivable	5,539	6,614
Advance to suppliers	63,466	63,466
Salary Advance	-	3,000
Sub- total	69,005	73,080
Miscellaneous Expenditure (Asset)		
Opening Balance	76,482	86,042
Add/ Less: Issue Expenses / Adjustments		
Less: Written off during the period / year	(9,560)	(9,560)
Sub- total	66,922	76,482
Total	135,927	149,562

KNR INFRASTRUCTURE PROJECTS PVT LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

13 REVENUE FROM OPERATIONS

	(Amount in Rs.)	
PARTICULARS	As At 31-03-2014	As At 31-03-2013
Sale of Product		
Sales (Iron-Ore) - Domestic	-	10,602,250
TOTAL	-	10,602,250

14 OTHER INCOME

	(Amount in Rs.)	
PARTICULARS	As At 31-03-2014	As At 31-03-2013
Interest Income	17,179	38,207
Interest received on IT Refund	267	-
Credit Balances written back	40,589,138	-
TOTAL	40,606,584	38,207

15 EMPLOYEE BENEFIT EXPENSE

	(Amount in Rs.)	
PARTICULARS	As At 31-03-2014	As At 31-03-2013
Salaries, Wages and Other Benefits	100,000	600,000
Staff welfare	850	-
TOTAL	100,850	600,000

16 FINANCE COSTS

	(Amount in Rs.)	
PARTICULARS	As At 31-03-2014	As At 31-03-2013
Interest expenses (Interest on TDS)	2,078	87,545
Other Borrowing Costs	2,260	57,263
TOTAL	4,338	144,808

KNR INFRASTRUCTURE PROJECTS PVT LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

17 DEPRECIATION EXPENSE

(Amount in Rs.)		
PARTICULARS	As At 31-03-2014	As At 31-03-2013
Depreciation	64,041	80,228
Preliminary Expenses written off	9,560	9,560
TOTAL	73,601	89,788

18 OTHER EXPENSES

(Amount in Rs.)		
PARTICULARS	As At 31-03-2014	As At 31-03-2013
Operating Expenses		
Customs Duty	-	1,402,625
Sub-Total	-	1,402,625
Administration And Other Expenses		
Audit Fees	20,000	50,000
Filing Fees	15,550	19,332
Miscellaneous Expenses	6,759	118
Postage & Courier	156	132
Rent	-	222,100
Travelling & Conveyance	8,290	217
Rouding Expenses	1	-
Sub-Total	50,756	291,899
TOTAL	50,756	1,694,524

KNR INFRASTRUCTURE PROJECTS PVT.LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

8 FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2013	Additions	Deductions/A djustment	As at March 31, 2014	As at April 1, 2013	For the Period	Deductions/A djustment	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
I Tangible Assets										
Office Equipment	155,635	-	-	155,635	37,086	16,490	-	53,576	102,059	118,549
Furniture	191,456	-	-	191,456	58,512	24,063	-	82,575	108,881	132,944
Vehicles	149,100	-	-	149,100	58,378	23,488	-	81,866	67,234	90,722
TOTAL	496,191	-	-	496,191	153,976	64,041	-	218,017	278,174	342,215

KNR INFRASTRUCTURE PROJECTS PVT.LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. Company Overview

The Company is engaged in the business of Infrastructure projects and also in trading of minerals.

2. Significant Accounting Policies

2.1 Basis of Accounting and preparation of financial statements

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

2.2 Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition, or construction including any attributable cost of bringing the assets to its working condition for its intended use less accumulated depreciation. Depreciation is provided on Written Down Value (WDV) method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

2.3 Inventories

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

2.4 Provisions, Contingent Liabilities and Contingent Assets

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

KNR INFRASTRUCTURE PROJECTS PVT.LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

2.5 Taxes on Income

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

2.6 Foreign Currency Transactions and derivatives

The reporting currency of the Company is Indian Rupee. Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.

At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences, that arise on settlement of monetary items or on reporting at each Balance sheet date, of Monetary items at the closing rate are adjusted in capital work in progress during the construction phase of the project and recognized as income or expense in the operations phase in which they arise Forward Exchange Contract: Exchange differences on such contracts are recognized in the statement of profit & loss in the reporting period in which the exchange rates changes.

Any profit or loss arising on the cancellation of such forward contract is recognized as income or expense for the period.

KNR INFRASTRUCTURE PROJECTS PVT.LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

19. Segmental Reporting – Not Applicable.
20. Particulars of Employees who were in receipt of remuneration of more than Rs.5,00,000/- or more per month, if employed for a part of the year -- Nil (Previous Year – Nil) or who were in receipt of remuneration of more than Rs.60,00,000/- or more per annum, if employed for whole of the year – Nil (Previous Year – Nil).
21. Auditor's remuneration (including service tax) charged to the accounts.

(Amount in Rs.)		
Particulars	2013-14	2012-13
Audit fees	20,000	50,000

22. In the opinion of the Board, the current assets, loans & advances, have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
23. As per Accounting Standard 18, "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the Related Parties as defined in the Accounting Standard are as follows:

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

Sl. No	Particulars
A	Holding Company
	KNR Constructions Ltd.,
B	Key Management Personnel
	Sri. J.V. Panindra Reddy
	Sri. M. Rajesh Reddy
	Sri. K. Jalandhar Reddy
C	Relatives of Key Management Personnel
	Nil

KNR INFRASTRUCTURE PROJECTS PVT.LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

B. Related party transactions during the year ended 31st March 2014 are as follows:
(Previous year's figures are given in brackets below the current year figures)

The nature and volume of transactions during the year with the above-related parties were as follows:

(Amount in Rs.)					
S.No	Name of the Related party	Relationship	Nature of transaction	2013-14	2012-13
1	KNR Constructions Ltd	Holding Company	Unsecured Loan-Taken/(Paid)	(6,28,204)	8,35,578
			Unsecured Loan-Written back	2,62,78,897.41	Nil
2	Sri. J.V.Panindra Reddy	Key Management Personnel	Unsecured Loan-Taken/(Paid)	(32,00,000)	(1,28,32,362)
			Unsecured Loan – Written back	1,43,10,240.50	Nil
			Sale of Goods	Nil	1,06,02,250

Balance outstanding as on 31.03.2014

(Amount in Rs.)					
S.No	Name of the Related party	Relationship	Nature of transaction	2013-14	2012-13
1	KNR Constructions Ltd	Holding Company	Unsecured Loan-Taken/(Paid)	6,91,067.59	2,75,98,169
2	Sri. J.V.Panindra Reddy	Key Management Personnel	Unsecured Loan-Taken/(Paid)	Nil	1,75,10,240

KNR INFRASTRUCTURE PROJECTS PVT.LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

24. Debit and credit balances of parties are subject to confirmation by the respective parties.
25. In the opinion of the management, there is no impairment of assets requiring provision in accordance with AS-28 relating to 'Impairment of Assets'
26. Previous year's figures have been regrouped/reclassified wherever necessary

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

For and on behalf of the Board

Sd/-
C. Sukumar Babu
Partner
Membership No: 024293
Place: Hyderabad
Date : 24-05-2014

Sd/-
K. Jalandhar Reddy
Director

Sd/-
M. Rajesh Reddy
Director