



KNR Constructions Limited

Dated 30th May 2013

Ref: KNRCL/SD/2013/36&37

To
Dept. of Corporate Services,
Bombay Stock Exchange Limited
P J Towers, Dalal Street,
Fort, MUMBAI - 400001

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

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Sir,

Sub: - Proceedings of the Board Meeting

Ref:-KNR Constructions Limited,
BSE Code: 532942, NSE Symbol: KNRCON

With reference to the above cited subject, we wish to inform you that in the just concluded meeting of the Board of Directors of the Company inter-alia the following items were resolved :-

1. Considered and adopted the Audited Financial Results (Standalone and Consolidated) for the Quarter and Year ended 31st March 2013 along with Auditors Report (Standalone and Consolidated).
2. Board has recommended a dividend of Re. 1.00 per (Rupee One only) Equity Share for the year ended 31st March 2013 subject to the approval of the Shareholders at the Annual General Meeting.

This is for your information and records.

Yours sincerely,
for KNR Constructions Limited

M. V. VENKATA RAO
Company Secretary

KNR CONSTRUCTIONS LIMITED

Regd. Office: C-125, Anand Niketan, New Delhi - 110021

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

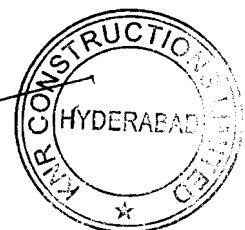


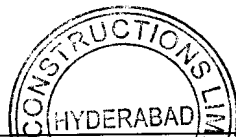
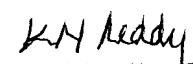
FINANCIAL RESULTS FOR THE YEAR ENDED 31st March, 2013

(Rupees in Lakhs)

Sl. No.	PARTICULARS	STANDALONE					CONSOLIDATED	
		THREE MONTHS ENDED		YEAR ENDED			YEAR ENDED	
		31/03/13	31/12/12	31/03/12	31/03/13	31/03/12	31/03/13	31/03/12
		Audited	Un-Audited	Audited	Audited	Audited	Audited	Audited
No. of Months		3	3	3	12	12	12	12
PART I								
1.	INCOME FROM OPERATIONS							
	a) Net sales / income from operations (net of excise duty)	26,365.11	17,179.93	17,673.06	76,245.05	86,599.78	76,351.07	89,215.01
	Less: Company's Share in Joint Ventures	3,613.53	777.27	1,534.83	7,377.11	11,650.81	-	-
	Net Sales/ Income From Operations	22,751.58	16,402.66	16,138.23	68,867.94	74,948.97	76,351.07	89,215.01
	b) Other Operating Income	242.42	96.68	9.83	344.56	101.38	145.96	8.13
	TOTAL INCOME FROM OPERATIONS (NET)	22,994.00	16,499.34	16,148.06	69,212.50	75,050.35	76,497.03	89,223.14
2.	EXPENSES							
	a) Cost of materials consumed	6,109.12	5,274.75	6,335.21	20,188.87	28,736.34	20,299.55	32,045.61
	b) Changes in inventories of finished goods, Stock in Progress	-	-	-	-	-	203.63	(1,530.26)
	c) Employee benefits expense	785.92	716.74	727.58	2,950.53	2,686.61	2,956.53	3,017.77
	d) Depreciation and amortization expense	1,399.96	1,410.32	1,532.27	5,566.96	5,137.56	5,595.87	5,560.28
	e) Other expenses	1,769.25	1,914.95	3,917.72	7,020.45	8,549.31	7,512.26	10,430.26
	f) Spreading & Assortment Expenses	1,676.52	1,367.11	1,475.24	7,077.21	12,888.29	7,111.76	14,718.96
	g) Sub contract Expenses	9,187.15	4,383.12	1,625.21	20,330.90	8,812.68	26,749.00	17,310.76
	TOTAL EXPENSES	20,927.92	15,066.99	15,613.23	63,134.92	66,810.79	70,428.60	81,553.38
3.	PROFIT / (LOSS) FROM OPERATIONS BEFORE OTHER INCOME, FINANCE COSTS AND EXCEPTIONAL ITEMS (1-2)	2,066.08	1,432.35	534.83	6,077.58	8,239.56	6,068.43	7,669.76
4.	OTHER INCOME	478.65	435.77	436.61	1,749.56	565.94	1,847.29	1,110.52
5.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS AND EXCEPTIONAL ITEMS (3+4)	2,544.73	1,868.12	971.44	7,827.14	8,805.50	7,915.72	8,780.28
6.	FINANCE COSTS	365.79	274.80	284.93	1,125.45	963.75	1,207.56	1,181.38
7.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER FINANCE COSTS BUT BEFORE EXCEPTIONAL ITEMS (5-6)	2,178.94	1,593.32	686.51	6,701.69	7,841.75	6,708.16	7,598.90
8.	EXCEPTIONAL ITEMS	-	-	-	-	-	-	-
9.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX (7-8)	2,178.94	1,593.32	686.51	6,701.69	7,841.75	6,708.16	7,598.90
10.	TAX EXPENSE	413.56	340.77	237.40	1,488.74	2,565.38	1,573.25	2,683.65
11.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER TAX (9-10)	1,765.38	1,252.55	449.11	5,212.95	5,276.37	5,134.91	4,915.25
12.	EXTRAORDINARY ITEMS (NET OF TAX EXPENSE RS.)	-	-	-	-	-	-	-
13.	NET PROFIT / (LOSS) FOR THE PERIOD (11-12)	1,765.38	1,252.55	449.11	5,212.95	5,276.37	5,134.91	4,915.25
14.	SHARE OF PROFIT / (LOSS) OF ASSOCIATES	-	-	-	-	-	(228.14)	(418.95)
15.	MINORITY INTEREST	-	-	-	-	-	-	0.02
16.	ADD / (LESS) PRIOR YEAR SHARE OF PROFIT FROM ASSOCIATES	-	-	-	-	-	-	184.29
17.	NET PROFIT / (LOSS) AFTER TAXES, MINORITY INTEREST AND SHARE OF PROFIT / (LOSS) OF ASSOCIATES (13+14+15)	1,765.38	1,252.55	449.11	5,212.95	5,276.37	4,906.77	4,680.61
18.	PAID UP EQUITY SHARE CAPITAL (FACE VALUE RS.10 PER SHARE)	2,812.35	2,812.35	2,812.35	2,812.35	2,812.35	2,812.35	2,812.35
19.	RESERVES EXCLUDING REVALUATION RESERVES	-	-	-	42,753.24	37,868.98	43,557.08	38,966.38
20.1.	EARNINGS PER SHARE (BEFORE EXTRAORDINARY ITEMS) Basic and Diluted * Not Annualized	6.28*	4.45*	1.6*	18.54	18.76	17.45	16.64
20.2.	EARNINGS PER SHARE (AFTER EXTRAORDINARY ITEMS) Basic and Diluted * Not Annualized	6.28*	4.45*	1.6*	18.54	18.76	17.45	16.64

KM Reddy



PART II							
A	PARTICULARS OF SHAREHOLDING						
1.	PUBLIC SHAREHOLDING						
	- Number of Shares	7,308,439	7,308,439	7,308,439	7,308,439	7,308,439	7,308,439
	- Percentage of Shareholding	25.99%	25.99%	25.99%	25.99%	25.99%	25.99%
2.	PROMOTERS AND PROMOTER GROUP SHAREHOLDING						
a)	Pledged / Encumbered						
	- Number of Shares	640,000	640,000	640,000	640,000	640,000	640,000
	- Percentage of Shares (Total Shareholding of Promoter & Promoter Group)	3.07%	3.07%	3.07%	3.07%	3.07%	3.07%
	- Percentage of Shares (Total Share Capital of the Company)	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%
b)	Non-Encumbered						
	- Number of Shares	20,175,021	20,175,021	20,175,021	20,175,021	20,175,021	20,175,021
	- Percentage of Shares (Total Shareholding of Promoter & Promoter Group)	96.93%	96.93%	96.93%	96.93%	96.93%	96.93%
	- Percentage of Shares (Total Share Capital of the Company)	71.73%	71.73%	71.73%	71.73%	71.73%	71.73%
PARTICULARS		3 months ended 31/03/2013					
B	INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter.	Nil					
	Complaints were received during the quarter and quarter ended 31-03-2013.	2					
	Disposed of during the quarter.	2					
	Remaining unresolved at the end of the quarter.	Nil					
Notes:							
1. The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on 30-05-2013.							
2. The company is engaged in only one reportable segment viz. "Construction and Engineering" and at single geographical area namely India.							
3. Tax expenses includes provision for current tax and deferred tax.							
4. The Board has recommended an Equity Dividend of Rs. 1.00 per Equity Share of Rs. 10/- each Nominal Value subject to the approval of the shareholders in the Annual General Meeting.							
5. The figures have been regrouped and/or rearranged wherever considered necessary.							
6. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto third quarter of the financial year.							
				For KNR Constructions Ltd.,			
				  K Narasimha Reddy Managing Director			
Place: Hyderabad							
Date: 30-05-2013							

KNR CONSTRUCTIONS LIMITED

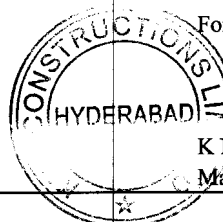


STATEMENT OF ASSETS AND LIABILITIES AS ON 31st March, 2013

(Rupees In Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	As at 31/03/2013	As at 31/03/2012	As at 31/03/2013	As at 31/03/2012
A EQUITY AND LIABILITIES				
1) Shareholders' Funds				
a) Share Capital	2,812.35	2,812.35	2,812.35	2,812.35
b) Reserves and Surplus	42,753.24	37,868.98	43,557.08	38,966.38
c) Money received against share warrants	-	-	-	-
Sub-total - Shareholders' funds	45,565.59	40,681.33	46,369.43	41,778.73
2) Share Application Money Pending Allotment	-	-	-	-
3) Minority Interest	-	-	5,340.09	108.94
4) Non - Current Liabilities				
a) Long-term borrowings	364.54	335.84	8,040.61	641.96
b) Deferred tax liabilities (net)	-	72.26	-	79.90
c) Other Long term Liabilities	13,681.37	6,702.17	13,109.62	8,279.81
d) Long-term Provisions	109.04	107.68	109.04	107.68
Sub-total - Non- Current Liabilities	14,154.95	7,217.95	21,259.27	9,109.35
5) Current Liabilities				
a) Short-term borrowings	6,356.39	4,650.49	6,356.39	4,650.49
b) Trade Payables	10,627.52	10,203.07	11,299.24	10,815.62
c) Other Current Liabilities	7,880.87	9,940.84	10,831.07	10,014.25
d) Short-term Provisions	10,819.97	8,895.19	11,220.86	10,311.76
Sub-total - Current Liabilities	35,684.75	33,689.59	39,707.56	35,792.12
TOTAL EQUITY AND LIABILITIES	95,405.29	81,588.87	112,676.35	86,789.14
B ASSETS				
1) Non-Current Assets				
a) Fixed Assets	29,399.29	31,027.70	40,592.13	32,243.99
b) Goodwill on consolidation	-	-	-	3.24
c) Non-current Investments	3,013.47	2,910.60	3,070.33	3,298.70
d) Deferred Tax Assets (net)	360.34	-	360.51	-
e) Long-term loans and advances	6,418.19	6,891.37	7,059.38	6,389.69
f) Other non-current assets	5,764.68	504.68	6,359.23	506.21
Sub-total - Non-current Assets	44,955.97	41,334.35	57,441.58	42,441.83
2) Current Assets				
a) Current Investments	1,818.53	2,553.67	1,818.53	-
b) Inventories	2,972.60	2,676.69	4,727.09	6,431.70
c) Trade Receivables	12,128.95	9,341.35	11,593.72	8,832.69
d) Cash and Cash Equivalents	721.96	845.40	2,337.35	1,160.76
e) Short-term loans and advances	23,373.52	15,096.79	25,247.47	17,025.02
f) Other Current Assets	9,433.76	9,740.62	9,510.61	10,897.14
Sub-total - Current Assets	50,449.32	40,254.52	55,234.77	44,347.31
TOTAL ASSETS	95,405.29	81,588.87	112,676.35	86,789.14

For KNR Constructions Limited



K Narasimma Reddy
K Narasimma Reddy
Managing Director

Place: Hyderabad
Date: 30-05-2013

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

Independent Auditor's Report

To the Members of
KNR Constructions Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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



C. SUKUMAR BABU
Partner
Membership No: 024293

Place: Hyderabad
Date: 30-05-2013

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

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

- i) In respect of its fixed assets**
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 - c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
- ii) In respect of its inventories**
 - a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii)**
 - a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has granted loans / advances, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - b) There are no specific agreements for these transactions and were made on an on account basis. In the absence of agreements for these loans/advances, the terms and conditions and their impact on the interests of the Company cannot be ascertained.
 - c) The Company has given loans / advances to its wholly owned subsidiaries during the year. In respect of the said loans / advances , the maximum amount outstanding at any time during the year is Rs.4309.47 lakhs and the year ending balance is Rs.4309.28 lakhs.

- d) In the absence of agreements, the transactions were made on an on-account basis and hence the question of regularity of payment of principal and interest does not arise.
 - e) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As per information & explanations given to us and in our opinion, the transactions entered into by the company with parties covered u/s 301 of the Act does not exceed five lakhs rupees in a financial year. Therefore requirement of reasonableness of transactions does not arise.
- vi) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- vii) As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix) **In respect of statutory dues:**
- a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there is no amounts payable in respect of Income tax, Wealth tax, Service tax, Sales tax, Customs Duty and Excise Duty which has not been deposited on account of any disputes, the details of which are stated below.

Name of statute	Nature of dues	Rupees in lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	26.18	F.Y 1999-00	ITAT, Hyderabad
	Income Tax	116.05	F.Y 2001-02	ITAT, Hyderabad
	Income Tax	13.34	F.Y 2005-06	DCIT, Central Circle - 3, Hyderabad
	Income Tax	869.11	F.Y 2006-07	ITAT, Hyderabad
	Income Tax	223.37	F.Y 2007-08	ITAT, Hyderabad
	Interest on TDS delay payments	9.86	F.Y 2009-10	Deputy Commissioner of Income Tax , Circle 14(2), Hyderabad
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	21.39	F.Y 2000-01	Sales Tax Tribunal, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	VAT	307.36	F.Y 2008-09	Sales Tax Tribunal, Hyderabad
	VAT	431.72	F.Y 2009-10	Sales Tax Tribunal, Hyderabad
Karnataka Value Added Tax Act, 2005	VAT	100.00	F.Y 2005-06	Joint Commissioner of Commercial Taxes, (Appeals), Bangalore.
	VAT	30.52	F.Y 2006-07	Joint Commissioner of Commercial Taxes, (Appeals), Bangalore.
	VAT	81.52	F.Y 2008-09	Joint Commissioner of Commercial Taxes, (Appeals), Bangalore.
	VAT	12.16	F.Y 2010-11	Joint Commissioner of Commercial Taxes, (Appeals), Bangalore.
Service Tax Act,	Service Tax	243.12	F.Y 2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal, Bangalore.

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

- x) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- xiv) According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
- xv) According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
- xvi) Based on our audit procedures and the information given by the management, we report that the company has availed term loans which were prima facie applied by the Company during the year for the purposes for which the same were obtained..
- xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- xix) The Company has no outstanding debentures during the period under audit.
- xx) The Company has not raised any money by public issue during the year.

- xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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



C. SUKUMAR BABU

Partner

Membership No: 024293

Place: Hyderabad

Date: 30-05-2013

Sukumar Babu & Co

Chartered Accountants,

Flat. No: 513, Aditya Enclave, Annapurna Block, Ameerpet, Hyderabad-500016.

Independent Auditor's Report

The Board of Directors of
KNR Constructions Limited

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

There are Joint Venture entities which did not get their accounts duly audited for the current Financial Year. The details of such entities are given in the note annexed here to. In such a situation, the financials of such entities are considered for consolidation based on the financial statements certified by the constituent partners of these entities.

As a result, the figures in financial statements of these entries may change subsequently post audit which may have an effect on the consolidated financial statements.

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

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

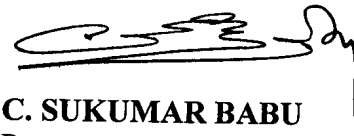
Opinion

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

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

Place: Hyderabad
Date: 30-05-2013

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



C. SUKUMAR BABU
Partner.
Membership No: 024293