KNR Constructions Limited

Dated 30th May 2014

Ref: KNRCL/SD/2014/42 & 43

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

Fax: +91 - 22- 2272 2037 / 39 / 41
+91 22 2272 3121 / 3719 / 1557

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

Fax: +91- 22- 6641 8124 / 25 / 26
+91 22 2659 8237 / 38

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-aliea the following items were resolved : -

1. Considered and adopted the Audited Financial Results (Standalone and Consolidated) for the Quarter and Year ended 31st March 2014 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 2014 subject to the approval of the Shareholders at the Annual General Meeting.
3. Appointment of Smt. Kamidi Yashoda. as Additional Director of the Company

This is for your information and records.

Yours sincerely,
for KNR Constructions Limited

M. V. VENKATA RAO
Company Secretary
Enclosed: - Financials, Auditors Report and Form A

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
Phone: +91 40 40268761 /62, E-mail: investors@knrcl.com, CIN: L74210DL1995PLC238364

FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2014

(Rupees In Lakhs)

Sl. No.	PARTICULARS	STANDALONE					CONSOLIDATED	
		THREE MONTHS ENDED			YEAR ENDED		YEAR ENDED	
		31/03/14	31/12/13	31/03/13	31/03/14	31/03/13	31/03/14	31/03/13
		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)	28,864.55	22,987.17	26,365.11	89,450.23	76,245.05	89,450.23	76,351.07
	Less: Company's Share in Joint Ventures	2,308.62	2,209.28	3,613.53	5,747.33	7,377.11	-	-
	Net Sales/ Income From Operations	26,555.93	20,777.89	22,751.58	83,702.90	68,867.94	89,450.23	76,351.07
	b) Other Operating Income	(512.43)	108.63	242.42	(223.42)	344.56	53.00	145.96
	TOTAL INCOME FROM OPERATIONS (NET)	**26,043.50**	**20,886.52**	**22,994.00**	**83,479.48**	**69,212.50**	**89,503.23**	**76,497.03**
2.	**EXPENSES**							
	a) Cost of materials consumed	9,019.70	6,366.37	6,109.12	29,063.07	20,188.87	29,066.98	20,299.55
	b) Changes in inventories of finished goods, Stock in Progress	-	-	-	-	-	(193.51)	203.63
	c) Employee benefits expense	889.95	863.24	785.92	3,494.50	2,950.53	3,520.92	2,956.53
	d) Depreciation and amortization expense	1,409.63	1,437.96	1,399.96	5,723.15	5,566.96	5,858.38	5,595.87
	e) Other expenses	3,745.53	2,125.50	1,769.25	10,134.91	7,020.45	10,127.29	7,512.26
	f) Spreading & Assortment Expenses	2,045.25	1,767.41	1,676.52	6,150.53	7,077.21	6,194.76	7,111.76
	g) Sub contract Expenses	6,620.86	6,330.61	9,187.15	22,056.96	20,330.90	27,649.74	26,749.00
	TOTAL EXPENSES	**23,730.92**	**18,891.09**	**20,927.92**	**76,623.12**	**63,134.92**	**82,224.56**	**70,428.60**
3.	PROFIT / (LOSS) FROM OPERATIONS BEFORE OTHER INCOME, FINANCE COSTS AND EXCEPTIONAL ITEMS (1-2)	2,312.58	1,995.43	2,066.08	6,856.36	6,077.58	7,278.67	6,068.43
4.	OTHER INCOME	1,062.37	188.02	478.65	1,551.51	1,749.56	1,718.22	1,847.29
5.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS AND EXCEPTIONAL ITEMS (3+4)	3,374.95	2,183.45	2,544.73	8,407.87	7,827.14	8,996.89	7,915.72
6.	FINANCE COSTS	591.93	308.91	365.79	1,719.45	1,125.45	1,788.67	1,207.56
7.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER FINANCE COSTS BUT BEFORE EXCEPTIONAL ITEMS (5-6)	2,783.02	1,874.54	2,178.94	6,688.42	6,701.69	7,208.22	6,708.16
8.	EXCEPTIONAL ITEMS	-	-	-	-	-	-	-
9.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX (7-8)	**2,783.02**	**1,874.54**	**2,178.94**	**6,688.42**	**6,701.69**	**7,208.22**	**6,708.16**
10.	TAX EXPENSE	(18.09)	528.47	413.56	590.17	1,488.74	653.73	1,573.25
11.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER TAX (9-10)	**2,801.11**	**1,346.07**	**1,765.38**	**6,098.25**	**5,212.95**	**6,554.49**	**5,134.91**
12.	EXTRAORDINARY ITEMS (NET OF TAX EXPENSE RS. .....)	-	-	-	-	-	-	-
13.	NET PROFIT / (LOSS) FOR THE PERIOD (11-12)	**2,801.11**	**1,346.07**	**1,765.38**	**6,098.25**	**5,212.95**	**6,554.49**	**5,134.91**
14.	SHARE OF PROFIT / (LOSS) OF ASSOCIATES	-	-	-	-	-	**(508.68)**	**(228.14)**
15.	MINORITY INTEREST	-	-	-	-	-	-	-
16.	ADD / (LESS) PRIOR YEAR SHARE OF PROFIT FROM ASSOCIATES	-	-	-	-	-	-	-
17.	NET PROFIT / (LOSS) AFTER TAXES, MINORITY INTEREST AND SHARE OF PROFIT / (LOSS) OF ASSOCIATES (13+14+15)	**2,801.11**	**1,346.07**	**1,765.38**	**6,098.25**	**5,212.95**	**6,045.81**	**4,906.77**
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	-	-	-	48,519.88	42,753.24	58,283.20	43,557.08
20.1.	EARNINGS PER SHARE (BEFORE EXTRAORDINARY ITEMS) Basic and Diluted * Not Annualized	9.96*	4.79*	6.28*	21.68	18.54	21.50	17.45
20.2	EARNINGS PER SHARE (AFTER EXTRAORDINARY ITEMS) Basic and Diluted * Not Annualized	9.96*	4.79*	6.28*	21.68	18.54	21.50	17.45

KNR CONSTRUCTIONS LIMITED

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	7,308,439
	- Percentage of Shareholding	25.99%	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
	- Percentage of Shares (Total Shareholding of Promoter & Promoter Group)	-	-	3.07%	-	3.07%	-	3.07%
	- Percentage of Shares (Total Share Capital of the Company)	-	-	2.28%	-	2.28%	-	2.28%
	b) Non-Encumbered							
	- Number of Shares	20,815,021	20,815,021	20,175,021	20,815,021	20,175,021	20,815,021	20,175,021
	- Percentage of Shares (Total Shareholding of Promoter & Promoter Group)	100.00%	100.00%	96.93%	100.00%	96.93%	100.00%	96.93%
	- Percentage of Shares (Total Share Capital of the Company)	74.01%	74.01%	71.73%	74.01%	71.73%	74.01%	71.73%

	PARTICULARS	3 months ended 31/03/14
B	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter.	Nil
	Complaints received during the quarter and quarter ended 31-03-2014.	3
	Disposed of during the quarter.	3
	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 in their meeting held on 30-05-2014
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 : 30-05-2014

KNR CONSTRUCTIONS LIMITED

STATEMENT OF ASSETS AND LIABILITIES AS ON 31st March, 2014

(Rupees In Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	As at 31/03/2014	As at 31/03/2013	As at 31/03/2014	As at 31/03/2013
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	48,519.88	42,753.24	58,283.20	43,557.08
c) Money received against share warrants	-	-		-
Sub-total - Shareholders' funds	**51,332.23**	**45,565.59**	**61,095.55**	**46,369.43**
2) Share Application Money Pending Allotment	-	-	-	-
3) Minority Interest	-	-	5,595.21	5,340.09
4) Non - Current Liabilities				
a) Long-term borrowings	828.36	364.54	34,298.54	8,040.61
b) Deferred tax liabilities (net)	-	-	-	-
c) Other Long term Liabilities	9,862.90	13,681.37	6,974.43	13,109.62
d) Long-term Provisions	113.80	109.04	113.80	109.04
Sub-total - Non- Current Liabilities	**10,805.06**	**14,154.95**	**41,386.77**	**21,259.27**
5) Current Liabilities				
a) Short-term borrowings	4,983.36	6,356.39	5,014.73	6,356.39
b) Trade Payables	7,859.26	10,627.52	7,808.90	11,299.24
c) Other Current Liabilities	16,224.99	7,719.66	18,921.57	10,669.86
d) Short-term Provisions	4,252.06	10,981.18	5,621.80	11,382.07
Sub-total - Current Liabilities	**33,319.67**	**35,684.75**	**37,367.00**	**39,707.56**
TOTAL EQUITY AND LIABILITIES	**95,456.96**	**95,405.29**	**145,444.53**	**112,676.35**
B ASSETS				
1) Non-Current Assets				
a) Fixed Assets	26,401.83	29,399.29	85,754.45	40,592.13
b) Goodwill on consolidation	-	-	-	-
c) Non-current Investments	2,484.33	3,013.47	2,561.88	3,070.33
d) Deferred Tax Assets (net)	1,179.75	360.34	1,255.08	360.51
e) Long-term loans and advances	16,121.87	6,418.19	3,550.17	7,059.38
f) Other non-current assets	8,630.31	5,764.68	8,304.45	6,359.23
Sub-total - Non-current Assets	**54,818.09**	**44,955.97**	**101,426.03**	**57,441.58**
2) Current Assets				
a) Current Investments	1,519.18	1,818.53	-	1,818.53
b) Inventories	3,406.53	2,972.60	5,301.95	4,727.09
c) Trade Receivables	11,708.51	12,128.95	7,546.44	11,593.72
d) Cash and Cash Equivalents	1,118.20	721.96	5,728.92	2,337.35
e) Short-term loans and advances	14,656.71	23,373.52	16,973.91	25,247.47
f) Other Current Assets	8,229.74	9,433.76	8,467.28	9,510.61
Sub-total - Current Assets	**40,638.87**	**50,449.32**	**44,018.50**	**55,234.77**
TOTAL ASSETS	**95,456.96**	**95,405.29**	**145,444.53**	**112,676.35**

For KNR Constructions Limited

KN Reddy

K Narasimha Reddy
Managing Director

Place: Hyderabad
Date : 30-05-2014

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

Independent Auditor's Report

To the Members of
KNR 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, 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 gives 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. 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 accounts.

   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.

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



C. SUKUMAR BABU
Partner
Membership No: 024293

Place: Hyderabad
Date: 30-05-2014

The Annexure referred to in paragraph 1 of Our Report of even date to the members of KNR Constructions Limited on the accounts of the company for the year ended 31st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanations 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 and; 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 of 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.14653.36 lakhs and the year ending balance is Rs.14381.71 lakhs.

d) In the absence of agreements, the transactions were made on an on-account basis and hence the question of regularity of payment of principal and interest dose not arise.

e) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.

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

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

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

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

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

viii) As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie 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 March, 2014 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 amount 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 2000-01	Deputy Commissioner of Income Tax, Central Circle-3, Hyderabad
	Income Tax	116.05	F.Y 2002-03	- Do -
	Income Tax	13.34	F.Y 2005-06	- Do -
	Income Tax	864.32	F.Y 2006-07	Deputy Commissioner of Income Tax, Central Circle-3, and Commissioner of Appeals – I, Hyderabad
	Income Tax	41.11	F.Y 2007-08	Deputy Commissioner of Income Tax, Central Circle-3, and Commissioner of Appeals – VII, Hyderabad
	Income Tax	21.96	F.Y 2008-09	- Do -
	Income Tax	156.67	F.Y 2009-10	- Do -
	Income Tax	850.81	F.Y 2010-11	- Do -
	Income Tax	28.29	F.Y 2011-12	- Do -
	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 Appellate Tribunal, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	VAT	307.36	F.Y 2008-09	Sales Tax Appellate Tribunal (STAT) and CTO, Vengalarao Nagar Circle, Hyderabad.
	VAT	431.72	F.Y 2009-10	Sales Tax Appellate Tribunal (STAT) and CTO, Vengalarao Nagar Circle, Hyderabad.

Karnataka Value Added Tax Act, 2005	VAT	100.00	F.Y 2005-06	Sales Tax Appellate Tribunal, Bangalore.
	VAT	30.52	F.Y 2006-07	- Do -
	VAT	81.52	F.Y 2008-09	- Do -
	VAT	12.16	F.Y 2010-11	- Do -
	Entry Tax	67.44	F.Y 2005-06	- Do -
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 financial institutions, banks or debenture holders.

xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

xiv) According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.

xv) According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.

xvi) Based on our audit procedures and the information given by the management, we report that the company has availed term loans which were prima facie applied by the Company during the year for the purposes for which the same were obtained.

xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, 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: 30-05-2014

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, 2014 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 gives 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. 49801.26 lakhs as at March 31, 2014, Group's share of total revenue of Rs. 5772.89 lakhs, and Group's share of profit/(loss) of Rs. (395.69) 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 entities may change subsequently post audit which may have an effect on the consolidated financial statements.

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, 2014;

b. in the case of the consolidated Profit and Loss Account, of the profit/ loss for the year ended on that date; and

c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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



C. SUKUMAR BABU
Partner.
Membership No: 024293

Place: Hyderabad
Date: 30-05-2014

KNR Constructions Limited

FORM A

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

1.	Name of the Company:	KNR Constructions Limited
2.	Annual financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
	To be signed by- Managing Director	
	CFO	G. Sravana Kumar
	Auditor of the company	
	Audit Committee Chairman	

Date: 30th May 2014

Place: Hyderabad