



KNR Constructions Limited

Dated 30th May 2015

Ref: KNRCL/SD/2015/45 & 46

To
Dept. of Corporate Services,
B S E 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 2015 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 2015 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
M. V. VENKATA RAO
Company Secretary



Enclosed: - Financials and Auditors Report

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
 Ph: 040-40268759 / 61 / 62 Fax: 040-40268760
 CIN: L74210DL1995PLC238364



FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2015

Sl. No.	PARTICULARS	STANDALONE					(Rupees In Lakhs)	
		THREE MONTHS ENDED			YEAR ENDED		CONSOLIDATED	
		31-03-15	31-12-14	31-03-14	31-03-15	31-03-14	YEAR ENDED	
		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)	28,316.72	23,228.71	28,864.55	93,085.52	89,450.23	93,099.20	89,450.23
	Less: Company's Share in Joint Ventures	2,695.70	1,912.41	2,308.62	5,483.22	5,747.33	-	-
	Net Sales/ Income From Operations	25,621.02	21,316.30	26,555.93	87,602.30	83,702.90	93,099.20	89,450.23
	b) Other Operating Income	(54.24)	39.57	(512.43)	10.81	(223.42)	19.65	53.00
	TOTAL INCOME FROM OPERATIONS (NET)	25,566.78	21,355.87	26,043.50	87,613.11	83,479.48	93,118.85	89,503.23
2.	EXPENSES							
	a) Cost of materials consumed	9,701.80	8,839.57	9,019.70	33,699.91	29,063.07	33,810.04	29,066.98
	b) Changes in inventories of finished goods, Stock in Progress	-	-	-	-	-	(160.98)	(193.51)
	c) Employee benefits expense	1,102.53	963.04	889.95	3,807.59	3,494.50	3,822.93	3,520.92
	d) Depreciation and amortization expense	1,257.41	1,288.87	1,409.63	5,405.58	5,723.15	5,516.77	5,858.38
	e) Other expenses	5,078.65	2,205.28	3,745.53	11,535.96	10,134.91	11,910.41	10,127.29
	f) Spreading & Assortment Expenses	2,856.85	2,208.56	2,045.25	9,893.29	6,150.53	9,924.91	6,194.76
	g) Sub contract Expenses	3,356.44	4,137.38	6,620.86	16,062.09	22,056.96	21,134.01	27,649.74
	TOTAL EXPENSES	23,353.68	19,642.70	23,730.92	80,404.42	76,623.12	85,958.09	82,224.56
	PROFIT / (LOSS) FROM OPERATIONS BEFORE OTHER INCOME, FINANCE COSTS AND EXCEPTIONAL ITEMS (1-2)	2,213.10	1,713.17	2,312.58	7,208.69	6,856.36	7,160.76	7,278.67
	OTHER INCOME	539.70	201.25	1,062.37	1,245.70	1,551.51	1,288.79	1,718.22
	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS AND EXCEPTIONAL ITEMS (3+4)	2,752.80	1,914.42	3,374.95	8,454.39	8,407.87	8,449.55	8,996.89
	FINANCE COSTS	317.55	285.93	591.93	1,224.30	1,719.45	1,302.21	1,788.67
	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER FINANCE COSTS BUT BEFORE EXCEPTIONAL ITEMS (5-6)	2,435.25	1,628.49	2,783.02	7,230.09	6,688.42	7,147.34	7,208.22
	EXCEPTIONAL ITEMS	-	-	-	-	-	-	-
	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX (7-8)	2,435.25	1,628.49	2,783.02	7,230.09	6,688.42	7,147.34	7,208.22
	TAX EXPENSE							
	Current Tax	372.78	236.20	208.17	1,140.96	1,409.59	1,184.24	1,473.15
	Deferred Tax	(376.12)	(96.02)	(226.26)	(1,212.11)	(819.42)	(1,211.94)	(819.42)
	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER TAX (9-10)	2,438.59	1,488.31	2,801.11	7,301.24	6,098.25	7,175.04	6,554.49
	EXTRAORDINARY ITEMS (NET OF TAX EXPENSE)	-	-	-	-	-	-	-
	NET PROFIT / (LOSS) FOR THE PERIOD (11-12)	2,438.59	1,488.31	2,801.11	7,301.24	6,098.25	7,175.04	6,554.49
	SHARE OF PROFIT / (LOSS) OF ASSOCIATES	-	-	-	-	-	(201.36)	(508.68)
	MINORITY INTEREST	-	-	-	-	-	2.26	2.26
	ADD / (LESS) PRIOR YEAR SHARE OF PROFIT FROM ASSOCIATES	-	-	-	-	-	-	-
	NET PROFIT / (LOSS) AFTER TAXES, MINORITY INTEREST AND SHARE OF PROFIT / (LOSS) OF ASSOCIATES (13+14+15)	2,438.59	1,488.31	2,801.11	7,301.24	6,098.25	6,975.94	6,048.07
	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
	RESERVES EXCLUDING REVALUATION RESERVES	-	-	-	54,108.20	48,519.88	76,035.39	58,285.46
	EARNINGS PER SHARE (BEFORE EXTRAORDINARY ITEMS)							
	Basic and Diluted	8.67*	5.29*	9.96*	25.96	21.68	24.80	21.51
	* Not Annualized							
	EARNINGS PER SHARE (AFTER EXTRAORDINARY ITEMS)							
	Basic and Diluted	8.07*	5.29*	9.96*	25.96	21.68	24.80	21.51
	* Not Annualized							



PART II

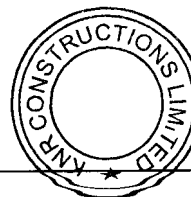
A PARTICULARS OF SHAREHOLDING								
1. PUBLIC SHAREHOLDING	- Number of Shares	9,698,219	9,198,219	7,308,439	9,698,219	7,308,439	9,698,219	7,308,439
	- Percentage of Shareholding	34.48%	32.71%	25.99%	34.48%	25.99%	34.48%	25.99%
2. PROMOTERS AND PROMOTER GROUP SHAREHOLDING								
a) Pledged / Encumbered								
- Number of Shares	- Number of Shares	-	-	-	-	-	-	-
	- Percentage of Shares (Total Shareholding of Promoter & Promoter Group)	-	-	-	-	-	-	-
	- Percentage of Shares (Total Share Capital of the Company)	-	-	-	-	-	-	-
b) Non-Encumbered								
- Number of Shares	- Number of Shares	18,425,241	18,925,241	20,815,021	18,425,241	20,815,021	18,425,241	20,815,021
	- Percentage of Shares (Total Shareholding of Promoter & Promoter Group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of Shares (Total Share Capital of the Company)	65.52%	67.29%	74.01%	65.52%	74.01%	65.52%	74.01%

PARTICULARS		3 months ended 31-03-15
B INVESTOR COMPLAINTS		
Pending at the beginning of the quarter.		Nil
Complaints received during the quarter and quarter ended 31-03-2015.		Nil
Disposed of during the quarter.		Nil
Remaining unresolved at the end of the quarter		Nil

Notes:

- The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors in their meeting held on 30-05-2015
- The company is engaged in only one reportable segment viz. "Construction and Engineering" and at single geographical area namely India.
- Tax expenses includes provision for current tax and deferred tax.
- 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.
- During the 2014-15 year, the Company has revised the depreciation rate on certain fixed assets as per useful life specified in the Companies Act 2013 or re-assessed by the Company and based on current estimates the Company has adjusted Rs. 1374.72 lakhs to retained earnings for assets whose useful life has ended.
- The figures have been regrouped and/or rearranged wherever considered necessary.

Place: Hyderabad
Date : 30-05-2015



For KNR Constructions Ltd.,

K. Narasimha Reddy
K. Narasimha Reddy
Managing Director

KNR CONSTRUCTIONS LIMITED

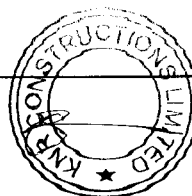
STATEMENT OF ASSETS AND LIABILITIES AS ON 31st MARCH, 2015

(Rupees in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	As at 31-03-2015	As at 31-03-2014	As at 31-03-2015	As at 31-03-2014
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	54,108.20	48,519.88	76,035.39	58,285.46
c) Money received against share warrants	-	-	-	-
Sub-total - Shareholders' funds	56,920.55	51,332.23	78,847.74	61,097.81
2) Share Application Money Pending Allotment	-	-	-	-
3) Minority Interest	-	-	5,600.97	5,592.95
4) Non - Current Liabilities				
a) Long-term borrowings	16.37	828.36	67,193.59	34,320.71
b) Deferred tax liabilities (net)	-	-	-	-
c) Other Long term Liabilities	6,713.26	9,862.90	8,433.56	6,952.26
d) Long-term Provisions	171.82	113.80	171.82	113.80
Sub-total - Non- Current Liabilities	6,901.45	10,805.06	75,798.97	41,386.77
5) Current Liabilities				
a) Short-term borrowings	8,804.61	4,983.36	8,804.61	5,014.73
b) Trade Payables	7,050.51	7,859.26	7,544.28	7,808.90
c) Other Current Liabilities	17,749.77	16,224.99	20,577.59	18,921.57
d) Short-term Provisions	2,919.11	4,252.06	3,990.35	5,621.80
Sub-total - Current Liabilities	36,524.00	33,319.67	40,916.83	37,367.00
TOTAL EQUITY AND LIABILITIES	100,346.00	95,456.96	201,164.51	145,444.53
B ASSETS				
1) Non-Current Assets				
a) Fixed Assets	22,690.54	26,401.83	134,320.07	85,754.45
b) Goodwill on consolidation	-	-	-	-
c) Non-current Investments	2,276.63	2,484.33	2,364.39	2,561.88
d) Deferred Tax Assets (net)	2,391.86	1,179.75	2,467.01	1,255.08
e) Long-term loans and advances	17,859.18	17,385.97	5,145.27	4,822.27
f) Other non-current assets	7,322.23	7,366.21	7,345.00	7,274.59
Sub-total - Non-current Assets	52,540.44	54,818.09	151,641.74	101,668.27
2) Current Assets				
a) Current Investments	874.06	1,519.18	-	-
b) Inventories	3,590.59	3,406.53	5,572.58	5,301.95
c) Trade Receivables	17,650.15	11,708.51	11,013.29	7,546.44
d) Cash and Cash Equivalents	1,572.60	1,118.20	4,354.58	5,728.92
e) Short-term loans and advances	15,061.77	15,236.59	17,268.39	17,570.93
f) Other Current Assets	9,056.39	7,649.86	11,313.93	7,628.02
Sub-total - Current Assets	47,805.56	40,638.87	49,522.77	43,776.26
TOTAL ASSETS	100,346.00	95,456.96	201,164.51	145,444.53

Place: Hyderabad

Date : 30-05-2015



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 Standalone Financial Statements

We have audited the accompanying standalone financial statements of **KNR Constructions Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditors of the Company's overseas branch at Dubai audited by other auditors.

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 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the

Company's preparation of the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of the branch included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 25.81 Lakhs as at 31st March, 2015 and total revenues of Rs. 19.97 Lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013), we give in the Annexure 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 have been received from the branches not visited by us.
 - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and the returns received from the branch not visited by us]

- e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company 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 contract 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.

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



C. SUKUMAR BABU
Partner
Membership No: 024293

Place: Hyderabad
Date: 30-05-2015

Annexure to Independent Auditor's Report

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

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) A major portion of the fixed assets have been physically verified during the year by the Management in accordance with a programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- ii) In respect of its inventories :**
 - a) As explained to us, inventories have been physically verified at regular intervals during the year by the management. In our opinion, having regard to the nature of business and location of inventory, the frequency of verification is reasonable.
 - 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 according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 :**
 - a) The Company has granted un-secured loans / advances to subsidiary companies during the year and the maximum amount involved during the period and the balances of said loans/advance were aggregating to Rs.14,665.29 Lakhs and Rs. 14,660.63 Lakhs respectively.
 - b) There are no specific agreements for these transactions except in the case of one of the subsidiaries which states 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) In respect of Internal Control :

In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants and an external agency appointed by the Management is commensurate with the size of the Company and the nature of its business.

v) In respect of deposits :

The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.

vi) In respect of maintenance of cost records :

As per the information and the explanation given by the management, maintenance of cost records has been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie prescribed accounts and records have been made and maintained.

vii) In respect of statutory dues:

a) According to the records of the company, 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 have been generally regularly deposited with appropriate authorities except for certain delays in the payment of tax deducted at source under Income Tax Act, 1961.

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

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	744.32	F.Y 2006-07	Deputy Commissioner of Income Tax, Central Circle-3, and Commissioner of Appeals – I, Hyderabad
	Income Tax	21.96	F.Y 2008-09	- Do -
	Income Tax	102.84	F.Y 2009-10	- Do -
	Income Tax	693.12	F.Y 2010-11	- Do -
	Income Tax	5.25	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, Vengal Rao Nagar Circle, Hyderabad.
	VAT	431.72	F.Y 2009-10	Sales Tax Appellate Tribunal (STAT) and CTO, Vengal Rao 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	17.44	F.Y 2005-06	- Do -
Madhya Pradesh Value Added Tax Act, 2002	VAT	81.17	F.Y 2011-12	Commissioner of Appeals - Gwalior
	VAT	177.14	F.Y 2012-13	- Do -
	Entry Tax	45.69	F.Y 2010-11	- Do -
	Entry Tax	63.15	F.Y 2011-12	- Do -
	Entry Tax	151.21	F.Y 2012-13	- Do -
Orissa Value Added Tax Act,	Entry Tax	28.87	F.Y 2009-10 to 11-12	Orissa High Court
Service Tax Act,	Service Tax	223.12	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.

- c) The Company has transferred un-claimed IPO refund amount of Rs 9,450/- to the Investor Education and Protection Fund Account, during this year, as per rules made in the Companies Act, 1956.

viii) In respect of accumulated losses and cash losses :

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.

ix) In respect of dues to financial institution/banks/debentures :

Based on our audit procedures and 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.

x) In respect of guarantees given for loans taken by others from banks or financial institutions :

According to the information and the 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.

xi) In respect of application of term loans :

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.

xii) In respect of fraud :

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 any 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: 30-05-2015

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 Consolidated Financial Statements

We have audited the accompanying consolidated 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 associates and jointly controlled entities, comprising the Consolidated Balance Sheet as at 31st, March, 2015 the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statement") .

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 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 sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 of the Group, its associates and jointly controlled entities as at 31st March, 2015, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Other Matters

- a. We did not audit the financial statements / financial information of three subsidiaries, and eight jointly controlled entities, whose financial statements / financial information reflect total assets of Rs. 126030.57 Lakhs as at 31st March, 2015, total revenues of Rs. 21659.37 Lakhs and net cash flows amounting to Rs. 2237.65 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss of Rs. 201.37 Lakhs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of two associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

- b. We did not audit the financial statements / financial information of one subsidiary and two jointly controlled entities, whose financial statements / financial information reflect total assets of Rs.7103.47 Lakhs as at 31st March, 2015, total revenues of Rs. 74.93 Lakhs and net cash flows amounting to Rs.226.83 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements / financial information.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

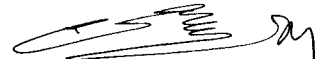
1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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, and the Consolidated Cash Flow Statement 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, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) According to the information and explanations furnished and reports of the other auditors ,

- i. There were no pending litigations which would have material impact on the consolidated financial position of the Group, its associates and jointly controlled entities.
- ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

Place: Hyderabad
Date: 30-05-2015

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



C. SUKUMAR BABU
Partner.
Membership No: 024293