



KNR Constructions Limited

Dated 30th May 2016

Ref: KNRCL/SD/2016/64 & 65

To
Dept. of Corporate Services,
BSE 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

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

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

Sir,

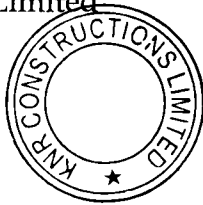
Sub: - Proceedings of the Board Meeting
Ref:-KNR Constructions Limited,
BSE Code: 532942, NSE Symbol: KNRCON

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-alia Considered and adopted the Audited Financial Results (Standalone and Consolidated) for the Quarter and Year ended 31st March 2016 along with Auditors Report (Standalone and Consolidated).

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

CIN: L74210DL1995PLC238364

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

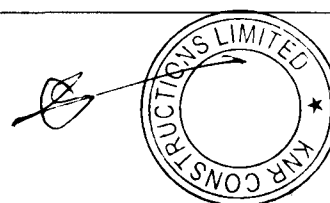
Ph: 040-40268759 / 61 / 62 Fax: 040-40268760; website: knrcl.com; E-mail: investors@knrcl.com



STATEMENT OF STANDALONE / CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2016

(Rupees In Lakhs)

Sl. No.	PARTICULARS	STANDALONE					CONSOLIDATED	
		THREE MONTHS ENDED			YEAR ENDED		YEAR ENDED	
		31-03-16	31-12-15	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
		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)	35,234.09	22,411.12	28,316.72	99,339.97	93,085.52	99,367.08	93,099.20
	Less: Company's Share in Joint Ventures	5,801.81	2,062.52	2,695.70	10,829.28	5,483.22	-	-
	Net Sales/ Income From Operations	29,432.28	20,348.60	25,621.02	88,510.69	87,602.30	99,367.08	93,099.20
	b) Other Operating Income	151.72	1,507.04	(54.24)	1,744.05	10.81	145.33	19.65
	Total income from Operations (Net)	29,584.00	21,855.64	25,566.78	90,254.74	87,613.11	99,512.41	93,118.85
2.	Expenses							
	a) Cost of materials consumed	7,066.69	5,841.14	9,701.80	27,917.35	33,699.91	31,786.16	33,810.04
	b) Changes in inventories of finished goods, Work-in-progress and Stock-in-trade	-	-	-	-	-	(632.96)	(160.98)
	c) Sub contract Expenses	7,929.38	2,267.47	3,356.44	16,836.98	16,062.09	18,702.70	21,134.01
	d) Spreading & Assortment Expenses	5,298.46	5,992.82	2,856.85	15,874.93	9,893.29	16,488.73	9,924.91
	e) Employee benefits expense	1,156.67	1,057.10	1,102.53	4,351.80	3,807.59	4,668.57	3,822.93
	f) Depreciation and amortization expense	1,098.64	1,082.95	1,257.41	4,314.43	5,405.58	4,806.69	5,516.77
	g) Other expenses	3,619.53	2,040.71	5,078.65	9,733.00	11,535.96	11,080.44	11,910.41
	Total Expenses	26,169.37	18,282.19	23,353.68	79,028.49	80,404.42	86,900.33	85,958.09
3.	Profit / (loss) from operations before other income, finance costs and exceptional items (1-2)	3,414.63	3,573.45	2,213.10	11,226.25	7,208.69	12,612.08	7,160.76
4.	Other Income	1,536.99	163.33	539.70	3,049.34	1,245.70	4,241.06	1,288.79
5.	Profit / (loss) from ordinary activities before finance costs and exceptional items (3-4)	4,951.62	3,736.78	2,752.80	14,275.59	8,454.39	16,853.14	8,449.55
6.	Finance Costs	403.93	260.48	317.55	1,262.67	1,224.30	5,631.81	1,302.21
7.	Profit / (loss) from ordinary activities after finance costs but before exceptional items (5 - 6)	4,547.69	3,476.30	2,435.25	13,012.92	7,230.09	11,221.33	7,147.34
8.	Exceptional Items	-	-	-	-	-	-	-
9.	Profit / (loss) from ordinary activities before tax (7 - 8)	4,547.69	3,476.30	2,435.25	13,012.92	7,230.09	11,221.33	7,147.34
10.	Tax expense							
	Current Tax	972.13	430.19	521.97	2,456.66	1,517.00	3,200.32	1,560.28
	MAT credit entitlement	(353.91)	(201.68)	(149.19)	(816.22)	(488.14)	(816.22)	(488.14)
	Prior Period Taxes	(1,818.35)	-	-	(4,372.26)	112.10	(4,111.58)	112.10
	Deferred Tax	(47.20)	(32.59)	(376.12)	(367.59)	(1,212.11)	(367.59)	(1,211.94)
11.	Profit / (loss) from ordinary activities after tax (9-10)	5,795.02	3,280.38	2,438.59	16,112.33	7,301.24	13,316.40	7,175.04
12.	Extraordinary items (net of tax expenses)	-	-	-	-	-	-	-
13.	Net profit / (loss) for the period (11 - 12)	5,795.02	3,280.38	2,438.59	16,112.33	7,301.24	13,316.40	7,175.04
14.	Share of Profit / (loss) of associates	-	-	-	-	-	(679.97)	(201.36)
15.	Minority Interest	-	-	-	-	-	2.58	2.26
16.	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13 -14 -15)	5,795.02	3,280.38	2,438.59	16,112.33	7,301.24	12,639.01	6,975.94
17.	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
18.	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year				69,883.70	54,108.20	66,883.87	76,035.39
19.1	Earnings Per Share (before extraordinary items)							
	Basic and Diluted	20.61*	11.66*	8.67*	57.29	25.96	44.94	24.80
	* Not Annualized							
19.2	Earnings Per Share (after extraordinary items)							
	Basic and Diluted	20.61*	11.66*	8.67*	57.29	25.96	44.94	24.80
	* Not Annualized							



Sl. No.	PARTICULARS	STANDALONE					CONSOLIDATED	
		THREE MONTHS ENDED			YEAR ENDED		YEAR ENDED	
		31-03-16	31-12-15	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
		Audited	Un-Audited	Audited	Audited	Audited	Audited	Audited
	No. of Months	3	3	3	12	12	12	12

PART II

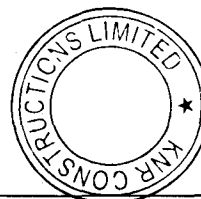
A	Particulars Of Shareholding							
1.	Public Shareholding							
	- Number of Shares	11,037,319	11,037,319	9,698,219	11,037,319	9,698,219	11,037,319	9,698,219
	- Percentage of Shareholding	39.25%	39.25%	34.48%	39.25%	34.48%	39.25%	34.48%
2.	Promoters and Promoter Group Shareholding							
a)	Pledged / Encumbered							
	- 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	17,086,141	17,086,141	18,425,241	17,086,141	18,425,241	17,086,141	18,425,241
	- 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)	60.75%	60.75%	65.52%	60.75%	65.52%	60.75%	65.52%

PARTICULARS		3 months ended 31-03-16	
B	Investor Complaints		
	Pending at the beginning of the quarter.	Nil	
	Complaints received during the quarter.	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 30-05-16
- The company is engaged in only one reportable segment viz. "Construction and Engineering" and at single geographical area namely India.
- For the quarter ended Nil (PY - Nil) and year ended Rs 1287.75 lakhs (PY - Nil) claim has been received by one of the Joint Venture Entity, which is included in the other operating Income.
- For the quarter ended Rs 586.36 lakhs (PY - Nil) and year ended Rs 1172.40 lakhs (PY - Nil) interest on income tax refunds was received, which is pertaining to prior years and included in other income.
- For the quarter ended Rs 1557.67 lakhs (PY - Nil) and year ended Rs 4111.56 lakhs (PY - Nil) prior period taxes includes reversal of excess provision for the AY 2006-07 to AY 2012-13 as per the income tax assessment orders received during the year for 801A claims of these years.
- During this year un-paid dividend of Rs. 64,209/- was transferred to the Investor Education and Protection Fund.
- The Consolidated Financial Results include results of all the Subsidiaries, Associates and Joint Ventures of KNR Constructions Limited and are prepared in accordance with the applicable accounting standards.
- The figures for the quarter ended 31st March, 2016 and 31st March, 2015 are the balancing figures between the audited figures of the full financial years ended 31st March, 2016 and 31st March, 2015 respectively, and the published year to date figures up to the Nine months ended 31st December, 2015 and 31st December 2014 respectively.
- The figures have been regrouped and/or rearranged wherever considered necessary.

Place: Hyderabad
Date : 30-05-2016



For KNR Constructions Ltd.,

K. Narasimha Reddy
K. Narasimha Reddy
Managing Director

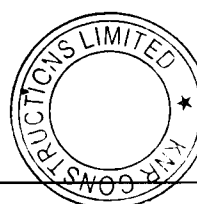
KNR CONSTRUCTIONS LIMITED

STATEMENT OF ASSETS AND LIABILITIES AS ON 31ST MARCH, 2016

(Rupees In Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
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	69,883.70	54,108.20	66,883.87	76,035.39
c) Money received against share warrants	-	-	-	-
Sub-total - Shareholders' funds	72,696.05	56,920.55	69,696.22	78,847.74
2) Share Application Money Pending Allotment	-	-	-	-
3) Minority Interest	-	-	8,073.72	9,060.47
4) Non - Current Liabilities				
a) Long-term borrowings	698.13	13.14	63,138.67	63,730.86
b) Deferred tax liabilities (net)	-	-	-	-
c) Other Long term Liabilities	17,866.58	6,713.26	19,973.74	8,433.56
d) Long-term Provisions	230.62	171.82	233.99	171.82
Sub-total - Non- Current Liabilities	18,795.33	6,898.22	83,346.40	72,336.24
5) Current Liabilities				
a) Short-term borrowings	10,552.51	8,804.61	10,552.51	8,804.61
b) Trade Payables	11,208.25	7,050.51	11,890.12	7,544.28
c) Other Current Liabilities	9,459.67	17,753.00	14,730.15	20,580.82
d) Short-term Provisions	5,093.50	2,919.11	6,849.73	3,990.35
Sub-total - Current Liabilities	36,313.93	36,527.23	44,022.51	40,920.06
TOTAL EQUITY AND LIABILITIES	127,805.31	100,346.00	205,138.85	201,164.51
B ASSETS				
1) Non-Current Assets				
a) Fixed Assets	24,679.48	22,690.54	126,309.91	134,320.07
b) Goodwill on consolidation	-	-	-	-
c) Non-current Investments	3,547.53	2,276.63	1,684.44	2,364.39
d) Deferred Tax Assets (net)	2,759.45	2,391.86	2,834.61	2,467.01
e) Long-term loans and advances	39,017.74	17,859.18	7,576.96	5,145.27
f) Other non-current assets	6,886.55	7,322.23	7,226.93	7,345.00
Sub-total - Non-current Assets	76,890.75	52,540.44	145,632.85	151,641.74
2) Current Assets				
a) Current Investments	790.63	874.06	-	-
b) Inventories	3,534.98	3,590.59	6,183.34	5,572.58
c) Trade Receivables	12,936.34	17,650.15	13,465.88	11,013.29
d) Cash and Cash Equivalents	1,613.80	1,572.60	4,500.75	4,354.58
e) Short-term loans and advances	22,759.17	15,061.77	26,171.00	17,268.39
f) Other Current Assets	9,279.64	9,056.39	9,185.03	11,313.93
Sub-total - Current Assets	50,914.56	47,805.56	59,506.00	49,522.77
TOTAL ASSETS	127,805.31	100,346.00	205,138.85	201,164.51

For KNR Constructions Ltd.,



K.N. Reddy
K. Narasimha Reddy
Managing Director


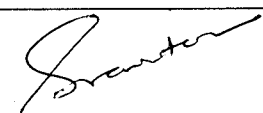


Place: Hyderabad
Date : 30-05-2016



KNR Constructions Limited

FORM A

(for audit report with unmodified opinion)

1.	Name of the Company:	KNR Constructions Limited
2.	Annual financial statements for the year ended	31st March 2016
3.	Type of Audit observation	Un Modified
4.	Frequency of observation	Not Applicable
	To be signed by- Managing Director	
	CFO / VP (F)	
	Auditor of the company	
	Audit Committee Chairman	

Sukumar Babu & Co

Chartered Accountants,

Flat. No: 513, Aditya Enclave, Annapurna Block, Ameerpet, Hyderabad-500038

Independent Auditors' 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, 2016, 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.

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, 2016, and its profit/loss and its 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, 2016 ("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.
 - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act have been audited by the us.
 - 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.
 - 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) There are no observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the company.
- g) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- h) There are no qualification, reservation or adverse remark on the maintenance of accounts and other matters connected therewith.
- i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure-A”.
- j) 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: 30-05-2016

Annexures to the Independent Auditor's Report of KNR Constructions Ltd., for the Year ended as on 31st March 2016

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

- i.
- a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.
 - c) The title deeds of immoveable properties are held in the name of the company except the following assets.

Total Number of cases (Lands)	Whether leasehold / freehold	Gross block and net block as on 31-03-16 (Amount in Lakhs)	Remarks
33	Freehold	841.90	Lands are registered in the name of directors, relatives of directors for and on behalf of the company due to restrictions in registration of the lands in the name of the Company, by the land laws of respective states in which the land is situated.*

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

- ii.
- 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. a) The Company has granted interest free 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.18427.85 Lakhs and Rs. 33088.48 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 dose not arise.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. 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. 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.
- 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	Tax paid under protest	F.Y 2006-07	Commissioner of Appeals – II, Hyderabad
Income Tax Act, 1961	Interest on TDS delay payments	9.86	F.Y 2009-10	Deputy Commissioner of Income Tax , Circle 14(2), Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	VAT	45.35	F.Y 2010-11	Appellate Deputy Commissioner (C.T), Hyderabad.
Madhya Pradesh Value Added Tax Act, 2002	VAT	308.54	F.Y 2013-14	Commissioner of Appeals - Gwalior
	Entry Tax	45.69	F.Y 2010-11	- Do -
	Entry Tax	33.29	F.Y 2013-14	- Do -
Orissa Value Added Tax Act,	Entry Tax	28.87	F.Y 2009-10 to 11-12	Orissa High Court

- c) The Company has transferred un-claimed IPO refund amount of Rs 64,209/- to the Investor Education and Protection Fund Account, during this year, as per rules made in the Companies Act, 1956.

- viii. During the year the company has not defaulted in repayment of loans or borrowing to the bank. The company has taken loan or borrowings from financial institution and banks. The company has not issued debentures.
- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

- xi. The company has paid managerial remuneration, in accordance with provision of the section 197 of the Companies Act, 2013.
- xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information provided to use, the transaction entered with the related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion and according to the information provided to us, the company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

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



C. SUKUMAR BABU

Partner
Membership No: 024293

Place: Hyderabad
Date: 30-05-2016

Annexure-A

Annexure referred to in paragraph 2 (i) under the heading “Report on Other Legal and Regulatory Requirements” of our report on even date:-

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

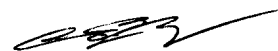
We have audited the internal financial controls over financial reporting of **KNR Constructions Limited** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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



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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



C. SUKUMAR BABU

Partner

Membership No: 024293

Place: Hyderabad

Date: 30-05-2016

Sukumar Babu & Co

Chartered Accountants,

Flat. No: 513, Aditya Enclave, Annapurna Block, Ameerpet, Hyderabad-500038.

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, 2016 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, 2016, 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 two subsidiaries, and six jointly controlled entities, whose financial statements / financial information reflect total assets of Rs. 106672.31 Lakhs as at 31st March, 2016, total revenues of Rs. 8510.05 Lakhs and net cash flows amounting to Rs. 137.22 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. (2444.63) Lakhs for the year ended 31st March, 2016, 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 two subsidiary and five jointly controlled entities, whose financial statements / financial information reflect total assets of Rs.7619.68 Lakhs as at 31st March, 2016, total revenues of Rs. 8539.73 Lakhs and net cash flows amounting to Rs.599.54 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, 2016 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, 2016 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.

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


C. SUKUMAR BABU
Partner.
Membership No: 024293

Place: Hyderabad
Date: 30-05-2016