

M. BHASKARA RAO & CO.
CHARTERED ACCOUNTANTS
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**Report of the auditors of Nagarjuna Construction Company (Kenya) Limited to
Messrs M. Bhaskara Rao & Co. and Deloitte Haskins & Sells., auditors of NCC Limited**

Report on the Financial Statements

We have examined the accompanying financial statements of **Nagarjuna Construction Company (Kenya) Limited** ("the Company") incorporated in Republic of Kenya, which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

These financial statements have been prepared by the management of the Company on the basis of instructions received in this regard from NCC Limited ("NCCL") solely for use by NCCL in the preparation of its consolidated financial statement in accordance with the requirements of Companies Act, 2013 (hereinafter referred to as "the Act"), in conformity with the accounting policies followed by NCCL and not to report on Nagarjuna Construction Company (Kenya) Limited as a separate entity and should be read in that context.

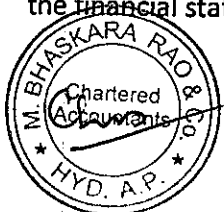
This report is intended solely for the use of Messrs M. Bhaskara Rao & Co. and Deloitte Haskins & Sells being the joint auditors of NCCL, in connection with the audit of the consolidated financial statements of NCCL prepared in accordance with generally accepted accounting principles in India and Schedule III to Act to the extent applicable and should not be used for any other purpose.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements in terms of the requirements of the Act 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. The management of the Company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our examination. We conducted our examination 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 examination to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Examination of financial statements 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 judgement, 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 examination procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An examination also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

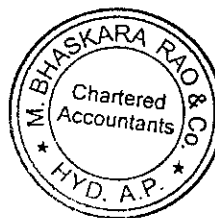
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion these financial statements have been prepared, in all material respects, in conformity with accounting policies of NCCL and are suitable for inclusion in the financial statements of NCCL prepared in accordance with the requirements of Companies Act, 2013.

We further state that there are no matters that, in our judgement, need to be reported to you.

Hyderabad, May 09, 2015



for M. Bhaskara Rao & Co.
Chartered Accountants
Firm Registration No. 0004595

C. S. Subrahmanyam
C. S. Subrahmanyam
Partner
Membership No. 27951

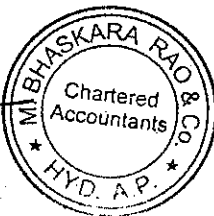
Nagarjuna Construction Company (Kenya) Limited
Balance Sheet as at March 31, 2015

		NOTE	As at March 31, 2015		As at March 31, 2014	
(In ₹)						
EQUITY AND LIABILITIES						
SHAREHOLDERS' FUNDS						
Share Capital	3	6,800		6,900		
Reserves and Surplus	4	(1,21,729)	(1,14,929)	(1,15,170)	(1,08,270)	
CURRENT LIABILITIES						
Other Current Liabilities	5	1,29,039	1,29,039	1,30,937	1,30,937	
TOTAL			14,110		22,667	
ASSETS						
CURRENT ASSETS						
Cash and Bank Balances	6	7,310		15,767		
Short-Term Loans and Advances	7	6,800	14,110	6,900	22,667	
TOTAL			14,110		22,667	
Corporate information and Significant Accounting Policies		1&2				

Accompanying notes form an integral part of the Financial Statements

In terms of our report attached
for M.Bhaskara Rao & Co.
Chartered Accountants

C.S. Subrahmanyam
C.S. Subrahmanyam
Partner
Mem NO: 27951
Hyderabad, May 09, 2015



for and on behalf of the Board

K. A. A.

Nagarjuna Construction Company (Kenya) Limited
Statement of Profit And Loss for the year ended March 31, 2015

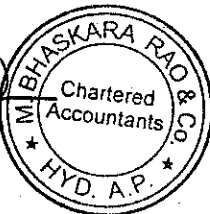
		(in ₹)	
	NOTE	Year ended March 31, 2015	Year ended March 31, 2014
Income		-	-
EXPENSES			
Finance Cost	8	8,228	1,518
Other Expenses	9	-	69,000
Total		8,228	70,518
Loss Before Tax		(8,228)	(70,518)
Tax Expense		-	-
Loss for the year		(8,228)	(70,518)
Earnings per equity share of face value of ₹ 69/- each (equivalent to 100 Kenyan Shillings) Basic and Diluted (₹)		(82)	(705)
Corporate information and Significant Accounting Policies	1 & 2		

Accompanying Notes form an integral part of the Financial Statements

In terms of our report attached
for M.Bhaskara Rao & Co.
Chartered Accountants

C.S. Subrahmanyam
C.S. Subrahmanyam
Partner

Mem No 27951
Hyderabad, May 09, 2015



for and on behalf of the Board

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Nagarjuna Construction Company (Kenya) Limited
Cashflow Statement for the year ended March 31, 2015

(in ₹)

	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from Operating Activities		
Profit before tax	(8,228)	(70,518)
Adjustments:		
Finance Cost	8,228	1,518
Operating Profit before working capital changes	-	(69,000)
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Short term loans and advances	100	62,400
Other current assets	(1,898)	11,386
Exchange difference on translation of foreign currency balances	1,669	(3,883)
	(129)	69,903
Cash generated from operations	(129)	903
Taxes Paid	-	-
Net cash flow from / (used in) operating activities (A)	(129)	903
B. Cash flows from investing activities	-	-
Net Cash flow from / (used in) investing activities (B)	-	-
C. Cash flows from financing activities		
Foreign exchange translation adjustment	(100)	600
Finance Cost paid	(8,228)	(1,518)
Net Cash flow from / (used in) financing activities (C)	(8,328)	(918)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(8,457)	(15)
Cash & Cash equivalents at the beginning of the year	15,767	15,782
Cash & Cash equivalents at the end of the year	7,310	15,767

1. The Cash Flow Statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.

2. Figures in brackets represents cash outflows.

3. Accompanying notes form an integral part of the financial statements.

In terms of our report attached

for M.Bhaskara Rao & Co.

Chartered Accountants

C.S. Subrahmanyam

C.S. Subrahmanyam

Partner

Mp No 27951

Hyderabad, May 09, 2015



for and on behalf of the Board

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Nagarjuna Construction Company (Kenya) Limited
Notes forming part of the financial statements

1. Corporate Information

Nagarjuna Construction Company (Kenya) Limited is a company limited by shares incorporated on 10th August 2011 and domiciled in Kenya. The address of its registered office is c/o Rev Company Services Limited, LR No.3734/163, 163 James Gichuru road, Lavington, PO box 10719-00100, Nairobi, Kenya.

These financial statements are prepared for the purpose of preparing consolidated financial statements of the Holding Company (NCC Limited) and has been prepared in accordance with generally accepted accounting principles in India and Schedule III to the Companies Act, 2013 to the extent applicable.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements are prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India and as per format prescribed by Schedule III to the Companies Act, 2013 ('the schedule') to the extent applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year unless otherwise stated separately herein below.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimated and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) and reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Foreign Currency Transactions

Transactions in foreign currency are translated into the company reporting currency i.e Kenyan Shilling (KSH) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The Company is a non-integral subsidiary for the ultimate holding Company. Accordingly, for the purpose of the Indian GAAP financial statements, the Assets and Liabilities (both monetary and non-monetary) are translated at the closing rate at the year end. Income and expenses are translated at the monthly average rate at the end of the respective month. All resulting exchange differences are accumulated in a separate account 'Foreign Currency Translation Reserve' till the disposal of the net investments.

2.4 Cash and cash equivalents

Cash flows are reported using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accrual of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents comprises of bank overdraft.



Nagarjuna Construction Company (Kenya) Limited
Notes forming part of the financial statements

3. Share Capital

Authorised Capital:

Equity Shares of ₹68.00 (equivalent to Kenyan Shillings 100/-) each fully paid up (31.03.2014: ₹69.00 each (equivalent to Kenyan Shillings 100/-))

March 31, 2015		March 31, 2014	
Number of Shares	(in ₹)	Number of Shares	(in ₹)
1,000	68,000	1,000	69,000

Issued, Subscribed and Paid up :

Equity Shares of ₹68.00 (equivalent to Kenyan Shillings 100/-) each fully paid up (31.03.2014: ₹69.00 each (equivalent to Kenyan Shillings 100/-))

100	6,800	100	6,900
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3(i) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

Outstanding at the beginning of the year
Issued during the year
Foreign exchange translation adjustment
Outstanding at the end of the period

March 31, 2015		March 31, 2014	
Number of Shares	(in ₹)	Number of Shares	(in ₹)
100	6,900	100	6,300
-	-	-	-
-	(100)	-	600
100	6,800	100	6,900

3(ii) Details of shares held by each Shareholder holding more than 5% of the Shares

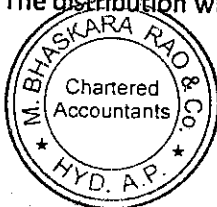
Equity Shares of ₹ 68.00 (equivalent to Kenyan Shillings 100/-) each fully paid up (31.03.2014: ₹69.00 each (equivalent to Kenyan Shillings 100/-))

NCC Limited, the Holding Company
Tile and Carpet Centre Limited

March 31, 2015		March 31, 2014	
Number of Shares	% Holding	Number of Shares	% Holding
65	65%	65	65%
35	35%	35	35%

3(iii) Rights of Shareholder

The Company has only one class of shares referred to as equity shares having a par value of Kenyan Shillings 100/- per share equivalent to ₹ 68.00 each (31.03.2014: ₹ 69.00 each). Each Holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after clearing of all liabilities. The distribution will be in proportion to the number of equity shares held by the share holders.



Nagarjuna Construction Company (Kenya) Limited
Notes forming part of the financial statements

		(in ₹)	
		March 31, 2015	March 31, 2014
4. Reserves and Surplus			
Foreign Exchange Translation Reserve			
Opening balance	(3,382)	501	
Add : Effect of foreign exchange variations during the year	1,669	(3883)	
Closing balance	(1,713)	(3,382)	
Surplus / (Deficit)			
Opening Balance	(1,11,788)	(41270)	
Add : Profit after tax for the year	(8,228)	(70518)	
Closing balance	(1,20,016)	(1,11,788)	
	TOTAL	(1,21,729)	(1,15,170)
5. Other Current Liabilities			
Advances from Customers / Others	1,29,039	1,30,937	
	TOTAL	1,29,039	1,30,937
6. Cash and Bank Balances			
Balance with Banks			
In current account	7,310	15,767	
	TOTAL	7,310	15,767
7. Short term Loans and Advances			
Unsecured & Considered Good			
Advances recoverable in cash or in kind or for value to be received	6,800	6,900	
Deposits with Clients	-	-	
	TOTAL	6,800	6,900
		(in ₹)	
		Year Ended March 31, 2015	Year Ended March 31, 2014
8. Finance Costs			
Bank Charges	8,228	1,518	
	TOTAL	8,228	1,518
9. Other Expenses			
Travelling expenses	-	-	
Rates & Taxes	-	69,000	
	TOTAL	-	69,000



Nagarjuna Construction Company (Kenya) Limited
Notes forming part of the financial statements

10. Contingent Liabilities and Commitments : ₹ Nil (31.03.2014: ₹ Nil)

11. Related parties and nature of their relationship

(i) List of Related Parties

Name of the Related Party	Relationship
NCC Limited	Holding Company
Tiles and Carpet Centre Limited	Co-Promoter
Nagarjuna Contracting Co., LLC, Dubai	Enterprises owned or significantly influenced by the management personnel

(ii) Transactions with Related parties during the year

	(in ₹)	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Credit Balances Outstanding at the year end		
- Nagarjuna Contracting Co., LLC, Dubai	37,239	37,786
- Tiles and Carpet Centre Limited	91,800	93,150

12. Earnings Per Share

	Year Ended March 31, 2015	Year Ended March 31, 2014
Net profit after tax (in ₹)	(8,228)	(70,518)
Weighted Average number of equity shares for Basic EPS (Nos)	100	100
Weighted Average number of equity shares for Diluted EPS (Nos)	100	100
Face value per share (in ₹)	68	63
Basic & Diluted EPS (in ₹)	(82)	(705)

13. The Company has incurred cash losses during the year and net worth is completely eroded. The current liabilities are in excess of current assets. These facts have raised a question on the going concern status of the Company. Notwithstanding these factors, the financial statements of the Company have been prepared on going concern basis based on the commitment given by parent company.

14. Exchange rate used for translation of year end balances is ₹0.68 per Kenyan Shillings (31.03.2014 : ₹0.69 per Kenyan Shillings).

15. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure

for and on behalf of the Board

Hyderabad, May 9, 2015

