



Sukumar Babu & Co.

Chartered Accountants

513, 'B' Block, Aditya Enclave,

Ameerpet, Hyderabad - 500 038.

Phone No: +91 - 040 - 23731173

E-mail: sukumarbabuandco@hotmail.com

Independent Auditors' Report

**To the Members of
KNR Agrotech And Beverages Private Limited**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **KNR Agrotech And Beverages Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes 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; 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 Ind AS 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 Ind AS 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 of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity 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 in terms of Section 143(11) of the Act, we give in "**Annexure A**" 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.
 - c) The company does not have any branches.
 - d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - e) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company not issued dividend from inspection of the company, hence transfer of funds not arising.
 - iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer note *** to the Ind AS financial statements.

For SUKUMAR BABU & CO.,
Chartered Accountants
(Firm's Regn. No: 004188S)

Sd/-
C. SUKUMAR BABU
Partner
Membership No: 024293

Place: Hyderabad
Date: 12-05-2017

**Annexure – “A “ to the Independent Auditor’s Report
(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 immovable properties are held in the name of the company.
- ii. As the company did not procure any inventory and as such there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- 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. Maintenance of cost records u/s 148(1) of the Companies Act, 2013 not applicable to the Company.
- vii. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company does not have any tax liability. Therefore the paragraph 3(vii) of the Order is not applicable to the company.
- viii. The company has not taken any loan or borrowings from any financial institution or Government. The company has not issued debentures. Therefore the paragraph 3(viii) of the Order is not applicable to the company.
- 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 not paid any managerial remuneration. Therefore the provisions of section 197 read with Schedule V of the Companies Act 2013 are not applicable.
- 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 451A 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's Regn. No.004188S)

Sd/-
C. SUKUMAR BABU
Partner
Membership No: 024293

Place: Hyderabad
Date: 12-05-2017

KNR Agrotech & Beverages Private Limited
Balance Sheet as at March 31, 2017

(Amount in Rs.)

Particulars	Note	March 31 ,2017	March 31 ,2016	April 01 ,2015
I ASSETS				
1) Non-current Assets				
a) Property, plant and equipment	3	10,043,329	25,799,363	26,367,443
b) Capital work-in-progress	3	11,332,008	11,686,133	12,040,258
Total Non-Current Assets		21,375,337	37,485,496	38,407,701
2) Current Assets				
a) Financial assets				
i) Trade receivables	4	1,643,290	1,350,000	700,000
ii) Cash and cash equivalents	5	1,045,682	2,389,273	331,926
iii) Other Financial Asset	6	1,200	1,200	1,200
b) Other current assets	7	1,048	-	-
Total Current Assets		2,691,220	3,740,473	1,033,126
TOTAL ASSETS		24,066,557	41,225,969	39,440,827
II EQUITY AND LIABILITIES				
Equity				
a) Equity Share capital	8	100,000	100,000	100,000
b) Other equity	9	4,461,633	(1,411,802)	164,420
Total Equity		4,561,633	(1,311,802)	264,420
Liabilities				
1) Non-current Liabilities				
Financial liabilities				
Borrowings	10	2,302,245	22,976,222	21,117,927
Total Non-Current Liabilities		2,302,245	22,976,222	21,117,927
2) Current Liabilities				
Financial liabilities				
Other financial liabilities	11	17,202,679	19,561,549	18,058,480
b) Other current liabilities		-	-	-
Total Current Liabilities		17,202,679	19,561,549	18,058,480
TOTAL EQUITY AND LIABILITIES		24,066,557	41,225,969	39,440,827

Corporate information and Significant accounting policies

1 & 2

See accompanying notes forming part of the financial statements
As per our report of even date attached

For Sukumar Babu & Co.,
Chartered Accountants
(Firm's Registration No. 004188S)

For and on behalf of the Board

Sd/-
C.Sukumar Babu
Partner
Membership No: 024293
Place : Hyderabad
Date : 12-05-2017

Sd/-
K. Jalandhar Reddy
Director
DIN No: 00434911

Sd/-
M. Rajesh Reddy
Director
DIN No: 00425439

KNR Agrotech & Beverages Private Limited
Statement of Profit and Loss for the year ended March 31, 2017
(Amount in Rs.)

PARTICULARS		Note	Year ended March 31, 2017	Year ended March 31, 2016
I	Net Revenue from Operations	12	3,000,000	2,711,450
II	Other income	13	6,920,477	-
III	Total Revenue (I + II)		9,920,477	2,711,450
IV	Expenses			
	Cost of Material Consumed	14	405,692	415,171
	Employee benefits expense	15	174,358	118,100
	Finance costs	16	1,282,008	1,862,398
	Depreciation and amortization expense	17	850,147	1,167,705
	Other expenses	18	916,487	724,298
	Total expenses (IV)		3,628,692	4,287,672
V	Profit before exceptional items and tax (III - IV)		6,291,785	(1,576,222)
VI	Exceptional items		-	-
VII	Profit/(Loss) before tax (V - VI)		6,291,785	(1,576,222)
VIII	Tax expense	19		
	1) Current tax		418,350	-
	2) Adjustment of tax relating to earlier periods		-	-
	3) Deferred tax		-	-
			418,350	-
IX	Profit (Loss) for the period (VII-VIII)		5,873,435	(1,576,222)
X	Other Comprehensive Income			
	a) Items that will not be reclassified to profit or loss		-	-
	b) Items that will be reclassified to profit or loss		-	-
XI	Total Comprehensive Income for the period		5,873,435	(1,576,222)
XII	Earnings per equity share: (In Rs.)	25		
	1) Basic		587.34	(157.62)
	2) Diluted		587.34	(157.62)

Corporate information and Significant accounting policies

1 & 2

See accompanying notes forming part of the financial statements

As per our report of even date attached

For Sukumar Babu & Co.,

Chartered Accountants

(Firm's Registration No. 004188S)

For and on behalf of the Board

Sd/-

C.Sukumar Babu

Partner

Membership No: 024293

Place : Hyderabad

Date : 12-05-2017

Sd/-

K. Jalandhar Reddy

Director

DIN No: 00434911

Sd/-

M. Rajesh Reddy

Director

DIN No: 00425439

KNR Agrotech & Beverages Private Limited
Statement of Changes in Equity for the year ended March 31, 2017

A - Equity Share Capital

	Number of shares	Amount in Rs.
At April 01, 2015	10,000	100,000
Changes in equity share capital during the year	-	-
At March 31, 2016	10,000	100,000
Changes in equity share capital during the year	-	-
At March 31, 2017	50,000	500,000

B - Other Equity

Particulars	Reserves and Surplus		Other Comprehensive items	Total
	Deemed Equity	Retained Earning	Other items of Other Comprehensive Income	
Balance as at April 01, 2015	8,394,076	(8,229,656)	-	164,420
Total Comprehensive Income for the Year	-	(1,576,222)	-	(1,576,222)
Balance as at March 31, 2016	8,394,076	(9,805,878)	-	(1,411,802)
Balance as at April 01, 2016	8,394,076	(9,805,878)	-	(1,411,802)
Total Comprehensive Income for the Year	-	5,873,435	-	5,873,435
Balance as at March 31, 2017	8,394,076	(3,932,443)	-	4,461,633

(Amount in Rs.)

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

Particulars	(Amount in Rs.)	
	Year ended March 31, 2017	Year ended March 31, 2016
A) Cash flow from Operating Activities		
Profit before tax	6,291,785	(1,576,222)
Adjustments for:		
Depreciation and Amortization Expenses	850,147	1,167,705
(Gain)/Loss on disposal of property, plant and equipment	(6,920,477)	-
Interest Expense on Fair Value of interest free loans	1,274,707	1,858,295
Finance costs	7,301	4,103
Interest Income	-	-
Operating profit before working capital changes	1,503,463	1,453,881
Changes in working capital:		
(Increase)/Decrease in Trade and Other Receivables and prepayments	(294,338)	(650,000)
(Increase)/Decrease in Inventories	-	-
Increase/(Decrease) in Trade and other Payables	(2,358,870)	1,503,069
Cash generated/ (used) from Operations	(1,149,745)	2,306,950
Income Taxes (paid) / Refunds	(418,350)	-
Net Cash flows from / (used in) Operating Activities- (A)	(1,568,095)	2,306,950
B) Cash flow from Investing Activities		
Proceeds from sale of property, plant and equipment	22,180,489	-
Purchase of property, plant and equipment and Capital Work-in-Progress	-	(245,500)
TDS on Interest Received	-	-
Net Cash flows from / (used in) Investing Activities- (B)	22,180,489	(245,500)
C) Cash flow from Financing Activities		
Finance cost paid	(7,301)	(4,103)
Interest paid	(1,274,707)	-
Proceeds from borrowings	-	-
Repayment of borrowings (Net)	(20,673,977)	-
Net Cash Flows from / (used in) Financing Activities- (C)	(21,955,985)	(4,103)
Net increase/(decrease) in cash and cash equivalents - (A+B+C)	(1,343,591)	2,057,347
Cash & Cash Equivalents at the beginning of the year	2,389,273	331,926
Cash & Cash Equivalents as at end of the year (Refer Note 1)	1,045,682	2,389,273
Note:		
1 Cash & Cash equivalents includes:		
Cash in Hand	10,000	250,000
Bank Balance -Current Account	1,035,682	2,139,273
2 The Cash flow statement is prepared in accordance with the Indirect Method stated in Ind-AS7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.		
3 Previous year's figures have been regrouped, wherever necessary.		
4 Figures in brackets represent cash outflows.		
See accompanying notes forming part of the financial statements		
For Sukumar Babu & Co., Chartered Accountants (Firm's Registration No. 004188S)	For and on behalf of the Board	
Sd/- C.Sukumar Babu Partner Membership No: 024293 Place : Hyderabad Date : 12-05-2017	Sd/- K. Jalandhar Reddy Director DIN No: 00434911	Sd/- M. Rajesh Reddy Director DIN No: 00425439

KNR Agrotech & Beverages Private Limited

Notes forming part of the financial statements

1. Corporate Information:

The company has been incorporated in April 25, 2008 as a private limited company and its registered office at KNR House, 3rd Floor Plot No. 114, Phase-I, Kavuri Hills Hyderabad. This company is subsidiary of KNR Constructions Limited.

2. Significant Accounting Policies

2.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 27.

2.2 Basis of Preparation & Presentation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2.3 Current and non-current classification

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per Schedule III to the Act.

2.4 Fair Value Measurement

The company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy based on the low level of input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (observable inputs).

Level 3 – Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

2.5 Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is calculated on cost of items of property, plant and equipment in the manner and as per the useful life prescribed under Schedule-II to the Act except the below mentioned assets, and is generally recognized in the statement of profit and loss. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

For the Assets costing up to Rs. 5,000 are depreciated fully in the year of purchase.

2.6 Capital work in progress

Capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost less refundable taxes.

Amortization shall be based on the useful life of the trees (i.e assumed as 35 years)

2.7 Financial instruments

i. Classification and subsequent measurement

Financial assets

Financial asset is

- Cash / Equity Instrument of another Entity,
- Contractual right to –
 - a) receive Cash / another Financial Asset from another Entity, or
 - b) exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially favourable to the Entity.

On initial recognition, a financial asset is classified as measured at

- Amortized cost;
- FVTOCI – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

KNR Agrotech & Beverages Private Limited

Notes forming part of the financial statements

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

Financial liability is Contractual Obligation to

- deliver Cash or another Financial Asset to another Entity, or
- exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially unfavourable to the Entity

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

ii. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iii. Impairment

Impairment of financial instruments

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are measured at amortized cost
- Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognized, if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

2.8 Cash and cash equivalents

Cash and bank balances are considered as cash and cash equivalents.

2.9 Provisions

Provisions are recognised only when:

- a) An entity has a present obligation (legal or constructive) as a result of a past event
- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) A reliable estimate can be made of the amount of the obligation.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.10 Contingent liability, Contingent Assets and Commitments

Contingent liability is disclosed in case of

- a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- b) A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for
- b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
- c) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Contingent liabilities, Contingent assets and Commitments are reviewed at each Balance Sheet date.

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

2.11 Revenue recognition

Revenue shall be recognised when,

- (a) the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the amount of revenue can be measured reliably;
- (c) it is probable that the economic benefits associated with the transaction will flow to the company; and
- (d) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.12 Cash Flow Statement

The Cash flow statement is prepared in accordance with Ind AS 7 by using indirect method by segregating as cash flows from operating, investing and financing activities. Under the Cash flow from operating activities, the net profit is adjusted for the effects of Non-cash items, Changes in working capital and other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those amounts which are not considered in cash and cash equivalents as on the date of Balance Sheet are included in investing activities.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

2.13 Earnings per share

a) Basic Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury share.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.14 Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Key accounting estimates and judgements

The preparation of these financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the property plant and equipment, inventory, future obligations in respect of retirement benefit plans, provisions, fair value measurement and taxes etc.

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

2.16 New standards and interpretations not yet adopted

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

3 PROPERTY, PLANT AND EQUIPMENT

(Amount in Rs.)

Particulars	Land - Free Hold	Buildings	Plant and Equipment	Electrical Machinery	Tractors & Harvesting Combines	Vehicles	Total	Capital Work-in-Progress	Grand Total
Cost or Deemed cost									
As at April 01, 2015	23,650,578	1,261,831	2,603,896	1,632,345	1,150,688	262,906	30,562,244	12,040,258	42,602,502
Additions	-	-	245,500	-	-	-	245,500	-	245,500
Disposals/ Adjustments	-	-	-	-	-	-	-	-	-
As at March 31, 2016	23,650,578	1,261,831	2,849,396	1,632,345	1,150,688	262,906	30,807,744	12,040,258	42,848,002
Accumulated Depreciation									
As at April 01, 2015	-	242,842	1,687,616	1,306,625	745,771	211,947	4,194,801	-	4,194,801
Charge for the period	-	49,656	433,423	165,751	147,773	16,977	813,580	354,125	1,167,705
Disposals/ Adjustments	-	-	-	-	-	-	-	-	-
As at March 31, 2016	-	292,498	2,121,039	1,472,376	893,544	228,924	5,008,381	354,125	5,362,506
Net block									
As at March 31, 2016	23,650,578	969,333	728,357	159,969	257,144	33,982	25,799,363	11,686,133	37,485,496
As at April 01, 2015	23,650,578	1,018,989	916,280	325,720	404,917	50,959	26,367,443	12,040,258	38,407,701
Cost or Deemed cost									
As at April 1, 2016	23,650,578	1,261,831	2,849,396	1,632,345	1,150,688	262,906	30,807,744	11,686,133	42,493,877
Additions	-	-	-	-	-	-	-	-	-
Disposals/ Adjustments	(15,260,012)	-	-	-	-	-	(15,260,012)	-	(15,260,012)
As at March 31, 2017	8,390,566	1,261,831	2,849,396	1,632,345	1,150,688	262,906	15,547,732	11,686,133	27,233,865
Accumulated Depreciation									
As at April 1, 2016	-	292,498	2,121,039	1,472,376	893,544	228,924	5,008,381	-	5,008,381
Charge for the period	-	47,111	270,751	73,515	93,575	11,070	496,022	354,125	850,147
Disposals/ Adjustments	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	339,609	2,391,790	1,545,891	987,119	239,994	5,504,403	354,125	5,858,528
Net block									
As at March 31, 2017	8,390,566	922,222	457,606	86,454	163,569	22,912	10,043,329	11,332,008	21,375,337
As at March 31, 2016	23,650,578	969,333	728,357	159,969	257,144	33,982	25,799,363	11,686,133	37,485,496

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

4 - Trade Receivables

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Unsecured, considered good			
Other Debts	1,643,290	1,350,000	700,000
Total	1,643,290	1,350,000	700,000

5 - Cash and Cash Equivalents

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Balances with banks:			
- in current accounts	1,035,682	2,139,273	331,926
Cash on hand	10,000	250,000	-
Total	1,045,682	2,389,273	331,926

6 - Other Receivables

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Security Deposits	1,200	1,200	1,200
Total	1,200	1,200	1,200

7 - Other Current Assets

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Prepaid Expenses	1,048	-	-
Miscellaneous Expenses (Asset)			
Preliminary Expenses	-	-	9,270
Add: Pre-operative Expenses	-	-	36,408
Less: Written off during the period / year	-	-	(45,678)
Total	1,048	-	-

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements
8 - Equity Share Capital

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Authorised Share capital 10,000 Equity Shares of Rs. 10/- each	100,000	100,000	100,000
Issued, subscribed & fully paid share capital 10,000 Equity Shares of Rs. 10/- each (Wholly owned subsidiary of KNR Constructions Ltd.,)	100,000	100,000	100,000
Total	100,000	100,000	100,000

8.1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- . Each holder of equity shares is entitled to one vote per share.

8.2 The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 is set out below:

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% held	No. of Shares	% held
KNR Constructions Ltd.,	10,000.00	100%	10,000.00	100%

8.3 The reconciliation of the number of shares outstanding at the beginning and at the end of the year is set out below:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees
Number of Equity Shares at the beginning	10,000	100,000	10,000	100,000
Add: - Number of Shares Issued	-	-	-	-
Less: Number of Shares Bought Back	-	-	-	-
Number of Equity Shares at the end of the year	10,000	100,000	10,000	100,000

9 - Other Equity

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
a) Surplus in the statement of profit and loss			
Balance at the beginning of the period	(9,805,878)	(8,229,656)	(4,599,594)
Add: Profit/(Loss) for the period	5,873,435	(1,576,222)	(3,630,062)
	(3,932,443)	(9,805,878)	(8,229,656)
b) Deemed Equity (Refer note: 26)	8,394,076	8,394,076	8,394,076
Balance at the end of the period	4,461,633	(1,411,802)	164,420

10 - Borrowings

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Non-current			
Unsecured loans			
From related parties (Refer Note: 26)	2,302,245	22,976,222	21,117,927
Total	2,302,245	22,976,222	21,117,927

Note: Intercorporate loans to related parties carried at fair value as per Ind AS

11 - Other Financial Liabilities

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Current			
Advance From Directors (Refer note: 26)	-	253,000	253,000
Advance Received From Related Parties (Refer note: 26)	17,139,074	19,273,549	17,779,280
Outstanding Expenses	63,605	35,000	26,200
Total	17,202,679	19,561,549	18,058,480

12 Revenue from Operations

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Income from operations	3,000,000	2,711,450
Total	3,000,000	2,711,450

13 Other Income

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Profit on Sale of Lands	6,920,477	-
Total	6,920,477	-

14 Cost of Materials Consumed

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Fertilizers	357,280	305,600
Pesticides	600	55,820
Seeds	-	1,125
Spares & Consumables	47,812	52,626
Total	405,692	415,171

15 Employee Benefit Expense

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Salaries, Wages and Other Benefits	170,258	113,000
Staff welfare Expenses	4,100	5,100
Total	174,358	118,100

16 Finance Cost

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Interest Expense on		
Interest Expense on Fair Value on interest free loans	1,274,707	1,858,295
Other Borrowing Costs		
Bank Charges	7,301	4,103
Total	1,282,008	1,862,398

17 Depreciation & Amortization Expense

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Depreciation	496,022	813,580
Amortization Expense (Capital Work-in-Progress Written off)	354,125	354,125
Total	850,147	1,167,705

18 Other Expenses

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Work Expenses		
Labour Charges	574,800	193,900
Transportation, Loading & Unloading Charges	6,050	7,070
Power Charges	150,846	151,016
Repairs & Maintenance	8,773	54,364
Petrol & Diesel - Plant & Machinery	81,230	56,460
Bore well / Site Expenses	18,000	160,839
Watch & Ward	-	800
Electrical Work	-	5,985
Testing Expenses	-	3,200
Sub-Total	839,699	633,634
General & Administration Expenses		
Travelling & Conveyance	14,333	15,298
Postage, Courier & Telephone	6,054	5,362
Insurance Charges	16,031	27,635
Legal & Professional Charges	10,500	10,000
Rates & Taxes	3,240	860
Audit Fee	25,000	25,000
Donation	-	3,200
Other Expenses	1,630	3,309
Sub-Total	76,788	90,664
Total	916,487	724,298

19 Tax Expense

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Current tax	418,350	-
Total	418,350	-

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

20 Capital management

The Company's policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and for the future development of the Company. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return on capital to shareholders or issue of new shares.

The Company's adjusted net debt to equity ratio at March 31, 2017, March 31, 2016 and April 01, 2015 was as follows:

(Amount in Rs.)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Total liabilities	2,302,245	22,976,222	21,117,927
Less: cash and cash equivalents	1,045,682	2,389,273	331,926
Adjusted net debt	1,256,563	20,586,949	20,786,001
Total equity	4,561,633	(1,311,802)	264,420
Adjusted equity	4,561,633	(1,311,802)	264,420
Adjusted net debt to adjusted equity ratio	0.28	(15.69)	78.61

21 Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

March 31, 2017

(Amount in Rs.)

Particulars	Carrying amount		
	FVTPL	Amortised Cost	Total carrying amount
Financial assets			
Trade Receivables	-	1,643,290	1,643,290
Cash and cash equivalents	-	1,045,682	1,045,682
Other financial assets	-	1,200	1,200
	-	2,690,172	2,690,172
Financial liabilities			
Unsecured Loan	-	2,302,245	2,302,245
Other financial liabilities	-	17,202,679	17,202,679
	-	19,504,924	19,504,924

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

March 31, 2016

(Amount in Rs.)

Particulars	Carrying amount		
	FVTPL	Amortised Cost	Total carrying amount
Financial assets			
Trade Receivables	-	1,350,000	1,350,000
Cash and cash equivalents	-	2,389,273	2,389,273
Other financial assets	-	1,200	1,200
	-	3,740,473	3,740,473
Financial liabilities not measured at fair value			
Unsecured Loan	-	22,976,222	22,976,222
Other financial liabilities	-	19,561,549	19,561,549
	-	42,537,771	42,537,771

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

April 01, 2015

(Amount in Rs.)

Particulars	Carrying amount		
	FVTPL	Amortised Cost	Total carrying amount
Financial assets			
Trade Receivables	-	700,000	700,000
Cash and cash equivalents	-	331,926	331,926
Other financial assets	-	1,200	1,200
	-	1,033,126	1,033,126
Financial liabilities			
Unsecured Loan	-	21,117,927	21,117,927
Other financial liabilities	-	18,058,480	18,058,480
	-	39,176,407	39,176,407

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

21 Financial instruments - Fair values and risk management (Contd..)

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk

The company's focus is to estimate a vulnerability of financial risk and to address the issue to minimize the potential adverse effects of its financial performance.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in debt securities. The company is not exposed to credit risk as the trade receivables are for the minimal period.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at March 31, 2017

(Amount in Rs.)

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Un Secured loans	2,302,245	-	690,674	1,611,572	2,302,245
Other financial liabilities	17,202,679	63,605	-	17,139,074	17,202,679
	19,504,924	63,605	690,674	18,750,646	19,504,924

As at March 31, 2016

(Amount in Rs.)

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Un Secured loans	22,976,222	-	-	22,976,222	22,976,222
Other financial liabilities	19,561,549	35,000	-	19,526,549	19,561,549
	42,537,771	35,000	-	42,502,771	42,537,771

As at April 01, 2015

(Amount in Rs.)

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Un Secured loans	21,117,927	-	-	21,117,927	21,117,927
Other financial liabilities	18,058,480	26,200	-	18,032,280	18,058,480
	39,176,407	26,200	-	39,150,207	39,176,407

c) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Foreign currency risk

Foreign Currency risk is the risk that fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has no variable interest bearing borrowings, the exposure to risk of changes in market interest rates is nil.

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to Price risk as it has no investments.

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

22. Contingent Liability and Commitments: Nil

23. Segment Reporting

there are no reportable segments under Ind AS 108

24. Auditor's remuneration charged to the accounts:

(Amount in Rs.)

Particulars	Year ended March 31, 2017	Year Ended March 31, 2016
Audit fees	5,000	5,000

25. Disclosure pursuant to Ind AS 33 "Earnings Per Share(EPS)"

(Amount in Rs.)

Particulars	March 31, 2017	March 31, 2016
i. Profit (loss) attributable to equity shareholders(basic)	58,73,435	(15,76,222)
ii. Weighted average number of equity shares (basic)	10,000	10,000
Basic EPS	587	(158)
i. Profit (loss) attributable to equity shareholders(diluted)	58,73,435	(15,76,222)
ii. Weighted average number of equity shares (diluted)	10,000	10,000
Diluted EPS	578	(158)

26. As per Ind AS 24, "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the Related Parties as defined in the Accounting Standard are as follows:

A. List of related parties and relationships:

S. No.	Name of the related party	Nature of relationship
1	KNR Constructions Limited	Holding Company
2	Mr. K.Narasimha Reddy	Director
3	Mr. K.Jalandhar Reddy	Director

B. Transactions with related parties during the year ended

(Amount in Rs.)

Name of the related party	Nature of transactions	March 31, 2017	March 31, 2016
KNR Constructions Limited	Advance received/(paid)	(21,34,475)	14,94,269
	Unsecured loan received/(repayment)	(2,06,73,977)	-
	Interest Expenses on Unsecured Loan (fair value)	12,74,707	18,58,295
Mr. K. Jalandhar Reddy	Advance received/(Repaid)	(2,53,000)	-

C. Balances outstanding

(Amount in Rs.)

Name of the related party	Nature transactions	March 31, 2017	March 31, 2016	April 01, 2015
KNR Constructions Limited	Equity share capital	1,00,000	1,00,000	1,00,000
	Deemed Equity	83,94,076	83,94,076	83,94,076
	Advance received	1,71,39,074	1,92,73,549	1,79,99,280
	Unsecured loan	23,02,245	2,29,76,222	2,11,17,927
Mr. K. Jalandhar Reddy	Advance received	-	2,53,000	2,53,000

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

27. Disclosures as required by Indian Accounting standard (Ind AS) 101 First time adoption of Indian accounting standard

As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016 the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('IGAAP').

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening Ind AS balance sheet on the date of transition i.e. April 01, 2015.

In preparing its Ind AS balance sheet as at April 01, 2015 and in presenting the comparative information for the year ended March 31, 2016 the Company has adjusted amounts reported previously in financial statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with IGAAP, and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions and mandatory exceptions availed

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

Optional Exemptions

Property plant and equipment, capital work-in-progress

The company has elected to avail exemption under Ind AS 101, to use Indian GAAP carrying value as deemed cost at the date of transition for all the items of property, plant and equipment, as per the statement of financial position prepared in accordance with previous GAAP.

Mandatory exceptions

Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

De recognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the de-recognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the de-recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition principles of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

a) Reconciliation of Total Equity as at March 31, 2016 and April 01, 2015

(Amount in Rs.)

Particulars	Notes	As at March 31, 2016	As at April 01, 2015
Net Equity as per IGAAP		(32,47,989)	(35,30,062)
Deemed equity (Fair value of un secured loan)	1	83,94,076	83,94,076
Finance cost on Fair value of un secured loan	1	(64,57,889)	(45,99,594)
Equity reportable under Ind AS		(13,11,802)	2,64,420

KNR Agrotech & Beverages Private Limited
Notes forming part of the financial statements

b) Reconciliation of Statement of Profit and Loss and Other Comprehensive Income

(Amount in Rs.)		
Particulars	Notes	Year ended March 31, 2016
Net Profit under IGAAP		2,82,073
Finance Cost on account of FV of USL	1	(18,58,295)
Net Profit under Ind AS		(15,76,222)
Other comprehensive income (net of tax)		-
Total comprehensive income as per Ind AS		(15,76,222)

Notes to Reconciliation

- 1) Under Ind AS, un secured loans are measured at fair value (Amortised cost) as compared to being carried at cost in the IGAAP. This Ind AS adjustment includes the difference between the book value and the fair value of an interest free loan. The interest on the present value of this loan is recognised over the tenure of the loan using the Effective interest rate (EIR) method.

c) Changes in Statement of cash flow for the year ended March 31, 2016

There are no material adjustments in the statement of cash flow due to adoption of Ind AS.

28. Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on May 12, 2017

- 29.** Previous year's figures have been regrouped/reclassified wherever necessary.

For Sukumar Babu & Co.,

Chartered Accountants

(Firm's Registration No.004188S)

For and on behalf of the Board of Directors

Sd/-

C. Sukumar Babu

Partner

Membership No: 024293

Place: Hyderabad

Date : 12-05-2017

Sd/-

K. Jalandhar Reddy

Director

DIN No: 00434911

Sd/-

M. Rajesh Reddy

Director

DIN No: 00425439