



Sukumar Babu & Co.

Chartered Accountants

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Independent Auditors' Report

**To the Members of
KNR Infrastructure Projects Pvt. Ltd.,**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **KNR Infrastructure Projects Pvt. Ltd.**, ("the Company"), which comprise the Balance Sheet as at March 31, 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 March 31, 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 March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer note 3 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 Auditors’ Report
(Referred to in paragraph 1 under the heading “Report on Other Legal and
Regulatory Requirements” of our report on even date)**

- i. The company does not have any fixed assets, hence reporting under clause (a) to (c) of Para 3(i) are not applicable.
- 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 Infrastructure Projects Pvt. Ltd
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		-	-	-
Total Non-Current Assets		-	-	-
2) Current Assets				
a) Financial assets				
Cash and cash equivalents	3	488,131	688,131	688,422
b) Other current assets	4	200,000	-	-
Total Current Assets		688,131	688,131	688,422
TOTAL ASSETS		688,131	688,131	688,422
II EQUITY AND LIABILITIES				
Equity				
a) Equity Share capital	5	100,000	100,000	100,000
b) Other equity	6	(329,935)	(308,615)	(279,794)
Total Equity		(229,935)	(208,615)	(179,794)
Liabilities				
1) Non-current Liabilities		-	-	-
Total Non-Current Liabilities		-	-	-
2) Current Liabilities				
Financial liabilities				
Other financial liabilities	7	918,066	896,746	868,216
Total Current Liabilities		918,066	896,746	868,216
TOTAL EQUITY AND LIABILITIES		688,131	688,131	688,422
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 Infrastructure Projects Pvt. Ltd
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		-	-
II	Other income	8	-	5,000
III	Total Revenue (I + II)		-	5,000
IV	Expenses			
	Finance costs	9	-	291
	Other expenses	10	21,320	33,530
	Total expenses (IV)		21,320	33,821
V	Profit before exceptional items and tax (III - IV)		(21,320)	(28,821)
VI	Exceptional items		-	-
VII	Profit/(Loss) before tax (V - VI)		(21,320)	(28,821)
VIII	Tax expense			
	1) Current tax		-	-
	2) Adjustment of tax relating to earlier periods		-	-
	3) Deferred tax		-	-
			-	-
IX	Profit (Loss) for the period (VII - VIII)		(21,320)	(28,821)
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 (XIII + XIV) (Comprising		(21,320)	(28,821)
XII	Earnings per equity share : (In Rs.)	15		
	1) Basic		(2.13)	(2.88)
	2) Diluted		(2.13)	(2.88)

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 Infrastructure Projects Pvt. Ltd
Statement of Changes in Equity for the year ended March 31, 2017

A - Equity Share Capital

Particulars	Number of Shares	Amount in Rs.
Balance as at April 01, 2015	10,000	100,000
Add: Equity shares allotted during the year	-	-
Balance as at March 31, 2016	10,000	100,000
Add: Equity shares allotted during the year	-	-
Balance as at March 31, 2017	10,000	100,000

B - Other Equity

(Amount in Rs.)

Particulars	Reserves and Surplus	Items of other comprehensive income/(loss)	Total
	Surplus in the statement of profit and loss	Other items of Other Comprehensive Income	
Balance as at April 01, 2015	(279,794)	-	(279,794)
Total Comprehensive Income for the Year	(28,821)	-	(28,821)
Balance as at March 31, 2016	(308,615)	-	(308,615)
Balance as at April 01, 2016	(308,615)	-	(308,615)
Total Comprehensive Income for the Year	(21,320)	-	(21,320)
Balance as at March 31, 2017	(329,935)	-	(329,935)

KNR Infrastructure Projects Pvt. Ltd

Notes forming part of the financial statements

1. Corporate Information:

The company has been incorporated in February 10, 2005 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 18.

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.

2.5 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.

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.

KNR Infrastructure Projects Pvt. Ltd

Notes forming part of the financial statements

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.

2.6 Cash and cash equivalents

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

2.7 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.

KNR Infrastructure Projects Pvt. Ltd

Notes forming part of the financial statements

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.

2.8 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.

2.9 Revenue recognition

Revenue can be recognised when

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the company;

Other Income

Interest income: Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable Effective interest rate (EIR). Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

Other Items of Income: Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

2.10 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).

2.11 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.

2.12 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.

2.13 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.

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.

2.14 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 Infrastructure Projects Pvt. Ltd
Notes forming part of the financial statements

3 Cash and Cash Equivalents

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Balances with banks:			
in current accounts	483,008	483,008	483,299
Cash on hand	5,123	205,123	205,123
Total	488,131	688,131	688,422

Disclosure on Specified Bank notes (SBN)

During the year, the company had specified bank notes or other denomination notes as defined in the MCA notification GSR 308 (E) dated March 31, 2017 on the details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 the denomination wise SBNs and other notes as per the notification is given below:

(Amount in Rs.)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	-	5,123	5,123
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	5,123	5,123

For the purpose of this clause, the term 'Specified bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated the 8th November, 2016.

4 - Other Current Assets

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Staff Imprest & Salary Advances	200,000	-	-
Total	200,000	-	-

5 Equity Share Capital

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Authorised Share capital			
50,000 Equity Shares of Rs. 10/- each	500,000	500,000	500,000
Issued, subscribed & fully paid share capital			
10,000 Equity Shares of Rs. 10/- each (Wholly Owned subsidiary of KNR Constructions Limited)	100,000	100,000	100,000
Total	100,000	100,000	100,000

5.1 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.

5.2 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		As at April 01, 2015	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
KNR Constructions Ltd & its Nominees	10,000	100%	10,000	100%	10,000	100%

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

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Amount in Rupees	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	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	10,000	100,000

KNR Infrastructure Projects Pvt. Ltd
Notes forming part of the financial statements
6 Other Equity

(Amount in Rs.)

	As at		
	March 31 ,2017	March 31 ,2016	April 01 ,2015
Surplus in the statement of profit and loss			
Balance at the beginning of the period	(308,615)	(279,794)	178,873
Add: (Loss)/ Profit for the period	(21,320)	(28,821)	(401,305)
Add: Preliminary & Pre-operative expenses	-	-	(57,362)
Total	(329,935)	(308,615)	(279,794)

7 Other Financial Liabilities

(Amount in Rs.)

	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Non-current	-	-	-
Current			
Advance Received From Related Parties (Refer note : 17)	908,066	886,746	848,216
Outstanding Expenses	10,000	10,000	20,000
Total	918,066	896,746	868,216

KNR Infrastructure Projects Pvt. Ltd
Notes forming part of the financial statements

8 Other Income

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Credit Balances written back	-	5,000
Total	-	5,000

9 Finance Costs

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Other Borrowing Costs		
Bank and Other Financial Charges	-	291
Total	-	291

10 Other Expenses

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2017	March 31, 2016
Legal & Professional Charges	10,500	10,000
Payments to the auditor	10,000	10,000
Other Expenses	820	13,410
Interest expenses (Interest on TDS / IT)	-	120
Total	21,320	33,530

KNR Infrastructure Projects Pvt. Ltd

Notes forming part of the financial statements

11 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.

12 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			
Cash and cash equivalents	-	488,131	488,131
	-	488,131	488,131
Financial liabilities			
Other financial liabilities	-	918,066	918,066
	-	918,066	918,066

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 not measured at fair value			
Cash and cash equivalents	-	688,131	688,131
	-	688,131	688,131
Financial liabilities not measured at fair value			
Other financial liabilities	-	896,746	896,746
	-	896,746	896,746

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			
Cash and cash equivalents	-	688,422	688,422
	-	688,422	688,422
Financial liabilities			
Other financial liabilities	-	868,216	868,216
	-	868,216	868,216

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.

KNR Infrastructure Projects Pvt. Ltd**Notes forming part of the financial statements****12 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 it don't have any trade receivables and loans and Investments.

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					
Other financial liabilities	918,066	10,000	-	908,066	918,066
	918,066	10,000	-	908,066	918,066

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					
Other financial liabilities	896,746	10,000	-	886,746	896,746
	896,746	10,000	-	886,746	896,746

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					
Other financial liabilities	868,216	20,000	-	848,216	868,216
	868,216	20,000	-	848,216	868,216

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. The Company is not exposed to Interest rate risk as it has no variable interest bearing borrowings.

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 Infrastructure Projects Pvt. Ltd
Notes forming part of the financial statements

13. Contingent Liability and Commitments: Nil

14. Segment Reporting

There are no reportable segments as per Ind As 108.

15. Auditor's remuneration charged to the accounts:

(Amt. In Rs.)

Particulars	Year ended March 31, 2017	Year Ended March 31, 2016
Audit fees	10,000	10,000

16. 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)	(21,320)	(28,821)
ii. Weighted average number of equity shares (basic)	10,000	10,000
Basic EPS	(2.13)	(2.88)
i. Profit (loss) attributable to equity shareholders(diluted)	(21,320)	(28,821)
ii. Weighted average number of equity shares (diluted)	10,000	10,000
Diluted EPS	(2.13)	(2.88)

17. 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.Jalandhar Reddy	Director
3	Mr. M. Rajesh 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	21,320	38,530

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
	Advance payable	9,08,066	8,86,746	8,48,216

18. 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 mandatory exceptions.

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	As at
		March 31, 2016	April 01, 2015
Net Equity as per IGAAP		(1,60,813)	(1,22,432)
Preliminary expenses	1	(47,802)	(57,362)
Equity reportable under Ind AS		(2,08,615)	(1,79,794)

KNR Infrastructure Projects Pvt. Ltd
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		(38,381)
Preliminary expenses written off	1	9,560
Net Profit under Ind AS		(28,821)
Other comprehensive income (net of tax)		-
Total comprehensive income as per Ind AS		(28,821)

Notes to Reconciliation

- 1) Under transition to Ind As, the preliminary expenses not written off has been written off to the extent available

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.

19. Approval of Financial Statements

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

20. 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

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