



# Sukumar Babu & Co.

Chartered Accountants

513, 'B' Block, Aditya Enclave,

Ameerpet, Hyderabad - 500 038.

Phone No: +91 - 040 - 23731173

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## *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 31<sup>st</sup> March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement Cash Flow 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), changes in equity and cash flows 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 31<sup>st</sup> March, 2018, and its profit/loss (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government 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, Statement of Changes in Equity and Statement of Cash Flow 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 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 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.



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

**C. SUKUMAR BABU**  
Partner  
Membership No: 024293

Place: Hyderabad  
Date: 23-05-2018

**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 immoveable 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 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

Place: Hyderabad  
Date: 23-05-2018



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

**C. SUKUMAR BABU**  
Partner  
Membership No: 024293

(Amount in Rs.)

| Particulars                              | Note | March 31 ,2018    | March 31 ,2017    |
|--|------|-------------------|-------------------|
| <b>I ASSETS</b>                          |      |                   |                   |
| <b>1) Non-current Assets</b>             |      |                   |                   |
| a) Property, plant and equipment         | 3    | 9,805,465         | 10,043,329        |
| b) Capital work-in-progress              | 3    | 10,977,883        | 11,332,008        |
| <b>Total Non-Current Assets</b>          |      | <b>20,783,348</b> | <b>21,375,337</b> |
| <b>2) Current Assets</b>                 |      |                   |                   |
| a) Financial assets                      |      |                   |                   |
| i) Trade receivables                     | 4    | 2,043,290         | 1,643,290         |
| ii) Cash and cash equivalents            | 5    | 2,239,805         | 1,045,682         |
| iii) Other Financial Asset               | 6    | 1,200             | 1,200             |
| b) Other current assets                  | 7    | 1,048             | 1,048             |
| <b>Total Current Assets</b>              |      | <b>4,285,343</b>  | <b>2,691,220</b>  |
| <b>TOTAL ASSETS</b>                      |      | <b>25,068,691</b> | <b>24,066,557</b> |
| <b>II EQUITY AND LIABILITIES</b>         |      |                   |                   |
| <b>Equity</b>                            |      |                   |                   |
| a) Equity Share capital                  | 8    | 100,000           | 100,000           |
| b) Instruments entirely equity in nature | 8.4  | 1,284,740         | 8,394,076         |
| c) Other equity                          | 9    | 3,220,617         | (3,932,443)       |
| <b>Total Equity</b>                      |      | <b>4,605,357</b>  | <b>4,561,633</b>  |
| <b>Liabilities</b>                       |      |                   |                   |
| <b>1) Non-current Liabilities</b>        |      |                   |                   |
| Financial liabilities                    |      |                   |                   |
| Borrowings                               | 10   | 2,504,262         | 2,302,245         |
| <b>Total Non-Current Liabilities</b>     |      | <b>2,504,262</b>  | <b>2,302,245</b>  |
| <b>2) Current Liabilities</b>            |      |                   |                   |
| Financial liabilities                    |      |                   |                   |
| Other financial liabilities              | 11   | 17,959,072        | 17,202,679        |
| <b>Total Current Liabilities</b>         |      | <b>17,959,072</b> | <b>17,202,679</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>      |      | <b>25,068,691</b> | <b>24,066,557</b> |

Corporate information and Significant accounting policies

1 &amp; 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)

**C.Sukumar Babu**

Partner

Membership No: 024293

Place : Hyderabad

Date : 23-05-2018

**For and on behalf of the Board**
**V.Venu Gopal Reddy**

Director

DIN No: 08089571

**K. Yashoda**

Director

DIN No: 05157487

**KNR Agrotech & Beverages Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**

(Amount in Rs.)

| PARTICULARS |   | Note | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|-------------|---|------|------------------------------|------------------------------|
| <b>I</b>    | Revenue from Operations                                   | 12   | 1,600,000                    | 3,000,000                    |
| <b>II</b>   | Other income  | 13   | 7,109,336                    | 6,920,477                    |
| <b>III</b>  | <b>Total Revenue (I + II)</b>                             |      | <b>8,709,336</b>             | <b>9,920,477</b>             |
| <b>IV</b>   | <b>Expenses</b>   |      |                              |                              |
|             | Cost of Material Consumed                                 | 14   | 172,433                      | 405,692                      |
|             | Employee benefits expense                                 | 15   | 196,550                      | 174,358                      |
|             | Finance costs   | 16   | 207,894                      | 1,282,008                    |
|             | Depreciation and amortization expense                     | 17   | 591,989                      | 850,147                      |
|             | Other expenses  | 18   | 387,410                      | 916,487                      |
|             | <b>Total expenses (IV)</b>                                |      | <b>1,556,276</b>             | <b>3,628,692</b>             |
| <b>V</b>    | <b>Profit before exceptional items and tax (III - IV)</b> |      | <b>7,153,060</b>             | <b>6,291,785</b>             |
| <b>VI</b>   | Exceptional items   |      | -                            | -                            |
| <b>VII</b>  | <b>Profit/(Loss) before tax (V - VI)</b>                  |      | <b>7,153,060</b>             | <b>6,291,785</b>             |
| <b>VIII</b> | <b>Tax expense</b>  | 19   |                              |                              |
|             | 1) Current tax  |      | -                            | 418,350                      |
|             | 2) Adjustment of tax relating to earlier periods          |      | -                            | -                            |
|             | 3) Deferred tax   |      | -                            | -                            |
|             |   |      | -                            | <b>418,350</b>               |
| <b>IX</b>   | <b>Profit (Loss) for the period (VII-VIII)</b>            |      | <b>7,153,060</b>             | <b>5,873,435</b>             |
| <b>X</b>    | <b>Other Comprehensive Income</b>                         |      |                              |                              |
|             | a) Items that will not be reclassified to profit or loss  |      | -                            | -                            |
|             | b) Items that will be reclassified to profit or loss      |      | -                            | -                            |
| <b>XI</b>   | <b>Total Comprehensive Income for the period</b>          |      | <b>7,153,060</b>             | <b>5,873,435</b>             |
| <b>XII</b>  | <b>Earnings per equity share: (In Rs.)</b>                | 25   |                              |                              |
|             | 1) Basic  |      | 715.31                       | 587.34                       |
|             | 2) Diluted  |      | 715.31                       | 587.34                       |

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)

**C.Sukumar Babu**

Partner

Membership No: 024293

Place : Hyderabad

Date : 23-05-2018



**For and on behalf of the Board**

**V.Venu Gopal Reddy**

Director

DIN No: 08089571

**K. Yashoda**

Director

DIN No: 05157487

**KNR Agrotech & Beverages Private Limited**  
**Statement of Changes in Equity for the year ended March 31, 2018**

**A - Equity Share Capital**

|   | Number of shares | Amount in Rs.  |
|---|------------------|----------------|
| <b>As at April 01, 2016</b>                     | 10,000           | 100,000        |
| Changes in equity share capital during the year | -                | -              |
| <b>As at March 31, 2017</b>                     | <b>10,000</b>    | <b>100,000</b> |
| <b>As at April 01, 2017</b>                     | 10,000           | 100,000        |
| Changes in equity share capital during the year | -                | -              |
| <b>As at March 31, 2018</b>                     | <b>10,000</b>    | <b>100,000</b> |

**B - Instrument entirely equity in Nature**

(Amount in Rs.)

**Loan from Holding Company**

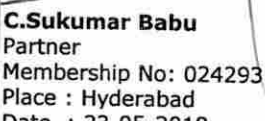
|                           |                  |
|---------------------------|------------------|
| <b>At 1 April, 2016</b>   | 8,394,076        |
| Addition during the year  | -                |
| Less: Adjustment/deletion | -                |
| <b>At 31 March, 2017</b>  | <b>8,394,076</b> |
| <b>At 1 April, 2017</b>   | 8,394,076        |
| Addition during the year  | -                |
| Less: Adjustment/deletion | (7,109,336)      |
| <b>At 31 March, 2018</b>  | <b>1,284,740</b> |

**C - Other Equity**

| Particulars                             | Reserves and Surplus | Other Comprehensive items                 | Total            |
|---|----------------------|---|------------------|
|   | Retained Earning     | Other items of Other Comprehensive Income |                  |
| <b>Balance as at April 01, 2016</b>     | (9,805,878)          |   | (9,805,878)      |
| Total Comprehensive Income for the Year | 5,873,435            |   | 5,873,435        |
| <b>Balance as at March 31, 2017</b>     | (3,932,443)          | -   | (3,932,443)      |
| <b>Balance as at April 01, 2017</b>     | (3,932,443)          | -   | (3,932,443)      |
| Total Comprehensive Income for the Year | 7,153,060            |   | 7,153,060        |
| <b>Balance as at March 31, 2018</b>     | <b>3,220,617</b>     | -   | <b>3,220,617</b> |

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

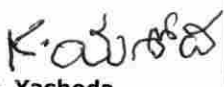
**For Sukumar Babu & Co.,**  
 Chartered Accountants  
 (Firm's Registration No. 004188S)

  
**C. Sukumar Babu**  
 Partner  
 Membership No: 024293  
 Place : Hyderabad  
 Date : 23-05-2018



**For and on behalf of the Board**

  
**V. Venu Gopal Reddy**  
 Director  
 DIN No: 08089571

  
**K. Yashoda**  
 Director  
 DIN No: 05157487

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

(Amount in Rs.)

| Particulars   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|---|------------------------------|------------------------------|
| <b>A) Cash flow from Operating Activities</b>                         |                              |                              |
| Profit before tax   | 7,153,060                    | 6,291,785                    |
| Adjustments for:  |                              |                              |
| Depreciation and Amortization Expenses                                | 591,989                      | 850,147                      |
| (Gain)/Loss on disposal of property, plant and equipment              | -                            | (6,920,477)                  |
| Interest Expense on Fair Value of interest free loans                 | 202,017                      | 1,274,707                    |
| Finance costs   | 5,877                        | 7,301                        |
| Derecognition of Financial Liability                                  | (7,109,336)                  | -                            |
| <b>Operating profit before working capital changes</b>                | <b>843,607</b>               | <b>1,503,463</b>             |
| <b>Changes in working capital:</b>                                    |                              |                              |
| (Increase)/Decrease in Trade and Other Receivables and prepayments    | (400,000)                    | (294,338)                    |
| Increase/(Decrease) in Trade and other Payables                       | 756,393                      | (2,358,870)                  |
| <b>Cash generated/ (used) from Operations</b>                         | <b>1,200,000</b>             | <b>(1,149,745)</b>           |
| Income Taxes (paid) / Refunds   | -                            | (418,350)                    |
| <b>Net Cash flows from / (used in) Operating Activities- (A)</b>      | <b>1,200,000</b>             | <b>(1,568,095)</b>           |
| <b>B) Cash flow from Investing Activities</b>                         |                              |                              |
| Proceeds from sale of property, plant and equipment                   | -                            | 22,180,489                   |
| <b>Net Cash flows from / (used in) Investing Activities- (B)</b>      | <b>-</b>                     | <b>22,180,489</b>            |
| <b>C) Cash flow from Financing Activities</b>                         |                              |                              |
| Finance cost paid   | (5,877)                      | (7,301)                      |
| Interest paid   | (202,017)                    | (1,274,707)                  |
| Repayment of borrowings (Net)   | 202,017                      | (20,673,977)                 |
| <b>Net Cash Flows from / (used in) Financing Activities- (C)</b>      | <b>(5,877)</b>               | <b>(21,955,985)</b>          |
| <b>Net increase/(decrease) in cash and cash equivalents - (A+B+C)</b> | <b>1,194,123</b>             | <b>(1,343,591)</b>           |
| Cash & Cash Equivalents at the beginning of the year                  | 1,045,682                    | 2,389,273                    |
| Cash & Cash Equivalents as at end of the year(Refer Note 1)           | 2,239,805                    | 1,045,682                    |

**Note:**

1 Cash & Cash equivalents includes:

|                               |           |           |
|-------------------------------|-----------|-----------|
| Cash in Hand                  | 10,000    | 10,000    |
| Bank Balance -Current Account | 2,229,805 | 1,035,682 |

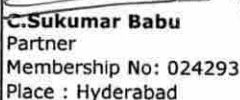
2 The Cash flow statement is prepared in accordance with the Indirect Method stated in Ind-AS7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.

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

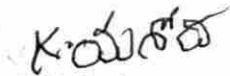
**For Sukumar Babu & Co.,**  
Chartered Accountants  
(Firm's Registration No. 004188S)

  
**C. Sukumar Babu**  
Partner  
Membership No: 024293  
Place : Hyderabad  
Date : 23-05-2018



**For and on behalf of the Board**

  
**V. Venu Gopal Reddy**  
Director  
DIN No: 08089571

  
**K. Yashoda**  
Director  
DIN No: 05157487



**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.

**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 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 Property, plant and equipment(PPE)**

Items of property, plant and equipment are measured at cost, 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.

## Notes forming part of the financial statements

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;
- 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.

##### 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

## Notes forming part of the financial statements

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

#### 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.

## Notes forming part of the financial statements

### 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.

### 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).

## Notes forming part of the financial statements

### 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.

#### 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.

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

**3 PROPERTY, PLANT AND EQUIPMENT**

| Particulars                     | Land - Free Hold | Buildings        | Plant and Equipment | Electrical Machinery | Tractors & Harvesting Combines | Vehicles       | Total             | Capital Work-in-Progress | (Amount      |
|---------------------------------|------------------|------------------|---------------------|----------------------|--------------------------------|----------------|-------------------|--------------------------|--------------|
|                                 |                  |                  |                     |                      |                                |                |                   |                          | Grand Total  |
| <b>Cost or Deemed cost</b>      |                  |                  |                     |                      |                                |                |                   |                          |              |
| As at April 1, 2016             | 23,650,578       | 1,261,831        | 2,849,396           | 1,632,345            | 1,150,688                      | 262,906        | <b>30,807,744</b> | 11,686,133               | <b>42,49</b> |
| Additions                       | -                | -                | -                   | -                    | -                              | -              | -                 | -                        | -            |
| Disposals/ Adjustments          | (15,260,012)     | -                | -                   | -                    | -                              | -              | (15,260,012)      | -                        | (15,26       |
| <b>As at March 31, 2017</b>     | <b>8,390,566</b> | <b>1,261,831</b> | <b>2,849,396</b>    | <b>1,632,345</b>     | <b>1,150,688</b>               | <b>262,906</b> | <b>15,547,732</b> | <b>11,686,133</b>        | <b>27,23</b> |
| <b>Accumulated Depreciation</b> |                  |                  |                     |                      |                                |                |                   |                          |              |
| As at April 1, 2016             | -                | 292,498          | 2,121,039           | 1,472,376            | 893,544                        | 228,924        | <b>5,008,381</b>  | -                        | <b>5,00</b>  |
| Charge for the period           | -                | 47,111           | 270,751             | 73,515               | 93,575                         | 11,070         | 496,022           | 354,125                  | <b>85</b>    |
| Disposals/ Adjustments          | -                | -                | -                   | -                    | -                              | -              | -                 | -                        | -            |
| <b>As at March 31, 2017</b>     | <b>-</b>         | <b>339,609</b>   | <b>2,391,790</b>    | <b>1,545,891</b>     | <b>987,119</b>                 | <b>239,994</b> | <b>5,504,403</b>  | <b>354,125</b>           | <b>5,85</b>  |
| <b>Net block</b>                |                  |                  |                     |                      |                                |                |                   |                          |              |
| <b>As at March 31, 2017</b>     | <b>8,390,566</b> | <b>922,222</b>   | <b>457,606</b>      | <b>86,454</b>        | <b>163,569</b>                 | <b>22,912</b>  | <b>10,043,329</b> | <b>11,332,008</b>        | <b>21,37</b> |
| As at March 31, 2016            | 23,650,578       | 969,333          | 728,357             | 159,969              | 257,144                        | 33,982         | 25,799,363        | 11,686,133               | 37,4         |
| <b>Cost or Deemed cost</b>      |                  |                  |                     |                      |                                |                |                   |                          |              |
| As at April 1, 2017             | 8,390,566        | 1,261,831        | 2,849,396           | 1,632,345            | 1,150,688                      | 262,906        | 15,547,732        | 11,686,133               | <b>27,23</b> |
| Additions                       | -                | -                | -                   | -                    | -                              | -              | -                 | -                        | -            |
| Disposals/ Adjustments          | -                | -                | -                   | -                    | -                              | -              | -                 | -                        | -            |
| <b>As at March 31, 2018</b>     | <b>8,390,566</b> | <b>1,261,831</b> | <b>2,849,396</b>    | <b>1,632,345</b>     | <b>1,150,688</b>               | <b>262,906</b> | <b>15,547,732</b> | <b>11,686,133</b>        | <b>27,23</b> |
| <b>Accumulated Depreciation</b> |                  |                  |                     |                      |                                |                |                   |                          |              |
| As at April 1, 2017             | -                | 339,609          | 2,391,790           | 1,545,891            | 987,119                        | 239,994        | 5,504,403         | 354,125                  | <b>5,85</b>  |
| Charge for the period           | -                | 44,821           | 126,251             | 4,053                | 59,481                         | 3,258          | 237,864           | 354,125                  | <b>59</b>    |
| Disposals/ Adjustments          | -                | -                | -                   | -                    | -                              | -              | -                 | -                        | -            |
| <b>As at March 31, 2018</b>     | <b>-</b>         | <b>384,430</b>   | <b>2,518,041</b>    | <b>1,549,944</b>     | <b>1,046,600</b>               | <b>243,252</b> | <b>5,742,267</b>  | <b>708,250</b>           | <b>6,45</b>  |
| <b>Net block</b>                |                  |                  |                     |                      |                                |                |                   |                          |              |
| <b>As at March 31, 2018</b>     | <b>8,390,566</b> | <b>877,401</b>   | <b>331,355</b>      | <b>82,401</b>        | <b>104,088</b>                 | <b>19,654</b>  | <b>9,805,465</b>  | <b>10,977,883</b>        | <b>20,78</b> |
| As at March 31, 2017            | 8,390,566        | 922,222          | 457,606             | 86,454               | 163,569                        | 22,912         | 10,043,329        | 11,332,008               | 21,3         |

4 - Trade Receivables

|                                   | (Amount in Rs.)  |                  |
|-----------------------------------|------------------|------------------|
|                                   | As at            |                  |
|                                   | March 31, 2018   | March 31, 2017   |
| <b>Unsecured, considered good</b> |                  |                  |
| Other Debts                       | 2,043,290        | 1,643,290        |
| <b>Total</b>                      | <b>2,043,290</b> | <b>1,643,290</b> |

5 - Cash and Cash Equivalents

|                       | (Amount in Rs.)  |                  |
|-----------------------|------------------|------------------|
|                       | As at            |                  |
|                       | March 31, 2018   | March 31, 2017   |
| Balances with banks:  |                  |                  |
| - in current accounts | 2,229,805        | 1,035,682        |
| Cash on hand          | 10,000           | 10,000           |
| <b>Total</b>          | <b>2,239,805</b> | <b>1,045,682</b> |

6 - Other Receivables

|                   | (Amount in Rs.) |                |
|-------------------|-----------------|----------------|
|                   | As at           |                |
|                   | March 31, 2018  | March 31, 2017 |
| Security Deposits | 1,200           | 1,200          |
| <b>Total</b>      | <b>1,200</b>    | <b>1,200</b>   |

7 - Other Current Assets

|                  | (Amount in Rs.) |                |
|------------------|-----------------|----------------|
|                  | As at           |                |
|                  | March 31, 2018  | March 31, 2017 |
| Prepaid Expenses | 1,048           | 1,048          |
| <b>Total</b>     | <b>1,048</b>    | <b>1,048</b>   |

8 - Equity Share Capital

|   | (Amount in Rs.) |                |
|---|-----------------|----------------|
|   | As at           |                |
|   | March 31, 2018  | March 31, 2017 |
| <b>Authorised Share capital</b>   |                 |                |
| 10,000 Equity Shares of Rs. 10/- each   | 100,000         | 100,000        |
| <b>Issued, subscribed &amp; fully paid share capital</b>                                      |                 |                |
| 10,000 Equity Shares of Rs. 10/- each<br>(Wholly owned subsidiary of KNR Constructions Ltd.,) | 100,000         | 100,000        |
| <b>Total</b>  | <b>100,000</b>  | <b>100,000</b> |

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, 2018 and March 31, 2017 is set out below:

| Name of the shareholder | As at March 31, 2018 |        | As at March 31, 2017 |        |
|-------------------------|----------------------|--------|----------------------|--------|
|                         | No. of Shares        | % held | No. of Shares        | % held |
| KNR Constructions Ltd., | 10,000               | 100%   | 10,000               | 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, 2018 |                  | As at March 31, 2017 |                  |
|---|----------------------|------------------|----------------------|------------------|
|   | 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                    | -                    | -                | -                    | -                |
| <b>Number of Equity Shares at the end of the year</b> | <b>10,000</b>        | <b>100,000</b>   | <b>10,000</b>        | <b>100,000</b>   |

8.4 - Instruments entirely Equity in nature

|  | (Amount in Rs.)  |                  |
|--|------------------|------------------|
|  | As at            |                  |
|  | March 31, 2018   | March 31, 2017   |
| Loan from Holding Company (Refer Note: 26) | 1,284,740        | 8,394,076        |
| <b>Balance at the end of the period</b>    | <b>1,284,740</b> | <b>8,394,076</b> |

**KNR Agrotech & Beverages Private Limited**  
**Notes forming part of the financial statements**  
**9 - Other Equity**

|   | (Amount in Rs.)  |                    |
|---|------------------|--------------------|
|   | As at            |                    |
|   | March 31, 2018   | March 31, 2017     |
| Surplus in the statement of profit and loss |                  |                    |
| Balance at the beginning of the period      | (3,932,443)      | (9,805,878)        |
| Add: Profit /(Loss) for the period          | 7,153,060        | 5,873,435          |
|   | <b>3,220,617</b> | <b>(3,932,443)</b> |
| <b>Balance at the end of the period</b>     | <b>3,220,617</b> | <b>(3,932,443)</b> |

**10 - Borrowings**

|                                       | (Amount in Rs.)  |                  |
|---------------------------------------|------------------|------------------|
|                                       | As at            |                  |
|                                       | March 31, 2018   | March 31, 2017   |
| <b>Non-current</b>                    |                  |                  |
| <b>Unsecured loans</b>                |                  |                  |
| From related parties (Refer Note: 26) | 2,504,262        | 2,302,245        |
| <b>Total</b>                          | <b>2,504,262</b> | <b>2,302,245</b> |

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, 2018    | March 31, 2017    |
| <b>Current</b>   |                   |                   |
| Advance Received From Related Parties (Refer note: 26) | 17,929,572        | 17,139,074        |
| Outstanding Expenses                                   | 29,500            | 63,605            |
| <b>Total</b>   | <b>17,959,072</b> | <b>17,202,679</b> |



## Notes forming part of the financial statements

**12 Revenue from Operations**

|                        | (Amount in Rs.)  |                  |
|------------------------|------------------|------------------|
|                        | Year<br>ended    | Year<br>ended    |
|                        | March 31, 2018   | March 31, 2017   |
| Income from operations | 1,600,000        | 3,000,000        |
| <b>Total</b>           | <b>1,600,000</b> | <b>3,000,000</b> |

**13 Other Income**

|                                      | (Amount in Rs.)  |                  |
|--------------------------------------|------------------|------------------|
|                                      | Year<br>ended    | Year<br>ended    |
|                                      | March 31, 2018   | March 31, 2017   |
| Derecognition of Financial Liability | 7,109,336        | -                |
| Profit on Sale of Lands              | -                | 6,920,477        |
| <b>Total</b>                         | <b>7,109,336</b> | <b>6,920,477</b> |

**14 Cost of Materials Consumed**

|                      | (Amount in Rs.) |                |
|----------------------|-----------------|----------------|
|                      | Year<br>ended   | Year<br>ended  |
|                      | March 31, 2018  | March 31, 2017 |
| Fertilizers          | 157,100         | 357,280        |
| Pesticides           | -               | 600            |
| Spares & Consumables | 15,333          | 47,812         |
| <b>Total</b>         | <b>172,433</b>  | <b>405,692</b> |

**15 Employee Benefit Expense**

|                                    | (Amount in Rs.) |                |
|------------------------------------|-----------------|----------------|
|                                    | Year<br>ended   | Year<br>ended  |
|                                    | March 31, 2018  | March 31, 2017 |
| Salaries, Wages and Other Benefits | 192,500         | 170,258        |
| Staff welfare Expenses             | 4,050           | 4,100          |
| <b>Total</b>                       | <b>196,550</b>  | <b>174,358</b> |

**16 Finance Cost**

|   | (Amount in Rs.) |                  |
|---|-----------------|------------------|
|   | Year<br>ended   | Year<br>ended    |
|   | March 31, 2018  | March 31, 2017   |
| <b>Interest Expense on</b>                            |                 |                  |
| Interest Expense on Fair Value on interest free loans | 202,017         | 1,274,707        |
| <b>Other Borrowing Costs</b>                          |                 |                  |
| Bank Charges  | 5,877           | 7,301            |
| <b>Total</b>  | <b>207,894</b>  | <b>1,282,008</b> |

**17 Depreciation & Amortization Expense**

|   | (Amount in Rs.) |                |
|---|-----------------|----------------|
|   | Year<br>ended   | Year<br>ended  |
|   | March 31, 2018  | March 31, 2017 |
| Depreciation  | 237,864         | 496,022        |
| Amortization Expense (Capital Work-in-Progress Written off) | 354,125         | 354,125        |
| <b>Total</b>  | <b>591,989</b>  | <b>850,147</b> |

**18 Other Expenses**

|  | (Amount in Rs.) |                |
|--|-----------------|----------------|
|  | Year<br>ended   | Year<br>ended  |
|  | March 31, 2018  | March 31, 2017 |
| <b>Work Expenses</b>                         |                 |                |
| Labour Charges                               | 66,800          | 574,800        |
| Transportation, Loading & Unloading Charges  | 3,997           | 6,050          |
| Power Charges                                | 153,983         | 150,846        |
| Repairs & Maintenance                        | 6,789           | 8,773          |
| Petrol & Diesel - Plant & Machinery          | 69,805          | 81,230         |
| Bore well / Site Expenses                    | -               | 18,000         |
| <b>Sub-Total</b>                             | <b>301,374</b>  | <b>839,699</b> |
| <b>General &amp; Administration Expenses</b> |                 |                |
| Travelling & Conveyance                      | 10,800          | 14,333         |
| Postage, Courier & Telephone                 | 3,284           | 6,054          |
| Insurance Charges                            | 32,192          | 16,031         |
| Legal & Professional Charges                 | 3,500           | 10,500         |
| Rates & Taxes                                | 50              | 3,240          |
| Audit Fee                                    | 29,500          | 25,000         |
| Other Expenses                               | 6,710           | 1,630          |
| <b>Sub-Total</b>                             | <b>86,036</b>   | <b>76,788</b>  |
| <b>Total</b>                                 | <b>387,410</b>  | <b>916,487</b> |

**19 Tax Expense**

|              | (Amount in Rs.) |                |
|--------------|-----------------|----------------|
|              | Year<br>ended   | Year<br>ended  |
|              | March 31, 2018  | March 31, 2017 |
| Current tax  | -               | 418,350        |
| <b>Total</b> | <b>-</b>        | <b>418,350</b> |

**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, 2018 and March 31, 2017 was as follows:

| Particulars                                       | (Amount in Rs.)  |                  |
|---|------------------|------------------|
|   | March 31, 2018   | March 31, 2017   |
| Total borrowings                                  | 2,504,262        | 2,302,245        |
| Less: cash and cash equivalents                   | 2,239,805        | 1,045,682        |
| <b>Adjusted net debt</b>                          | <b>264,457</b>   | <b>1,256,563</b> |
| Total equity                                      | 4,605,357        | 4,561,633        |
| <b>Adjusted equity</b>                            | <b>4,605,357</b> | <b>4,561,633</b> |
| <b>Adjusted net debt to adjusted equity ratio</b> | <b>0.06</b>      | <b>0.28</b>      |

**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.

| Particulars                  | (Amount in Rs.) |                   |                       | (Amount in Rs.) |         |                   |                   |
|------------------------------|-----------------|-------------------|-----------------------|-----------------|---------|-------------------|-------------------|
|                              | FVTPL           | Amortised Cost    | Total carrying amount | Level 1         | Level 2 | Level 3           | Total             |
| <b>Financial assets</b>      |                 |                   |                       |                 |         |                   |                   |
| Trade Receivables            | -               | 2,043,290         | 2,043,290             |                 |         | 2,043,290         | 2,043,290         |
| Cash and cash equivalents    | -               | 2,239,805         | 2,239,805             |                 |         | -                 | -                 |
| Other financial assets       | -               | 1,200             | 1,200                 |                 |         | 1,200             | 1,200             |
|                              | -               | <b>4,284,295</b>  | <b>4,284,295</b>      |                 |         | <b>2,044,490</b>  | <b>2,044,490</b>  |
| <b>Financial liabilities</b> |                 |                   |                       |                 |         |                   |                   |
| Unsecured Loan               | -               | 2,504,262         | 2,504,262             |                 |         | 2,504,262         | 2,504,262         |
| Other financial liabilities  | -               | 17,959,072        | 17,959,072            |                 |         | 17,959,072        | 17,959,072        |
|                              | -               | <b>20,463,334</b> | <b>20,463,334</b>     |                 |         | <b>20,463,334</b> | <b>20,463,334</b> |

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.

| Particulars   | (Amount in Rs.) |                   |                       | (Amount in Rs.) |         |                   |                   |
|---|-----------------|-------------------|-----------------------|-----------------|---------|-------------------|-------------------|
|   | FVTPL           | Amortised Cost    | Total carrying amount | Level 1         | Level 2 | Level 3           | Total             |
| <b>Financial assets</b>                                 |                 |                   |                       |                 |         |                   |                   |
| Trade Receivables                                       | -               | 1,643,290         | 1,643,290             |                 |         | 1,643,290         | 1,643,290         |
| Cash and cash equivalents                               | -               | 1,045,682         | 1,045,682             |                 |         | -                 | -                 |
| Other financial assets                                  | -               | 1,200             | 1,200                 |                 |         | 1,200             | 1,200             |
|   | -               | <b>2,690,172</b>  | <b>2,690,172</b>      |                 |         | <b>1,644,490</b>  | <b>1,644,490</b>  |
| <b>Financial liabilities not measured at fair value</b> |                 |                   |                       |                 |         |                   |                   |
| Unsecured Loan  | -               | 2,302,245         | 2,302,245             |                 |         | 2,302,245         | 2,302,245         |
| Other financial liabilities                             | -               | 17,202,679        | 17,202,679            |                 |         | 17,202,679        | 17,202,679        |
|   | -               | <b>19,504,924</b> | <b>19,504,924</b>     |                 |         | <b>19,504,924</b> | <b>19,504,924</b> |

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, 2018**

(Amount in Rs.)

| Particulars                                 | Contractual Cash flows |               |                | Total             |                   |
|---|------------------------|---------------|----------------|-------------------|-------------------|
|   | Carrying Amount        | Upto 1 year   | 1 to 3 Years   |                   | More than 3 years |
| <b>Non-derivative financial liabilities</b> |                        |               |                |                   |                   |
| Un Secured loans                            | 2,504,262              | -             | 751,279        | 1,752,983         | 2,504,262         |
| Other financial liabilities                 | 17,959,072             | 29,500        | -              | 17,929,572        | 17,959,072        |
|   | <b>20,463,334</b>      | <b>29,500</b> | <b>751,279</b> | <b>19,682,555</b> | <b>20,463,334</b> |

**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 |
| <b>Non-derivative financial liabilities</b> |                        |               |                |                   |                   |
| Un Secured loans                            | 2,302,245              | -             | 690,674        | 1,611,571         | 2,302,245         |
| Other financial liabilities                 | 17,202,679             | 63,605        | -              | 17,139,074        | 17,202,679        |
|   | <b>19,504,924</b>      | <b>63,605</b> | <b>690,674</b> | <b>18,750,645</b> | <b>19,504,924</b> |

**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.

**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, 2018 | Year Ended March 31, 2017 |
|-------------|---------------------------|---------------------------|
| Audit fees  | 29,500                    | 25,000                    |

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

(Amount in Rs.)

| Particulars   | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|
| i. Profit (loss) attributable to equity shareholders(basic)   | 71,53,060      | 58,73,435      |
| ii. Weighted average number of equity shares (basic)          | 10,000         | 10,000         |
| <b>Basic EPS</b>  | <b>715.31</b>  | <b>587.34</b>  |
| i. Profit (loss) attributable to equity shareholders(diluted) | 71,53,060      | 58,73,435      |
| ii. Weighted average number of equity shares (diluted)        | 10,000         | 10,000         |
| <b>Diluted EPS</b>  | <b>715.31</b>  | <b>587.34</b>  |

**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. M. Rajesh Reddy       | Director                              |
| 3      | Mr. V. Venu Gopal Reddy   | Director (appointed w.e.f 19-03-2018) |
| 4      | Mrs. K. Yashoda           | Director (appointed w.e.f 19-03-2018) |
| 5      | Mr. K. Jalandhar Reddy    | Director (resigned w.e.f 28-03-2018)  |

**B. Transactions with related parties during the year ended**

(Amount in Rs.)

| Name of the related party | Nature of transactions                           | March 31, 2018 | March 31, 2017 |
|---------------------------|--|----------------|----------------|
| KNR Constructions Limited | Advance received/(paid)                          | 790,499        | (21,34,475)    |
|                           | Unsecured loan received/(repayment)              | -              | (2,06,73,977)  |
|                           | Interest Expenses on Unsecured Loan (fair value) | 2,02,017       | 12,74,707      |
|                           | Derecognition of Financial Liability             | (71,09,336)    | -              |
| Mr. K. Jalandhar Reddy    | Advance received/(Repaid)                        | -              | (2,53,000)     |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****C. Balances outstanding**

(Amount in Rs.)

| Name of the related party | Nature transactions                  | March 31, 2018 | March 31, 2017 |
|---------------------------|--------------------------------------|----------------|----------------|
| KNR Constructions Limited | Equity share capital                 | 1,00,000       | 1,00,000       |
|                           | Instrument entirely equity in nature | 12,84,740      | 83,94,076      |
|                           | Advance received                     | 1,79,29,572    | 1,71,39,074    |
|                           | Unsecured loan                       | 25,04,262      | 23,02,245      |

**27. Reconciliation between the Opening and Closing balances in the financial statement for Liabilities and Financial Assets arising from Financial Activities (Ind AS – 7)**

(Amount in Rs.)

| Particulars            | Long Term Borrowings |
|------------------------|----------------------|
| <b>Opening Balance</b> | 23,02,245            |
| Cash flows             | -                    |
| - Received             | -                    |
| - Repayment            | -                    |
| Non Cash items         | 2,02,017             |
| <b>Closing Balance</b> | <b>25,04,262</b>     |

**28. Approval of Financial Statements**

The financial statements were approved for issue by the Board of Directors on May 23, 2018

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****C. Sukumar Babu**

Partner

Membership No: 024293

Place: Hyderabad

Date : 23-05-2018

**V. Venu Gopal Reddy**

Director

DIN No: 08089571

**K. Yashoda**

Director

DIN No: 05157487