



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Mesmeric Software Solutions Private Limited**

**Report on the audit of the Standalone Ind AS Financial Statements**

**Opinion**

We have audited the Standalone Ind AS financial statements of **Mesmeric Software Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

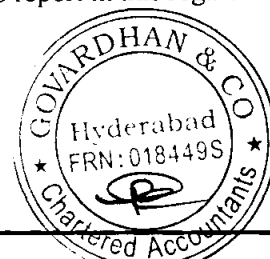
**Information Other than the Ind AS Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibility of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

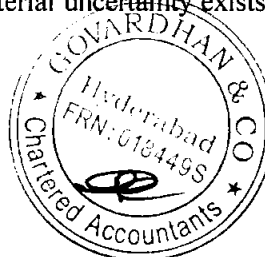
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events



or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

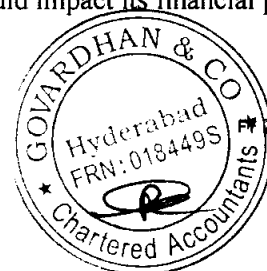
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

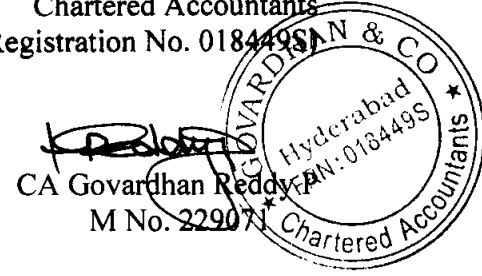
### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - 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 except those disclosed in financial statements;



- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Govardhan & Co  
Chartered Accountants  
(Firm's Registration No. 018449S)



Place: Hyderabad  
Date : 13/05/2019

**Mesmeric Software Solutions Private Limited**

**Balance Sheet as at March 31 ,2019**

(Amount in Rs.)

Particulars	Note	March 31 ,2019	March 31 ,2018
<b>I ASSETS</b>			
<b>1) Non-current Assets</b>			
Investment property	3	2,125,500	2,125,500
<b>Total Non-Current Assets</b>		<b>2,125,500</b>	<b>2,125,500</b>
<b>2) Current Assets</b>			
b) Financial assets			
Cash and cash equivalents	4	66,748	66,748
<b>Total Current Assets</b>		<b>66,748</b>	<b>66,748</b>
<b>TOTAL ASSETS</b>		<b>2,192,248</b>	<b>2,192,248</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share capital	5	100,000	100,000
b) Instruments entirely equity in nature	5.4	946,910	946,910
c) Other equity	6	(959,243)	(749,778)
<b>Total Equity</b>		<b>87,667</b>	<b>297,132</b>
<b>Liabilities</b>			
<b>1) Non-current Liabilities</b>			
Financial liabilities			
Borrowings	7	1,953,591	1,795,996
<b>Total Non-Current Liabilities</b>		<b>1,953,591</b>	<b>1,795,996</b>
<b>2) Current Liabilities</b>			
Financial liabilities			
Other financial liabilities	8	150,990	99,120
<b>Total Current Liabilities</b>		<b>150,990</b>	<b>99,120</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,192,248</b>	<b>2,192,248</b>

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 Govardhan & Co.,**

Chartered Accountants

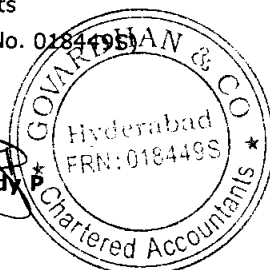
(Firm's Registration No. 0184495)

CA Govardhan Reddy P

M. No: 229071

Place : Hyderabad

Date : 13-05-2019



**For and on behalf of the Board**

V. Venu Gopal Reddy

Director

DIN No: 08089571

K. Yashoda

Director

DIN No: 05157487

**Mesmeric Software Solutions Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2019**

(Amount in Rs.)

Particulars		Note	Year ended March 31, 2019	Year ended March 31, 2018
<b>I</b>	Revenue from Operations		-	-
<b>II</b>	Other income		-	-
<b>III</b>	<b>Total Revenue (I + II)</b>		-	-
<b>IV</b>	<b>EXPENSES</b>			
	Finance costs	9	157,595	144,881
	Other expenses	10	51,870	9,710
	<b>Total expenses (IV)</b>		<b>209,465</b>	<b>154,591</b>
<b>V</b>	<b>Profit before exceptional items and tax (III - IV)</b>		<b>(209,465)</b>	<b>(154,591)</b>
<b>VI</b>	Exceptional items		-	-
<b>VII</b>	<b>Profit/(Loss) before tax (V - VI)</b>		<b>(209,465)</b>	<b>(154,591)</b>
<b>VIII</b>	<b>Tax expense</b>			
	1) Current tax		-	-
	2) Adjustment of tax relating to earlier periods		-	-
	3) Deferred tax		-	-
			-	-
<b>IX</b>	<b>Profit (Loss) for the period (VII + VIII)</b>		<b>(209,465)</b>	<b>(154,591)</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 (IX+X) (Comprising Profit(Loss) and Other Comprehensive Income for the period)</b>		<b>(209,465)</b>	<b>(154,591)</b>
<b>XII</b>	<b>Earnings per equity share (for continuing operations): (In Rs.)</b>	17		
	1) Basic		(20.95)	(15.46)
	2) Diluted		(20.95)	(15.46)

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 Govardhan & Co.,  
Chartered Accountants  
(Firm's Registration No. 018449S)

CA Govardhan Reddy P  
M. No: 229071

Place : Hyderabad

Date : 13-05-2019



For and on behalf of the Board

V. Venu Gopal Reddy  
Director

DIN No: 08089571

K. Yashoda  
Director

DIN No: 05157487

**Mesmeric Software Solutions Private Limited**  
**Statement of Changes in Equity for the year ended March 31, 2019**

**A - Equity Share Capital**

Particulars	Number of Shares	Amount in Rs.
<b>Balance as at April 01, 2017</b>	10,000	100,000
Add: Equity shares allotted during the year	-	-
<b>Balance as at March 31, 2018</b>	<b>10,000</b>	<b>100,000</b>
<b>Balance as at April 01, 2018</b>	10,000	100,000
Add: Equity shares allotted during the year	-	-
<b>Balance as at March 31, 2019</b>	<b>10,000</b>	<b>100,000</b>

**B - Instrument entirely equity in Nature**

	(Amount in Rs.)
	<b>Loan from Holding Company</b>
<b>At 1 April, 2017</b>	946,910
Addition during the year	-
Less: Adjustment/Deletion	-
<b>At March 31, 2018</b>	<b>946,910</b>
<b>At 1 April, 2018</b>	946,910
Addition during the year	-
Less: Adjustment/Deletion	-
<b>At March 31, 2019</b>	<b>946,910</b>

**C - Other Equity**

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	
<b>Balance as at April 01, 2017</b>	(595,187)	-	(595,187)
Total Comprehensive Income for the Year	(154,591)	-	(154,591)
<b>Balance as at March 31, 2018</b>	<b>(749,778)</b>	-	<b>(749,778)</b>
<b>Balance as at April 01, 2018</b>	(749,778)	-	(749,778)
Total Comprehensive Income for the Year	(209,465)	-	(209,465)
<b>Balance as at March 31, 2019</b>	<b>(959,243)</b>	-	<b>(959,243)</b>

See accompanying notes forming part of the financial statements

As per our report of even date attached

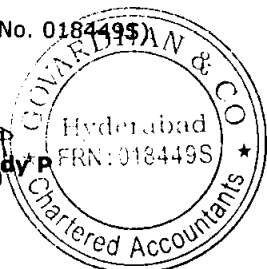
**For Govardhan & Co.,**

Chartered Accountants

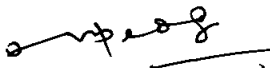
(Firm's Registration No. 018449S)

  
**CA Govardhan Reddy**

M. No: 229071



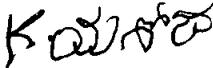
**For and on behalf of the Board**



**V. Venu Gopal Reddy**

Director

0 DIN No: 08089571



**K. Yashoda**

Director

DIN No: 05157487

Place : Hyderabad

Date : 13-05-2019

Mesmeric Software Solutions Private Limited  
Cash Flow Statement for the year ended March 31, 2019

(Amount in Rs.)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A) Cash flow from Operating Activities</b>		
Profit before tax	(209,465)	(154,591)
Adjustments for:		
Interest Expense on Fair Value of interest free loans	157,595	144,881
<b>Operating profit before working capital changes</b>	<b>(51,870)</b>	<b>(9,710)</b>
<b>Changes in working capital :</b>		
(Increase)/Decrease in Trade and Other Receivables and prepayments	-	-
Increase/(Decrease) in Trade and other Payables	51,870	9,710
<b>Cash generated/ (used) from Operations</b>	-	-
Income Taxes (paid) / Refunds	-	-
<b>Net Cash flows from / (used in) Operating Activities- (A)</b>	-	-
<b>B) Cash flow from Investing Activities</b>		
<b>Net Cash flows from / (used in) Investing Activities- (B)</b>	-	-
<b>C) Cash flow from Financing Activities</b>		
Long term funds borrowed	-	-
Instrument entirely equity in nature	-	-
<b>Net Cash Flows from / (used in) Financing Activities- (C)</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents - (A+B+C)</b>	-	-
Cash & Cash Equivalents at the beginning of the year	66,748	66,748
Cash & Cash Equivalents as at end of the year (Refer note 1)	66,748	66,748

**Note:**

1 Cash & Cash equivalents includes:

Cash in Hand		
Bank Balance -Current Account	66,748	66,748
	-	-

- 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.
- 2 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

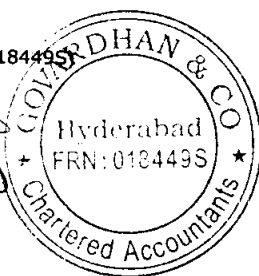
As per our report of even date attached

**For Govardhan & Co.,**

Chartered Accountants

(Firm's Registration No. 018449S)

CA Govardhan Reddy P  
M. No: 229071



**For and on behalf of the Board**

*V. Venu Gopal Reddy* *K. Yashoda*

**V. Venu Gopal Reddy**  
Director

**K. Yashoda**  
Director

DIN No: 08089571

DIN No: 05157487

Place : Hyderabad

Date : 13-05-2019



**Mesmeric Software Solutions Private Limited**  
**Notes forming part of the financial statements for the Year ended March 31, 2019**

**1. Corporate Information:**

The company has been incorporated in April 24, 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 KNRC Holdings and Investments Private Limited and ultimate holding company is 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.

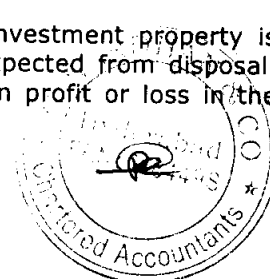
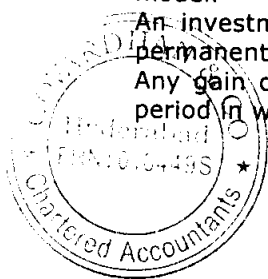
The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**2.5 Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS 16's requirement for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal.

Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.



# Mesmeric Software Solutions Private Limited

## Notes forming part of the financial statements

### 2.6 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 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

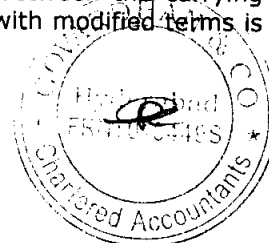
##### Financial assets

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.





## Mesmeric Software Solutions Private Limited

### Notes forming part of the financial statements

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.

#### 2.10 Revenue recognition

The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" with the date of initial application being April 1, 2018. Ind AS 115, revenue from contracts with customers, mandatory for reporting period beginning on or after April 1, 2018 replaced existing revenue recognition requirements i.e Ind AS 18 Revenue Recognition and Ind AS 11 Construction Contracts. There were no significant adjustments required to the retained earnings as on April 1, 2018.

To recognize revenue, the Company applies the following five step approach:

- (1) Identify the contract with a customer
- (2) Identify the performance obligations in the contract
- (3) Determine the transaction price
- (4) Allocate the transaction price to the performance obligation in the contract, and
- (5) Recognize revenue when a performance obligation is satisfied.

#### 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.

#### 2.11 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).

#### 2.12 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.



# Mesmeric Software Solutions Private Limited

## Notes forming part of the financial statements

### 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.

### 2.13 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.

### 2.14 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.

### 2.15 Standards issued but not effective

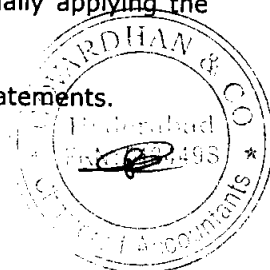
On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

The effect of adoption as on transition date would not impact the financial statements.



**Mesmeric Software Solutions Private Limited**

Notes forming part of the financial statements for the Year ended March 31, 2019

**3 Investment Property**

(Amount in Rs.)

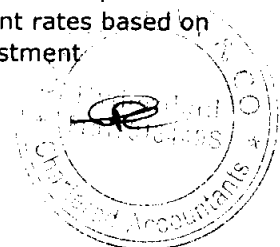
Particulars	Land - Free Hold	Total
<b>Cost or Deemed cost</b>		
As at April 01, 2017	2,125,500	<b>2,125,500</b>
Additions	-	-
Disposals/ Adjustments	-	-
<b>As at March 31, 2018</b>	<b>2,125,500</b>	<b>2,125,500</b>
<b>Accumulated Depreciation</b>		
As at April 01, 2017	-	-
Charge for the period	-	-
Disposals/ Adjustments	-	-
<b>As at March 31, 2018</b>	-	-
<b>Net block</b>		
<b>As at March 31, 2018</b>	<b>2,125,500</b>	<b>2,125,500</b>
As at March 31, 2017	2,125,500	2,125,500
<b>Cost or Deemed cost</b>		
As at April 01, 2018	2,125,500	<b>2,125,500</b>
Additions	-	-
Disposals/ Adjustments	-	-
<b>As at March 31, 2019</b>	<b>2,125,500</b>	<b>2,125,500</b>
<b>Accumulated Depreciation</b>		
As at April 01, 2018	-	-
Charge for the period	-	-
Disposals/ Adjustments	-	-
<b>As at March 31, 2019</b>	-	-
<b>Net block</b>		
<b>As at March 31, 2019</b>	<b>2,125,500</b>	<b>2,125,500</b>
As at March 31, 2018	2,125,500	2,125,500

Note : The management estimates Fair value of the property as on March 31, 2019 is Rs. 29.76 lakhs and PY 2017-18 is Rs. 28.91 lakhs

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- discounted cash flow projections based on reliable estimates of future cash flows.
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by management. The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.



**Mesmeric Software Solutions Private Limited**  
**Notes forming part of the financial statements for the Year ended March 31, 2019**

**4 Cash and Cash Equivalents**

	(Amount in Rs.)	
	As at	
	March 31, 2019	March 31, 2018
Cash on hand	66,748	66,748
<b>Total</b>	<b>66,748</b>	<b>66,748</b>

**5 Equity Share Capital**

	(Amount in Rs.)	
	As at	
	March 31, 2019	March 31, 2018
<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 (Wholly Owned subsidiary of KNRC Holdings and Investments Private Limited)	100,000	100,000
<b>Total</b>	<b>100,000</b>	<b>100,000</b>

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, 2019 and March 31, 2018 is set out below:

Name of the shareholder	March 31, 2019		March 31, 2018	
	No. of Shares	% held	No. of Shares	% held
	KNRC Holdings and Investments Pvt. Ltd.,	10000	100%	10000

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

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees
	Number of Equity Shares at the beginning	10000	100,000	10000
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Bought Back	-	-	-	-
<b>Number of Equity Shares at the end of the year</b>	<b>10000</b>	<b>100,000</b>	<b>10000</b>	<b>100,000</b>

**5.4 Instruments entirely equity in nature**

	(Amount in Rs.)	
	As at	
	March 31, 2019	March 31, 2018
Loan from Holding Company (Refer note : 18)	946,910	946,910
<b>Balance at the end of the period</b>	<b>946,910</b>	<b>946,910</b>

Foot Note : Inter corporate loans to related parties are carried at Fair value as per Ind AS.

**6 - Other Equity**

	(Amount in Rs.)	
	As at	
	March 31, 2019	March 31, 2018
Surplus in the statement of profit and loss		
Balance at the beginning of the period	(749,778)	(595,187)
Add: (Loss)/ Profit for the period	(209,465)	(154,591)
Add: Preliminary & Pre-operative expenses	-	-
<b>Total</b>	<b>(959,243)</b>	<b>(749,778)</b>

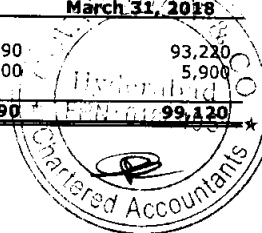
**7 - Borrowings**

	(Amount in Rs.)	
	As at	
	March 31, 2019	March 31, 2018
<b>Non-current</b>		
<b>Unsecured loans</b>		
From related parties - KNRC Holdings & Investments pvt ltd (Refer note : 18)	1,953,591	1,795,996
<b>Total</b>	<b>1,953,591</b>	<b>1,795,996</b>

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

**8 Other Financial Liabilities**

	(Amount in Rs.)	
	As at	
	March 31, 2019	March 31, 2018
<b>Current</b>		
Advance Received From Related Parties (Refer note : 18)	145,090	93,220
Outstanding Expenses	5,900	5,900
<b>Total</b>	<b>150,990</b>	<b>99,120</b>



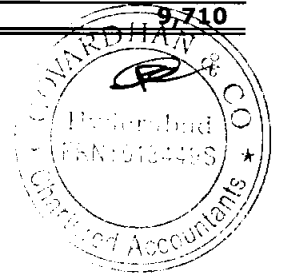
**Mesmeric Software Solutions Private Limited**  
**Notes forming part of the financial statements for the Year ended March 31, 2019**

**9 Finance Costs**

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2019	March 31, 2018
Interest Expense on Fair Value of interest free loans	157,595	144,881
<b>Total</b>	<b>157,595</b>	<b>144,881</b>

**10 Other Expenses**

	(Amount in Rs.)	
	Year ended	Year ended
	March 31, 2019	March 31, 2018
Filing Fees	10,970	310
Audit Fee	5,900	5,900
Professional Fee	35,000	3,500
<b>Total</b>	<b>51,870</b>	<b>9,710</b>





**Mesmeric Software Solutions Private Limited**  
**Notes forming part of the financial statements for the Year ended March 31, 2019**

**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.

The Company's adjusted net debt to equity ratio at March 31, 2019 and March 31, 2018 was as follows:

Particulars	(Amount in Rs.)	
	March 31, 2019	March 31, 2018
Total liabilities	1,953,591	1,795,996
Less: cash and cash equivalents	66,748	66,748
<b>Adjusted net debt</b>	<b>2,020,339</b>	<b>1,862,744</b>
Total equity	87,667	297,132
<b>Adjusted equity</b>	<b>87,667</b>	<b>297,132</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>23.05</b>	<b>6.27</b>

**12 Financial instruments - Fair values and risk management**

**A. Accounting classifications and fair values**

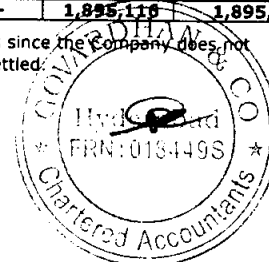
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Particulars	(Amount in Rs.)			(Amount in Rs.)			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>March 31, 2019</b>							
<b>Financial assets</b>							
Cash and cash equivalents	-	66,748	66,748	-	-	-	-
	-	<b>66,748</b>	<b>66,748</b>	-	-	-	-
<b>Financial liabilities</b>							
Unsecured loan	-	1,953,591	1,953,591	-	-	1,953,591	1,953,591
Other financial liabilities	-	150,990	150,990	-	-	150,990	150,990
	-	<b>2,104,581</b>	<b>2,104,581</b>	-	-	<b>2,104,581</b>	<b>2,104,581</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>March 31, 2018</b>							
<b>Financial assets</b>							
Cash and cash equivalents	-	66,748	66,748	-	-	-	-
	-	<b>66,748</b>	<b>66,748</b>	-	-	-	-
<b>Financial liabilities</b>							
Unsecured loan	-	1,795,996	1,795,996	-	-	1,795,996	1,795,996
Other financial liabilities	-	99,120	99,120	-	-	99,120	99,120
	-	<b>1,895,116</b>	<b>1,895,116</b>	-	-	<b>1,895,116</b>	<b>1,895,116</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.



**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 any credit risk as it has no Trade receivables.

**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 optimizing 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, 2019**

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	1,953,591	-	-	1,953,591	1,953,591
Other financial liabilities	150,990	5,900	-	145,090	150,990
	<b>2,104,581</b>	<b>5,900</b>	<b>-</b>	<b>2,098,681</b>	<b>2,104,581</b>

(Amount in Rs.)

**As at March 31, 2018**

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	1,795,996	-	-	1,795,996	1,795,996
Other financial liabilities	99,120	5,900	-	93,220	99,120
	<b>1,895,116</b>	<b>5,900</b>	<b>-</b>	<b>1,889,216</b>	<b>1,895,116</b>

(Amount in Rs.)

**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 optimizing 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.

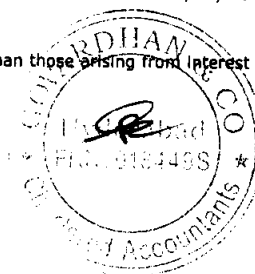
The Company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency

**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 no variable interest bearing borrowings, it is not exposed to interest rate risk.

**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.



**Mesmeric Software Solutions Private Limited**  
**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:**

(Amount in Rs.)

Particulars	Year ended March 31, 2019	Year Ended March 31, 2018
Audit fees	5,900	5,900

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

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
i. Profit (loss) attributable to equity shareholders(basic)	(209,465)	(154,591)
ii. Weighted average number of equity shares (basic)	10,000	10,000
<b>Basic EPS</b>	<b>(20.95)</b>	<b>(15.46)</b>
i. Profit (loss) attributable to equity shareholders(diluted)	(209,465)	(154,591)
ii. Weighted average number of equity shares (diluted)	10,000	10,000
<b>Diluted EPS</b>	<b>(20.95)</b>	<b>(15.46)</b>

**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:**

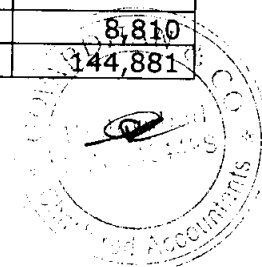
**A. List of related parties and relationships:**

S. No.	Name of the related party	Nature of relationship
1	KNRC Holdings and Investments Pvt. Ltd.,	Holding Company
2	KNR Constructions Limited	Ultimate Holding Company
3	Mr. M. Rajesh Reddy	Director(resigned w.e.f 28-03-2018)
4	Mr. V. Venu Gopal Reddy	Director (appointed w.e.f 19-03-2018)
5	Mrs. K. Yashoda	Director (appointed w.e.f 19-03-2018)
6	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, 2019	March 31, 2018
KNRC Holdings and Investments Pvt. Ltd.,	Advance received	51,870	8,810
	Interest on Unsecured loan	157,595	144,881



**Mesmeric Software Solutions Private Limited**  
**Notes forming part of the financial statements**

**C. Balances outstanding**

(Amount in Rs.)

Name of the related party	Nature transactions	March 31, 2019	March 31, 2018
KNRC Holdings and Investments Pvt. Ltd.,	Equity Capital	1,00,000	1,00,000
	Instrument entirely equity in nature	9,46,910	9,46,910
	Advance received	1,45,090	93,220
	Unsecured loan	1,953,591	17,95,996

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

(Amount in Rs.)

Particulars	Long Term Borrowings
<b>Opening Balance</b>	17,95,996
Cash flows	
- Received	-
- Repayment	-
Non Cash items	1,57,595
<b>Closing Balance</b>	19,53,591

**18. Approval of Financial Statements**

The financial statements were approved for issue by the Board of Directors on May 13, 2019

19. Previous year's figures have been regrouped/reclassified wherever necessary.

**For Govardhan & Co.,**

Chartered Accountants

(Firm's Registration No. 018449S)

**CA Govardhan Reddy P**

M. No: 229071

Place: Hyderabad

Date : 13-05-2019

**For and on behalf of the Board**

**V. Venu Gopal Reddy**

Director

DIN No: 08089571

**K. Yashoda**

Director

DIN No: 05157487