



## Sukumar Babu & Co.

Chartered Accountants

513, 'B' Block, Aditya Enclave,

Ameerpet, Hyderabad - 500 038.

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### *Independent Auditors' Report*

**To the Members of**

**Asara Constructions & Projects Private Limited**

#### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Asara Constructions & Projects Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of 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 of the Company and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

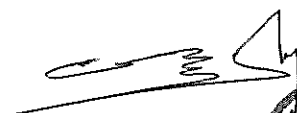
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2021, and its 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 flows dealt with by this Report are in agreement with the books of account.

- e) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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: 021534S )

  
**C. Sukumar Babu**  
Partner  
Membership No: 024293



UDIN: 21024293AAAAAY1126

Place: Hyderabad  
Date: 30-04-2021

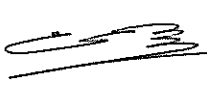
**Annexure – “A” to the Independent Auditors’ Report  
(Referred to in paragraph 1 under the heading “Report on Other Legal and  
Regulatory Requirements” of our report on even date)**

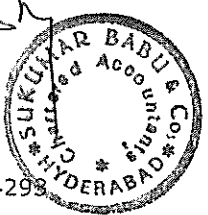
- i.
  - a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.
  - c) The title deeds of immovable properties are held in the name of the company.
- ii. As the company did not procure any inventory and as such there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. The Central Government has not prescribed the maintenance of cost records u/s 148(1) of the Companies Act, 2013 for any of the services rendered by 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. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly paragraph 3(ix) of the Order is not applicable.

- 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: 30-04-2021

**For Sukumar Babu & Co.,**  
Chartered Accountants  
(Firm's Regn. No. 021534S)

  
**C. Sukumar Babu**  
Partner  
Membership No: 024299  
UDIN: 21024293AAAAY1126



**Asara Constructions & Projects Private Limited**  
**Balance Sheet as at March 31, 2021**

(Amount in Rs.)

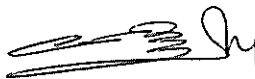
Particulars	Note	March 31 ,2021	March 31 ,2020
<b>I ASSETS</b>			
<b>1) Non-current Assets</b>			
Investment property	3	22,310,273	22,310,273
Other Non Current Asset	4	5,000,000	5,000,000
<b>Total Non-Current Assets</b>		<b>27,310,273</b>	<b>27,310,273</b>
<b>2) Current Assets</b>			
Financial assets			
Cash and cash equivalents	5	66,979	66,979
<b>Total Current Assets</b>		<b>66,979</b>	<b>66,979</b>
<b>TOTAL ASSETS</b>		<b>27,377,252</b>	<b>27,377,252</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share capital	6	100,000	100,000
b) Instruments entirely equity in nature	6.4	16,962,481	16,962,481
c) Other equity	7	(399,397)	306,339
<b>Total Equity</b>		<b>16,663,084</b>	<b>17,368,820</b>
<b>Liabilities</b>			
<b>1) Non-current Liabilities</b>			
Financial liabilities			
Borrowings	8	8,268,280	7,601,284
<b>Total Non-Current Liabilities</b>		<b>8,268,280</b>	<b>7,601,284</b>
<b>2) Current Liabilities</b>			
Financial liabilities			
Other financial liabilities	9	2,445,888	2,407,148
<b>Total Current Liabilities</b>		<b>2,445,888</b>	<b>2,407,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,377,252</b>	<b>27,377,252</b>

See accompanying notes forming part of the financial statements

As per our report of even date attached

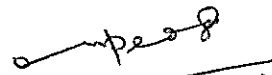
**For Sukumar Babu & Co.,**  
Chartered Accountants  
(Firm's Registration No. 021534S)

**For and on behalf of the Board**



**C. Sukumar Babu**  
Partner  
Membership No: 024293  
Place : Hyderabad  
Date : 30-04-2021





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



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

UDIN: 21024293AAAAAY1126

Asara Constructions & Projects Private Limited  
Statement of Profit and Loss for the Year ended March 31, 2021

(Amount in Rs.)

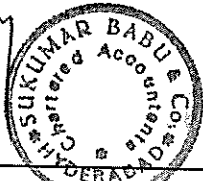
Particulars	Note	Year ended	Year ended	Quarter ended	Quarter ended	Quarter ended
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	December 31, 2020
		Audited	Audited	Audited	Audited	Reviewed
I Revenue from Operations		-	-	-	-	-
II Other income		-	-	-	-	-
III Total Revenue (I + II)		-	-	-	-	-
IV Expenses		-	-	-	-	-
Finance costs	10	666,996	614,784	169,737	157,742	169,869
Other expenses	11	38,740	48,860	4,250	5,000	23,370
Total expenses (IV)		705,736	663,644	173,987	162,742	193,239
V Profit before exceptional items and tax (III - IV)		(705,736)	(663,644)	(173,987)	(162,742)	(193,239)
VI Exceptional items		-	-	-	-	-
VII Profit/(Loss) before tax (V - VI)		(705,736)	(663,644)	(173,987)	(162,742)	(193,239)
VIII Tax expense		-	-	-	-	-
1) Current tax		-	-	-	-	-
2) Deferred tax		-	-	-	-	-
IX Profit (Loss) for the year (IX + XII)		(705,736)	(663,644)	(173,987)	(162,742)	(193,239)
X Other Comprehensive Income		-	-	-	-	-
a) Items that will not be reclassified to profit or loss		-	-	-	-	-
b) Items that will be reclassified to profit or loss		-	-	-	-	-
XI Total Comprehensive Income for the period (XIX+XIV) (Comprising Profit(Loss) and Other Comprehensive Income for the period)		(705,736)	(663,644)	(173,987)	(162,742)	(193,239)
XII Earnings per equity share(In Rs.)	17					
1) Basic		(70.57)	(66.36)	(17.40)	(16.27)	(19.32)
2) Diluted		(70.57)	(66.36)	(17.40)	(16.27)	(19.32)

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. 0215345)

For and on behalf of the Board

C.Sukumar Babu  
Partner  
Membership No: 024293  
Place : Hyderabad  
Date : 30-04-2021



V. Venu Gopal Reddy  
Director  
DIN No: 08089571

K. Yashoda  
Director  
DIN No: 05157487

UDIN: 21024293AAAAAY1126

**Asara Constructions & Projects Private Limited**  
**Statement of Profit and Loss for the Year ended March 31, 2021**

(Amount in Rs.)

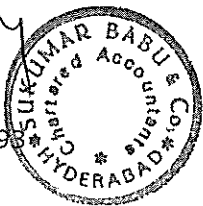
Particulars	Note	Year ended	Year ended
		March 31, 2021	March 31, 2020
		<b>Audited</b>	<b>Audited</b>
<b>I</b> Revenue from Operations		-	-
<b>II</b> Other income		-	-
<b>III</b> <b>Total Revenue (I + II)</b>		-	-
<b>IV</b> <b>Expenses</b>			
Finance costs	10	666,996	614,784
Other expenses	11	38,740	48,860
<b>Total expenses (IV)</b>		<b>705,736</b>	<b>663,644</b>
<b>V</b> <b>Profit before exceptional items and tax (III - IV)</b>		<b>(705,736)</b>	<b>(663,644)</b>
<b>VI</b> Exceptional items		-	-
<b>VII</b> <b>Profit/(Loss) before tax (V - VI)</b>		<b>(705,736)</b>	<b>(663,644)</b>
<b>VIII</b> <b>Tax expense</b>			
1) Current tax		-	-
2) Deferred tax		-	-
<b>IX</b> <b>Profit (Loss) for the year (IX + XII)</b>		<b>(705,736)</b>	<b>(663,644)</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 (XIII+XIV) (Comprising Profit(Loss) and Other Comprehensive Income for the period)</b>		<b>(705,736)</b>	<b>(663,644)</b>
<b>XII</b> <b>Earnings per equity share(In Rs.)</b>	17		
1) Basic		(70.57)	(66.36)
2) Diluted		(70.57)	(66.36)

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. 021534S)

**For and on behalf of the Board**

**C.Sukumar Babu**  
Partner  
Membership No: 024298  
Place : Hyderabad  
Date : 30-04-2021



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

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



**Asara Constructions & Projects Private Limited**

**Statement of Changes in Equity for the Year ended March 31, 2021**

**A - Equity Share Capital**

Particulars	Number of Shares	Amount in Rs.
Balance as at April 01, 2019		
Add: Equity shares allotted during the year	10,000	100,000
<b>Balance as at March 31, 2020</b>	-	-
Balance as at April 01, 2020	10,000	100,000
Add: Equity shares allotted during the year	10,000	100,000
<b>Balance as at March 31, 2021</b>	10,000	100,000

**B - Instrument entirely equity in Nature**

(Amount in Rs.)

**Loan from Holding Company**

At 1 April, 2019	
Addition during the year	16,962,481
<b>At 31 March, 2020</b>	-
At 1 April, 2020	16,962,481
Addition during the year	16,962,481
<b>At 31 March, 2021</b>	16,962,481

**C - Other Equity**

(Amount in Rs.)

Particulars	Reserves and Surplus	Items of other comprehensive income/(loss)	Total
	Surplus in the statement of profit and loss	Other items of Other Comprehensive Income	
Balance as at April 01, 2019	969,983	-	969,983
Total Comprehensive Income for the Year	(663,644)	-	(663,644)
<b>Balance as at March 31, 2020</b>	306,339	-	306,339
Balance as at April 01, 2020	306,339	-	306,339
Total Comprehensive Income for the Year	(705,736)	-	(705,736)
<b>Balance as at March 31, 2021</b>	(399,397)	-	(399,397)

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. 021534S)

**For and on behalf of the Board**

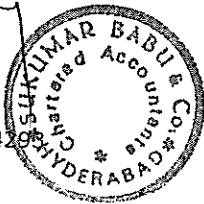
**C. Sukumar Babu**

Partner

Membership No: 024208

Place : Hyderabad

Date : 30-04-2021



**V. Venu Gopal Reddy**

Director

DIN No: 08089571

**K. Yashoda**

Director

DIN No: 05157487

**Asara Constructions & Projects Private Limited**

**Cash Flow Statement for the Year ended March 31, 2021**

(Amount in Rs.)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>A) Cash flow from Operating Activities</b>		
Profit before tax	(705,736)	(663,644)
<b>Adjustments for:</b>		
Interest Expense on Fair Value of interest free loans	666,996	614,784
Operating profit before working capital changes	<b>(38,740)</b>	<b>(48,860)</b>
Changes in working capital:		
Increase/(Decrease) in Trade and other Payables	38,740	2,260,533
<b>Cash generated/ (used) from Operations</b>	-	<b>2,211,673</b>
Income Taxes (paid) / Refunds	-	-
<b>Net Cash flows from / (used in) Operating Activities- (A)</b>	-	<b>2,211,673</b>
<b>B) Cash flow from Investing Activities</b>		
Proceeds from sale of property, plant and equipment	-	(22,310,273)
Loans/Advances to others Received/(Repaid)	-	20,098,600
<b>Net Cash flows from / (used in) Investing Activities- (B)</b>	-	<b>(2,211,673)</b>
<b>C) Cash flow from Financing Activities</b>		
Long term borrowings Received/(Repaid)	-	-
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	66,979	66,979
Cash & Cash Equivalents as at end of the year	66,979	66,979

**Note:**

1 Cash & Cash equivalents includes:

Cash in Hand	66,979	66,979
Bank Balance -Current Account	-	-

- 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.
- Previous year's figures have been regrouped, wherever necessary.
- Figures in brackets represent cash outflows.

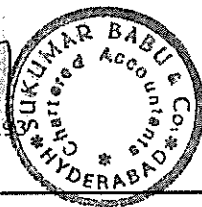
See accompanying notes forming part of the financial statements

As per our report of even date attached

**For Sukumar Babu & Co.,**  
Chartered Accountants  
(Firm's Registration No. 0215345)

**For and on behalf of the Board**

**C.Sukumar Babu**  
Partner  
Membership No: 024293  
Place : Hyderabad  
Date : 30-04-2021



**V. Venu Gopal Reddy**      **K. Yashoda**  
Director                              Director  
DIN No: 08089571              DIN No: 05157487

**ASARA Constructions & Projects Private Limited**  
**Notes forming part of the financial statements**

**1. Corporate Information:**

The company has been incorporated in December 26, 2007 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 Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been presented in Rs. unless otherwise indicated.

**2.3 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.

**2.4 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.

**2.5 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.

**2.6 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.

## **ASARA Constructions & Projects Private Limited**

### **Notes forming part of the financial statements**

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.

#### **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 those are potentially favorable 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 unfavorable 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.

# **ASARA Constructions & Projects Private Limited**

## **Notes forming part of the financial statements**

### **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.

### **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:

## **ASARA Constructions & Projects Private Limited**

### **Notes forming part of the financial statements**

- 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**

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.

#### **2.12 Cash Flow Statement**

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

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

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

#### **2.13 Earnings per share**

##### **a) Basic Earnings per share**

A 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 adjust the figures used in the determination of basic earnings per share to take into account:

## **ASARA Constructions & Projects Private Limited**

### **Notes forming part of the financial statements**

- 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 judgments**

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 judgments and assumptions.

**Asara Constructions & Projects Private Limited**

**Notes forming part of the financial statements**

**3 Investment Property**

(Amount in Rs.)

Particulars	Land - Free Hold	Total
<b>Cost or Deemed cost</b>		
As at April 01, 2019	-	-
Additions	22,310,273	22,310,273
Disposals/ Adjustments	-	-
<b>As at March 31, 2020</b>	<b>22,310,273</b>	<b>22,310,273</b>
<b>Accumulated Depreciation</b>		
As at April 01, 2019	-	-
Charge for the period	-	-
Disposals/ Adjustments	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>-</b>
<b>Net block</b>		
<b>As at March 31, 2020</b>	<b>22,310,273</b>	<b>22,310,273</b>
As at March 31, 2019	-	-
<b>Cost or Deemed cost</b>		
As at April 01, 2020	22,310,273	22,310,273
Additions	-	-
Disposals/ Adjustments	-	-
<b>As at March 31, 2021</b>	<b>22,310,273</b>	<b>22,310,273</b>
<b>Accumulated Depreciation</b>		
As at April 01, 2020	-	-
Charge for the period	-	-
Disposals/ Adjustments	-	-
<b>As at March 31, 2021</b>	<b>-</b>	<b>-</b>
<b>Net block</b>		
<b>As at March 31, 2021</b>	<b>22,310,273</b>	<b>22,310,273</b>
As at March 31, 2020	22,310,273	22,310,273



**Asara Constructions & Projects Private Limited**  
Notes forming part of the financial statements

**4 Other Non Current Assets**

(Amount in Rs.)			
As at			
	March 31, 2021	March 31, 2020	
Capital Advances	5,000,000	5,000,000	
<b>Total</b>	<b>5,000,000</b>		<b>5,000,000</b>

**5 Cash and Cash Equivalents**

(Amount in Rs.)			
As at			
	March 31, 2021	March 31, 2020	
Cash on hand	66,979	66,979	
<b>Total</b>	<b>66,979</b>		<b>66,979</b>

**6 Equity Share Capital**

(Amount in Rs.)			
As at			
	March 31, 2021	March 31, 2020	
<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>

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

	March 31, 2021		March 31, 2020	
	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees
Number of Equity Shares at the beginning	10,000	100,000	10,000	100,000
Add: - Number of Shares Issued	-	-	-	-
Less: Number of Shares Bought Back	-	-	-	-
Number of Equity Shares at the end of the year	<b>10,000</b>	<b>100,000</b>	<b>10,000</b>	<b>100,000</b>

6.2 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.

6.3 The details of shareholder holding more than 5% shares as at March 31, 2021 and March 31, 2020 is set out below:

Name of the shareholder	March 31, 2021		March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
KNRC Holdings and Investments Pvt. Ltd.,	10,000	100%	10,000	100%

**6.4 Instruments entirely equity in nature**

(Amount in Rs.)			
As at			
	March 31, 2021	March 31, 2020	
Loan from Holding Company (Refer note: 18)	16,962,481	16,962,481	
<b>Total</b>	<b>16,962,481</b>		<b>16,962,481</b>

**7 Other Equity**

(Amount in Rs.)			
As at			
	March 31, 2021	March 31, 2020	
Surplus in the statement of profit and loss			
Balance at the beginning of the period	306,339	969,983	
Add: (Loss)/ Profit for the period	(705,736)	(663,644)	
	<b>(399,397)</b>	<b>306,339</b>	

**8 Borrowings**

(Amount in Rs.)			
As at			
	March 31, 2021	March 31, 2020	
<b>Non-current</b>			
<b>Unsecured loans</b>			
From related parties - KNRC Holding & Investment pvt ltd	8,268,280	7,601,284	
<b>Total</b>	<b>8,268,280</b>		<b>7,601,284</b>

Note : Intercorporate loans to related parties carried at fair value(Amortized Cost) as per Ind AS

**9 Other Financial Liabilities**

(Amount in Rs.)			
As at			
	March 31, 2021	March 31, 2020	
<b>Current</b>			
Advance Received From Related Parties (Refer note: 18)	2,433,888	2,398,148	
Outstanding Expenses	12,000	9,000	
<b>Total</b>	<b>2,445,888</b>		<b>2,407,148</b>

**Asara Constructions & Projects Private Limited****Notes forming part of the financial statements****10 Finance Costs**

(Amount in Rs.)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expense on Fair Value of interest free loans	666,996	614,784
<b>Total</b>	<b>666,996</b>	<b>614,784</b>

**11 Other Expenses**

(Amount in Rs.)

	Year ended March 31, 2021	Year ended March 31, 2020
Filing Fees	3,240	3,860
Audit Fee	17,000	17,000
Professional Fee	18,500	27,500
Printing and Stationery	-	500
<b>Total</b>	<b>38,740</b>	<b>48,860</b>

**Asara Constructions & Projects Private Limited**  
**Notes to the financial statements**

**12 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, 2021 and March 31, 2020 was as follows:

Particulars	(Amount in Rs.)	
	March 31, 2021	March 31, 2020
Debts	8,268,280	7,601,284
Less: cash and cash equivalents	66,979	66,979
<b>Adjusted net debt</b>	<b>8,201,301</b>	<b>7,534,305</b>
Total equity	16,663,084	17,368,820
<b>Adjusted equity</b>	<b>16,663,084</b>	<b>17,368,820</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.49</b>	<b>0.43</b>

Foot Note : Debt includes Long Term Borrowings.

**13 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.)			
	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	66,979	66,979	-	-	-	-
	-	66,979	66,979	-	-	-	-
<b>Financial liabilities</b>							
Unsecured loans	-	8,268,280	8,268,280	-	-	8,268,280	8,268,280
Other financial liabilities	-	2,445,888	2,445,888	-	-	2,445,888	2,445,888
	-	10,714,168	10,714,168	-	-	10,714,168	10,714,168

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.)			
	Carrying amount			Fair Value			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	66,979	66,979	-	-	-	-
	-	66,979	66,979	-	-	-	-
<b>Financial liabilities</b>							
Unsecured loans	-	7,601,284	7,601,284	-	-	7,601,284	7,601,284
Other financial liabilities	-	2,407,148	2,407,148	-	-	2,407,148	2,407,148
	-	10,008,432	10,008,432	-	-	10,008,432	10,008,432

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.

13 Financial instruments – Fair values and risk management (Contd..)

B. Financial risk management

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

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

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in debt securities.

The Company is not exposed to Credit risk as it don't have any trade receivables and loans and Investments.

b) Liquidity risk

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

Exposure to liquidity risk

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

As at March 31, 2021

(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	8,268,280	-	-	8,268,280	8,268,280
Other financial liabilities	2,445,888	12,000	-	2,433,888	2,445,888
	<b>10,714,168</b>	<b>12,000</b>	<b>-</b>	<b>10,702,168</b>	<b>10,714,168</b>

As at March 31, 2020

(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	7,601,284	-	-	7,601,284	7,601,284
Other financial liabilities	2,407,148	9,000	-	2,398,148	2,407,148
	<b>10,008,432</b>	<b>9,000</b>	<b>-</b>	<b>9,999,432</b>	<b>10,008,432</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.

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

iii) Price risk

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

**ASARA Constructions & Projects Private Limited**  
**Notes forming part of the financial statements**

**14. Contingent Liability and Commitments: Nil**

**15. Segment Reporting**

There are no reportable segments under Ind AS 108

**16. Auditor's remuneration charged to the accounts:**

(Amount in Rs.)

Particulars	Year ended March 31, 2021	Year Ended March 31, 2020
Audit fees	17,000	17,000

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

(Amount in Rs.)

Particulars	March 31, 2021	March 31, 2020
i. Profit (loss) attributable to equity shareholders(basic)	(7,05,736)	(6,63,644)
ii. Weighted average number of equity shares (basic)	10,000	10,000
<b>Basic EPS</b>	<b>(70.57)</b>	<b>(66.36)</b>
i. Profit (loss) attributable to equity shareholders(diluted)	(7,05,736)	(6,63,644)
ii. Weighted average number of equity shares (diluted)	10,000	10,000
<b>Diluted EPS</b>	<b>(70.57)</b>	<b>(66.36)</b>

**18. 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	Patel KNR JV	Joint venture of Ultimate Holding company
4	Mr. V. Venu Gopal Reddy	Director
5	Mrs. K. Yashoda	Director

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

(Amount in Rs.)

Name of the related party	Nature of transactions	March 31,2021	March31,2020
KNRC Holdings and Investments Pvt. Ltd.,	Advance received/(repaid)	35,740	22,66,533
	Unsecured loan received/(repaid)	-	-
	Instrument entirely equity in nature	-	-
	Interest expense on Unsecured loan	6,66,996	6,14,784
Patel KNR JV	Purchase of Lands	-	2,00,98,600

**ASARA Constructions & Projects Private Limited**  
**Notes forming part of the financial statements**

**C. Balances outstanding**

(Amount in Rs.)

Name of the related party	Nature transactions	March 31, 2021	March 31, 2020
KNRC Holdings and Investments Pvt. Ltd.	Equity Capital	1,00,000	1,00,000
	Instrument entirely equity in nature	1,69,62,481	1,69,62,481
	Advance received	24,33,888	23,98,148
	Unsecured loan	82,68,280	76,01,284
Patel KNR JV	Advance paid	50,00,000	50,00,000

**19. 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	Instrument entirely equity in nature
<b>Opening Balance</b>	<b>76,01,284</b>	<b>1,69,62,481</b>
Cash flows		
- Received	-	-
- Repayment	-	-
Non-Cash Items	6,66,996	-
<b>Closing Balance</b>	<b>82,68,280</b>	<b>1,69,62,481</b>

**20. Approval of Financial Statements**

The financial statements were approved for issue by the Board of Directors on April 30, 2021

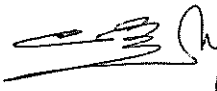
21. Previous year's figures have been regrouped/reclassified wherever necessary.

**For Sukumar Babu & Co.,**

Chartered Accountants

(Firm's Registration No. 021534S)

**For and on behalf of the Board**



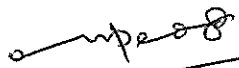
**C. Sukumar Babu**

Partner

Membership No: 024293

Place: Hyderabad

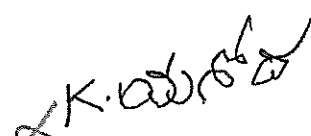
Date : 30-04-2021

**V. Venu Gopal Reddy**

Director

DIN No: 08089571



**K. Yashoda**

Director

DIN No: 05157487