

**BHAVYABHANU ELECTRONICS PRIVATE LIMITED
THIRD ANNUAL REPORT**

BOARD OF DIRECTORS

Mr. R. Narasimhan
Mr. O.V.Ramana Reddy
Mr. T. Anjaneyulu
Mr. B. Lakshmi Narayana Raju

REGISTERED OFFICE

West Block, Ground Floor,
Plot No. 18 to 21
Hardware Park, Imarath Kancha,
Raviryala Village, Maheshwaram Mandal
Ranga Reddy, Telangana – 500 005

BANKERS

HDFC Bank Limited

AUDITORS

M/s. Amar & Raju
Chartered Accountants
Flat No: 201, KOR Residency,
H.No:8-3-966/16, Road No: 3,
Nagarjuna Nagar, Srinagar Colony
Hyderabad – 500 073

NOTICE

Notice is hereby given that the Third Annual General Meeting of the Members of **BHAVYABHANU ELECTRONICS PRIVATE LIMITED** will be held on Thursday, 28th day of July, 2016 at the Registered Office of the Company situated at West Block, Ground Floor, Plot No. 18 to 21, Hardware Park, Imarath Kancha, Raviryala Village, Maheshwaram Mandal, Ranga Reddy, Telangana – 500 005 at 10.00 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet of the Company as at 31st March, 2016 and the Profit and Loss for the period ended as on that date together with the schedules and notes thereon and the Directors and Auditors Report thereof.
2. To appoint a Director in place of Mr. T. Anjaneyulu (DIN: 06650624), who retires by rotation and being eligible offers himself for reappointment.
3. To Re-appoint Auditors and fix their remuneration and in this regards, to consider and if through fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** M/s. Amar & Raju., Chartered Accountants (Reg. No: 000092S), be and are hereby Re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. B. Lakshmi Narayana Raju, who was appointed as an Additional Director with effect from 29th January, 2016 on the Board of the company in terms of Section 161 of the Companies Act, 2013 and Article 39 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of a director, be and is hereby appointed as a Director of the Company.”

By order of the Board
For Bhavyabhanu Electronics Private Limited

Place: Hyderabad
Date: 28.04.2016


O. V. Ramana Reddy
Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/herself and such proxy need not be a member of the Company.
2. The Proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special business to be transacted at the meeting is annexed hereto.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Mr. B. Lakshmi Narayana Raju was appointed as an Additional Director on the Board of the Company w.e.f. 29th January, 2016. Pursuant to the provisions of Section 161 of the Companies Act, 2013, he holds office upto the date of ensuing Annual General Meeting of the Company. The Company has received notice under Section 161 of the Companies Act, 2013 proposing the candidature of Mr. B. Lakshmi Narayana Raju for the office of the Director under the provisions of Section 161 of the Companies Act, 2013.

Mr. B. Lakshmi Narayana Raju is an eminent Professional and bring rich and varied experience to the Board. The Board of Directors recommends the resolution set out in Item no. 4 of the accompanying Notice for approval of the Members.

None of the Directors of the Company, except Mr. B. Lakshmi Narayana Raju, are in any way concerned or interested in this resolution.

**By order of the Board
For Bhavyabhanu Electronics Private Limited**

**Place: Hyderabad
Date: 28.04.2016**


**O. V. Ramana Reddy
Director**

DIRECTORS' REPORT

To
The Members of the Company

Your Directors take pleasure in presenting the Third Annual Report on business of the Company along with the audited financial statements of the company for the period ended 31st March, 2016.

Financial Highlights:

Particulars	Amount in Rupees	
	March, 31 2016	March, 31 2015
Total Revenue	878,224,823	1,513,426,712
Profit before finance cost, depreciation and tax expense	3,390,311	47,665,685
Finance cost	3,403,224	48,50,163
Profit /(Loss) before depreciation and tax expense	(12,913)	42,815,522
Depreciation	4,575,836	50,82,155
Profit /(Loss)before tax expense	(4,588,749)	37,733,367
Tax expenses	1,713,369	(12,379,555)
Net Profit/(Loss) for the year	(2,875,380)	25,353,812
Profit brought forward from earlier year	24,447,470	(906,342)
Profit available for appropriation	21,572,090	24,447,470
Appropriations:		
Dividend (Including Tax on Dividend)	-	-
Transfer to general reserve	-	-
Transfer to capital redemption reserve	-	-
Surplus in Statement of Profit and Loss	21,572,090	24,447,470

Business Review & Future Outlook

During the year, the Company has carried out Printed Circuit Board assemblies (PCBA) based on the order received from M/s. Astra Microwave Products Ltd., (holding company). These PCBA's are produced / assembled as per statement of work defined by the holding company.

The Company has potential to explore business opportunities especially in the export market on its own independent of captive consumption requirements and other business avenues like Medical, Automotive Electronics and Telecom Business line of segments in addition to the defence sectors.

Dividend

The Board has not recommended any dividend for the year.

Material Changes and commitments

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

Directors

Mr. B. Lakshmi Narayana Raju was appointed as an Additional Director during the year.

Mr. T. Anjaneyulu will retire by rotation at the ensuing annual general meeting and being eligible offers himself for re-appointment Director.

Directors' Responsibility Statement pursuant to Section 134(5) of the Companies Act, 2013

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of Profit and Loss Account of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the Financial Year ended March 31, 2016 on a going concern basis;
- v) that the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Auditors

M/s Amar & Raju, Chartered Accountants, Hyderabad, Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and are eligible for reappointment.

They have intimated their consent and willingness to be re-appointed as the Statutory Auditors of the Company. They have also intimated that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013. The Board recommends their appointment.

Auditor's Report

There are no qualifications or reservations or adverse remarks in the Auditors' Report which require any clarification/ explanation.

Number of Meetings of the Board:

The Company had held Nine Board Meetings during the financial year under review.

Particulars of Loans, Guarantees or Investments under Section 186:

Your Directors confirm that there were no loans, guarantees or investments made by the Company under section 186 of the Act during the year under review and hence the said provision is not applicable.

Contracts and Arrangements with Related Parties:

All transactions entered by the Company with Related parties were in the ordinary course of business and at arm's length pricing basis. Your directors draw attention of the members to Note 2.32 to the financial statement which sets out related party disclosures.

Extract of Annual Return:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure-A and is attached to this report.

Order of Court:

There were no significant and material orders passed by the regulators or courts or Tribunals impacting the going concern status and company's operations in future.

Corporate Social Responsibility:

The Company does not fall under the criteria specified in Section 135 of the Act and hence no policy was developed by the company on Corporate Social Responsibility.

Conservation of Energy:

The management has taken adequate measures to conserve the energy wherever possible.

Technology Absorption: Nil

During the period under review, the Company has not absorbed any new Technology. No research and development activities are being carried out by the Company.

Particulars of foreign exchange earnings and outgo:

There is no earning of Foreign Exchange but Company has made expenditure as under:

Foreign Exchange outgo and earnings:

Particulars	Amount in Rupees	
	March, 31 2016	March, 31 2015
Value of imported raw-materials on CIF basis	355,865,533	1,592,748,536
Value of imported capital goods on CIF basis	1,623,533	23,526,108
CIF value of other Imports	1,270,207	1,144,922

Particulars of Employees:

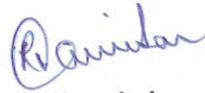
During the year under review, there were no employees drawing remuneration in excess of the limits laid down in Section 134 of the Companies Act, 2013 read with the Rule 5 of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

Acknowledgements:

Your Directors place on record their appreciation for the assistance and co-operation extended by the Bankers, customers, vendors and various State/Central Government Authorities. Your Directors also thank all the employees for their valuable support and confidence in the company.

**For and on behalf of the Board
For Bhavyabhanu Electronics Private Limited**

**Place: Hyderabad
Date: 28.04.2016**


**R. Narasimhan
Director**


**O. V. Ramana Reddy
Director**

Annexure - A to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U32209TG2013PTC089834
ii)	Registration Date	03 rd September, 2013
iii)	Name of the Company	Bhavyabhanu Electronics Private Limited
iv)	Category / Sub-Category of the Company	Private Company
v)	Address of the Registered office and contact details	West Block, G.Floor, Plot No.18 to 21, Imarath Kancha, Hardware Park, Raviryala (V), Maheshwaram Mandal, Telangana- 500005 Tel: 040 30124950 Fax: 040 30124951 Email:info@bhavyabhanu.com
vi)	Whether listed company (Yes / No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main Products/services	NIC Code of the Products/services	% to total turnover of the company
1	To manufacture, produce, process, procure, fabricate, undertake Automatic Assembly Services (SMT), design, develop, assemble, tabulate, purchase, sell, import, export and otherwise to deal in all kinds of Electronic machinery, components, spares, consumables, gadgets, accessories and other electronic parts and to supply, install, service all electronic machinery and equipment and also to render technical, commercial, management and other types of consultancy services in the field of electronic machinery and equipment. To enter into collaboration agreements with any national and international organisations.	3652	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name And Address Of The Company	CIN/GLN	Holding/ subsidiary/ Associate	% of shares held	Applicable Section
1	Astra Microwave Products Limited	L29309TG199 1PLC013203	Holding	100.00	Sec 2(46)

2. Non-Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public shareholding (B)=B1 +B2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	176000	176000	100.00	Nil	176000	176000	100.00	Nil

ii. Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Mr. O.V. Ramana Reddy	01	0.00	Nil	01	0.00	Nil	Nil
2	Mr. T. Anjaneyulu	01	0.00	Nil	01	0.00	Nil	Nil
	Total	02	0.00	Nil	02	0.00	Nil	Nil

iii. Change in Promoters' Shareholding (please specify, if there is no change)

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	02	0.00	02	0.00
2	Date wise Increase / Decrease in Promoters Shareholding during the year	No Change	No Change	-	-
3	At the end of the year			02	0.00

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Astra Microwave Products Limited				
	At the beginning of the year	99,998	100.00	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	76000	-----	Nil	Nil
	At the end of the year	175998	100.00	Nil	Nil

v. Shareholding of Directors and Key Managerial Personnel:

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors				
1	Mr. O.V. Ramana Reddy				
2	At the beginning of the year	01	0.00	Nil	Nil
3	Date wise Increase / Decrease in Promoters Shareholding during the year	No Change	No Change	No Change	No Change
4	At the end of the year			01	0.00
1	Mr. T. Anjaneyulu				
2	At the beginning of the year	01	0.00	Nil	Nil
3	Date wise Increase / Decrease in Promoters Shareholding during the year	No Change	No Change	No Change	No Change
4	At the end of the year			01	0.00

INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	31,037,323	Nil	Nil	31,037,323
ii) Interest due but not paid	192,548	Nil	Nil	192,548
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	31,229,871	Nil	Nil	31,229,871
Change in Indebtedness during the financial year				
* Addition	1,752,456	--	--	1,752,456
* Additions-Net decrease in WC borrowings	(3,095,897)	--	--	(3,095,897)
* Reduction	(8,497,192)	--	--	(8,497,192)
Net Change	(9,840,633)	--	--	(9,840,633)
Indebtedness at the end of the financial year				
i) Principal Amount	21,274,766	--	--	21,274,766
ii) Interest due but not paid	114,472	--	--	114,472
iii) Interest accrued but not due	0	--	--	0
Total (i+ii+iii)	21,389,238	--	--	21,389,238

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in Rupees)

S. No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total
1	Gross salary	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	Nil	Nil	Nil
	Ceiling as per the Act	NA	NA	NA

B. Remuneration to other Directors:

S. No	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. O.V. Ramana Reddy	Mr. T. Anjaneyulu	Mr. R. Narasimhan	Mr. B.L.N. Raju	
1	1.Independent Directors	-----NA-----				---
	Fee for attending board /committee meetings	-----NA-----				---
	Commission	-----NA-----				---
	Others, please specify	-----NA-----				---
	Total (1)	-----NA-----				---
2	2.Other Non-Executive Directors	Mr. O.V. Ramana Reddy	Mr. T. Anjaneyulu	Mr. R. Narasimhan	Mr. B.L.N. Raju	
	Fee for attending board committee meetings	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
3	Total (2)	Nil	Nil	Nil	Nil	Nil
4	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil
5	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
6	Overall Ceiling as per the Act	Nil	Nil	Nil	Nil	Nil

C. Remuneration to key managerial personnel other than MD/Manager/WTD


S. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1	Gross salary	Not Applicable			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option	Not Applicable			
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify...	Not Applicable			
5	Others, please specify				
	Total				

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board
For Bhavyabhanu Electronics Private Limited

Place: Hyderabad
Date: 28.04.2016


R. Narasimhan
Director


O. V. Ramana Reddy
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
Bhavyabhanu Electronics Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Bhavyabhanu Electronics Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2016, and its profit 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 of India in terms of sub-section (11) of Section 143 of the Act, we give in the "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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid 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 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) The Company does not have any amounts, required to be transferred, to the Investor Education and Protection Fund



For AMAR & RAJU
CHARTERED ACCOUNTANTS
Firm Registration No: 000092S

P. Venkata Ramana

(P. VENKATA RAMANA)

Partner

Membership No: 203346

Place: Hyderabad
Date: 28.04.2016

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON
THE
STANDALONE FINANCIAL STATEMENTS OF
BHAVYABHANU ELECTRONICS PRIVATE LIMITED**

**Referred to in Paragraph 1 under "Report on Other Legal and Regulatory
Requirements" section of our Report**

- i) a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- c) The Company does not have any immovable properties.
- ii) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and as explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained U/Sec.189 of the Act.
- iv) The company has not granted any loans or made any investment or given any guarantee or provided any security. Accordingly the provisions of Clause (iv) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and accordingly the provisions of Clause (v) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- vi) The Central Government has specified maintenance of cost records under Section 148 (1) of the Companies act, 2013. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.



- vii) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it.

According to the information and explanations given to us no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrears, as at 31st March 2016 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax which have not been deposited with the appropriate authorities on account of any dispute.
- viii) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to financial institutions, banks, Government and dues to debenture holders.
- ix) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that moneys raised by the Company by way of term loans have been applied for the purpose for which they were raised.
- x) In our opinion and according to the information and explanations given to us, no fraud by the Company and no fraud on the company by its officers or employees has been noticed or reported during the course of audit.
- xi) During the year under audit the Company has not paid or provided any managerial remuneration and accordingly the provisions of Clause (xi) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xii) Since the Company is not a Nidhi Company, the provisions of Clause (xii) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act and as required by the applicable accounting standards the details of the transactions with the related parties have been disclosed in the notes to the financial statements. (Refer Note No: 2.32 of Notes to the financial statements)
- xiv) During the year under review the Company made preferential allotment of shares and in our opinion the Company has complied with the requirement of section 42 of the Companies Act, 2013. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that moneys raised have been applied for the purpose for which they were raised.
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.



xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the reserved Bank of India Act, 1934.



For AMAR & RAJU
CHARTERED ACCOUNTANTS
Firm Registration No: 000092S

P. V. Ramana

(P. VENKATA RAMANA)
Partner

Membership No: 203346

Place: Hyderabad
Date: 28.04.2016

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
FINANCIAL STATEMENTS OF
BHAVYABHANU ELECTRONICS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of
Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Bhavyabhanu Electronics Private Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For AMAR & RAJU
CHARTERED ACCOUNTANTS
Firm Registration No: 0000925



P. Venkata Ramana

(P. VENKATA RAMANA)

Partner

Membership No: 203346

Place: Hyderabad

Date: 28.04.2016

BHAVYABHANU ELECTRONICS PRIVATE LIMITED

BALANCE SHEET AS AT 31st MARCH, 2016

Amount in Rupees

Particulars	Note No	AS AT 31.03.2016	AS AT 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2.1	1,760,000	1,000,000
(b) Reserves and Surplus	2.2	40,800,090	24,447,470
		42,560,090	25,447,470
(2) Non-Current Liabilities			
(a) Long-term Borrowings	2.3	4,444,460	11,111,120
(b) Deferred Tax Liability	2.4	-	865,236
(c) Long-term Provisions	2.5	2,315,106	1,489,632
		6,759,566	13,465,988
(3) Current Liabilities			
(a) Short-term Borrowings	2.6	10,163,646	13,259,543
(b) Trade Payables	2.7	13,875,005	505,220,617
(c) Other Current Liabilities	2.8	7,465,437	16,361,452
(d) Short-term Provisions	2.9	623,971	1,545,217
		32,128,059	536,386,829
Total		81,447,715	575,300,287
II.Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	2.10	21,193,849	23,921,738
(b) Deferred Tax asset	2.4	848,133	-
(c) Long-term Loans and Advances	2.11	198,408	333,378
		22,240,390	24,255,116
(2) Current Assets			
(a) Inventories	2.12	29,027,802	400,659,338
(b) Trade Receivables	2.13	260,928	-
(c) Cash and Bank Balances	2.14	14,734,769	13,274,270
(d) Short-term Loans and Advances	2.15	14,964,414	136,017,519
(e) Other Current Assets	2.16	219,412	1,094,044
		59,207,325	551,045,171
Total		81,447,715	575,300,287
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date

For and on behalf of the Board

FOR AMAR & RAJU
CHARTERED ACCOUNTANTS
Firm Registration No: 000092S

(O. V. RAMANA REDDY)
Director

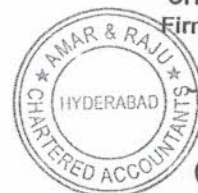
(R. NARASIMHAN)
Director

(P. VENKATA RAMANA)
Partner
Membership No: 203346

(T. ANJANEYULU)
Director

(B.LAKSHMI NARAYANA RAJU)
Additional Director

Place: HYDERABAD
Date : 28.04.2016



BHAVYABHANU ELECTRONICS PRIVATE LIMITED

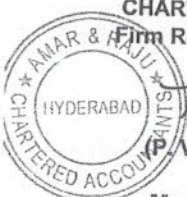
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

Amount in Rupees

Particulars	Note No	Year ended 31.03.2016	Year ended 31.03.2015
I Revenue from Operations	2.17	925,548,153	1,624,029,154
Less: Excise Duty		(48,547,590)	(111,735,569)
		<u>877,000,563</u>	<u>1,512,293,585</u>
II Other Income	2.18	1,224,260	1,133,127
III Total Revenue (I +II)		<u>878,224,823</u>	<u>1,513,426,712</u>
IV Expenses:			
(a) Cost of Materials Consumed	2.19	530,538,871	1,557,889,523
(b) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.2	257,977,559	(226,866,663)
(c) Employee Benefit Expense	2.21	20,489,262	20,393,194
(d) Financial Costs	2.22	3,403,224	4,850,163
(e) Depreciation and Amortization Expense	2.10	4,575,836	5,082,155
(f) Other Expenses	2.23	65,868,527	114,344,973
Total Expenses		<u>882,853,279</u>	<u>1,475,693,345</u>
V Profit Before Exceptional and Extraordinary Items and Tax (III - IV)		(4,628,456)	37,733,367
VI Exceptional Items	2.24	39,707	-
VII Profit Before Extraordinary Items and Tax (V - VI)		(4,588,749)	37,733,367
VIII Extraordinary Items		-	-
IX Profit Before Tax (VII - VIII)		(4,588,749)	37,733,367
X Tax Expense:			
(1) Current Tax		-	(11,109,023)
(2) Deferred Tax	2.4	1,713,369	(1,270,532)
XI Profit / (Loss) for the Period from Continuing Operations (IX - X)		(2,875,380)	25,353,812
XII EPS: (In Rupees) (Face Value Rs.10/-) Basic and Diluted EPS	2.25	(25.66)	253.54
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date

For and on behalf of the Board



FOR AMAR & RAJU
CHARTERED ACCOUNTANTS
Firm Registration No: 000092S

VENKATA RAMANA)
Partner
Membership No: 203346

(O. V. RAMANA REDDY)
Director

(T. ANJANEYULU)
Director

(R. NARASIMHAN)
Director

(B.LAKSHMI NARAYANA RAJU)
Additional Director

Place: HYDERABAD
Date : 28.04.2016

BHAVYABHANU ELECTRONICS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

Amount in Rupees

	31.03.2016		31.03.2015	
	Rs.	Rs.	Rs.	Rs.
A) Cash Flow from Operating Activities:				
Net Profit Before Tax, Extra-ordinary & Exceptional Items		(4,628,456)		37,733,367
Adjustments for:				
Depreciation	4,575,836		5,082,155	
Interest Paid	3,403,224		4,850,163	
Interest Received	(1,224,260)		(1,133,127)	
Income Tax Paid	(956,040)		(10,113,276)	
Operating Profit Before Working Capital Changes		5,798,760		(1,314,085)
		1,170,304		36,419,282
Adjustments for:				
Trade & Other Receivables	118,958,742		(114,685,215)	
Trade Payable	(499,252,241)		328,223,656	
Inventories	371,631,536		(280,884,144)	
Net Cash from Operating Activities		(8,661,963)		(67,345,703)
		(7,491,659)		(30,926,421)
B) Cash Flow from Investing Activities:				
Purchase of Fixed Assets	(1,859,282)		(9,837,959)	
Interest received on deposits	2,098,892		119,595	
Net Cash Used in Investing Activities		239,610		(9,718,363)

CASH FLOW STATEMENT

C) Cash Flow from Financing Activities:				
Increase / (decrease) in Working Capital Borrowings	(3,095,897)		13,259,543	
Term Loans Taken	-		20,000,000	
Term Loans Repaid	(6,666,660)		(2,222,220)	
Proceeds from issue of share capital	19,988,000		-	
Interest Paid	(3,481,300)		(4,657,615)	
Net Cash Used in Financing Activities		6,744,143		26,379,708
Net Increase in Cash & Cash Equivalents (A-B-C)		(507,906)		(14,265,076)
Cash & Cash Equivalents at the Beginning				
Cash on Hand	23,605		107,686	
Balance with Sch., Banks	753,064	776,669	14,934,060	15,041,746
Cash & Cash Equivalents at the End				
Cash on Hand	16,996		23,605	
Balance with Sch., Banks	251,767	268,763	753,064	776,669

As per our report of even date

For and on behalf of the Board



FOR AMAR & RAJU
CHARTERED ACCOUNTANTS
Firm Registration No: 000092S

P. Venkata Ramana
(P. VENKATA RAMANA)
Partner
Membership No: 203346

O. V. Ramana Reddy
(O. V. RAMANA REDDY)
Director

T. Anjaneyulu
(T. ANJANEYULU)
Director

R. Narasimhan
(R. NARASIMHAN)
Director

B. Lakshmi Narayana Raju
(B.LAKSHMI NARAYANA RAJU)
Additional Director

Place: HYDERABAD

Date: 28.04.2016

BHAVYABHANU ELECTRONICS PRIVATE LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2016

a) Basis of preparation of Financial Statements:

The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and comply in all material aspects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 as adopted consistently by the Company.

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the Company.

b) Fixed Assets:

Fixed Assets are valued at historical cost less depreciation. Attributable costs (excluding CENVAT & VAT) and expenses including borrowing costs for bringing the respective assets to working condition for their intended use are capitalized.

c) Depreciation:

Depreciation is provided on written down value method basing on the useful life of the assets prescribed under Schedule II of the Companies Act, 2013

d) Valuation of Inventories:

Closing stock of raw materials, finished and semi-finished goods are valued at lower of cost and net realisable value. Cost has been ascertained on Weighted Average basis.

e) Revenue Recognition:

Sale is recognized on dispatch of products and is inclusive of Excise Duty and Sales Tax

Interest income is recognized on accrual basis.

SIGNIFICANT ACCOUNTING POLICIES

f) Foreign Exchange transactions:

All foreign currency transactions were initially recognized at the rate on the date of transaction.

Exchange differences arising on the settlement of monetary items were recognized as income/expense.

Monetary items and contingent liabilities as on the date of Balance Sheet are stated at the closing rate/realistic rate.

g) Employee Benefits:

Short-term employee benefits are recognised as a expense at the undiscounted amount in the Profit and Loss Statement of the year in which the related service is rendered

Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss Statement for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss Statement.

h) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

i) Cash Flow Statement:

The Cash Flow Statement has been compiled from and is based on the Balance Sheet and the related Profit and Loss Account for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI

Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and short term investments with an original maturity of three months or less.

SIGNIFICANT ACCOUNTING POLICIES

j) Accounting for Taxes on Income:

Current Tax: Provision for Current Income Tax is made on the basis of the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax: Deferred income tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the Balance Sheet date. The deferred tax assets are recognised only to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

k) Impairment of Assets:

The Management assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

l) Provisions and Contingent Liabilities and Contingent Assets:

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimate can be made of the amount of obligations and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but if material, are disclosed in the notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

m) Operating Lease:

Operating Lease rent payments are recognized as an expense in the Profit and Loss Account of the year to which they relate

n) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

o) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

BHAVYABHANU ELECTRONICS PRIVATE LIMITED

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016:

2.1 SHARE CAPITAL

Particulars	Amount in Rupees	
	31.03.2016	31.03.2015
A) Authorised Share Capital:		
Equity Shares, Rs. 10/- Par Value		
21,00,000 (Previous year 1,00,000) Equity Shares	<u>21,000,000</u>	<u>1,000,000</u>
B) Issued, Subscribed and Fully Paid-up Share Capital:		
Equity Shares, Rs. 10/- Par Value		
1,76,000 (Previous year 1,00,000) Equity Shares fully paid-up	<u>1,760,000</u>	<u>1,000,000</u>
Total	<u><u>1,760,000</u></u>	<u><u>1,000,000</u></u>

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule III to the Companies Act 2013

Reconciliation of the Number of Shares Outstanding:

	As At	
	31.03.2016	31.03.2015
Shares outstanding at the beginning of the year	100,000	100,000
Add: Shares Issued during the year	76,000	-
Add: Shares Issued on Exercise of Employee Stock Options	-	-
Add: Bonus Shares Issued	-	-
Less: Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u><u>176,000</u></u>	<u><u>100,000</u></u>

Disclosure pursuant to Note no. 6(A)(e) of Part I of Schedule III to the Companies Act, 2013

The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital;

- 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
- The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Disclosure pursuant to Note no. 6(A)(f) of Part I of Schedule III to the Companies Act, 2013

Shares held by Holding Company		
Number of shares held by Astra Microwave Products Limited	175,998	99,998

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule III to the Companies Act, 2013

Shares in the Company held by each Share Holder holding more than 5% shares

	As At	
	31.03.2016	31.03.2015
	No of shares	No of shares
	%	%
1) Astra Microwave Products Limited	175,998	99,998
	.99.9989%	.99.998%

Disclosure pursuant to Note no. 6(A)(h) of Part I of Schedule III to the Companies Act, 2013

Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment;

NIL NIL

Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule III to the Companies Act, 2013

a) Aggregate number of equity shares allotted as fully paid up pursuant to contract(s) without payment being received in cash in the last five years immediately preceding the Balance Sheet date

NIL NIL

b) Aggregate number of bonus shares (Equity) issued in the last five years immediately preceding the Balance Sheet date

NA NA

c) Aggregate number of equity shares bought back in the last five years immediately preceding the Balance Sheet date

NA NA

Disclosure pursuant to Note no. 6(A)(j) of Part I of Schedule III to the Companies Act, 2013

Securities convertible into equity / preference shares issued

NIL NIL

2.2 RESERVES & SURPLUS

Particulars	As At	
	31.03.2016	31.03.2015
A) Securities Premium Reserve:		
Opening balance	-	-
Add: Addition during the year	19,228,000	-
Balance in Securities Premium Reserve (A)	<u>19,228,000</u>	<u>-</u>
B) Surplus:		
Opening balance	24,447,470	(906,342)
Add / (Less): Net Profit / (Loss) after Tax transferred from Statement of Profit & Loss	(2,875,380)	25,353,812
Total (B)	<u>21,572,090</u>	<u>24,447,470</u>
Total (A + B)	<u>40,800,090</u>	<u>24,447,470</u>

2.3 LONG-TERM BORROWINGS

Particulars	As At	
	31.03.2016	31.03.2015
Secured Long-Term Borrowings:		
Term Loans: From Banks:		
Term Loan from HDFC Bank #		
Repayment Terms:		
20 Installments (monthly) of Rs.5,55,555/- each		
Rate of interest: 12.60%		
Nature of security:		
First exclusive charge on the fixed assets of the company financed by HDFC Bank and Second Charge on the Company's entire current assets and Corporate Guarantee of Astra Microwave Products Ltd.,		
Total	<u>4,444,460</u>	<u>11,111,120</u>
Aggregate amount of loans Guaranteed by Directors	-	-
Amount of continuing default as on the balance sheet date in repayment of loans and interest there on	NIL	NIL
# Amount repayable within next one year is shown separately under the head "Other Current Liabilities" (Note No: 2.8)		

2.4 DEFERRED TAX ASSET / LIABILITY (NET)

Particulars	As At	
	31.03.2016	31.03.2015
Deferred Tax Liability		
Less: Deferred tax Asset	873,069	1,348,547
Closing balance of Net Deferred Tax Liability / (Asset)	<u>(1,721,202)</u>	<u>(483,311)</u>
	<u>(848,133)</u>	<u>865,236</u>
Less: Opening balance of Net Deferred Tax Liability / (Asset)	865,236	(405,296)
Effect on Profit and Loss Statement	1,713,369	(1,270,532)
Deferred Tax Liability represents timing differences in depreciation on fixed assets		
Deferred Tax Assets represents Provision for Gratuity, Leave Encashment and unabsorbed losses		

2.5 LONG TERM PROVISIONS

Particulars	As At	
	31.03.2016	31.03.2015
Provision for Employee Benefits:		
Unavailed Leave	1,733,349	942,342
Gratuity Obligation	581,757	547,290
Total	<u>2,315,106</u>	<u>1,489,632</u>

2.6 SHORT TERM BORROWINGS

Particulars	As At	
	31.03.2016	31.03.2015
Secured Short-Term Borrowings:		
Repayable on Demand		
From Banks:		
Working Capital Finance from HDFC Bank Limited	10,163,646	13,259,543
Nature of security:		
Exclusive Charge on all current assets of the company and Corporate Guarantee of Astra Microwave Products Ltd.,		
Total Secured Short-Term Borrowings	<u>10,163,646</u>	<u>13,259,543</u>
Aggregate amount of loans Guaranteed by Directors	-	-
Amount of default as on the balance sheet date in repayment of loans and interest there on	NIL	NIL

2.7 TRADE PAYABLES

Particulars	As At	
	31.03.2016	31.03.2015
Accrued Salaries and other benefits		
Salaries	1,326,075	1,049,334
For Other Liabilities		
For Supplies		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,806,645	81,611,435
Amounts due to Related Parties:		
Advances from Customers (from Holding Company)	10,742,285	422,559,848
Total	13,875,005	505,220,617

2.8 OTHER CURRENT LIABILITIES

Particulars	As At	
	31.03.2016	31.03.2015
Current maturities of long term borrowings	6,666,660	6,666,660
Interest accrued and due on borrowings	114,472	192,548
For Services & Expenses	433,149	541,006
PF & ESI payable	162,976	169,694
Withholding and Other Taxes Payable	88,180	8,780,209
Creditors for capital goods/works	-	11,335
Total	7,465,437	16,361,452

2.9 SHORT-TERM PROVISIONS

Particulars	As At	
	31.03.2016	31.03.2015
a) Provision for Employee Benefits:		
Bonus and Incentives	623,971	549,470
b) Others:		
Provision for Income Taxes	-	995,747
Total	623,971	1,545,217

2.11 LONG-TERM LOANS AND ADVANCES

Particulars	As At	
	31.03.2016	31.03.2015
Unsecured Considered Good		
Security Deposits	24,500	24,500
Pre paid expenses	173,908	308,878
Total	198,408	333,378

BHAVYABHANU ELECTRONICS PRIVATE LIMITED

NOTES ON ACCOUNTS

2.10 FIXED ASSETS

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	AS ON 01.04.2015 Rs.	ADDITIONS Rs.	AS ON 31.03.2016 RS.	UP TO 01.04.2015 Rs.	FOR THE PERIOD Rs.	UP TO 31.03.2016 Rs.	AS ON 31.03.2016 Rs.	AS ON 31.03.2015 Rs.
Tangible Assets								
Plant & Machinery	26,745,088	1,759,606	28,504,694	4,389,396	4,096,077	8,485,473	20,019,221	22,355,692
Air Conditioners	31,800	-	31,800	6,608	6,552	13,160	18,640	25,192
Office Equipment	48,616	16,970	65,586	9,149	25,069	34,218	31,368	39,467
Furniture & Fixtures	1,939,442	71,371	2,010,813	583,432	355,786	909,218	1,071,595	1,356,010
Computers	401,100	-	401,100	255,723	92,352	348,075	53,025	145,377
Total	29,166,046	1,847,947	31,013,993	5,244,308	4,575,836	9,820,144	21,193,849	23,921,738
Pre., Year Total	4,134,221	25,031,825	29,166,046	162,153	5,082,155	5,244,308	23,921,738	3,972,068

2.12 INVENTORIES

Particulars	As At	
	31.03.2016	31.03.2015
Raw Materials		
Work-in-progress	29,027,802	142,681,779
	-	257,977,559
Total	<u>29,027,802</u>	<u>400,659,338</u>

Mode of valuation of Inventories:
 Inventories are valued at lower of cost or net realisable value.
 Cost has been arrived on weighted average basis

2.13 TRADE RECEIVABLES

Particulars	As At	
	31.03.2016	31.03.2015
Unsecured Considered Good		
Outstanding for a period exceeding six months	-	-
Others	260,928	-
Total	<u>260,928</u>	<u>-</u>

2.14 CASH AND BANK BALANCES

Particulars	As At	
	31.03.2016	31.03.2015
A) Cash and Cash Equivalents:		
Balances with Banks	251,767	753,064
Cheques, Drafts on hand	-	-
Cash on Hand	16,996	23,605
Total Cash and Cash Equivalents(A)	<u>268,763</u>	<u>776,669</u>
B) Other Bank Balances:		
Balances with Banks	14,466,006	12,497,601
Total Other Bank Balances (B)	<u>14,466,006</u>	<u>12,497,601</u>
Total Cash and Bank Balances (A + B)	<u>14,734,769</u>	<u>13,274,270</u>
Other Bank Balances includes:		
a) Earmarked balances with banks	-	-
b) Deposit accounts with more than 12 months maturity	-	-
c) Held as margin money deposits against guarantees	14,466,006	12,497,601

2.15 SHORT TERM LOANS AND ADVANCES

Particulars	As At	
	31.03.2016	31.03.2015
Unsecured Considered Good		
Others		
Advances for Supplies	883,673	121,114,734
Advances for Services and Expenses	318,085	135,186
Balance with Revenue Authorities (cenvat credit)	8,179,520	13,817,411
Advance income tax (Net of provision)	4,846,485	-
Prepaid Expenses	736,651	950,188
Total	<u>14,964,414</u>	<u>136,017,519</u>

2.16 OTHER CURRENT ASSETS

Particulars	As At	
	31.03.2016	31.03.2015
Interest accrued but not due on Deposits	219,412	1,094,044
Total	<u>219,412</u>	<u>1,094,044</u>

2.17 REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
A) From Sale of Products	914,489,019	1,624,029,154
B) From Sale of Services		
Domestic	10,995,830	-
Export	63,304	-
TOTAL (B)	<u>11,059,134</u>	<u>-</u>
TOTAL (A + B)	<u>925,548,153</u>	<u>1,624,029,154</u>

2.18 OTHER INCOME

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Interest Income	1,224,260	1,133,127
Total	<u>1,224,260</u>	<u>1,133,127</u>

2.19 COST OF MATERIALS CONSUMED

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
A) Indigenous Raw Material:		
Opening stock of Raw Material		99,232
Add: Purchases during the year	2,448,857	14,796,903
	<u>6,684,429</u>	<u>14,896,135</u>
Less: Closing Stock of Raw Material	9,133,286	2,448,857
Raw Material consumed (A)	<u>1,471,361</u>	<u>12,447,278</u>
B) Imported Raw Material:		
Opening stock of raw material	140,232,921	88,565,066
Add: Purchases during the year	410,200,466	1,597,110,100
	<u>550,433,387</u>	<u>1,685,675,166</u>
Less: Closing Stock of Raw Material	27,556,441	140,232,921
Raw Material Consumed (B)	<u>522,876,946</u>	<u>1,545,442,245</u>
Total Raw Material Consumed (A + B)	<u>530,538,871</u>	<u>1,557,889,523</u>
Percentage of imported raw materials consumed to the total consumption	98.56	99.20
Percentage of indigenous raw materials consumed to the total consumption	1.44	0.80

2.20 CHANGES IN INVENTORIES

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Inventories at the end of the period		
Finished Goods	-	-
Work-in-progress	-	257,977,559
Total (A)	-	257,977,559
Inventories at the beginning of the period		
Finished Goods	-	-
Work-in-progress	257,977,559	31,110,896
Total (B)	257,977,559	31,110,896
 Change in Inventories (A - B)	 257,977,559	 (226,866,663)

2.21 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Salaries, Wages & Other Benefits	18,896,122	18,919,312
Contribution to Provident Fund & ESI	1,126,041	1,082,528
Staff Welfare Expenses	467,099	391,354
Total	20,489,262	20,393,194

2.22 FINANCIAL COSTS

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Interest on Term Loans	1,752,456	2,181,507
Interest on Working Capital borrowings	1,650,768	2,668,656
Total	3,403,224	4,850,163

2.23 OTHER EXPENSES

Particulars	Year	Year
	ended	ended
	31.03.2016	31.03.2015
Machinery maintenance		
Power and Fuel	3,637,808	2,558,026
Excise Duty (Includes Difference between Excise Duty on Opening & Closing Stock of FG)	2,983,700	3,367,254
Carriage Inwards	3,420,688	
Travelling and Conveyance	343,604	674,514
Printing and Stationery	575,864	321,559
Communication Costs	201,667	332,573
Operating Lease Rent	4,501	7,356
Insurance	7,528,796	7,461,780
Rates and Taxes excluding taxes on income	556,326	1,936,707
Auditors Remuneration	738,388	418,727
Legal & Professional Charges	251,900	224,720
Computer & Software Maintenance	615,691	354,577
Factory Maintenance	22,680	20,370
Repairs & Maintenance of Other Assets	59,435	741,868
Miscellaneous Expenses	11,947	27,983
Entertainment & Business Promotion	1,323,041	275,537
Security Charges	237,973	44,900
Bank Charges and Commission	493,589	113,870
Packing Material	667,858	1,370,701
Sales Tax / VAT	5,355	
Service Tax	43,547,096	77,334,722
Foreign Exchange Fluctuations	25,467	
	(1,384,847)	16,757,229
Total	65,868,527	114,344,973

2.24 EXCEPTIONAL ITEMS

Particulars	Year	Year
	ended	ended
	31.03.2016	31.03.2015
Prior Period Adjustments	39,707	-
Total	39,707	-

Prior period tax adjustments includes income tax and other adjustments relating to earlier years.

2.25 EARNINGS PER SHARE

Particulars	Year	Year
	ended	ended
	31.03.2016	31.03.2015
No. of Equity Shares outstanding at the beginning of the year	100,000	100,000
Weighted Average No. of Equity Shares issued during the year	12,044	-
Number of Bonus Shares issued	-	-
Total number of Shares outstanding at the end of the year (used as denominator for calculating EPS)	112,044	100,000
Profit available to share holders (used as numerator for calculating EPS)	(2,875,380)	25,353,812
Basic & Diluted Earnings Per Share in Rs. (Face Value Rs.10/-)	(25.66)	253.54

2.26 VALUE OF RAW MATERIAL CONSUMED, TURNOVER,
OPENING & CLOSING STOCK-IN-TRADE:

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
A) Raw-material consumed: Semi Conductor devices and other electronic components	530,538,871	1,557,889,523
B) Turnover: a) PCB assemblies and other electronic assemblies b) Service / Job work charges	914,489,019 11,059,134	1,624,029,154 -
C) Opening Stock-in-trade: PCB assemblies and other electronic assemblies a) Finished goods b) Work-in-progress	- 257,977,559	- 31,110,896
D) Closing Stock-in-trade: PCB assemblies and other electronic assemblies a) Finished goods b) Work-in-progress	- -	- 257,977,559

2.27 FOREIGN EXCHANGE FLUCTUATIONS

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
As per the accounting policy, the amount of Foreign Exchange Fluctuations (debited) / credited to Profit and Loss Account during the period	1,384,847	(16,757,229)

2.28 AUDITORS REMUNERATION

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Audit Fee	150,000	150,000
Tax Audit Fee	70,000	50,000
Service Tax	31,900	24,720
Total	251,900	224,720

2.29 FOREIGN EXCHANGE TRANSACTIONS

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Value of imported raw-materials on CIF basis	355,865,533	1,592,748,536
Value of imported capital goods on CIF basis	1,623,533	23,526,108
CIF value of other imports	1,270,207	1,144,922

2.30 CONTINGENT LIABILITIES

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Bank Guarantees		
Security Guarantee under Zero Duty (Customs) Advance Authorisation Scheme	36,573,138	36,573,138

2.31 Details of Unhedged Foreign Currency Exposures:

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
1. Sundry creditors	1,624,973	79,610,851
2. Advances for supplies	841,895	118,975,759

2.32 RELATED PARTY DISCLOSURES

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Transactions with Related parties (excluding reimbursements):		
Holding Company: Astra Microwave Products Limited		
Transactions during the year		
Sale of products / services	873,689,057	1,624,029,154
Rent paid	7,802,362	7,726,776
Share capital / share premium received	19,988,000	-
Balance as at the year end		
Advance received for supply of goods and services	10,742,285	422,559,848
Corporate guarantee given by Holding company	200,000,000	200,000,000

2.33 RETIREMENT BENEFIT PLANS

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
-------------	-----------------------------	-----------------------------

A) Defined Contribution Plan:

The Company makes contributions towards Provident Fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident fund Commissioner. Under the scheme the company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. The contributions payable to this plan by the company are at rates specified in the rules of the scheme.

Employer's Contribution to Provident fund recognised in the Profit & Loss Statement	866,907	797,962
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B) Defined Benefit Plan:

As per the Payment of Gratuity Act lump sum payment has to be made to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part there of in excess of six months. Vesting occurs upon completion of five years of service. (Unfunded)

Leave encashment is payable as per the Rules of the Company. (Unfunded)

The present value of the defined benefit obligation and the related current service cost were measured using Projected Unit Credit Method with actuarial valuations being carried out at each Balance Sheet date.

The following table sets out the status of the defined benefit obligation and the amounts recognized in the Company's financial statements

A) Change in benefit obligations:

Present value of the obligation as at beginning of year	1,489,632	-
Interest cost	116,192	-
Past service cost	-	370,500
Current Service Cost	962,358	1,119,132
Benefits Paid	(139,525)	-
Actuarial (gain) / loss on obligations	(113,551)	-
Present value of obligation at year end	2,315,106	1,489,632

B) Expenses recognized during the year:

Current Service cost	962,358	1,119,132
Past service cost	-	370,500
Interest cost	116,192	-
Net actuarial (gain) / loss recognized in the year	(113,551)	-
Net cost	964,999	1,489,632

C) Actuarial Assumptions used in accounting:

Discount rate (per annum)	7.90%	7.80%
Salary escalation rate (per annum)	5.00%	5.00%

**2.34 Disclosure as required under Part I (6)(FA) of Schedule III to the Companies Act, 2013:
Relating to Micro, Small and Medium Enterprises**
(This information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the company)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year; Principal amount Interest amount	-	-
(ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

2.35 Disclosure as required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
a) Loans and advances in the nature of loans to Subsidiary Company:	-	-
b) Loans and advances in the nature of loans to Associate Company:	-	-
c) Loans and advances in the nature of loans to firms/companies in which Directors are interested:	-	-
d) Investments by the loanee in the shares of the parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-

2.36 As the Company's business activities falls within single segment, the disclosure requirement of Accounting Standard 17 "Segment Reporting" is not applicable.

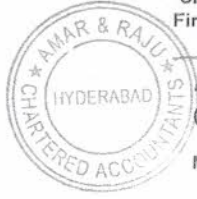
2.37 Balances under sundry creditors, advances payable / receivable are subject to confirmation and reconciliation.

2.38 The figures have been rounded off to the nearest rupee

As per our report of even date

For and on behalf of the Board

FOR AMAR & RAJU
CHARTERED ACCOUNTANTS
Firm Registration No: 000092S



P. V. Ramana
(P. VENKATA RAMANA)
Partner
Membership No: 203346

O. V. Ramana Reddy
(O. V. RAMANA REDDY)
Director

T. Anjaneyulu
(T. ANJANEYULU)
Director

R. Narasimhan
(R. NARASIMHAN)
Director

B. Lakshmi Narayana Raju
(B.LAKSHMI NARAYANA RAJU)
Additional Director

Place: HYDERABAD
Date: 28.04.2016

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

CIN: U32209TG2013PTC089834

Name of the Company: BHAVYABHANU ELECTRONICS PRIVATE LIMITED

Registered Office: West Block, Ground Floor, Plot No. 18 to 21, Hardware Park, Imarath Kancha, Raviryala Village, Maheshwaram Mandal, Ranga Reddy, Telangana – 500 005

Name of the Member (s)
Registered Address:
Email Id:
Folio No.:

I / we being the member (s) of _____ Shares of the above mentioned company, hereby appoint

1. Name
Address
Email Id
Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 03rd Annual General Meeting of the Company to be held on Thursday, the 28th of July, 2016 at 10.00 A.M. at West Block, Ground Floor, Plot No. 18 to 21, Hardware Park, Imarath Kancha, Raviryala Village, Maheshwaram Mandal, Ranga Reddy, Telangana – 500 005 and at any adjournment thereof in respect of such resolutions as are indicated below:

ORDINARY BUSINESS:

Resolution No:

1. Adoption of Financial Statements for the year ended 31st March, 2016.
2. Re-appointment Mr. T. Anjaneyulu, as Director who retires by rotation
3. Appointment of Auditors and fixing their remuneration.

SPECIAL BUSINESS:

Regularization of Additional Director, Mr. B. Lakshmi Narayana Raju

Signed this _____ day of 2016

Affix Revenue
Stamp

Signature of the Shareholder

Signature of the Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.