Amar & Raju
Chartered Accountants

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# INDEPENDENT AUDITOR'S REPORT

**To**
**The Members of**
**Bhavyabhanu Electronics Private Limited**

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Bhavyabhanu Electronics Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

## Auditor's 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 there under.

AMAR & RAJU
HYDERABAD
CHARTERED ACCOUNTANTS

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 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

AMAR & RAJU * CHARTERED ACCOUNTANTS * HYDERABAD

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

**For Amar & Raju**
**Chartered Accountants**
**Firm's Registration No. 000092S**

AMAR & RAJU HYDERABAD CHARTERED ACCOUNTANTS

P. V. Raman

**(P. VENKATA RAMANA)**
**Partner**
**Membership No. 203346**

**Place: Hyderabad**
**Date: 18.05.2018**

**Annexure - A**

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE

## ON THE 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 not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the activities rendered by the Company.

AMAR & RAJU HYDERABAD CHARTERED ACCOUNTANTS

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 31$^{st}$ March 2018 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.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

AMAR & RAJU CHARTERED ACCOUNTANTS HYDERABAD

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**

AMAR & RAJU HYDERABAD CHARTERED ACCOUNTANTS

P. V Ramana

**(P. VENKATA RAMANA)**
**Partner**
**Membership No: 203346**

Place: Hyderabad

Date: 18.05.2018

Annexure - B

## 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, 2018 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.

AMAR & RAJU
HYDERABAD
CHARTERED ACCOUNTANTS

## 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2018, 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".

AMAR & RAJU
HYDERABAD
CHARTERED ACCOUNTANTS

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

P. V Ramana

(P. VENKATA RAMANA)
Partner
Membership No: 203346

Place: Hyderabad
Date: 18.05.2018

**Bhavyabhanu Electronics Private Limited**
**Balance Sheet as at March 31, 2018**

**All amounts in INR, unless otherwise stated**

| Particulars | Notes | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2, 2.1 | 1,68,56,121 | 1,99,33,097 | 2,11,93,849 |
| Financial assets | | | | |
| Other financial assets | 3 | 24,500 | 1,57,55,592 | 1,47,09,918 |
| Deferred tax assets (Net) | 4 | 26,97,480 | 41,33,165 | 8,48,133 |
| Other non-current assets | 5 | - | - | 1,73,908 |
| **Total non-current assets** | | 1,95,78,101 | 3,98,21,854 | 3,69,25,808 |
| **Current assets** | | | | |
| Inventories | 6 | 3,24,78,584 | 2,51,63,546 | 2,90,27,802 |
| Financial assets | | | | |
| i. Trade receivables | 7 | 2,91,16,245 | 3,10,89,060 | 2,60,928 |
| ii. Cash and cash equivalents | 8 | 13,11,124 | 7,38,927 | 2,68,763 |
| Current tax assets (net) | 9 | 15,16,592 | 14,32,291 | 48,46,485 |
| Other current assets | 5 | 1,23,27,534 | 1,47,43,133 | 1,01,17,929 |
| **Total current assets** | | 7,67,50,079 | 7,31,66,957 | 4,45,21,907 |
| **Total assets** | | 9,63,28,180 | 11,29,88,811 | 8,14,47,715 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 10 | 17,60,000 | 17,60,000 | 17,60,000 |
| Other equity | 11 | 4,16,25,292 | 3,21,94,468 | 4,08,00,090 |
| **Total equity** | | 4,33,85,292 | 3,39,54,468 | 4,25,60,090 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 12 | - | - | 44,44,460 |
| Provisions | 13 | 44,97,972 | 32,47,071 | 23,01,350 |
| **Total non-current liabilities** | | 44,97,972 | 32,47,071 | 67,45,810 |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| i. Borrowings | 14 | 1,72,67,306 | 6,43,57,772 | 1,01,63,646 |
| ii. Trade payables | 15 | 89,70,200 | 36,59,895 | 22,39,794 |
| iii. Other financial liabilities | 16 | 72,921 | 44,94,380 | 67,81,132 |
| Other current liabilities | 17 | 2,20,58,807 | 32,37,855 | 1,29,43,487 |
| Provisions | 13 | 38,647 | 37,370 | 13,756 |
| Current tax liabilities (net) | 18 | 37,035 | - | - |
| **Total current liabilities** | | 4,84,44,915 | 7,57,87,272 | 3,21,41,815 |
| **Total liabilities** | | 5,29,42,887 | 7,90,34,343 | 3,88,87,625 |
| **Total equity and liabilities** | | 9,63,28,180 | 11,29,88,811 | 8,14,47,715 |
| Summary of significant accounting policies | 1 | | | |

The notes are an integral part of these financial statements.

As per our Report of even date
**For AMAR & RAJU**
**CHARTERED ACCOUNTANTS**
**Firm Registration Number: 000092S**

P. V. Ramana

**(P. VENKATA RAMANA)**
**Partner**
**Membership Number: 203346**

**For and on behalf of the Board of Directors**

OVReddy

**(O. V. RAMANA REDDY)**
Director
DIN : 06650117

T. Anjaneyulu

**(T. ANJANEYULU)**
Director
DIN : 06650624

Place : Hyderabad
Date : 18.05.2018

**Bhavyabhanu Electronics Private Limited**
**Statement of profit and loss for the year ended March 31, 2018**

All amounts in INR, unless otherwise stated

| Particulars | Notes | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|
| **Income :** | | | |
| Revenue from operations | 19 | 14,42,37,326 | 30,97,37,769 |
| Other income | 20 | 11,21,372 | 13,70,594 |
| **Total income** | | 14,53,58,698 | 31,11,08,363 |
| **Expenses :** | | | |
| Cost of materials consumed | 21 | 8,30,00,370 | 24,68,85,279 |
| Changes in inventories of finished goods and work-in-progress | 22 | (46,57,383) | (42,73,348) |
| Excise duty | 23 | 1,04,061 | 2,95,86,289 |
| Employees benefits expense | 24 | 2,84,86,803 | 2,34,91,870 |
| Depreciation and amortisation expenses | 25 | 37,64,751 | 41,94,208 |
| Other expenses | 26 | 1,85,31,281 | 1,86,22,688 |
| Finance costs | 27 | 27,16,933 | 42,54,829 |
| **Total Expenses** | | 13,19,46,816 | 32,27,61,815 |
| **Profit/(loss) before tax** | | 1,34,11,882 | (1,16,53,452) |
| **Tax expense** | 28 | | |
| - Current tax | | (27,34,528) | - |
| - Deferred tax | | (31,20,001) | 32,85,032 |
| - MAT credit | | 16,84,315 | - |
| **Net profit / (loss) for the year** | | 92,41,668 | (83,68,420) |
| **Other comprehensive income :** | | | |
| Items that will not be reclassified to profit or loss | | | |
| a) Remeasurements of post-employment benefit obligations | | 2,37,600 | (2,37,202) |
| b)Income tax relating to (a) above | 28 | (48,444) | - |
| **Total other comprehensive income for the year, net of tax** | | 1,89,156 | (2,37,202) |
| **Total comprehensive income for the year** | | 94,30,824 | (86,05,622) |
| **Earnings per equity share** | | | |
| Basic earnings per share | 29 | 53.58 | (48.90) |
| Diluted earnings per share | | 53.58 | (48.90) |
| Summary of significant accounting policies | 1 | | |

The notes are an integral part of these financial statements.

As per our Report of even date
**For AMAR & RAJU**
**CHARTERED ACCOUNTANTS**
**Firm Registration Number: 000092S**

AMAR & RAJU HYDERABAD CHARTERED ACCOUNTANTS

P. V. Ramana

**(P. VENKATA RAMANA)**
**Partner**
**Membership Number: 203346**

**For and on behalf of the Board of Directors**

OVReddy

**(O. V. RAMANA REDDY)**
Director
DIN : 06650117

T Anjaneyulu

**(T. ANJANEYULU)**
Director
DIN : 06650624

Place : Hyderabad
Date : 18.05.2018

Bhavyabhanu Electronics Private Limited

**Statement of changes in equity for the year ended March 31, 2018.**

All amounts in INR, unless otherwise stated

**A. Equity Share Capital**

| Particulars | Note No. | Amount |
|---|---|---|
| **As at April 1, 2016** | 10 | 17,60,000 |
| Changes in equity share capital during the year | | - |
| **As at March 31, 2017** | | **17,60,000** |
| Changes in equity share capital during the year | | - |
| **As at March 31, 2018** | | **17,60,000** |

**B. Other Equity**

| Particulars | Note No. | Reserves and Surplus | | Total |
|---|---|---|---|---|
| | | Securities Premium Reserve | Retained Earnings | |
| **Balance as at 1 April 2016** | 11 | **1,92,28,000** | **2,15,72,090** | **4,08,00,090** |
| Profit for the year | | - | (83,68,420) | **(83,68,420)** |
| Other comprehensive income | | - | (2,37,202) | **(2,37,202)** |
| **Balance as at 31 March 2017** | | **1,92,28,000** | **1,29,66,468** | **3,21,94,468** |
| Profit for the year | | - | 92,41,668 | **92,41,668** |
| Other comprehensive income | | - | 1,89,156 | **1,89,156** |
| **Balance as at 31 March 2018** | | **1,92,28,000** | **2,23,97,292** | **4,16,25,292** |

As per our Report of even date
**For AMAR & RAJU**
**CHARTERED ACCOUNTANTS**
**Firm Registration Number: 000092S**

**(P. VENKATA RAMANA)**
**Partner**
**Membership Number: 203346**

**For and on behalf of the Board of Directors**

**(O. V. RAMANA REDDY)**
Director
DIN : 06650117

**(T. ANJANEYULU)**
Director
DIN : 06650624

Place : Hyderabad
Date : 18.05.2018

**Bhavyabhanu Electronics Private Limited**
**Cash Flow statement for the year ended March 31, 2018**

All amounts in INR, unless otherwise stated

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Cash flow from Operating Activities** | | |
| Net Profit Before Tax | 1,36,49,482 | (1,18,90,654) |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | 37,64,751 | 41,94,208 |
| Finance cost | 27,16,933 | 42,54,829 |
| Interest income | (11,21,372) | (13,70,594) |
| Unrealised exchange (gain)/loss | 38,969 | 27,478 |
| (Gain)/loss on Expected Credit Loss model(ECL) | - | - |
| **Operating Profit Before Working Capital Changes** | 1,90,48,763 | (47,84,733) |
| **Changes in assets and liabilities:** | | |
| (Increase) / Decrease in inventories | (73,15,038) | 38,64,256 |
| (Increase) / Decrease in trade receivables | 19,85,460 | (3,08,31,368) |
| (Increase) / Decrease in other financial assets | 1,44,66,006 | - |
| (Increase) / Decrease in other non-current assets | - | 1,73,908 |
| (Increase) / Decrease in other current assets | 24,15,599 | (46,25,204) |
| (Increase) / Decrease in current tax assets | (84,301) | 34,14,194 |
| Increase/(Decrease) in trade payable | 52,58,691 | 13,95,859 |
| Increase/(Decrease) in employee benefit obligation | 12,52,178 | 9,69,335 |
| Increase/(Decrease) in other financial liabilities | - | - |
| Increase/(Decrease) in other current liabilities | 1,88,20,952 | (97,05,632) |
| **Cash generated from/(used in) operating activities** | 5,58,48,310 | (4,01,29,385) |
| Income tax paid | (27,45,937) | - |
| **Net cash generated from/(used in) operating activities (A)** | 5,31,02,373 | (4,01,29,385) |
| **Cash flow from Investing Activities** | | |
| Payments for property, plant and equipment | (6,17,909) | (29,30,401) |
| Interest received | 23,86,458 | 3,24,920 |
| **Net cash flow/(used in) Investing Activities (B)** | 17,68,549 | (26,05,481) |
| **Cash flow from Financing Activities** | | |
| Proceeds from long term borrowings | - | - |
| Repayment of long term borrowings | (44,44,460) | (66,66,660) |
| Proceeds from short term borrowings | - | 5,41,94,126 |
| Repayment of short term borrowings | (4,70,90,466) | - |
| Interest paid | (27,63,798) | (43,22,436) |
| **Net cash from /(used in) Financing Activities ©** | (5,42,98,724) | 4,32,05,030 |
| **Net Increase in Cash & Cash Equivalents (A + B + C)** | 5,72,198 | 4,70,164 |
| Cash & Cash Equivalents at the Beginning | 7,38,927 | 2,68,763 |
| **Cash & Cash Equivalents at the End** | 13,11,125 | 7,38,927 |

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on 'Cash Flow Statement'.

As per our Report of even date
**For AMAR & RAJU**
**CHARTERED ACCOUNTANTS**
**Firm Registration Number:000092S**

**(P. VENKATA RAMANA**
Partner
**Membership Number: 203346**

**For and on behalf of the Board**

**(O. V. RAMANA REDDY)**
Director
DIN : 06650117

**(T. ANJANEYULU)**
Director
DIN : 06650624

Place : Hyderabad
Date : 18.05.2018

**Bhavyabhanu Electronics Private Limited**
**Notes forming part of the financial statements for the year ended March 31, 2018**

**Background**

Bhavyabhanu Electronics Private Limited was incorporated in 2013 . The company engaged in the business of manufacture, supply, install, service of all electronic machinery, components, spares and other electronic parts.

**Note 1: Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Note 1.1 Basis of preperation of financials statements**

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards(Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.
These financial statements are the first financial statements of the Company under Ind AS, refer Note 41 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis

**Note 1.2 : Use of estimates**

The preperation of the financial statements in confirmity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of the assets and liabilities, the disclosure of the contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of these changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**Note 1.3 : Foreign currency translation**

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing cost are presented in the statement of profit and loss, within finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

**Note 1.4 : Revenue recognition**

Revenue is recognised at fair value of the consideration received and receivable. Amount disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below.

**Sale of products:**
Timing of recognition- Revenue from sale of products is recognised when significant risks and rewards in respect of ownership of products are transferred to customers based on the terms of sale.

Measurement of revenue- Revenue from sales is based on the price specified in the sales contracts, net of volume discounts and returns if any at the time of sale.

**Revenue from sale of services:**

Timing of recognition: Revenue from sale of services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of total services to be provided (percentage of completion method).

Measurement of revenue: Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

**Note 1.5 : Income tax**
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**Note 1.6 : Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**Note 1.7 : Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**Note 1.8 : Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 1.9 : Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**Note 1.10 : Inventories**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Note 1.11 : other financial assets**

**i) Classification**

The company classifies its financial assets in the following measurement categories:

• those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

• those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

**ii) Measurement**

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**iii) Impairment of financial assets**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost . The impairment methodology applied depends on whether there has been a significant increase in credit risk. **Note 39** details how the company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**iv) Derecognition of financial assets**

A financial asset is derecognized only when

• The company has transferred the rights to receive cash flow from the financial asset or

• retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay cash flows to one or more recipients

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**v) Income recognition**

**Interest income**

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial asset but does not consider the expected credit losses.

**Note 1.12 : Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the entity or the counterparty.

**Note 1.13 : Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Depreciation/amoritsation methods, estimated useful lives and residual value**

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. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in statement profit and loss under other income.

**Note 1.14 : Trade and other payables**

These amounts represent liabilities for goods and services provided to the entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**Note 1.15 : Borrowings**

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit and loss under other income.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

**Note 1.16 : Borrowings costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

Other borrowings costs are expensed in the period in which they are incurred.

**Note 1.17 : Provisions**

Provisions for legal claims, service warranties, volume discounts and returns are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

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 provisions due to the passage of time is recognized as interest expense.

**Note 1.18 : Employee benefits**

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefit are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognized in profit or loss

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The company operates the following post-employment schemes:

(a) Defined benefit plans - gratuity; and
(b) Defined contribution plans - provident fund.

a. Gratuity obligations

The liability or assets recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

b. Defined contribution plans

The company pays provident fund contributions to publicly administered funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus plans

The entity recognizes a liability and an expense for bonuses. The entity recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination Benefits

Termination benefits are payable when employment is terminated by the entity before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefit are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**Note 1.19 : Earnings per share**
(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

• The profit attributable to owners of the company
• By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

• The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
• The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**Note 3 : Other non-current financial assets (carried at amortised cost)**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| **Unsecured, considered good** | | | |
| Security deposits | **24,500** | 24,500 | 24,500 |
| Margin money | - | 1,57,31,092 | 1,46,85,418 |
| - maturity period of more than 12 months | | | |
| **Total non-current other financial assets** | **24,500** | **1,57,55,592** | **1,47,09,918** |

**Note 4 : Deferred tax assets (Net)**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Deferred tax asset & MAT Credit | **30,86,131** | 47,47,605 | 17,21,202 |
| Deferred tax liability | **(3,88,651)** | (6,14,440) | (8,73,069) |
| **Net Deferred tax asset** | **26,97,480** | **41,33,165** | **8,48,133** |

**Movement in differed tax liabilities**

| Particulars | Property, Plant & Equipment | Other Items | Total |
|---|---|---|---|
| As at April 1, 2016 | **(8,73,069)** | **17,21,202** | **8,48,133** |
| Charged / (credited) | | | |
| to profit or loss | **2,58,629** | 29,53,108 | 32,11,737 |
| to other comprehensive income | - | 73,295 | 73,295 |
| As at March 31, 2017 | **(6,14,440)** | **47,47,605** | **41,33,165** |
| Charged / (credited) | | | |
| to profit or loss | **2,25,789** | (15,88,056) | (13,62,267) |
| to other comprehensive income | - | (73,418) | (73,418) |
| As at March 31, 2018 | **(3,88,651)** | **30,86,131** | **26,97,480** |

**Note 5 : Other non-current assets and current assets**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| **Unsecured, considered good** | | | |
| **Non-current** | | | |
| Capital advances | - | - | - |
| Prepaid expenses | - | - | 1,73,908 |
| **Total non-current assets** | - | - | **1,73,908** |
| **Unsecured, considered good** | | | |
| **Current:** | | | |
| Prepaid expenses | **71,060** | 4,48,334 | 7,36,651 |
| Balance with goverument authorities | **1,18,71,240** | 1,33,58,159 | 81,79,520 |
| Advance for supplies / services | **3,85,234** | 9,36,640 | 12,01,758 |
| **Total current assets** | **1,23,27,534** | **1,47,43,133** | **1,01,17,929** |

**Note 6 : Inventories**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Raw materials | **2,35,47,853** | 2,08,90,198 | 2,90,27,802 |
| Packing material | - | - | - |
| Work-in-progress | **89,30,731** | 42,73,348 | - |
| Finished goods | - | - | - |
| **Total** | **3,24,78,584** | **2,51,63,546** | **2,90,27,802** |

Note 7 : Trade receivables

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| **Trade receivables** | | | |
| Unsecured, considered good * | **2,91,16,245** | 3,10,89,060 | 2,60,928 |
| Doubtful | - | - | - |
| Less: Allowance for doubtful debts (expected credit loss allowance) | - | - | - |
| **Total** | **2,91,16,245** | **3,10,89,060** | **2,60,928** |

* Includes dues from Holding Company. **Refer note: 35**

Note 8 : Cash and Bank Balances - Cash and Cash Equivalents

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Balances with Banks | | | |
| in current accounts | **12,79,147** | 7,27,236 | 2,51,767 |
| in deposit accounts | - | - | - |
| Cash on hand | **31,977** | 11,691 | 16,996 |
| **Total Cash and cash equivalents** | **13,11,124** | **7,38,927** | **2,68,763** |

9. Current tax assets (net)

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Advance income tax (net of provision for income tax) | **15,16,592** | 14,32,291 | 48,46,485 |
| **Total** | **15,16,592** | **14,32,291** | **48,46,485** |

## Note 2 : Property, Plant and Equipment

| Particulars | Gross carrying value | | | | Accumulated depreciation/amortisation | | | | Net carrying amount |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2017 | Additions | Deletions | As at 31 March 2018 | As at 1 April 2017 | For the Year | On disposals | As at 31 March 2018 | As at 31 March 2018 |
| **Tangible assets:** | | | | | | | | | |
| **Own assets:** | | | | | | | | | |
| Plant & Machinery | 2,27,26,400 | 3,05,316 | - | **2,30,31,716** | 38,26,060 | 34,41,355 | - | **72,67,415** | **1,57,64,301** |
| Air Conditioners | 18,640 | - | - | **18,640** | 4,835 | 3,581 | - | **8,416** | **10,224** |
| Office Equipment | 52,870 | 5,234 | - | **58,104** | 20,887 | 15,924 | - | **36,811** | **21,293** |
| Furniture & Fixtures | 12,76,370 | 26,225 | - | **13,02,595** | 3,09,633 | 2,54,739 | - | **5,64,372** | **7,38,223** |
| Computers | 53,025 | 3,51,000 | - | **4,04,025** | 32,793 | 49,152 | - | **81,945** | **3,22,080** |
| **Total** | **2,41,27,305** | **6,87,775** | **-** | **2,48,15,080** | **41,94,208** | **37,64,751** | **-** | **79,58,959** | **1,68,56,121** |

## Note 2.1 : Property, Plant and Equipment

| Particulars | Gross carrying value | | | | Accumulated depreciation/amortisation | | | | Net carrying amount |
|---|---|---|---|---|---|---|---|---|---|
| | Deemed As at 1 April 2016 | Additions | Deletions | As at 31 March 2017 | As at 1 April 2016 | For the Year | On disposals | As at 31 March 2017 | As at 31 March 2017 |
| **Tangible assets:** | | | | | | | | | |
| **Own assets:** | | | | | | | | | |
| Plant & Machinery | 2,00,19,221 | 27,07,179 | - | 2,27,26,400 | - | 38,26,060 | - | 38,26,060 | 1,89,00,340 |
| Air Conditioners | 18,640 | - | - | 18,640 | - | 4,835 | - | 4,835 | 13,805 |
| Office Equipment | 31,368 | 21,502 | - | 52,870 | - | 20,887 | - | 20,887 | 31,983 |
| Furniture & Fixtures | 10,71,595 | 2,04,775 | - | 12,76,370 | - | 3,09,633 | - | 3,09,633 | 9,66,737 |
| Computers | 53,025 | - | - | 53,025 | - | 32,793 | - | 32,793 | 20,232 |
| **Total** | **2,11,93,849** | **29,33,456** | **-** | **2,41,27,305** | **-** | **41,94,208** | **-** | **41,94,208** | **1,99,33,097** |

All amounts in INR, unless otherwise stated

**Note 10 : Equity share capital**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| **Authorised share capital:**<br>21,00,000(2017 : 21,00,000 and 2016 : 21,00,000) equity shares of Rs. 10/- each | **2,10,00,000** | 2,10,00,000 | 2,10,00,000 |
| **Total** | **2,10,00,000** | **2,10,00,000** | **2,10,00,000** |
| **Issued and subscribed capital:**<br>1,76,000(2017 : 1,76,000 and 2016 :1,76,000) equity shares of Rs. 10/- each fully paid | **17,60,000** | 17,60,000 | 17,60,000 |
| Total | 17,60,000 | 17,60,000 | 17,60,000 |

**Details of shares held by Holding Company**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Astra Microwave Products Limited | | | |
| Number of shares | **1,75,998** | 1,75,998 | 1,75,998 |
| % of holding of equity shares | **99.9989%** | 99.9989% | 99.9989% |

**Details of shares held by each shareholder holding more than 5% shares in the company**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Astra Microwave Products Limited | | | |
| Number of shares | **1,75,998** | 1,75,998 | 1,75,998 |
| % of holding of equity shares | **99.9989%** | 99.9989% | 99.9989% |

**Movement in equity share capital**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2016 |
| Number of shares at the beginning of the year | **1,76,000** | 1,76,000 | 1,76,000 |
| Add: Number of shares issued and subscribed during the year | - | - | - |
| **Number of shares at the end of the year** | **1,76,000** | **1,76,000** | **1,76,000** |

**Terms and rights attached to equity shares:**

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**Note 11 : Other equity**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| **Reserves and surplus:** | | | |
| Securities premium reserve | **1,92,28,000** | 1,92,28,000 | 1,92,28,000 |
| Retained earnings | **2,23,97,293** | 1,29,66,468 | 2,15,72,090 |
| **Total** | **4,16,25,293** | **3,21,94,468** | **4,08,00,090** |

| Securities premium reserve | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Opening balance | **1,92,28,000** | 1,92,28,000 | 1,92,28,000 |
| Add: Addition during the year due to equity issue | - | - | - |
| **Closing balance** | **1,92,28,000** | **1,92,28,000** | **1,92,28,000** |

| Retained earnings | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Opening balance | 1,29,66,468 | 2,15,72,090 | 2,15,72,090 |
| Add: Net profit for the year | 94,30,825 | (86,05,622) | - |
| **Cosing balance** | 2,23,97,293 | 1,29,66,468 | 2,15,72,090 |

**Nature and purpose of reserves**

**Securities premium reserves:**

Securities premium reserves is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Act.

**Note 12 : Non-current borrowings**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| **Secured** | | | |
| Term loans | | | |
| From banks | | | |
| Loan from HDFC Bank | - | - | 44,44,460 |
| **Total non-current borrowings** | - | - | 44,44,460 |

* Current maturities on long-term borrowings have been disclosed under the head Other current financial liabilities

**Nature of security:**
**Term Loans**
a. Term loan from HDFC Bank is secured by 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.,

b. Aggregate amount of loans Guaranteed by Directors is Rs. NIL

**Terms of repayment:**

Term loan from HDFC bank is repayable in monthly instalment of Rs.5,55,555/- along with an interest . Maturity date November, 2017. Interest rates are normally reset on an yearly basis. Current year rate of interest is 12.60%

**Note 13 : Provisions**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| **Non-current (Refer note 36)** | | | |
| Provision for compensated absences | 30,28,232 | 21,75,146 | 17,33,349 |
| Provision for gratuity | 14,69,740 | 10,71,925 | 5,68,001 |
| **Total non-current provisions** | 44,97,972 | 32,47,071 | 23,01,350 |
| **Current** | | | |
| Provision for gratuity | 38,647 | 37,370 | 13,756 |
| **Total current provisions** | 38,647 | 37,370 | 13,756 |

**Note 14: Current Borrowings**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| **Secured** | | | |
| **From banks** | | | |
| **Working Capital** | | | |
| HDFC Bank | 1,72,67,306 | 6,43,57,772 | 1,01,63,646 |
| Total | 1,72,67,306 | 6,43,57,772 | 1,01,63,646 |

Working capital Loans taken from Banks are generally repayable within a period of 90 days to 180 days from the date of taking the loan.

Interest rates are normally reset on an yearly basis. Present rate of interest is 10.40%

**Nature of security:**
**Working Capital Loan**
a. Working capital loan from HDFC Bank is secured by Exclusive Charge on all current assets of the company and Corporate Guarantee of Astra Microwave Products Ltd.,

b. Aggregate amount of loans Guaranteed by Directors is Rs. NIL

**Note 15: Trade Payables**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Dues to micro enterprises and small enterprises (Refer below) | - | - | - |
| Dues to creditors other than micro enterprises and small enterprises | 89,70,200 | 36,59,895 | 22,39,794 |
| Total | 89,70,200 | 36,59,895 | 22,39,794 |

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| | Amount | Amount | Amount |
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | - | - |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | - | - |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - | - |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - | - |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - | - |
| Further interest remaining due and payable for earlier years | - | - | - |

**Note 16: Other financial liabilities**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Current maturities of long term debt (**Refer note 12 above**) | - | 44,44,460 | 66,66,660 |
| Interest accrued but not due | - | 46,865 | 1,14,472 |
| Capital creditors | 72,921 | 3,055 | - |
| Total | 72,921 | 44,94,380 | 67,81,132 |

**Note 17: Other current liabilities**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Payroll taxes payable | 31,804 | 54,602 | 23,190 |
| Statutory taxes payable | 3,20,954 | 9,82,592 | 2,27,966 |
| Employee payable | 26,14,055 | 15,15,754 | 13,26,075 |
| Bonus and incentives | 20,73,563 | 6,84,907 | 6,23,971 |
| Advance from customers * | 1,70,18,431 | - | 1,07,42,285 |
| Total | 2,20,58,807 | 32,37,855 | 1,29,43,487 |

* Includes amount due to Holding Company. **Refer note: 35**

**Note 18: Current tax liabilities (net)**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Opening balance | - | - | - |
| Add: Current tax payable | 27,82,972 | - | - |
| Less: taxes paid | 27,45,937 | - | - |
| Total (Balance tax payable) | 37,035 | - | - |

**Note 19: Revenue from Operations**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Sale of products | 10,44,67,820 | 28,98,40,441 |
| Sale of Services | 3,97,69,506 | 1,98,97,328 |
| Total | 14,42,37,326 | 30,97,37,769 |

**Note 20: Other Income**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Interest income from financial assets at amortised cost | 11,21,372 | 13,70,594 |
| Total | 11,21,372 | 13,70,594 |

**Note 21: Cost of materials consumed**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Raw materials at the beginning of the year | 2,08,90,198 | 2,90,27,802 |
| Add: Purchases | 8,56,58,025 | 23,87,47,675 |
| Less: Raw materials at the end of the year | (2,35,47,853) | (2,08,90,198) |
| Total | 8,30,00,370 | 24,68,85,279 |

**Note 22: Changes in inventories of finished goods and work-in-progress**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| **Opening Balance:** | | |
| Finished goods | - | - |
| Work-in-progress | 42,73,348 | - |
| Total(A) | 42,73,348 | - |
| **Closing Balance:** | | |
| Finished goods | - | - |
| Work-in-progress | 89,30,731 | 42,73,348 |
| Total(B) | 89,30,731 | 42,73,348 |
| **Changes in inventories of finished goods and work-in-progress (B)-(A)** | (46,57,383) | (42,73,348) |

**Note 23: Excise duty**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Excise duty | 1,04,061 | 2,95,86,289 |
| | 1,04,061 | 2,95,86,289 |

**Note 24: Employee benefit expenses**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Salaries, wages and bonus | 2,39,03,142 | 2,06,17,755 |
| Contribution to Provident Fund * | 11,81,691 | 11,06,725 |
| Contribution to Employee State Insurance | 2,49,168 | 1,69,124 |
| Gratuity * | 7,05,634 | 3,30,750 |
| Leave encashment * | 15,16,888 | 6,27,820 |
| Staff welfare expenses | 9,30,280 | 6,39,696 |
| | 2,84,86,803 | 2,34,91,870 |

* Refer note 35

Note 25: Depreciation and amortisation expense

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Depreciation of property, plant and equipment | 37,64,751 | 41,94,208 |
| Total | 37,64,751 | 41,94,208 |

Note 26: Other expenses

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Machinery maintenance | 30,15,089 | 30,03,249 |
| Power and fuel | 39,86,686 | 37,05,590 |
| Carriage inwards | 3,10,730 | 1,20,574 |
| Travelling and conveyance | 4,83,557 | 4,41,215 |
| Printing and stationery | 1,86,953 | 1,57,451 |
| Communication costs | 13,791 | 2,72,659 |
| Operating lease rent | 62,95,731 | 73,65,400 |
| Insurance | 1,09,724 | 1,88,019 |
| Rates and taxes excluding taxes on income | 1,31,300 | 56,501 |
| Auditors remuneration | 2,20,000 | 2,53,000 |
| Legal and professional charges | 8,64,416 | 5,84,894 |
| Factory and garden maintenance | 1,87,431 | 96,358 |
| Repairs and maintenance of other assets | 25,000 | 48,019 |
| Vehicle hire charges | - | 2,400 |
| Miscellaneous expenses | 1,76,283 | 2,01,453 |
| Entertainment and business promotion | 85,275 | 89,549 |
| Security charges | 5,02,542 | 4,99,126 |
| Bank charges and commission | 9,40,250 | 10,18,493 |
| Packing material | 3,17,233 | 87,956 |
| Foreign exchange fluctuations | 6,79,290 | 4,30,782 |
| Total | 1,85,31,281 | 1,86,22,688 |

Note 27: Finance cost

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| **Interest expense** | | |
| Interest on bank overdrafts and loans | 27,16,933 | 42,54,829 |
| Total | 27,16,933 | 42,54,829 |

**Bhavyabhanu Electronics Private Limited**
**Notes forming part of the financial statements**

All amounts in INR, unless otherwise stated

**Note No: 28: Tax expenses**

| Particulars | Year ended March 31, 2018 Amount | Year ended March 31, 2017 Amount |
|---|---|---|
| (a) Income tax expenses | | |
| Current tax | | |
| Tax on profits for the year | (27,34,528) | - |
| Tax on other comprehensive income | (48,444) | |
| (b) Deferred tax | | |
| (Decrease)/increase in deferred tax assets | (31,20,001) | 32,85,032 |
| (.c) MAT Credit | 16,84,315 | - |
| Total | (42,18,657) | 32,85,032 |

**Reconciliation of tax expenses and accounting profit multiplied by tax rate:**

| Particulars | Year ended March 31, 2018 Amount | Year ended March 31, 2017 Amount |
|---|---|---|
| Profit before income tax expense | 1,36,49,482 | (1,18,90,654) |
| Tax at the indian tax rate of 30.90% (2017 : 30.90%%) | (42,17,690) | 36,74,212 |
| Tax effects of amounts which are not deductable (taxable) in claculation taxable income: | | |
| Effect of expenses not allowable | (967) | (3,89,180) |
| Income tax expense | (42,18,657) | 32,85,032 |

The company liable to pay income tax on book profits (i.e., Section 115JB of the Income Tax Act, 1961). Therefore the applicable income tax rate for book profits for Assessment Year 2018-19 is 20.38885%

**Note 29: Earnings Per Share**

| Particulars | Year ended March 31, 2018 Amount | Year ended March 31, 2017 Amount |
|---|---|---|
| Profit after tax | 94,30,825 | (86,05,622) |
| Weighted average number of equity shares in calculating Basic and Diluted EPS | 1,76,000 | 1,76,000 |
| Face value per share | 10 | 10 |
| Earnings per share - basic / diluted (in Rs.) | 53.58 | (48.90) |

Note: There are no dilutive potential equity shares outstanding during the year

**Note 30: Payment to auditor**

| Particulars | Year ended March 31, 2018 Amount | Year ended March 31, 2017 Amount |
|---|---|---|
| **To statutory auditors** | | |
| -Statutory Audit fee | 1,50,000 | 1,50,000 |
| -Tax Audit fee | 70,000 | 70,000 |
| '-Service Tax | - | 33,000 |
| Total | 2,20,000 | 2,53,000 |

**Note 31: Disclosure in respect of operating leases**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Operating leases taken by the Company | | |
| Lease payments recognised in the Profit and loss for the year | 62,95,731 | 73,65,400 |
| Total | 62,95,731 | 73,65,400 |

**Note 32: Managerial Remuneration**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Remuneration to Directors | - | - |
| Total | - | - |

**Note 33: Segment Reporting**

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| The Company's business activities falls with in single segment | | |
| a) Revenue from external customers (excluding taxes) | 14,41,33,265 | 28,01,51,480 |
| b) Revenue from domestic customers | 14,31,68,480 | 28,00,70,233 |
| c) Revenue from foreign customers | 9,64,785 | 81,247 |
| d) Non-current assets other than deferred tax assets located in India | 1,68,80,621 | 3,56,88,689 |
| e) Non-current assets other than deferred tax assets located outside India | - | - |
| f) Total amount of revenue from each major Customer | | |
| Astra Microwave Products Ltd (Holding Company) | 9,87,29,498 | 27,44,20,914 |

**Note 34 : Assets pledged as security**

The carrying amount of assets pledged as security for current and non-current borrowings are:

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Current | | | |
| Financial assets | | | |
| First charge | | | |
| Trade receivables | 2,91,16,245 | 3,10,89,060 | 2,60,928 |
| Other current assets | 1,23,27,534 | 1,47,43,133 | 1,01,17,929 |
| Non-financial assets | | | |
| First charge | | | |
| Inventory | 3,24,78,584 | 2,51,63,546 | 2,90,27,802 |
| **Total current assets pledged as security** | 7,39,22,363 | 7,09,95,739 | 3,94,06,659 |
| Non-current | | | |
| First charge | | | |
| Property, plant and equipment | 1,68,56,121 | 1,99,33,097 | 2,11,93,849 |
| **Total non-current assets pledged as security** | 1,68,56,121 | 1,99,33,097 | 2,11,93,849 |
| **Total assets pledged as security** | 9,07,78,484 | 9,09,28,836 | 6,06,00,508 |

**Note 35: Related Party Disclosure :**

**A. Name of related parties and nature of relationships:**

| Names of related parties | Description of relationship |
|---|---|
| Astra Microwave Products Limited | Holding Company |
| O. V. Ramana Reddy | Director |
| R. Narasimhan | Director |
| T. Anjaneyulu | Director |
| B. Lakshmi Narayana Raju | Director |

**B. Details of transactions during the year:**

| Name of the related parties | Nature of transactions | Year ended | |
|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 |
| | | Amount | Amount |
| Astra Microwave Products Limited | Sale of products/ services | **9,87,29,498** | 27,44,20,914 |
| | Rent paid | **62,95,731** | 73,65,400 |

**C. Details of outstanding balances as at the year end receivable/(payable):**

| Name of the related parties | Nature of balance | As at | | |
|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | | Amount | Amount | Amount |
| Astra Microwave Products Limited | Advance received for supply of materials / services | **1,70,18,431** | - | (1,07,42,285) |
| | Amount receivable for supply of materials / | - | 2,67,42,320 | - |
| | | | | |

**Note 36: Employee benefit Obligations**

**(a) Defined Contribution Plan:**

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| 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. Contributions are made to provident fund at the rate of 12% of basic salary as per regulations. | | |
| Contribution to Employees' Provident Fund | **11,81,691** | 11,06,725 |

**(b) Other Long Term Employee Benefits:**

The leave obligation covers the Company's liability for sick and earned leave. The amount of provision Rs.30,28,232 (2017 : Rs.21,75,146 and 2016 : Rs.17,33,349 ) is presented as non-current, as the Company will do the settlement of these obligations at the time of retirement or resignation. However based on past experience the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Therefore entaire liability taken as non-current . (Refer note 13). The long term employee benefits in the form of compensated absences have been determined as at the Balance sheet date on the basis of an actuarial valuation.

**(c) Defined Benefit Plans:**

**I. General description**

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. Presently the gratuity obligation is not funded by the Company.

Valuations of the defined benefit obligation on account of gratuity has been carried out by an independent actuary as at the Balance Sheet date based on the following assumptions.

**II. Component of Employer expenses**

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| **Recognised in profit and loss** | | |
| Current Service cost | 6,23,990 | 2,84,791 |
| Net interest cost | 81,644 | 45,959 |
| Expected return on plan assets | - | - |
| **Total expense recognised in the statement of profit and loss** | 7,05,634 | 3,30,750 |
| **Remeasurements recognised in other comprehensive income :** | | |
| Return on plant assets, excluding amounts included in interest expense/(income) | - | - |
| Effects of change in demographic assumptions | - | - |
| Effects of change in financial assumptions | (2,37,600) | 2,37,202 |
| Effects of experience adjustments | - | - |
| **Total re-remeasurements included in OCI** | (2,37,600) | 2,37,202 |
| | | |
| **Total defined benefit obligations recognised in profit and loss and other comprehensive income** | 4,68,034 | 5,67,952 |

**III. Actual return**

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Actual return | - | - |

**IV. Net (Assets) / Liability recognised in balance sheet**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Present value of defined benefit obligation(DBO) | 15,08,387 | 11,09,295 | 5,81,757 |
| Fair value of Plan assets | - | - | - |
| **Status[(Surplus)/Deficit]** | 15,08,387 | 11,09,295 | 5,81,757 |
| Restrictions on Asset recognised | - | - | - |
| **Net (Asset) / Liability recognised in Balance sheet** | 15,08,387 | 11,09,295 | 5,81,757 |
| Current | 38,647 | 37,370 | 13,756 |
| Non Current | 14,69,740 | 10,71,925 | 5,68,001 |

**V. Change in defined benefit obligation (DBO)**

| Particulars | As at | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| **Present value of the DBO at the beginning of the year** | 11,09,295 | 5,81,757 |
| Current Service Cost | 6,23,990 | 2,84,791 |
| Interest Cost | 81,644 | 45,959 |
| **Remeasurement gains / (losses)** | | |
| Effects of change in demographic assumptions | - | - |
| Effects of change in financial assumptions | (2,37,600) | 2,37,202 |
| Effects of experience adjustments | - | - |
| Benefits Paid | (68,942) | (40,414) |
| **Present value of the DBO at the end of the year** | 15,08,387 | 11,09,295 |

### VI. Change in Fair Value of Assets

| Particulars | As at | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| **Plan assets at the beginning of the year** | - | - |
| Expected return on plan assets | - | - |
| Remeasurement gains / (losses) on plan assets | - | - |
| Actual company contributions | - | - |
| Benefits paid | - | - |
| **Plan assets at the end of the year** | - | - |

### VII. Acturial Assumptions

| Particulars | As at | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Discount Rate | 7.79% | 7.36% |
| Expected return on plan assets | - | - |
| Long term rate of compensation increase | 6% | 5.00% |

### VIII. sensitivity Analysis

| Particulars | .March 31, 2018 | | .March 31, 2017 | |
|---|---|---|---|---|
| Defined Benefit Obligation (Base) | | 15,08,387 | | 11,09,295 |
| | Decrease | Increase | Decrease | Increase |
| | | | | |
| Discount Rate (- / + 1%) | 16,79,425 | 13,65,207 | 12,10,629 | 10,22,473 |
| | | | | |
| Salary Growth Rate (- / + 1%) | 11,72,697 | 19,41,128 | 8,56,567 | 14,36,848 |
| | | | | |
| Attrition Rate (- / + 1%) | 12,74,189 | 17,15,023 | 10,05,754 | 12,01,178 |
| | | | | |
| Mortality Rate (- / + 10%) | 15,03,937 | 15,12,823 | 11,07,394 | 11,11,187 |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

### IX. Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Interest rate risk:**
The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Salary inflation risk:**
Higher than expected increases in salary will increase the defined benefit obligation.

**Demographic risk:**
This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

**Note 37 :Financial instruments and risk management - Fair values**

The management assessed that trade receivables, cash and cash equivalents, other financial assets, short term borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities or interest bearing nature of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

**a) Financial instruments by category**

**I. Financial Assets - Measured at amortised Cost :**

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2018 | | March 31, 2017 | | April 1, 2016 | |
| | Carrying Value | Fair Value | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets: Non -current | | | | | | |
| Other financial assets | 24500 | 24500 | 15755592 | 15755592 | 14709918 | 14709918 |
| Financial assets: Current | | | | | | |
| Cash and Cash Equivalents | 13,11,124 | 13,11,124 | 7,38,927 | 7,38,927 | 2,68,763 | 2,68,763 |
| Trade Receivables | 2,91,16,245 | 2,91,16,245 | 3,10,89,060 | 3,10,89,060 | 2,60,928 | 2,60,928 |
| **Grand Total** | 3,04,51,869 | 3,04,51,869 | 4,75,83,579 | 4,75,83,579 | 1,52,39,609 | 1,52,39,609 |

**II. Financial Liabilties - Measured at amortised Cost :**

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2018 | | March 31, 2017 | | April 1, 2016 | |
| | Carrying Value | Fair Value | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial Liabilities: Non -current | | | | | | |
| Borrowings | - | - | - | - | 44,44,460 | 44,44,460 |
| Financial Liabilities: Current | | | | | | |
| Borrowings | 1,72,67,306 | 1,72,67,306 | 6,43,57,772 | 6,43,57,772 | 1,01,63,646 | 1,01,63,646 |
| Trade Payables | 89,70,199 | 89,70,199 | 36,59,895 | 36,59,895 | 22,39,794 | 22,39,794 |
| Other Financial liabilities | 72,921 | 72,921 | 44,94,380 | 44,94,380 | 67,81,132 | 67,81,132 |
| **Grand Total** | 2,63,10,425 | 2,63,10,425 | 7,25,12,047 | 7,25,12,047 | 2,36,29,032 | 2,36,29,032 |

**b) Fair value hierarchy**

Carrying amount of trade receivables, cash and cash equivalents, other financial assets and trade payables, borrowings and other financial liabilities are considered to be same their fair values due to short term nature. For fair valuation, all these items except cash and cash equivalents have been categorised as Level 3 in fair value hierarchy.

**Note 38: Commitments and contingent liabilities**

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| | Amount | Amount | Amount |
| Bank guarantees | | | |
| Security Guarantee under Zero Duty (Customs) Advance Authorisation Scheme | - | 3,65,73,138 | 3,65,73,138 |
| Estimated amount of capital contracts remaining to be executed and not provided for | - | - | - |

**Note 39: Financial Risk Management**

The Company is exposed to market risk (fluctuations in foreign currency exchange rates, price and interest rate), liquidity risk and credit risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

**A) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and price risk. Financial instruments affected by market risk include loans and borrowings and trade receivables. The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017.

**i) Foreign currency exchange rate risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the trade/ other payables and trade/other receivables. The risks primarily relate to fluctuations in US Dollar and EURO against the functional currencies of the Company. The Company's exposure to foreign currency changes for all other currencies is not material. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. The Company has not entered into derivative instruments during the year.

The carrying amounts of the Company's unhedged foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

| As at March 31, 2018 | USD | EURO | Others | Total |
|---|---|---|---|---|
| Financial Assets | **9,86,990** | **40,404** | - | **10,27,394** |
| Financial Liabilities | **41,60,618** | - | **22,878** | **41,83,496** |

| As at March 31, 2017 | USD | EURO | Others | Total |
|---|---|---|---|---|
| Financial Assets | 7,21,323 | 34,646 | - | 7,55,969 |
| Financial Liabilities | 25,58,146 | - | 25,209 | 25,83,355 |

| As at April 1, 2016 | USD | EURO | Others | Total |
|---|---|---|---|---|
| Financial Assets | 8,59,113 | 44,516 | - | 9,03,629 |
| Financial Liabilities | 16,17,853 | 7,120 | - | 16,24,973 |

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

| Particulars | Increase/(decrease) in profit before tax | |
|---|---|---|
| | 31 March 2018 | 31 March 2017 |
| **Change in USD** | | |
| 5% increase | **(1,58,681)** | (91,841) |
| 5% decrease | **1,58,681** | 91,841 |
| **Change in EURO** | | |
| 5% increase | **2,020** | 1,732 |
| 5% decrease | **(2,020)** | (1,732) |

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars and EURO, where the functional currency of the entity is a currency other than US dollars and EURO.

C) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due and to close out market positions. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks.

Management monitors cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level accordance with practice and limits set by the company.

**(i) Financing arrangements**

The company has access to the following undrawn borrowing facilities at the end of the reporting period:

| Particulars | As at | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| | Amount | Amount |
| Expiring within one year (working capital facilities) | **6,27,32,694** | 1,56,47,260 |

**(ii) Maturities of Financial Liabilities**

**Contractual maturities of financial liabilities as at March 31, 2018 :**

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | 0-12 Months | Above 12 months | 0-12 Months | Above 12 months |
| | Amount | Amount | Amount | Amount |
| Trade Payable | **89,70,199** | - | 36,59,895 | - |
| Capital creditors | **72,921** | - | 3,055 | - |
| Bank borrowings | **1,72,67,306** | - | 6,88,02,232 | - |
| Other liabilities | - | - | 46,865 | - |
| **Grand Total** | **2,63,10,425** | - | 7,25,12,047 | - |

**Note 40 : Capital management**

For the purpose of the capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is debt divided by total capital. The Company includes within debt, interest bearing loans and borrowings.

| Particulars | 31 March 2018 | 31 March 2017 | 01 April 2016 |
|---|---|---|---|
| **Borrowings** | | | |
| Current - Short term borrowings | **1,72,67,306** | 6,43,57,772 | 1,01,63,646 |
| Non current - Long term borrowings | - | - | 44,44,460 |
| Current maturities of long term borrowings | - | 44,44,460 | 66,66,660 |
| **Debt** | **1,72,67,306** | **6,88,02,232** | **2,12,74,766** |
| **Equity** | | | |
| Equity share capital | **17,60,000** | 17,60,000 | 17,60,000 |
| Other equity | **4,16,25,293** | 3,21,94,468 | 4,08,00,090 |
| **Total capital** | **4,33,85,293** | **3,39,54,468** | **4,25,60,090** |
| Gearing ratio in % (Debt/ capital) | 40% | 203% | 50% |

In order to achieve this overall objective, the Company, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

**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 change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates. As the Company has certain debt obligations with floating interest rates, exposure to the risk of changes in market interest rates are dependent of changes in market interest rates. Management monitors the movement in interest rate and, wherever possible, reacts to material movements in such rates by restructuring its financing arrangement.

As the Company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | Increase/(decrease) in | |
|---|---|---|
| | 31 March 2018 | 31 March 2017 |
| Change in interest rate | | |
| increase by 50 basis points | (13,585) | (21,274) |
| decrease by 50 basis points | 13,585 | 21,274 |

The assumed increase/decrease in interest rate for sensitivity analysis is based on the currently observable market environment

**iii) Price risk**

Since the company does not have any investments (surplus funds) the effect of price risk on income is nil.

**B) Credit risk**

Credit risk is the risk arising from credit exposure to customers, cash and cash equivalents held with banks and current and non-current held-to maturity financial assets.

The Company primarily deals with its Holding Company, where there is no credit risk. Regarding credit exposure from other customers, the Company has a procedure in place aiming to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Cash and other collaterals are obtained from customers when considered necessary under the circumstances.

The carrying amount of trade receivables, advances, deposits, cash and bank balances, bank deposits and interest receivable on deposits represents company's maximum exposure to the credit risk. No other financial asset carry a significant exposure with respect to the credit risk. Bank deposits and cash balances are placed with reputable banks and deposits are with reputable government, public bodies and others.

The credit quality of financial assets is satisfactory, taking into account the allowance for credit losses if any.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including default risk associate with the industry and country in which customers operate. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company also holds deposits as security from certain customers to mitigate credit risk.

i. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings assigned by external agencies.

ii. Credit risk on trade receivables is evaluated as follows:

**Expected credit loss for trade receivable under simplified approach:**

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Gross Carrying amount | 2,91,16,245 | 3,10,89,060 |
| Expected credit loss (Loss allowance provision) | - | - |
| **Carrying amount of Trade Receivables** | **2,91,16,245** | **3,10,89,060** |

All amounts in INR, unless otherwise stated

## Note 41: First-time adoption of Ind AS

### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation on how the transition from previous GAAP to Ind AS has effected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

### Exemptions and Exceptions availed

**Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.**

### A. Ind AS optional exemptions

#### (i) Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its Property, Plant & Equipment as recognised in the Financial Statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

#### (ii) Impairment of financial assets

The Company has applied the exception related to impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at 01 April 2016.

### B. Ind AS mandatory exceptions

#### (i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind As shall be consistent with the estimates made for the same date in accordance with previous GAAP(after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following item in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

-Impairment of financial asset based on expected credit loss model.

#### (ii) Classification and measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**C. Notes to first-time adoption:**

**1) Deferred tax**

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. It requires recognition of tax consequences of differences between the carrying amounts of assets and liabilities and their tax base.

Under previous GAAP, minimum alternate tax entitlements were classified under other non-current assets. Under Ind AS, it is classified as unused tax credits under deferred tax.

**2) Expenses directly attributable to revenue**

Under the previous GAAP, certain expenses which are directly attributable to sales were recoginsed as part of other expenses which has been adjusted against the revenue from sale of goods under Ind AS during the year ended 31 March 2017 . There is no impact on the total equity and profit.

**3) Excise duty**

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year. There is no impact on the total equity and profit.

**4) Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. Actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. There is no impact on the total equity.

**5) Retained earnings**

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments on the date of transition.

**6) Other comprehensive income**

Under Ind AS, all items of income and expense recognized in a period should be included in the profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit or loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of 'other comprehensive income' did not exist under previous GAAP.

**7) Cash flow from financing activities**

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts are considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities.

**8) Trade receivable**

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowence for doubtful debts. Accordingly, the company has created the model for computation of allowence for doubtful debts and provided the same.

**D. Reconciliation between previous GAAP and Ind AS ( as at 31 March 2017 and 1 April 2016)**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cashflows for prior periods.

The following tables represent the reconciliations from previous GAAP to Ind AS.

| Particulars | As at 31 March 2017 | | | As at 1 April 2016 | | |
|---|---|---|---|---|---|---|
| | Previous GAAP* | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP* | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 1,99,33,097 | - | 1,99,33,097 | 2,11,93,849 | - | 2,11,93,849 |
| Financial assets | | | | | | |
| Other financial assets | - | 1,57,55,592 | 1,57,55,592 | - | 1,47,09,918 | 1,47,09,918 |
| Deferred tax assets (Net) | 41,33,165 | - | 41,33,165 | 8,48,133 | - | 8,48,133 |
| Other non-current assets | 24,500 | (24,500) | - | 1,98,408 | (24,500) | 1,73,908 |
| **Total non-current assets** | **2,40,90,762** | **1,57,31,092** | **3,98,21,854** | **2,22,40,390** | **1,46,85,418** | **3,69,25,808** |
| **Current assets** | | | | | | |
| Inventories | 2,51,63,546 | - | 2,51,63,546 | 2,90,27,802 | - | 2,90,27,802 |
| Financial assets | | | | | | |
| i. Trade receivables | 3,10,89,060 | - | 3,10,89,060 | 2,60,928 | - | 2,60,928 |
| ii. Cash and cash equivalents | 1,52,04,933 | (1,44,66,006) | 7,38,927 | 1,47,34,769 | (1,44,66,006) | 2,68,763 |
| Current tax assets (net) | - | 14,32,291 | 14,32,291 | - | 48,46,485 | 48,46,485 |
| Other current assets | 1,74,40,510 | (26,97,377) | 1,47,43,133 | 1,51,83,826 | (50,65,897) | 1,01,17,929 |
| **Total current assets** | **8,88,98,049** | **(1,57,31,092)** | **7,31,66,957** | **5,92,07,325** | **(1,46,85,418)** | **4,45,21,907** |
| **Total assets** | **11,29,88,811** | - | **11,29,88,811** | **8,14,47,715** | - | **8,14,47,715** |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Equity share capital | 17,60,000 | - | 17,60,000 | 17,60,000 | - | 17,60,000 |
| Other equity | 3,21,94,468 | - | 3,21,94,468 | 4,08,00,090 | - | 4,08,00,090 |
| **Total equity** | **3,39,54,468** | - | **3,39,54,468** | **4,25,60,090** | - | **4,25,60,090** |
| **LIABILITIES** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| Borrowings | - | - | - | 44,44,460 | - | 44,44,460 |
| Provisions | 32,84,441 | (37,370) | 32,47,071 | 23,15,106 | (13,756) | 23,01,350 |
| **Total non-current liabilities** | **32,84,441** | **(37,370)** | **32,47,071** | **67,59,566** | **(13,756)** | **67,45,810** |
| **Current liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| i. Borrowings | 6,43,57,772 | - | 6,43,57,772 | 1,01,63,646 | - | 1,01,63,646 |
| ii. Trade payables | 47,31,032 | (10,71,137) | 36,59,895 | 1,38,75,005 | (1,16,35,211) | 22,39,794 |
| iii. Other financial liabilities | - | 44,94,380 | 44,94,380 | - | 67,81,132 | 67,81,132 |
| Other current liabilities | 59,76,191 | (27,38,336) | 32,37,855 | 74,65,437 | 54,78,050 | 1,29,43,487 |
| Provisions | 6,84,907 | (6,47,537) | 37,370 | 6,23,971 | (6,10,215) | 13,756 |
| **Total current liabilities** | **7,57,49,902** | **37,370** | **7,57,87,272** | **3,21,28,059** | **13,756** | **3,21,41,815** |
| **Total liabilities** | **7,90,34,343** | - | **7,90,34,343** | **3,88,87,625** | - | **3,88,87,625** |
| **Total equity and liabilities** | **11,29,88,811** | - | **11,29,88,811** | **8,14,47,715** | - | **8,14,47,715** |

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Reconciliation of total comprehensive income for the year ended 31 March 2017**

| Particulars | Previous GAAP* | Adjustments | Ind AS |
|---|---|---|---|
| Income | | | |
| Revenue from operations | 32,45,83,220 | (1,48,45,451) | 30,97,37,769 |
| Other income | 13,70,594 | - | 13,70,594 |
| **Total income** | **32,59,53,814** | **(1,48,45,451)** | **31,11,08,363** |
| **Expenses** | | | |
| Cost of materials consumed | 24,68,85,279 | - | 24,68,85,279 |
| Changes in inventories of finished goods and work-in-progress | (42,73,348) | - | (42,73,348) |
| Excise duty | 2,95,86,289 | - | 2,95,86,289 |
| Employees benefits expense | 2,37,29,072 | (2,37,202) | 2,34,91,870 |
| Depreciation and amortisation expenses | 41,94,208 | - | 41,94,208 |
| Other expenses | 3,34,68,139 | (1,48,45,451) | 1,86,22,688 |
| Finance costs | 42,54,829 | - | 42,54,829 |
| **Total Expenses** | **33,78,44,468** | **(1,50,82,653)** | **32,27,61,815** |
| **Profit / (loss) before tax** | **(1,18,90,654)** | **2,37,202** | **(1,16,53,452)** |
| **Tax expenses** | | | |
| - Current tax | - | - | - |
| - Deferred tax | 32,85,032 | - | 32,85,032 |
| **Net profit / (loss) for the period** | **(86,05,622)** | **2,37,202** | **(83,68,420)** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| a. Remeasurements of post-employment benefit obligations | - | (2,37,202) | (2,37,202) |
| b. Income tax relating to (a) above | - | - | - |
| **Total other comprehensive income** | **-** | **(2,37,202)** | **(2,37,202)** |
| **Total comprehensive income** | **(86,05,622)** | **-** | **(86,05,622)** |
| Paid-up equity share capital (Rs. 10/- per equity share) | 17,60,000 | 17,60,000 | 17,60,000 |
| Earnings per equity share (in Rs.) (Rs. 10/- per equity share) (not annualised) | | | |
| a) Basic | (48.90) | - | (48.90) |
| b) Diluted | (48.90) | - | (48.90) |

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Reconciliation of total equity as at 31 March 2017 and 1 April 2016**

| Particulars | 31 March 2017 | 1 April 2016 |
|---|---|---|
| **Total equity(shareholder's funds) as per previous GAAP** | 3,39,54,468 | 4,25,60,090 |
| **Adjustments** | | |
| Adjustment through Statement of profit and loss | - | - |
| **Total adjustments** | - | - |
| **Total equity as per Ind AS** | 3,39,54,468 | 4,25,60,090 |

**Reconciliation of total comprehensive income for the year ended 31 March 2017**

| | 31 March 2017 |
|---|---|
| **Profit after tax as per previous GAAP** | **(86,05,622)** |
| **Adjustments** | |
| Remeasurements of post-employment benefit obligations | 2,37,202 |
| Expected Credit Loss(ECL) | - |
| **Total adjustments** | **2,37,202** |
| | |
| **Profit after tax as per Ind AS** | **(83,68,420)** |
| Other comprehensive income | (2,37,202) |
| **Total comprehensive income as per Ind AS** | **(86,05,622)** |

**Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2017**

| **Particulars** | **Previous GAAP*** | **Adjustments** | **Ind AS** |
|---|---|---|---|
| Net cash flow from operating activities | (4,01,29,385) | - | (4,01,29,385) |
| Net cash flow from investing activities | (26,05,481) | - | (26,05,481) |
| Net cash flow from financing activities | 4,32,05,030 | - | 4,32,05,030 |
| **Net increase/(decrease) in cash and cash equivalents** | **4,70,164** | - | **4,70,164** |
| Cash and cash equivalents as at 1 April 2016 | 2,68,763 | - | 2,68,763 |
| Cash and cash equivalents as at 31 March 2017 | 7,38,927 | - | 7,38,927 |

* The previous GAAP figures has been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**As per our Report of even date**
**For AMAR & RAJU**
**CHARTERED ACCOUNTANTS**
**Firm Registration Number: 000092S**

AMAR & RAJU HYDERABAD CHARTERED ACCOUNTANTS

P. V. Ramana

**(P. VENKATA RAMANA)**
**Partner**
**Membership Number: 203346**

**For and on behalf of the Board of Directors**

**(O. V. RAMANA REDDY)**
Director
DIN : 06650117

T. Anjaneyulu

**(T. ANJANEYULU)**
Director
DIN : 06650624

Place : Hyderabad
Date : 18.05.2018