Amar & Raju
Chartered Accountants

Flat No. 414, Sree Ramakrishna Towers,
H. No. 8-3-898/30/B, Nagarjuna Nagar,
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INDEPENDENT AUDITOR'S REPORT

To the Members of
Bhavyabhanu Electronics Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Bhavyabhanu Electronics Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and

AMAR & RAJU * CHARTERED ACCOUNTANTS * HYDERABAD

maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

AMAR & RAJU
HYDERABAD
CHARTERED ACCOUNTANTS

However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

AMAR & RAJU * HYDERABAD * CHARTERED ACCOUNTANTS

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 Registration No. 000092S

AMAR & RAJU
HYDERABAD
CHARTERED ACCOUNTANTS

(G. Amaranatha Reddy)
Partner
Membership No. 019711

Place: Hyderabad
Dated: 30.04.2019

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, Duty of Customs, Goods and Services 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, Duty of Customs, Goods and Services Tax and Cess were in arrears, as at 31st March 2019 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, Goods and Services Tax 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) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

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
HYDERABAD
CHARTERED ACCOUNTANTS

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

(G. Amaranatha Reddy)
Partner
Membership No: 019711

Place: Hyderabad
Date: 30.04.2019

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, 2019 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 CHARTERED ACCOUNTANTS HYDERABAD

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, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

AMAR & RAJU
HYDERABAD
CHARTERED ACCOUNTANTS

(G. Amaranatha Reddy)
Partner
Membership No: 019711

Place: Hyderabad
Date: 30.04.2019

Bhavyabhanu Electronics Private Limited
Balance Sheet as at March 31, 2019

All amounts in INR, unless otherwise stated

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2, 2.1	1,73,46,086	1,68,56,121
Financial assets			
Other financial assets	3	34,500	24,500
Deferred tax assets (Net)	4	87,10,152	26,97,480
Other non-current assets	5	76,500	-
Total non-current assets		2,61,67,238	1,95,78,101
Current assets			
Inventories	6	7,98,33,976	3,24,78,584
Financial assets			
i. Trade receivables	7	2,56,53,366	2,91,16,245
ii. Cash and cash equivalents	8	21,94,769	13,11,124
Current tax assets (net)	9	13,52,402	15,16,592
Other current assets	5	2,51,86,904	1,23,27,534
Total current assets		13,42,21,417	7,67,50,079
Total assets		16,03,88,655	9,63,28,180
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	17,60,000	17,60,000
Other equity	11	2,83,90,943	4,16,25,292
Total equity		3,01,50,943	4,33,85,292
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings		-	-
Provisions	12	23,80,618	44,97,972
Total non-current liabilities		23,80,618	44,97,972
Current liabilities			
Financial liabilities			
i. Borrowings	13	2,48,45,275	1,72,67,306
ii. Trade payables	14		
a) Total outstanding dues of Micro Enterprises and Small Enterprises		3,70,300	-
b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,00,75,684	89,70,200
iii. Other financial liabilities	15	3,13,009	72,921
Other current liabilities	16	8,20,26,020	2,20,58,807
Provisions	12	2,26,806	38,647
Current tax liabilities (net)	17	-	37,035
Total current liabilities		12,78,57,094	4,84,44,916
Total liabilities		13,02,37,712	5,29,42,888
Total equity and liabilities		16,03,88,655	9,63,28,180

Summary of significant accounting policies

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 ★ CHARTERED ACCOUNTANTS ★ HYDERABAD

(G. AMARANTHA REDDY)
Partner
Membership Number: 019711

For and on behalf of the Board of Directors

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

(T. ANJANEYULU)
Director
DIN: 06650624

Place : Hyderabad
Date : 30.04.2019

Bhavyabhanu Electronics Private Limited
Statement of profit and loss for the year ended March 31, 2019

All amounts in INR, unless otherwise stated

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income :			
Revenue from operations	18	10,84,17,730	14,42,37,326
Other income	19	2,97,782	11,21,372
Total income		10,87,15,512	14,53,58,698
Expenses :			
Cost of materials consumed	20	8,64,52,665	8,33,11,100
Changes in inventories of finished goods and work-in-progress	21	(1,07,40,444)	(46,57,383)
Excise duty	22	-	1,04,061
Employees benefits expense	23	2,67,18,412	2,84,86,803
Depreciation and amortisation expenses	24	33,37,751	37,64,751
Other expenses	25	1,95,15,345	1,82,20,551
Finance costs	26	30,49,822	27,16,933
Total Expenses		12,83,33,551	13,19,46,816
Profit/(loss) before tax		(1,96,18,039)	1,34,11,882
Tax expense			
Current tax		-	(27,34,528)
Deferred tax		63,31,767	(31,20,001)
MAT credit		-	16,84,315
MAT credit (prior year)		(2,03,337)	-
Net profit / (loss) for the year		(1,34,89,609)	92,41,668
Other comprehensive income :			
Items that will not be reclassified to profit or loss			
a) Remeasurements of post-employment benefit obligations		3,71,017	2,37,600
b) Income tax relating to (a) above		(1,15,757)	(48,444)
Total other comprehensive income for the year, net of tax		2,55,260	1,89,156
Total comprehensive income for the year		(1,32,34,349)	94,30,824
Earnings per equity share			
Basic earnings per share	27	(75.20)	53.58
Diluted earnings per share		(75.20)	53.58

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 CHARTERED ACCOUNTANTS HYDERABAD

(G. AMARANATHA REDDY)
Partner
Membership Number: 019711

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 : 30.04.2019

Bhavyabhanu Electronics Private Limited

Statement of changes in equity for the year ended March 31, 2019.

All amounts in INR, unless otherwise stated

A. Equity Share Capital

Particulars	Note No.	Amount
As at April 1, 2017	10	17,60,000
Changes in equity share capital during the year		-
As at March 31, 2018		**17,60,000**
Changes in equity share capital during the year		-
As at March 31, 2019		**17,60,000**

B. Other Equity

Particulars	Note No.	Reserves and Surplus		Total
		Securities Premium	Retained Earnings	
Balance as at 1 April 2017	11	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
Profit for the year		-	(1,34,89,609)	(1,34,89,609)
Other comprehensive income		-	2,55,260	2,55,260
Balance as at 31 March 2019		1,92,28,000	91,62,943	2,83,90,943

Nature and purpose of reserves:

Securities premium reserve:

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.

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

(G. AMARANATHA REDDY)
Partner
Membership Number: 019711

For and on behalf of the Board of Directors

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

(T. ANJANEYULU)
Director
DIN : 06650624

Place : Hyderabad
Date : 30.04.2019

Bhavyabhanu Electronics Private Limited
Cash Flow statement for the year ended March 31, 2019

All amounts in INR, unless otherwise stated

Particulars	March 31, 2019	March 31, 2018
Cash flow from Operating Activities		
Net Profit Before Tax	(1,92,47,022)	1,36,49,482
Adjustments for:		
Depreciation and amortisation expense	33,37,751	37,64,751
Finance cost	30,49,822	27,16,933
Interest income	-	(11,21,372)
Unrealised exchange (gain)/loss	(1,42,620)	38,969
(Gain)/loss on Expected Credit Loss model(ECL)	1,24,905	-
Operating Profit Before Working Capital Changes	(1,28,77,164)	1,90,48,763
Changes in assets and liabilities:		
(Increase) / Decrease in inventories	(4,73,55,392)	(73,15,038)
(Increase) / Decrease in trade receivables	33,37,974	19,85,460
(Increase) / Decrease in other non current financial assets	(10,000)	1,44,66,006
(Increase) / Decrease in other non-current assets	-	-
(Increase) / Decrease in other current assets	(1,28,59,370)	24,15,599
(Increase) / Decrease in current tax assets	1,64,190	(84,301)
Increase/(Decrease) in trade payable	1,16,18,404	52,58,691
Increase/(Decrease) in employee benefit obligation	(19,29,195)	12,52,178
Increase/(Decrease) in other financial liabilities	-	-
Increase/(Decrease) in other current liabilities	5,99,67,213	1,88,20,952
Cash generated from/(used in) operating activities	56,661	5,58,48,310
Income tax paid	(37,035)	(27,45,937)
Net cash generated from/(used in) operating activities (A)	19,626	5,31,02,373
Cash flow from Investing Activities		
Payments for property, plant and equipment	(36,64,128)	(6,17,909)
Interest received	-	23,86,458
Net cash flow/(used in) Investing Activities (B)	(36,64,128)	17,68,549
Cash flow from Financing Activities		
Repayment of long term borrowings	-	(44,44,460)
Proceeds from short term borrowings	75,77,969	-
Repayment of short term borrowings	-	(4,70,90,466)
Interest paid	(30,49,822)	(27,63,798)
Net cash from /(used in) Financing Activities ©	45,28,147	(5,42,98,724)
Net Increase in Cash & Cash Equivalents (A + B + C)	8,83,645	5,72,198
Cash & Cash Equivalents at the Beginning	13,11,124	7,38,927
Cash & Cash Equivalents at the End	21,94,769	13,11,125

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

AMAR & RAJU CHARTERED ACCOUNTANTS HYDERABAD

(G. AMARANATHA REDDY)
Partner
Membership Number: 019711

For and on behalf of the Board

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

(T. ANJANEYULU)
Director
DIN : 06650624

Place : Hyderabad
Date : 30.04.2019

Bhavyabhanu Electronics Private Limited
Notes forming part of the financial statements for the year ended March 31, 2019

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.

(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 (other than advance consideration paid or received in foreign currency) 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).

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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 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 are charged to profit or loss on a straight-line basis over the period of the lease.

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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.

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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 36** 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 recipientsWhere 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 recognitionInterest 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 credit period after 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.

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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.

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, Contingent Assets and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.The Company does not recognize a contingent asset but discloses its existence in the financial statements if the inflow of economic benefits is probable.

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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 obligationsThe company operates the following post-employment schemes:(a) Defined benefit plans - gratuity; and(b) Defined contribution plans - provident fund.a. Gratuity obligationsThe 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.

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 .

(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.

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Note 2 : Property, Plant and Equipment

Particulars	Gross carrying value				Accumulated depreciation/amortisation				Net carrying amount
	As at 1 April 2018	Additions	Deletions	As at 31 March 2019	As at 1 April 2018	For the Year	On disposals	As at 31 March 2019	As at 31 March 2019
Tangible assets:									
Own assets:									
Plant & Machinery	2,30,31,716	29,63,098	-	2,59,94,814	72,67,415	28,79,252	-	1,01,46,667	1,58,48,147
Air Conditioners	18,640	86,328	-	1,04,968	8,416	18,816	-	27,232	77,736
Office Equipment	58,104	4,100	-	62,204	36,811	11,163	-	47,974	14,230
Furniture & Fixtures	13,02,595	5,50,390	-	18,52,985	5,64,372	2,61,066	-	8,25,438	10,27,547
Computers	4,04,025	2,23,800	-	6,27,825	81,945	1,67,454	-	2,49,399	3,78,426
Total	2,48,15,080	38,27,716	-	2,86,42,796	79,58,959	33,37,751	-	1,12,96,710	1,73,46,086

Note 2.1 : 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 3 : Other non-current financial assets (carried at amortised cost)

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Unsecured, considered good		
Security deposits	24,500	24,500
Margin money deposits against guarantees	10,000	-
Total non-current other financial assets	34,500	24,500

Note 4 : Deferred tax assets (Net)

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Deferred tax asset & MAT Credit	89,90,837	30,86,131
Deferred tax liability	(2,80,685)	(3,88,651)
Net Deferred tax asset	87,10,152	26,97,480

Movement in differed tax asset

Particulars	Property, Plant & Equipment	Other Items	Total
As at April 1, 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
(Charged) / credited			
to profit or loss	1,07,966	60,20,463	61,28,429
to other comprehensive income	-	(1,15,757)	(1,15,757)
As at March 31, 2019	(2,80,685)	89,90,837	87,10,152

Note 5 : Other non-current assets and current assets

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Unsecured, considered good		
Non-current		
Capital advances	76,500	-
Total non-current assets	76,500	-
Unsecured, considered good		
Current:		
Prepaid expenses	3,28,841	71,060
Balance with government authorities	2,16,30,700	1,18,71,240
Advance for supplies / services	32,27,363	3,85,234
Total current assets	2,51,86,904	1,23,27,534

Note 6 : Inventories

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Raw materials	6,01,62,801	2,35,47,853
Packing material	-	-
Work-in-progress	1,96,71,175	89,30,731
Finished goods	-	-
Total	7,98,33,976	3,24,78,584

Note 7 : Trade receivables

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Trade receivables		
a) Trade Receivables considered good - Secured	-	-
b) Trade Receivables considered good - Unsecured	2,56,53,366	2,91,16,245
c) Trade Receivables which have significant increase in Credit Risk	1,24,905	-
d) Trade Receivables - credit impaired	-	-
Less: Allowance for doubtful debts (expected credit loss allowance)	(1,24,905)	-
Total	2,56,53,366	2,91,16,245

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

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Balances with Banks		
in current accounts	21,88,826	12,79,147
in deposit accounts	-	-
Cash on hand	5,943	31,977
Total Cash and cash equivalents	21,94,769	13,11,124

9. Current tax assets (net)

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Advancce income tax (net of provision for income tax)	13,52,402	15,16,592
Total	13,52,402	15,16,592

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Notes forming part of the financial statements

All amounts in INR, unless otherwise stated

Note 10 : Equity share capital

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Authorised share capital:		
21,00,000(2018 : 21,00,000) equity shares of Rs. 10/- each	2,10,00,000	2,10,00,000
Total	2,10,00,000	2,10,00,000
Issued and subscribed capital:		
1,76,000(2018 : 1,76,000) equity shares of Rs. 10/- each fully paid	17,60,000	17,60,000
Total	17,60,000	17,60,000

Details of shares held by Holding Company

Particulars	As at	
	March 31, 2019	March 31, 2018
Astra Microwave Products Limited		
Number of shares	1,75,998	1,75,998
% of holding of equity shares	99.9989%	99.9989%

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

Particulars	As at	
	March 31, 2019	March 31, 2018
Astra Microwave Products Limited		
Number of shares	1,75,998	1,75,998
% of holding of equity shares	99.9989%	99.9989%

Movement in equity share capital

Particulars	As at	
	March 31, 2019	March 31, 2018
Number of shares at the beginning of the year	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

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.

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Note 11 : Other equity

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Reserves and surplus:		
Securities premium	1,92,28,000	1,92,28,000
Retained earnings	91,62,943	2,23,97,292
Total	2,83,90,943	4,16,25,292

Securities premium	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Opening balance	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

Retained earnings	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Opening balance	2,23,97,292	1,29,66,468
Add: Net profit for the year	(1,32,34,349)	94,30,824
Cosing balance	91,62,943	2,23,97,292

Nature and purpose of reserves:

Securities premium reserve:

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 : Provisions

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Non-current (Refer note 33)		
Provision for compensated absences	12,45,541	30,28,232
Provision for gratuity	11,35,077	14,69,740
Total non-current provisions	23,80,618	44,97,972
Current		
Provision for gratuity	2,26,806	38,647
Total current provisions	2,26,806	38,647

Note 13: Current Borrowings

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Secured		
From banks		
Working Capital		
HDFC Bank	2,48,45,275	1,72,67,306
Total	2,48,45,275	1,72,67,306

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 12.25%

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

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Note 14: Trade Payables

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Dues to micro enterprises and small enterprises (Refer below)	3,70,300	-
Dues to creditors other than micro enterprises and small enterprises	2,00,75,684	89,70,200
Total	2,04,45,984	89,70,200

The disclosures pursuant to the said MSMED Act are as follows:

Particulars	March 31, 2019	March 31, 2018
	Amount	Amount
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	3,70,300	-
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 15: Other financial liabilities

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Capital creditors	3,13,009	72,921
Total	3,13,009	72,921

Note 16: Other current liabilities

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Payroll taxes payable	70,654	31,804
Statutory taxes payable	3,93,461	3,20,954
Employee payable	25,51,731	26,14,055
Bonus and incentives	8,83,366	20,73,563
Advance from customers *	7,81,26,808	1,70,18,431
Total	8,20,26,020	2,20,58,807

* Includes amount due to Holding Company. Refer note: 32

Note 17: Current tax liabilities (net)

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Current tax payable	-	27,82,972
Less: Taxes paid	-	27,45,937
Total (Balance tax payable)	-	37,035

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Bhavyabhanu Electronics Private Limited
Notes forming part of the financial statements

All amounts in INR, unless otherwise stated

Note 18: Revenue from Operations

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Sale of products	8,57,12,168	10,44,67,820
Sale of Services	2,27,05,562	3,97,69,506
Total	10,84,17,730	14,42,37,326

Note 19: Other Income

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Interest income from financial assets at amortised cost	-	11,21,372
Changes in fair value of financial assets	(1,24,905)	-
Miscellaneous receipts	4,22,687	-
Total	2,97,782	11,21,372

Note 20: Cost of materials consumed

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Raw materials at the beginning of the year	2,35,47,853	2,08,90,198
Add: Purchases	12,30,67,613	8,59,68,755
Less: Raw materials at the end of the year	(6,01,62,801)	(2,35,47,853)
Total	8,64,52,665	8,33,11,100

Note 21: Changes in inventories of finished goods and work-in-progress

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Opening Balance:		
Finished goods	-	-
Work-in-progress	89,30,731	42,73,348
Total(A)	89,30,731	42,73,348
Closing Balance:		
Finished goods	-	-
Work-in-progress	1,96,71,175	89,30,731
Total(B)	1,96,71,175	89,30,731
Changes in inventories of finished goods and work-in-progress (B)-(A)	(1,07,40,444)	(46,57,383)

Note 22: Excise duty

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Excise duty	-	1,04,061
	-	1,04,061

Note 23: Employee benefit expenses

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Salaries, wages and bonus	2,56,54,239	2,47,52,404
Contribution to Provident Fund *	13,65,408	11,81,691
Contribution to Employee State Insurance	2,42,966	2,49,168
Gratuity *	4,14,972	7,05,634
Leave encashment *	(12,03,086)	15,16,888
Staff welfare expenses	2,43,913	81,018
	2,67,18,412	2,84,86,803

* Refer note 33

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Note 24: Depreciation and amortisation expense

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Depreciation of property, plant and equipment	33,37,751	37,64,751
Total	33,37,751	37,64,751

Note 25: Other expenses

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Power and fuel	38,16,686	39,86,686
Repairs maintenance		
Plant and Machinery	48,68,738	30,15,089
Computers	24,392	25,000
Others	2,46,284	1,87,431
Travelling and conveyance	2,98,232	4,83,557
Printing and stationery	1,88,746	1,86,953
Telephone and Communication charges	11,391	13,791
Operating lease rent	62,16,366	62,95,731
Insurance	90,348	1,09,724
Rates and taxes	2,04,585	1,31,300
Auditors remuneration	2,20,000	2,20,000
Legal and professional charges	7,05,436	8,64,416
Miscellaneous expenses	1,74,939	1,76,283
Business promotion expenses	10,840	85,275
Security charges	4,99,630	5,02,542
Bank charges and commission	4,50,896	9,40,250
Selling and distribution expenses	3,33,531	3,17,233
Foreign exchange fluctuations	11,54,305	6,79,290
Total	1,95,15,345	1,82,20,551

Note 26: Finance cost

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Interest expense		
Interest on bank overdrafts and loans	30,36,328	27,16,933
Interest on delayed payment of income tax	13,494	-
Total	30,49,822	27,16,933

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Bhavyabhanu Electronics Private Limited
Notes forming part of the financial statements

All amounts in INR, unless otherwise stated

Note 27: Earnings Per Share

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Profit after tax	(1,32,34,349)	94,30,824
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.)	(75.20)	53.58

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

Note No. 28 Reconciliation of tax expenses and accounting profit multiplied by tax rate:

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
Profit before income tax expense	(1,92,47,022)	1,36,49,482
Income tax rate	31.20%	30.90%
Income Tax expense	-	(42,17,690)
Tax effects on amounts which are not deductable (taxable) in claculation taxable income:		
a) Effect of expenses not allowable	-	(967)
b) Effect of deferred tax	62,16,010	-
c) Effect of prior year MAT Credit	(2,03,337)	-
Income tax recognised in statement of profit and loss	60,12,673	(42,18,657)

Note 29: Payment to auditor

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
To statutory auditors		
-Statutory Audit fee	1,50,000	1,50,000
-Tax Audit fee	70,000	70,000
Total	2,20,000	2,20,000

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Note 30: Segment Reporting

Particulars	Year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
The Company's business activities falls with in a single segment		
A) Geographical Segment Revenue by location of customers		
Revenue from domestic customers	10,84,17,730	14,31,68,480
Revenue from foreign customers	-	9,64,785
B) Geographical Segment Assets		
Non-current assets other than deferred tax assets located in India	1,74,57,086	1,68,80,621
Non-current assets other than deferred tax assets located outside India	-	-
C) Geographical Segment - Major customers		
Total amount of revenue from each major customer		
Astra Microwave Products Ltd (Holding Company)	5,25,49,161	9,87,29,498

Note 31 : Assets pledged as security

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

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Current		
Financial assets		
Trade receivables	2,56,53,366	2,91,16,245
Cash and cash equivalents	21,94,769	13,11,124
Non-financial assets		
Inventory	7,98,33,976	3,24,78,584
Other current assets	2,51,86,904	1,23,27,534
Current tax assets (net)	13,52,402	15,16,592
Total current assets pledged as security	13,42,21,416	7,67,50,079
Non-current		
Property, plant and equipment	1,73,46,086	1,68,56,121
Total non-current assets pledged as security	1,73,46,086	1,68,56,121
Total assets pledged as security	15,15,67,502	9,36,06,200

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Note 32: 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. Details of transactions during the year:

Name of the related parties	Nature of transactions	Year ended	
		March 31, 2019	March 31, 2018
		Amount	Amount
Astra Microwave Products Limited	Sale of products/ services to Astra	**5,25,49,161**	9,87,29,498
	Purchase of goods from Astra	**2,02,826**	-
	Rent paid to Astra	**62,16,366**	62,95,731

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

Name of the related parties	Nature of balance	As at	
		March 31, 2019	March 31, 2018
		Amount	Amount
Astra Microwave Products Limited	Advance received for supply of materials / services	**7,81,26,808**	1,70,18,431

Note 33: Employee benefit Obligations

(a) Defined Contribution Plan:

Particulars	For the year ended	
	March 31, 2019	March 31, 2018
	Amount	Amount
The Company has defined contribution plan namely Provident fund. Contributions are made to provident fund at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation		
Contribution to Employees' Provident Fund	**13,65,408**	11,81,691

(b) Leave Obligations:

The leave obligation covers the Company's liability for sick and earned leave. Refer note - 12 for details of provision made in this regard.

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(c) Defined Benefit Plan - Gratuity

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, 2019	March 31, 2018
	Amount	Amount
Recognised in profit and loss		
Current Service cost	3,04,887	6,23,990
Interest expense	1,10,085	81,644
Total expense recognised in the statement of profit and loss	4,14,972	7,05,634
Remeasurements recognised in other comprehensive income :		
Effects of change in demographic assumptions	1,12,756	-
Effects of change in financial assumptions	77,613	(2,37,600)
Effects of experience adjustments	(5,61,386)	-
Total re-remeasurements included in OCI	(3,71,017)	(2,37,600)
Total defined benefit obligations recognised in profit and loss and other comprehensive income	43,955	4,68,034

III. Liability recognised in balance sheet

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Liability recognised in Balance sheet	13,61,883	15,08,387
Current	2,26,806	38,647
Non Current	11,35,077	14,69,740

IV. Change in defined benefit obligation (DBO)

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Present value of the DBO at the beginning of the year	15,08,387	11,09,295
Current Service Cost	3,04,887	6,23,990
Interest expense	1,10,085	81,644
Remeasurement gains / losses		
Effects of change in demographic assumptions	1,12,756	-
Effects of change in financial assumptions	77,613	(2,37,600)
Effects of experience adjustments	(5,61,386)	-
Benefits Paid	(1,90,459)	(68,942)
Present value of the DBO at the end of the year	13,61,883	15,08,387

V. Acturial Assumptions

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Discount Rate	7.60%	7.79%
Salary escalation rate	6%	5%

VI. sensitivity Analysis

Particulars	.March 31, 2019		.March 31, 2018	
Defined Benefit Obligation (Base)	13,61,883		15,08,387	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	14,26,456	13,03,108	16,79,425	13,65,207
Salary Growth Rate (- / + 1%)	12,94,760	14,34,385	11,72,697	19,41,128
Attrition Rate (- / + 1%)	13,62,700	13,60,799	12,74,189	17,15,023

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.

VII. 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.

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Note 34 :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, 2019		March 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets - Non Current	34,500	34,500	24,500	24,500
Financial assets - Current	2,78,48,135	2,78,48,135	3,04,27,369	3,04,27,369
Grand Total	2,78,82,635	2,78,82,635	3,04,51,869	3,04,51,869

II. Financial Liabilties - Measured at amortised Cost :

Particulars	As at			
	March 31, 2019		March 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities: Non -current	-	-	-	-
Financial Liabilities: Current	4,56,04,269	4,56,04,269	2,63,10,427	2,63,10,427
Grand Total	4,56,04,269	4,56,04,269	2,63,10,427	2,63,10,427

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 35: Commitments and contingent liabilities

Particulars	As at	
	March 31, 2019	March 31, 2018
	Amount	Amount
Bank guarantees	1,00,000	-
Estimated amount of capital contracts remaining to be executed and not provided for	-	-

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Note 36: 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 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.

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 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 2019	31 March 2018
Unhedged USD exposure (in INR)	9441755	31,73,628
Change in USD		
5% increase	(4,72,088)	(1,58,681)
5% decrease	4,72,088	1,58,681
Unhedged EURO exposure (in INR)	3,05,875	40,404
Change in EURO		
5% increase	(15,294)	2,020
5% decrease	15,294	(2,020)

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.

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.

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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 profit before tax	
	31 March 2019	31 March 2018
Change in interest rate		
increase by 50 basis points	(15,182)	(13,585)
decrease by 50 basis points	15,182	13,585

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 2019	31 March 2018
Gross Carrying amount	2,57,78,271	2,91,16,245
Expected credit loss (Loss allowance provision)	(1,24,905)	-
Carrying amount of Trade Receivables	**2,56,53,366**	**2,91,16,245**

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, 2019	March 31, 2018
	Amount	Amount
Expiring within one year (working capital facilities)	5,51,54,725	6,27,32,694

(ii) Maturities of Financial Liabilities

Contractual maturities of financial liabilities as at :

Particulars	As at March 31, 2019		As at March 31, 2018	
	0-12 Months	Above 12 months	0-12 Months	Above 12 months
	Amount	Amount	Amount	Amount
Trade Payable	2,04,45,984	-	89,70,200	-
Capital creditors	3,13,009	-	72,921	-
Bank borrowings	2,48,45,275	-	1,72,67,306	-
Grand Total	4,56,04,269	-	2,63,10,427	-

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Note 37 : 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 2019	31 March 2018
Borrowings		
Current - Short term borrowings	2,48,45,275	1,72,67,306
Non current - Long term borrowings	-	-
Current maturities of long term borrowings	-	-
Debt	2,48,45,275	1,72,67,306
Equity		
Equity share capital	17,60,000	17,60,000
Other equity	2,83,90,943	4,16,25,292
Total capital	3,01,50,943	4,33,85,292
Gearing ratio in % (Debt/ capital)	82%	40%

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.

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

AMAR & RAJU HYDERABAD CHARTERED ACCOUNTANTS

(G. AMARANATHA REDDY)
Partner
Membership Number: 019711

For and on behalf of the Board of Directors

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

(T. ANJANEYULU)
Director
DIN : 06650624

Place : Hyderabad
Date : 30.04.2019