

# Price Waterhouse Chartered Accountants LLP

## Independent auditor's report

### To the Members of Bhavyabhanu Electronics Private Limited

### Report on the audit of the Financial Statements

#### Opinion

1. We have audited the accompanying financial statements of Bhavyabhanu Electronics Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), 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.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

4. We draw your attention to Note 36 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

#### Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

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



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of Bhavyabhanu Electronics Private Limited  
Report on audit of the Financial Statements

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

### Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. 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

8. 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.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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.



# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of Bhavyabhanu Electronics Private Limited  
Report on audit of the Financial Statements

- 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.

### Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. 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 (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on May 25, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.



# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of Bhavyabhanu Electronics Private Limited  
Report on audit of the Financial Statements

- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (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 during the year ended March 31, 2021.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.
13. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountant LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



Sunit Kumar Basu  
Partner  
Membership Number: 55000  
UDIN: 21055000AAAAEK5003

Hyderabad  
May 25, 2021

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Bhavyabhanu Electronics Private Limited on the financial statements for the year ended March 31, 2021

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Bhavyabhanu Electronics Private Limited ("the Company") as of March 31, 2021 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

2. 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 (ICAI). 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 Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

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



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Bhavyabhanu Electronics Private Limited on the financial statements for the year ended March 31, 2021


### Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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. Also refer paragraph 4 of our main audit report.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



Sunit Kumar Basu  
Partner  
Membership Number: 55000

Hyderabad  
May 25, 2021

# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Bhavyabhanu Electronics Private Limited on the financial statements as of and for the year ended March 31, 2021

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
  - (c) The Company does not own any immovable properties as disclosed in Note 2 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year.
- 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 under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

Further, for the period April 2020, the company has paid Goods and Service Tax and filed GSTR-3B after the due date but within the timelines allowed by Ministry of Finance (Department of Revenue) Central Board of Indirect Taxes and Customs under the 32/2020 – Central Tax dated April 03, 2020 on fulfilment of conditions specified therein.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, duty of customs, cess and goods and service tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.



# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Bhavyabhanu Electronics Private Limited on the financial statements for the year ended March 31, 2021

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 13 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



Sunit Kumar Basu  
Partner  
Membership Number: 55000

Hyderabad  
May 25, 2021



**Bhavyabhanu Electronics Private Limited**


**Balance Sheet as at March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

| Particulars   | Notes | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------|-------------------------|-------------------------|
| <b>ASSETS</b>   |       |                         |                         |
| <b>Non-current assets</b>   |       |                         |                         |
| Property, plant and equipment                                     | 2     | 214.93                  | 222.24                  |
| Financial assets  |       |                         |                         |
| i. Other financial assets   | 3(a)  | 102.73                  | 17.05                   |
| Deferred tax assets (Net)   | 9     | 13.54                   | 109.37                  |
| Non current tax assets  | 8     | -                       | 42.13                   |
| Other non-current assets  | 4(a)  | 6.37                    | 22.44                   |
| <b>Total non-current assets</b>                                   |       | <b>337.57</b>           | <b>413.23</b>           |
| <b>Current assets</b>   |       |                         |                         |
| Inventories   | 5     | 3,803.83                | 5,680.43                |
| Financial assets  |       |                         |                         |
| ii. Trade receivables   | 6     | 1,221.88                | 162.20                  |
| iii. Cash and cash equivalents                                    | 7A    | 0.42                    | 17.09                   |
| iv. Other bank balances   | 7B    | 100.51                  | 94.75                   |
| v. Other financials assets  | 3(b)  | 15.63                   | 10.51                   |
| Other current assets  | 4(b)  | 432.51                  | 3,614.72                |
| <b>Total current assets</b>                                       |       | <b>5,574.78</b>         | <b>9,579.70</b>         |
| <b>Total assets</b>   |       | <b>5,912.35</b>         | <b>9,992.93</b>         |
| <b>EQUITY AND LIABILITIES</b>                                     |       |                         |                         |
| <b>Equity</b>   |       |                         |                         |
| Equity share capital  | 10    | 497.60                  | 17.60                   |
| Other equity  | 11    | 897.12                  | 97.36                   |
| <b>Total equity</b>   |       | <b>1,394.72</b>         | <b>114.96</b>           |
| <b>LIABILITIES</b>  |       |                         |                         |
| <b>Non-current liabilities</b>                                    |       |                         |                         |
| Provisions  | 12    | 33.89                   | 27.12                   |
| <b>Total non-current liabilities</b>                              |       | <b>33.89</b>            | <b>27.12</b>            |
| <b>Current liabilities</b>  |       |                         |                         |
| <b>Financial liabilities</b>                                      |       |                         |                         |
| i. Borrowings   | 13    | 2,142.87                | 750.56                  |
| ii. Trade payables  |       |                         |                         |
| (a) total outstanding dues of micro and small enterprises         | 14(a) | 1.76                    | 0.77                    |
| (b) total outstanding dues other than micro and small enterprises | 14(b) | 267.25                  | 2,317.44                |
| iii. Other financial liabilities                                  | 15    | 96.49                   | 50.76                   |
| Provisions  | 12    | 9.09                    | 7.44                    |
| Current tax liabilities (net)                                     | 16    | 62.68                   | -                       |
| Other current liabilities   | 17(a) | 319.05                  | 399.69                  |
| Contract liabilities  | 17(b) | 1,584.55                | 6,324.19                |
| <b>Total current liabilities</b>                                  |       | <b>4,483.74</b>         | <b>9,850.85</b>         |
| <b>Total liabilities</b>  |       | <b>4,517.63</b>         | <b>9,877.97</b>         |
| <b>Total equity and liabilities</b>                               |       | <b>5,912.35</b>         | <b>9,992.93</b>         |
| Summary of Significant Accounting Policies                        | 1     |                         |                         |


The above balance sheet should be read in conjunction with the accompanying notes  
This is the balance sheet referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016

  
**Sunit Kumar Basu**  
Partner  
Membership Number: 55000

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

  
**R. Narasimhan**  
Director  
DIN : 06662112

  
**T. Anjaneyulu**  
Director  
DIN : 06650624

Place : Hyderabad  
Date : May 25, 2021

**Bhavyabhanu Electronics Private Limited****Statement of profit and loss for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

| Particulars  | Notes | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--|-------|------------------------------|------------------------------|
| <b>Income :</b>  |       |                              |                              |
| Revenue from Operations  | 18(a) | 21,249.18                    | 13,661.88                    |
| Other Income   | 18(b) | 18.47                        | 6.93                         |
| <b>Total Income</b>  |       | <b>21,267.65</b>             | <b>13,668.81</b>             |
| <b>Expenses :</b>  |       |                              |                              |
| Cost of materials consumed   | 19    | 19,293.01                    | 14,055.65                    |
| Changes in inventories of finished goods and work-in-progress            | 20    | (303.58)                     | (1,056.67)                   |
| Employees benefits expense   | 21    | 595.24                       | 444.51                       |
| Finance costs  | 25    | 274.95                       | 56.85                        |
| Depreciation   | 22    | 46.97                        | 43.61                        |
| Other expenses   | 23    | 414.65                       | 332.54                       |
| <b>Total Expenses</b>  |       | <b>20,321.24</b>             | <b>13,876.49</b>             |
| <b>Profit/(Loss) before tax</b>  |       | <b>946.41</b>                | <b>(207.68)</b>              |
| <b>Income tax expense</b>  | 24(b) |                              |                              |
| - Current tax  |       | 158.01                       | -                            |
| - Deferred tax   |       | 95.37                        | (21.87)                      |
| <b>Net profit/(loss) for the year</b>                                    |       | <b>693.03</b>                | <b>(185.81)</b>              |
| <b>Other comprehensive income :</b>                                      |       |                              |                              |
| Items that will not be reclassified to profit or loss                    |       |                              |                              |
| a) Remeasurements of post-employment benefit obligations                 |       | 1.84                         | (1.14)                       |
| b) Income tax relating to items recognised in other comprehensive income |       | (0.46)                       | 0.40                         |
| <b>Total other comprehensive income/(loss) for the year, net of tax</b>  |       | <b>1.38</b>                  | <b>(0.74)</b>                |
| <b>Total comprehensive income/(loss) for the year</b>                    |       | <b>694.41</b>                | <b>(186.55)</b>              |
| <b>Earnings per equity share</b>   |       |                              |                              |
| Basic earnings per share   | 26    | <b>35.40</b>                 | <b>(105.57)</b>              |
| Summary of Significant Accounting Policies                               | 1     |                              |                              |

The above statement of profit and loss should be read in conjunction with the accompanying notes

This is the statement of profit and loss referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Sunit Kumar Basu**

Partner

Membership Number: 55000

**For and on behalf of the Board of Directors****R. Narasimhan**

Director

DIN : 06662112

**T. Anjaneyulu**

Director

DIN : 06650624

Place : Hyderabad

Date : May 25, 2021

**Bhavabhannu Electronics Private Limited****Statement of changes in equity for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**A. Equity Share Capital**

| Particulars                                     | Amount |
|---|--------|
| As at April 1, 2019                             | 17.60  |
| Changes in equity share capital during the year | -      |
| As at March 31, 2020                            | 17.60  |
| Changes in equity share capital during the year | 480.00 |
| As at March 31, 2021                            | 497.60 |

**B. Other Equity**

| Particulars  | Securities Premium Reserve |   | Deemed investment in the nature of equity | Retained Earnings | Total    |
|--|----------------------------|---|---|-------------------|----------|
|  |                            |   |   |                   |          |
| Balance as at April 01, 2019                         | 192.28                     | - | -   | 91.63             | 283.91   |
| Profit/(loss) for the year                           | -                          | - | -   | (185.81)          | (185.81) |
| Remeasurements of defined benefit plans (net of tax) | -                          | - | -   | (0.74)            | (0.74)   |
| Balance as at April 01, 2020                         | 192.28                     | - | -   | (94.92)           | 97.36    |
| Profit/(loss) for the year                           | -                          | - | -   | 693.03            | 693.03   |
| Remeasurements of defined benefit plans (net of tax) | -                          | - | -   | 1.38              | 1.38     |
| Deemed investment in the nature of equity            | -                          | - | 105.35                                    | -                 | 105.35   |
| Balance as at March 31, 2021                         | 192.28                     | - | 105.35                                    | 599.49            | 897.12   |

The above Statement of changes in equity should be read in conjunction with the accompanying notes  
This is the Statement of changes in equity referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**For and on behalf of the Board of Directors****Sunil Kumar Basu**

Partner

Membership Number: 55000

**R. Narasimhan**

Director

DIN : 06662112

**T. Anjaneyulu**

Director

DIN : 06650624

Place : Hyderabad

Date : May 25, 2021

**Bhavayabhanu Electronics Private Limited**

**Cash Flow statement for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)


| Particulars   | Year ended March 31,<br>2021 | Year ended March 31,<br>2020 |
|---|------------------------------|------------------------------|
| <b>Cash flow from Operating Activities</b>  |                              |                              |
| Profit/(loss) before tax  | 946.41                       | (207.68)                     |
| <b>Adjustments for:</b>   |                              |                              |
| Depreciation expense  | 46.97                        | 43.61                        |
| Finance cost*   | 274.95                       | 56.85                        |
| Interest income   | (13.16)                      | (6.03)                       |
| Unrealised exchange (gain)/loss   | (9.77)                       | 3.52                         |
| Changes in expected credit loss   | (0.27)                       | (0.90)                       |
| <b>Operating Profit Before Working Capital Changes</b>                                  | <b>1,245.13</b>              | <b>(110.63)</b>              |
| <b>Changes in assets and liabilities:</b>   |                              |                              |
| (Increase) / Decrease in inventories  | 1,876.61                     | (4,882.09)                   |
| (Increase) / Decrease in trade receivables  | (1,059.41)                   | 95.23                        |
| (Increase) / Decrease in other financial assets   | 20.30                        | (89.48)                      |
| (Increase) / Decrease in other non-current assets                                       | 9.65                         | (15.51)                      |
| (Increase) / Decrease in other current assets   | 3,182.21                     | (3,362.86)                   |
| Increase/(Decrease) in trade payable  | (2,049.57)                   | 2,120.72                     |
| Increase/(Decrease) in provisions   | 10.26                        | 7.35                         |
| Increase/(Decrease) in other financial liabilities                                      | 45.71                        | 16.10                        |
| Increase/(Decrease) in Contract liabilities   | (4,739.64)                   | 5,542.92                     |
| Increase/(Decrease) in other current liabilities  | (80.64)                      | 395.05                       |
| <b>Cash generated from/(used in) operating activities</b>                               | <b>(1,539.39)</b>            | <b>(283.20)</b>              |
| Income tax paid   | (60.82)                      | (28.61)                      |
| <b>Net cash generated from/(used in) operating activities</b>                           | <b>(1,600.21)</b>            | <b>(311.81)</b>              |
| <b>Cash flow from Investing Activities</b>  |                              |                              |
| Payments for property, plant and equipment  | (33.25)                      | (101.09)                     |
| Proceeds from maturity of/(Investment in) Margin money deposits against bank guarantees | (96.53)                      | (111.71)                     |
| Interest received   | 2.99                         | 74.49                        |
| <b>Net cash flow/(used in) Investing Activities</b>                                     | <b>(126.79)</b>              | <b>(138.31)</b>              |
| <b>Cash flow from financing Activities</b>  |                              |                              |
| Proceeds from issue of share capital  | 480.00                       | -                            |
| Proceeds from short term borrowings   | 24,383.77                    | 20,984.89                    |
| Repayment of short term borrowings  | (22,991.46)                  | (20,482.78)                  |
| Interest paid   | (161.98)                     | (56.85)                      |
| <b>Net cash from/(used in) financing Activities</b>                                     | <b>1,710.33</b>              | <b>445.26</b>                |
| <b>Net Increase/(Decrease) in Cash &amp; Cash equivalents</b>                           | <b>(16.67)</b>               | <b>(4.86)</b>                |
| Cash & Cash Equivalents at the Beginning  | 17.09                        | 21.95                        |
| <b>Cash &amp; Cash equivalents at the End</b>   | <b>0.42</b>                  | <b>17.09</b>                 |
| *Includes Commission on corporate guarantee provided by holding company                 | 105.35                       | -                            |

**Reconciliation of cash and cash equivalents as per the Statement of cashflows**

| Particulars                                | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| <b>Cash and Cash Equivalents (Note 7A)</b> |                      |                      |
| In current accounts                        | 0.16                 | 16.58                |
| Cash on hand                               | 0.26                 | 0.51                 |


This is the Cashflow statement referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016

  
**Sunit Kumar Basu**  
Partner  
Membership Number: 55000

**For and on behalf of the Board**

  
**R. Narasimhan**  
Director  
DIN : 06662112

  
**T. Anjaneyulu**  
Director  
DIN : 06650624

Place : Hyderabad  
Date : May 25, 2021

## **Bhavyabhanu Electronics Private Limited**

### **Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

#### **Background**

Bhavyabhanu Electronics Private Limited was incorporated in 2013. The company engaged in the business of manufacture, supply, installations and service of all electronic machinery, components, spares and other electronic parts. The Company is a wholly owned subsidiary of Astra Microwave Products Limited.

#### **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 preparation of financial 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 except the following.

- Certain financial assets and liabilities that is measured at fair value;

###### **(iii) New and amended standards adopted by the company**

The company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

###### **(iv) New Pronouncements**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### **Balance Sheet:**

- \* Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- \* Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- \* Specified format for disclosure of shareholding of promoters.
- \* Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- \* If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- \* Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of Profit and Loss**

- \* Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

##### **Note 1.2 : Use of estimates**

The preparation of the financial statements in conformity 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.



**Bhavayabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**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).

**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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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.



**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 1.6 : Leases**

Effective from April 1, 2019:

As a lessee:

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the company use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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.

**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.



**Bhavabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**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 33** 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 derecognized 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.

**Depreciation/amortisation 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.





**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**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.

**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.



**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

(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.

**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.

**Note 1.20 : Critical estimates and judgements:**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The area involving critical estimates or judgements is:

1. Estimation of defined benefit obligation (Refer Note - 28)
2. Provision for expected credit loss (Refer Note - 33)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.



**Bhavabhannu Electronics Private Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
 (All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 2 : Property, Plant and Equipment**

| Particulars                             | Gross carrying value  |              |                          | Accumulated depreciation |              |              | Net carrying amount<br>As at<br>31 Mar 2021 |
|---|-----------------------|--------------|--------------------------|--------------------------|--------------|--------------|---|
|   | As at<br>1 April 2020 | Additions    | Deletions /<br>transfers | As at<br>31 Mar 2021     | For the Year | On disposals |   |
| <b>Other than Assets given on lease</b> |                       |              |                          |                          |              |              |   |
| Plant & Machinery                       | 335.31                | 34.14        | -                        | 369.45                   | 39.25        | -            | 175.77                                      |
| Air Conditioners                        | 1.70                  | -            | -                        | 1.70                     | 0.28         | -            | 0.89  |
| Office Equipment                        | 1.46                  | 0.15         | -                        | 1.61                     | 0.35         | -            | 1.04  |
| Computers                               | 8.89                  | 0.29         | -                        | 9.18                     | 1.83         | -            | 7.32  |
| Furniture & Fixtures                    | 31.44                 | 5.08         | -                        | 36.52                    | 5.26         | -            | 18.51                                       |
| <b>Total</b>                            | <b>378.80</b>         | <b>39.66</b> | <b>-</b>                 | <b>418.46</b>            | <b>46.97</b> | <b>-</b>     | <b>203.53</b>                               |

Refer note no. 30 for the Assets pledged as security

| Particulars                             | Gross carrying value  |              |                          | Accumulated depreciation |              |              | Net carrying amount<br>As at<br>31 Mar 2020 |
|---|-----------------------|--------------|--------------------------|--------------------------|--------------|--------------|---|
|   | As at<br>1 April 2019 | Additions    | Deletions /<br>transfers | As at<br>31 Mar 2020     | For the Year | On disposals |   |
| <b>Other than Assets given on lease</b> |                       |              |                          |                          |              |              |   |
| Plant & Machinery                       | 259.95                | 75.36        | -                        | 335.31                   | 35.06        | -            | 136.52                                      |
| Air Conditioners                        | 1.05                  | 0.65         | -                        | 1.70                     | 0.34         | -            | 0.61  |
| Office Equipment                        | 0.62                  | 0.84         | -                        | 1.46                     | 0.21         | -            | 0.69  |
| Computers                               | 6.28                  | 2.61         | -                        | 8.89                     | 3.00         | -            | 5.49  |
| Furniture & Fixtures                    | 18.53                 | 12.91        | -                        | 31.44                    | 5.00         | -            | 13.25                                       |
| <b>Total</b>                            | <b>286.43</b>         | <b>92.37</b> | <b>-</b>                 | <b>378.80</b>            | <b>43.61</b> | <b>-</b>     | <b>156.56</b>                               |

Refer note no. 30 for the Assets pledged as security



**Bhavyabhanu Electronics Private Limited****Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 3 : Other financial assets**

| Particulars   | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| <b>a) Non-current, carried at amortised cost</b>                |                |                |
| <b>Unsecured, considered good</b>                               |                |                |
| Deposits with banks against bank guarantees                     |                |                |
| - maturity period of more than 12 months                        | 102.73         | 17.05          |
| <b>Total Non current other financial assets</b>                 | <b>102.73</b>  | <b>17.05</b>   |
| <b>b) Current</b>   |                |                |
| - interest accrued  | 15.27          | -              |
| <b>Derivatives carried at fair value through profit or loss</b> |                |                |
| - Foreign-exchange forward contract                             | 0.36           | 10.51          |
| <b>Total current other financial assets</b>                     | <b>15.63</b>   | <b>10.51</b>   |

**Note 4 : Other assets**

| Particulars                         | As at          | As at           |
|-------------------------------------|----------------|-----------------|
|                                     | March 31, 2021 | March 31, 2020  |
| <b>a) Non-current</b>               |                |                 |
| <b>Unsecured, considered good</b>   |                |                 |
| Capital advances                    | 0.26           | 6.68            |
| Security deposits                   | 0.50           | 0.25            |
| Prepaid expenses                    | 5.61           | 15.51           |
| <b>Total non-current assets</b>     | <b>6.37</b>    | <b>22.44</b>    |
| <b>b) Current:</b>                  |                |                 |
| <b>Unsecured, considered good</b>   |                |                 |
| Prepaid expenses                    | 14.78          | 17.27           |
| Balance with government authorities | 10.82          | 1,451.60        |
| Advance to suppliers                | 406.91         | 2,145.85        |
| <b>Total current assets</b>         | <b>432.51</b>  | <b>3,614.72</b> |

**Note 5 : Inventories**

| Particulars      | As at           | As at           |
|------------------|-----------------|-----------------|
|                  | March 31, 2021  | March 31, 2020  |
| Raw materials    | 2,246.87        | 4,427.05        |
| Work-in-progress | 1,556.72        | 1,253.13        |
| Finished goods   | 0.24            | 0.25            |
| <b>Total</b>     | <b>3,803.83</b> | <b>5,680.43</b> |

Raw materials include good-in-transit Rs. 47.26 lakhs (2020: Rs. 2,040.44 lakhs)

Write-downs of inventories to net realisable value amounted to Rs. 20.05 lakhs (2020: Rs. 2.49 lakhs). These were recognised as an expense during the year and included in 'changes in value of inventories of work-in-progress, stock-in-trade and finished goods' in statement of profit and loss.

**Note 6 : Trade receivables**

| Particulars                           | As at           | As at          |
|---------------------------------------|-----------------|----------------|
|                                       | March 31, 2021  | March 31, 2020 |
| <b>Trade receivables</b>              |                 |                |
| <b>Unsecured, considered good</b>     |                 |                |
| - Related parties                     | -               | -              |
| - Others                              | 1,221.88        | 162.20         |
| <b>Unsecured, considered doubtful</b> |                 |                |
| - Others                              | 0.07            | 0.35           |
| Less: Expected credit loss            | (0.07)          | (0.35)         |
| <b>Total</b>                          | <b>1,221.88</b> | <b>162.20</b>  |



**Bhavyabhanu Electronics Private Limited****Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 7 : Cash and Bank Balances****7A. Cash and Cash Equivalents**

| Particulars                                  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Balances with Banks<br>- in current accounts | 0.16           | 16.58          |
| Cash on hand                                 | 0.26           | 0.51           |
| <b>Total</b>                                 | <b>0.42</b>    | <b>17.09</b>   |

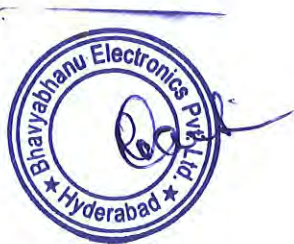
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods

**7B. Other Bank balances**

| Particulars                                 | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Deposits with banks against bank guarantees | 100.51         | 94.75          |
| <b>Total</b>                                | <b>100.51</b>  | <b>94.75</b>   |

**Note 8. Non-current tax assets**

| Particulars                                   | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Advance income tax and Tax deducted at source | -              | 42.13          |
| <b>Total</b>                                  | <b>-</b>       | <b>42.13</b>   |



**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 9 : Deferred tax asset (net)**

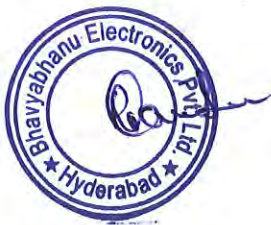
| Particulars                     | As at          | As at          |
|---------------------------------|----------------|----------------|
|                                 | March 31, 2021 | March 31, 2020 |
| Deferred tax Liabilities        | -              | (0.19)         |
| Deferred tax Assets             | 13.54          | 109.56         |
| <b>Deferred tax asset (net)</b> | <b>13.54</b>   | <b>109.37</b>  |

| 2020-21  | Opening Balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|--|-----------------|------------------------------|--|-----------------|
| Deferred tax (liabilities)/assets in relation to |                 |                              |  |                 |
| Depreciation                                     | (0.19)          | 2.89                         | -  | 2.70            |
| Provision for Gratuity                           | 4.51            | 1.57                         | (0.46)                                   | 5.61            |
| Provision for Leave Encashment                   | 4.19            | 1.01                         | -  | 5.21            |
| Unabsorbed Losses                                | 100.77          | (100.77)                     | -  | -               |
| ECL Provision                                    | 0.09            | (0.07)                       | -  | 0.02            |
| <b>Deferred tax assets</b>                       | <b>109.37</b>   | <b>(95.37)</b>               | <b>(0.46)</b>                            | <b>13.54</b>    |

| 2019-20  | Opening Balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|--|-----------------|------------------------------|--|-----------------|
| Deferred tax (liabilities)/assets in relation to |                 |                              |  |                 |
| Depreciation                                     | (2.81)          | 2.62                         | -  | (0.19)          |
| <b>Deferred tax liabilities</b>                  | <b>(2.81)</b>   | <b>2.62</b>                  | <b>-</b>                                 | <b>(0.19)</b>   |
| Other items                                      | 89.91           | 19.25                        | 0.40                                     | 109.56          |
| <b>Deferred tax assets</b>                       | <b>89.91</b>    | <b>19.25</b>                 | <b>0.40</b>                              | <b>109.56</b>   |
| <b>Net Deferred tax liabilities</b>              | <b>87.10</b>    | <b>21.87</b>                 | <b>0.40</b>                              | <b>109.37</b>   |

**Note:**

During the previous year a new tax rate has been enacted, wherein the company has an option to choose a lower tax rate (i.e. 22%) if they choose to forego certain benefits (like the MAT credit available with the company). Accordingly, the company has chosen to adopt the lower tax rate.



**Bhavyabhanu Electronics Private Limited**

Notes to financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 10 : Equity share capital**

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| <b>Authorised share capital:</b>                                     |                |                |
| 5,000,000 (2020 : 2,100,000) equity shares of Rs. 10/- each          | 500.00         | 210.00         |
| <b>Total</b>   | <b>500.00</b>  | <b>210.00</b>  |
| <b>Issued and subscribed capital:</b>                                |                |                |
| 4,976,000 (2020 : 176,000) equity shares of Rs. 10/- each fully paid | 497.60         | 17.60          |
| <b>Total</b>   | <b>497.60</b>  | <b>17.60</b>   |

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

| Particulars                      | As at March 31, 2021 |                            | As at March 31, 2020 |                            |
|----------------------------------|----------------------|----------------------------|----------------------|----------------------------|
|                                  | Number of shares     | % holding of equity shares | Number of shares     | % holding of equity shares |
| Astra Microwave Products Limited | 4,975,998            | 100.00%                    | 175,998.00           | 100.00%                    |

**b) Movement in equity share capital**

| Particulars   | As at March 31, 2021 |               | As at March 31, 2020 |              |
|---|----------------------|---------------|----------------------|--------------|
|   | Number of shares     | Amount        | Number of shares     | Amount       |
| At the beginning of the year                                | 176,000              | 17.60         | 176,000              | 17.60        |
| Add: Number of shares issued and subscribed during the year | 4,800,000            | 480.00        | -                    | -            |
| <b>At the end of the year</b>                               | <b>4,976,000</b>     | <b>497.60</b> | <b>176,000</b>       | <b>17.60</b> |

**c) 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          | As at          |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| <b>Reserves and surplus:</b>              |                |                |
| Securities premium reserve                | 192.28         | 192.28         |
| Deemed investment in the nature of equity | 105.35         | -              |
| Retained earnings                         | 599.49         | (94.92)        |
| <b>Total</b>                              | <b>897.12</b>  | <b>97.36</b>   |

| Securities premium reserve    | As at          | As at          |
|-------------------------------|----------------|----------------|
|                               | March 31, 2021 | March 31, 2020 |
| Opening balance               | 192.28         | 192.28         |
| Add: Movement during the year | -              | -              |
| <b>Closing balance</b>        | <b>192.28</b>  | <b>192.28</b>  |

| Securities premium reserve    | As at          | As at          |
|-------------------------------|----------------|----------------|
|                               | March 31, 2021 | March 31, 2020 |
| Opening balance               | -              | -              |
| Add: Movement during the year | 105.35         | -              |
| <b>Closing balance</b>        | <b>105.35</b>  | <b>-</b>       |

| Retained earnings   | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Opening balance   | (94.92)        | 91.63          |
| Add: Net profit for the year                              | 693.03         | (185.81)       |
| Add: Remeasurements of defined benefit plans (net of tax) | 1.38           | (0.74)         |
| <b>Closing balance</b>                                    | <b>599.49</b>  | <b>(94.92)</b> |

**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 Companies Act, 2013.

**Deemed Investment in the nature of equity**

It represents the fair value of guarantee provided by Astra Microwave Products Limited towards borrowings.



**Bhavyabhanu Electronics Private Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)**

**Note 12 : Provisions\***

| Particulars                         | As at          | As at          |
|-------------------------------------|----------------|----------------|
|                                     | March 31, 2021 | March 31, 2020 |
| <b>a) Non-current</b>               |                |                |
| Provision for compensated absences  | 14.72          | 11.87          |
| Provision for gratuity              | 19.17          | 15.25          |
| <b>Total non-current provisions</b> | <b>33.89</b>   | <b>27.12</b>   |
| <b>b) Current</b>                   |                |                |
| Provision for compensated absences  | 5.96           | 4.79           |
| Provision for gratuity              | 3.13           | 2.65           |
| <b>Total current provisions</b>     | <b>9.09</b>    | <b>7.44</b>    |

\*Refer note 28

**Note 13: Current Borrowings**

| Particulars                 | As at           | As at          |
|-----------------------------|-----------------|----------------|
|                             | March 31, 2021  | March 31, 2020 |
| <b>Cash Credit facility</b> |                 |                |
| HDFC Bank                   | 2,142.87        | 750.56         |
| <b>Total</b>                | <b>2,142.87</b> | <b>750.56</b>  |

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 9.55%.

**Nature of security:**

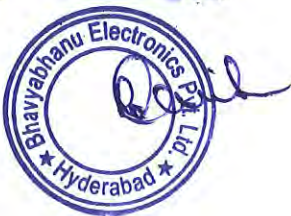
- Working capital loan from HDFC Bank is secured by charge on Book debts, movable fixed assets, plant and machinery and fixed deposits of the company.
- Corporate Guarantee of Astra Microwave Products Ltd.

**Note 14(a): Trade Payables : Dues to Micro and Small enterprises**

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Dues to micro enterprises and small enterprises (Refer note 14(c)) | 1.76           | 0.77           |
| <b>Total</b>   | <b>1.76</b>    | <b>0.77</b>    |

**Note 14(b): Trade Payables : Dues to Other than Micro and Small enterprises**

| Particulars             | As at          | As at           |
|-------------------------|----------------|-----------------|
|                         | March 31, 2021 | March 31, 2020  |
| Trade Payables : Others | 267.25         | 2,317.44        |
| <b>Total</b>            | <b>267.25</b>  | <b>2,317.44</b> |





**Bhavyabhanu Electronics Private Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)**

Note 14 (c): 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  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end   | 1.76           | 0.77           |
| 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          | As at          |
|---------------------------|----------------|----------------|
|                           | March 31, 2021 | March 31, 2020 |
| Capital creditors         | 0.33           | 0.32           |
| Employee benefits payable | 96.16          | 50.44          |
| <b>Total</b>              | <b>96.49</b>   | <b>50.76</b>   |

**Note 16: Current tax liabilities (net)**

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Provision for Tax(net of advance tax and tax deducted at source of Rs. 102.96 lakhs (2020: Nil)) | 62.68          | -              |
| <b>Total</b>   | <b>62.68</b>   | <b>-</b>       |



**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

**(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)**

**Note 17(a): Other current liabilities**

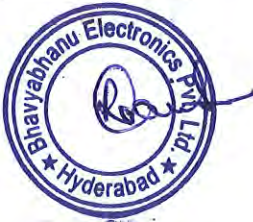
| Particulars            | As at          | As at          |
|------------------------|----------------|----------------|
|                        | March 31, 2021 | March 31, 2020 |
| Statutory dues payable | 319.05         | 399.69         |
| <b>Total</b>           | <b>319.05</b>  | <b>399.69</b>  |

**Note 17(b): Contract liabilities**

| Particulars            | As at           | As at           |
|------------------------|-----------------|-----------------|
|                        | March 31, 2021  | March 31, 2020  |
| <b>Current</b>         |                 |                 |
| Advance from customers | 1,584.55        | 6,324.19        |
| <b>Total</b>           | <b>1,584.55</b> | <b>6,324.19</b> |

**Movement of Contract liabilities**

| Particulars                                    | As at           | As at           |
|--|-----------------|-----------------|
|  | March 31, 2021  | March 31, 2020  |
| <b>Opening balance of contract liabilities</b> | <b>6,324.19</b> | <b>781.27</b>   |
| Received during the year                       | 15,110.47       | 21,067.54       |
| Advances offset on account of sales            | (19,850.11)     | (15,524.62)     |
| <b>Closing balance of contract liabilities</b> | <b>1,584.55</b> | <b>6,324.19</b> |



**Bhavyabhanu Electronics Private Limited****Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 18(a): Revenue from Operations**

| Particulars      | Year ended       | Year ended       |
|------------------|------------------|------------------|
|                  | March 31, 2021   | March 31, 2020   |
| Sale of Products | 21,102.68        | 13,560.24        |
| Sale of Services | 146.50           | 101.64           |
| <b>Total</b>     | <b>21,249.18</b> | <b>13,661.88</b> |

The following table show unsatisfied performance obligations resulting from fixed price long term Sale of Products.

| Particulars   | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Aggregate amount of the transaction price allocated to long term Sale of Products | 5,426.70       | 20,383.83      |

**Note 18(b): Other Income**

| Particulars   | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Interest income from financial assets at amortised cost | 13.16          | 6.03           |
| Miscellaneous Receipts*                                 | 5.04           | -              |
| Changes in expected credit loss in receivables          | 0.27           | 0.90           |
| <b>Total</b>  | <b>18.47</b>   | <b>6.93</b>    |

\* The amount for year ended March 31, 2020 is below the rounding off norm adopted by the company

**Note 19: Cost of materials consumed**

| Particulars                                | Year ended       | Year ended       |
|--|------------------|------------------|
|  | March 31, 2021   | March 31, 2020   |
| Raw materials at the beginning of the year | 4,427.05         | 601.63           |
| Add: Purchases                             | 17,112.83        | 17,881.07        |
| Less: Raw materials at the end of the year | (2,246.87)       | (4,427.05)       |
| <b>Total</b>                               | <b>19,293.01</b> | <b>14,055.65</b> |

**Note 20: Changes in inventories of finished goods and work-in-progress**

| Particulars  | Year ended      | Year ended        |
|--|-----------------|-------------------|
|  | March 31, 2021  | March 31, 2020    |
| <b>Opening Balance:</b>  |                 |                   |
| Finished goods   | 0.25            | -                 |
| Work-in-progress   | 1,253.13        | 196.71            |
| <b>Total(A)</b>  | <b>1,253.38</b> | <b>196.71</b>     |
| <b>Closing Balance:</b>  |                 |                   |
| Finished goods   | 0.24            | 0.25              |
| Work-in-progress   | 1,556.72        | 1,253.13          |
| <b>Total(B)</b>  | <b>1,556.96</b> | <b>1,253.38</b>   |
| <b>Changes in inventories of finished goods and work-in-progress (A)-(B)</b> | <b>(303.58)</b> | <b>(1,056.67)</b> |

**Note 21: Employee benefit expenses**

| Particulars                              | Year ended     | Year ended     |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Salaries, wages and bonus                | 536.35         | 393.41         |
| Contribution to Provident Fund           | 31.81          | 27.05          |
| Contribution to Employee State Insurance | 3.91           | 3.29           |
| Gratuity                                 | 6.76           | 5.46           |
| Leave encashment                         | 11.80          | 11.37          |
| Staff welfare expenses                   | 4.61           | 3.93           |
| <b>Total</b>                             | <b>595.24</b>  | <b>444.51</b>  |



**Bhavyabhanu Electronics Private Limited****Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 22: Depreciation expense**

| Particulars                                   | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Depreciation of property, plant and equipment | 46.97          | 43.61          |
| <b>Total</b>                                  | <b>46.97</b>   | <b>43.61</b>   |

**Note 23: Other expenses**

| Particulars                               | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Consumption of stores and spares          | 6.66           | -              |
| Power and fuel                            | 32.85          | 36.19          |
| Repairs and maintenance                   |                |                |
| Plant and machinery                       | 61.75          | 83.58          |
| Computers                                 | 0.12           | 0.23           |
| Others                                    | 38.07          | 17.14          |
| Travelling and conveyance                 | 11.38          | 8.19           |
| Printing and stationery                   | 6.48           | 3.48           |
| Telephone and communication charges       | 0.09           | 0.07           |
| Operating lease rent                      | 43.21          | 57.43          |
| Insurance                                 | 11.71          | 3.84           |
| Rates and taxes                           | 5.88           | 3.24           |
| Legal and professional fees               | 9.41           | 6.39           |
| Auditors Remuneration (Refer note 24 (a)) | 6.00           | 6.00           |
| Business promotion expenses               | 6.34           | 2.58           |
| Security charges                          | 5.60           | 5.60           |
| Bank charges and commission               | 39.61          | 19.99          |
| Selling and distribution expenses         | 3.63           | 2.62           |
| Foreign exchange fluctuations             | 114.50         | 70.61          |
| Miscellaneous expenses                    | 11.36          | 5.36           |
| <b>Total</b>                              | <b>414.65</b>  | <b>332.54</b>  |

**24(a). Auditors Remuneration**

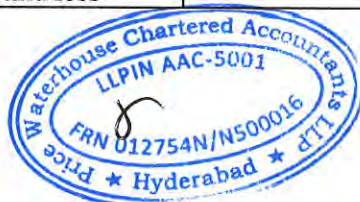
| Particulars                      | Year ended     | Year ended     |
|----------------------------------|----------------|----------------|
|                                  | March 31, 2021 | March 31, 2020 |
| <b>(a) To statutory auditors</b> |                |                |
| Statutory Audit fee              | 6.00           | 6.00           |
| <b>Total</b>                     | <b>6.00</b>    | <b>6.00</b>    |

**24(b): Tax Expense**

| Particulars                                     | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| <b>Current Tax</b>                              |                |                |
| Current tax on profits for the year             | 158.01         | -              |
| <b>Deferred Tax</b>                             |                |                |
| Decrease (increase) in deferred tax assets      | (95.18)        | 19.25          |
| (Decrease) increase in deferred tax liabilities | (0.19)         | 2.62           |
| <b>Total</b>                                    | <b>62.64</b>   | <b>21.87</b>   |

**Note 24(c) : Reconciliation of tax expenses and accounting profit multiplied by tax rate:**

| Particulars  | Year ended     | Year ended     |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Profit before income tax expense   | 946.41         | (207.68)       |
| Income tax rate  | 25.17%         | 25.17%         |
| <b>Income tax expense</b>  | <b>238.19</b>  | <b>(52.27)</b> |
| Tax effects on amounts which are not deductible (taxable) in calculation of taxable income | 28.44          | 30.40          |
| Others   | (13.25)        | -              |
| <b>Income tax recognised in statement of profit and loss</b>                               | <b>253.38</b>  | <b>(21.87)</b> |



**Bhavayabhanu Electronics Private Limited****Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 25. Finance cost**

| Particulars              | Year ended     | Year ended     |
|--------------------------|----------------|----------------|
|                          | March 31, 2021 | March 31, 2020 |
| <b>Interest expense</b>  |                |                |
| On working capital loans | 141.40         | 56.85          |
| Interest on others       | 7.63           | -              |
| Other finance charges*   | 125.92         | -              |
| <b>Total</b>             | <b>274.95</b>  | <b>56.85</b>   |

\*Other finance charges include commission on corporate guarantee provided by holding company amounting to Rs. 105.35 lakhs.

**Net Debt Reconciliation**

| Particulars               | Year ended        | Year ended      |
|---------------------------|-------------------|-----------------|
|                           | March 31, 2021    | March 31, 2020  |
| Cash and cash equivalents | 0.42              | 17.09           |
| Current Borrowings        | (2,142.87)        | (750.56)        |
| <b>Net Debt</b>           | <b>(2,142.45)</b> | <b>(733.47)</b> |

| Particulars                         | Cash and Cash Equivalents | Current Borrowings | Total             |
|-------------------------------------|---------------------------|--------------------|-------------------|
| <b>Net debt as at 1 April 2019</b>  | <b>21.95</b>              | <b>(248.45)</b>    | <b>(226.50)</b>   |
| Cash flows                          | (4.86)                    | (502.11)           | (506.97)          |
| <b>Net debt as at 31 March 2020</b> | <b>17.09</b>              | <b>(750.56)</b>    | <b>(733.47)</b>   |
| Cash flows                          | (16.67)                   | (1,392.31)         | (1,408.98)        |
| <b>Net debt as at 31 March 2021</b> | <b>0.42</b>               | <b>(2,142.87)</b>  | <b>(2,142.45)</b> |



**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 26. Earnings per share**

| Particulars                              | Year ended     |                |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Profit after tax                         | 693.03         | (185.81)       |
| <b>Basic:</b>                            |                |                |
| Weighted average number of equity shares | 1,957,918      | 176,000        |
| Earnings per share (Rs.)                 | 35.40          | (105.57)       |

Note: EPS is calculated based on profits excluding the other comprehensive income  
Basic and diluted earnings per share are equal as there are no potential equity shares

**Note 27. Related party disclosures**

**A. List of Related Parties:**

| Name of the Related Party       | Nature of Relationship                 |
|---------------------------------|--|
| Astra Microwave Private Limited | Holding company                        |
| R. Narasimhan                   | Executive Director                     |
| T. Anjaneyulu                   | Director                               |
| Sunil Kumar Sharma              | Director w.e.f. 27th July 2020         |
| O. V. Ramana Reddy              | Director retired w.e.f. 27th July 2020 |

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

| Name of the related parties     | Nature of transactions                               | As at          |                |
|---------------------------------|--|----------------|----------------|
|                                 |  | March 31, 2021 | March 31, 2020 |
| Astra Microwave Private Limited | Advance received for supply of materials/ services   | 1,489.60       | 5,420.58       |
|                                 | Value of Corporate guarantee received for borrowings | 4,300.00       | 2,800.00       |
|                                 | Amount payable to holding company for sale of goods  | -              | 0.21           |

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

| Name of the related parties     | Nature of balance                   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---------------------------------|-------------------------------------|------------------------------|------------------------------|
| Astra Microwave Private Limited | Sale of products/ services to Astra | 16,436.50                    | 13,247.44                    |
|                                 | Purchase of goods from Astra        | -                            | 0.18                         |
|                                 | Advance Received                    | 15,110.00                    | 18,790.00                    |
|                                 | Advance adjusted                    | 19,040.98                    | 14,150.68                    |
|                                 | Payment on behalf of subsidiary     | 32.85                        | 36.19                        |
|                                 | Rent paid                           | 43.21                        | 57.43                        |



**Bhavyabhanu Electronics Private Limited****Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 28 Employee benefit Obligations****a) Leave obligations**

The leave obligation covers the Company's liability for sick and earned leave. Refer Note-12 and Note 21, for details of provision made in this regard.

**b) Defined Contribution Plan**

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. The expense recognised during the year towards defined such plan for the financial year 2020-21 is Rs. 31.81 lakhs and for the financial year 2019-20 is Rs. 27.05 lakhs.

**c) Defined Benefit Plan:****Gratuity**

The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

**Defined benefit plan – as per actuarial valuation on March 31, 2021****i. Expense recognised in the Statement of Profit and Loss for the year ended March 31 :**

| Particulars                            | Gratuity |      |
|--|----------|------|
|  | 2021     | 2020 |
| 1. Current service cost                | 5.56     | 4.51 |
| 2. Interest cost (net)                 | 1.20     | 0.95 |
| Total expense/(gain) recognised in P&L | 6.76     | 5.46 |

**ii. Included in other Comprehensive Income**

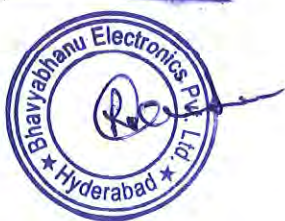
| Particulars                              | 2021   | 2020 |
|--|--------|------|
| 1. Actuarial (Gain)/Loss on account of : |        |      |
| - Financial Assumptions                  | (0.13) | 0.70 |
| - Experience Adjustments                 | (1.71) | 0.43 |
| Total expense/(gain) recognised in OCI   | (1.84) | 1.13 |

**iii. Net Liability/(Asset) recognised in the Balance Sheet as at 31st March**

| Particulars   | 2021  | 2020  |
|---|-------|-------|
| 1. Present value of defined benefit obligation as at 31st March | 22.30 | 17.90 |
| 2. Current portion of the above                                 | 3.13  | 2.65  |
| 3. Non current portion of the above                             | 19.17 | 15.25 |

**iv. Changes in Obligation and fair value of plan assets during the year**

| Particulars  | 2021         | 2020         |
|--|--------------|--------------|
| <b>A. Change in the obligation during the year ended 31st March</b>          |              |              |
| 1. Present value of defined benefit obligation at the beginning of the year  | 17.90        | 13.62        |
| 2. Expenses Recognised in Profit and Loss Account                            |              |              |
| - Current Service Cost   | 5.56         | 4.51         |
| - Past Service Cost  |              |              |
| - Interest Expense (Income)  | 1.20         | 0.95         |
| 3. Recognised in Other Comprehensive Income                                  |              |              |
| - Actuarial Gain (Loss) arising from:  |              |              |
| ii. Financial Assumptions  | (0.13)       | 0.70         |
| iii. Experience Adjustments  | (1.71)       | 0.43         |
| 4. Benefit payments  | (0.52)       | (2.31)       |
| <b>5. Present value of defined benefit obligation at the end of the year</b> | <b>22.30</b> | <b>17.90</b> |



**Bhavyabhanu Electronics Private Limited****Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**The key assumptions used in accounting for gratuity are as below**

| <b>v. Actuarial assumptions</b>     | <b>March 31, 2021</b> | <b>March 31, 2020</b> |
|-------------------------------------|-----------------------|-----------------------|
| 1. Interest rate/Discount rate      | 6.88%                 | 6.76%                 |
| 2. Rate of increase in compensation | 6.00%                 | 6.00%                 |
| 3. Attrition rate                   | 20.00%                | 20.00%                |

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**vi. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions would have affected the defined benefit obligation to the amounts shown below:

| <b>Particulars</b>                               | <b>For the year ended<br/>March 31, 2021</b> | <b>For the year ended<br/>March 31, 2020</b> |
|--|--|--|
| <b>Discount rate (If changed by 1%)</b>          |  |  |
| Increase   | 21.26  | 17.07  |
| Decrease   | 23.45  | 18.81  |
| <b>Salary escalation rate (If changed by 1%)</b> |  |  |
| Increase   | 23.57  | 18.91  |
| Decrease   | 21.13  | 16.97  |

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.

**Expected cashflow and duration of the plan**

| <b>Particulars</b>               | <b>Gratuity plan</b>            |                                 |
|----------------------------------|---------------------------------|---------------------------------|
|                                  | <b>As at March 31,<br/>2021</b> | <b>As at March 31,<br/>2020</b> |
| Weighted average duration of DBO | 7.38                            | 7.33                            |
| Expected benefit payments        |                                 |                                 |
| Year 1                           | 3.13                            | 2.65                            |
| Year 2 - 5                       | 12.36                           | 9.83                            |
| Beyond 5 years                   | 9.61                            | 7.52                            |





**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**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:*

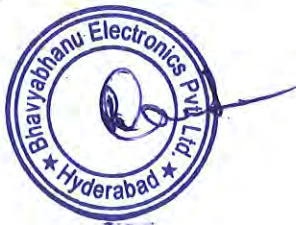
The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

*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.



**Bhavyabhanu Electronics Private Limited****Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**Note 29****Segment information**

The company operates in a single product segment. Additional disclosures required as per Ind AS 108, "Operating Segments" are included below:

**a. Geographical Segment revenue by location of customers**

The following is an analysis of the Group's revenue and results from continuing operations by

|                | Segment Revenue              |                              |
|----------------|------------------------------|------------------------------|
|                | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
| In India       | 21,249.18                    | 13,661.88                    |
| Outside India* | -                            | -                            |
| <b>Total</b>   | <b>21,249.18</b>             | <b>13,661.88</b>             |

\*Segment revenue from outside India does not include deemed exports to Export Oriented Units

**b. Geographical Segment assets**

|                         | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------|----------------------|----------------------|
| <b>Segment assets</b>   |                      |                      |
| India                   |                      |                      |
| - Financial instruments | 102.73               | 17.06                |
| - Others                | 221.29               | 286.79               |
| Outside India           | -                    | -                    |
| <b>Total</b>            | <b>324.02</b>        | <b>303.85</b>        |

**Major Customers contributing more than 10 percent of revenue**

|  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Astra Microwave Products Ltd (Holding company) | 16,436.51            | 13,247.44            |
| Hela Systems Private Limited                   | 4,255.41             | -                    |

**Note 30 : Assets pledged as security**

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

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Current</b>  |                         |                         |
| Financial assets  |                         |                         |
| Trade receivables                                       | 1,221.88                | 162.20                  |
| Other bank balances                                     | 100.51                  | 94.75                   |
| Other financial assets                                  | 15.63                   | 10.51                   |
| Non-financial assets                                    |                         |                         |
| Inventories   | 3,803.83                | 5,680.43                |
| <b>Total current assets pledged as security (A)</b>     | <b>5,141.85</b>         | <b>5,947.89</b>         |
| <b>Non-current</b>                                      |                         |                         |
| Property, plant and equipment                           | 214.93                  | 222.24                  |
| Other financial assets                                  | 102.73                  | 17.05                   |
| <b>Total non-current assets pledged as security (B)</b> | <b>317.66</b>           | <b>239.29</b>           |
| <b>Total assets pledged as security ((A) + (B))</b>     | <b>5,459.51</b>         | <b>6,187.18</b>         |

**Note 31: Commitments and contingent liabilities**

The company does not have any significant capital commitments as on the reporting date. Also the company has given certain performance guarantees amounting to Rs. 2,037.58 lakhs (PY: 2,031.84 Lakh) which is not included in contingent liabilities.



**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**32. Financial Instruments**

**Fair value**

The management assessed the fair value of trade receivables, cash and cash equivalents, other bank balances, 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. The Company has determined fair value of Non current financial assets using discounted cash flow of future projected cash flow.

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:

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2021 were as follows:

| Particulars                            | Fair value hierarchy | Amortised cost  | Financial assets/liabilities at fair value through profit or loss |             | Total carrying value | Total fair value |
|--|----------------------|-----------------|---|-------------|----------------------|------------------|
|  |                      |                 | Designated upon initial recognition                               | Mandatory   |                      |                  |
| <b>Assets:</b>                         |                      |                 |   |             |                      |                  |
| <b>Non-current</b>                     |                      |                 |   |             |                      |                  |
| (a) Other financial assets             | 3                    | 102.73          | -   | -           | 102.73               | 102.73           |
| <b>Current</b>                         |                      |                 |   |             |                      |                  |
| (a) Trade receivables                  | 3                    | 1,221.88        | -   | -           | 1,221.88             | 1,221.88         |
| (b) Cash and cash equivalents          | 3                    | 0.42            | -   | -           | 0.42                 | 0.42             |
| (c) Bank balances other than (b) above | 3                    | 100.51          | -   | -           | 100.51               | 100.51           |
| (d) Other financial assets             | 3                    | 15.27           | -   | -           | 15.27                | 15.27            |
| (e) Derivative asset                   | 2                    | -               | -   | 0.36        | 0.36                 | 0.36             |
| <b>Total</b>                           |                      | <b>1,440.81</b> | <b>-</b>  | <b>0.36</b> | <b>1,441.17</b>      | <b>1,441.17</b>  |
| <b>Liabilities:</b>                    |                      |                 |   |             |                      |                  |
| <b>Current</b>                         |                      |                 |   |             |                      |                  |
| Financial liabilities                  |                      |                 |   |             |                      |                  |
| (a) Borrowings                         | 3                    | 2,142.87        | -   | -           | 2,142.87             | 2,142.87         |
| (b) Trade payables                     | 3                    | 269.01          | -   | -           | 269.01               | 269.01           |
| (c) Other financial liabilities        | 3                    | 96.49           | -   | -           | 96.49                | 96.49            |
| <b>Total</b>                           |                      | <b>2,508.37</b> | <b>-</b>  | <b>-</b>    | <b>2,508.37</b>      | <b>2,508.37</b>  |

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

| Particulars                            | Fair value hierarchy | Amortised cost  | Financial assets/liabilities at fair value through profit or loss |              | Total carrying value | Total fair value |
|--|----------------------|-----------------|---|--------------|----------------------|------------------|
|  |                      |                 | Designated upon initial recognition                               | Mandatory    |                      |                  |
| <b>Assets:</b>                         |                      |                 |   |              |                      |                  |
| <b>Non-Current</b>                     |                      |                 |   |              |                      |                  |
| (a) Other financial assets             | 3                    | 17.05           | -   | -            | 17.05                | 17.05            |
| <b>Current</b>                         |                      |                 |   |              |                      |                  |
| (a) Trade receivables                  | 3                    | 162.20          | -   | -            | 162.20               | 162.20           |
| (b) Cash and cash equivalents          | 3                    | 17.09           | -   | -            | 17.09                | 17.09            |
| (c) Bank balances other than (b) above | 3                    | 94.75           | -   | -            | 94.75                | 94.75            |
| (d) Derivative asset                   | 2                    | -               | -   | 10.51        | 10.51                | 10.51            |
| <b>Total</b>                           |                      | <b>291.09</b>   | <b>-</b>  | <b>10.51</b> | <b>301.60</b>        | <b>301.60</b>    |
| <b>Liabilities:</b>                    |                      |                 |   |              |                      |                  |
| <b>Current</b>                         |                      |                 |   |              |                      |                  |
| (a) Borrowings                         | 3                    | 750.56          | -   | -            | 750.56               | 750.56           |
| (b) Trade payables                     | 3                    | 2,318.21        | -   | -            | 2,318.21             | 2,318.21         |
| (c) Other financial liabilities        | 3                    | 50.76           | -   | -            | 50.76                | 50.76            |
| <b>Total</b>                           |                      | <b>3,119.53</b> | <b>-</b>  | <b>-</b>     | <b>3,119.53</b>      | <b>3,119.53</b>  |

**Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).



**33. Financial risk management**

**Risk management framework**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's management risk policy is set by the Board. The Company's activities expose it to a variety of financial risks : credit risk, liquidity risk and market risk relating to foreign currency exchange rate and interest rate. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. A summary of the risks have been given below.

**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 with high credit ratings.

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 well defined screening process 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.

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.

**a. Trade receivables**

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 the default risk associated with the industry and country in which customers operate and are derived from revenue earned from customers primarily located in India. Company has a process in place to monitor outstanding receivables on a monthly basis.

The Company's exposure to credit risk for trade and other receivables where simplified approach of recognising expected credit loss is recognised

| Particulars  | Carrying amount         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| Trade receivables (Gross)                                | 1,221.95                | 162.55                  |
| Less: Expected credit loss                               | (0.07)                  | (0.35)                  |
| <b>Trade receivables as per the financial statements</b> | <b>1,221.88</b>         | <b>162.20</b>           |

The Company's exposure to credit risk for financial assets other than trade receivables, where 12 month expected credit loss is recognised

| Particulars  | Carrying amount         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| Cash and cash equivalents                                | 0.42                    | 17.09                   |
| Other bank balances                                      | 100.51                  | 94.75                   |
| Other financial assets                                   | 118.36                  | 27.56                   |
| Less: Expected credit loss                               | -                       | -                       |
| <b>Trade receivables as per the financial statements</b> | <b>219.29</b>           | <b>139.40</b>           |

**Movement in Expected Credit loss**

| Particulars                   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------------------------------|-------------------------|-------------------------|
| Opening balance               |                         | 1.25                    |
| Add: provided during the year | 0.35                    | (0.90)                  |
| Net re-measurement of ECL     | (0.28)                  | 0.35                    |
|                               | <b>0.07</b>             |                         |

**Significant estimates and judgements**

**Provision for expected credit loss on Trade receivables**

The allowance for doubtful debts are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the provision for expected credit loss calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. 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.

Following are the financial assets carried at amortised cost at the reporting date.

| Particulars               | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---------------------------|-------------------------|-------------------------|
| Trade receivables         | 1,221.88                | 162.20                  |
| Cash and cash equivalents | 0.42                    | 17.09                   |
| Other bank balances       | 100.51                  | 94.75                   |
| Other financial assets    | 118.00                  | 17.05                   |
|                           | <b>1,440.81</b>         | <b>291.09</b>           |



**Bhavyabhanu Electronics Private Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
 (All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**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.

The Company monitors the level of expected cash inflows from financial assets together with expected cash outflows on trade payables and other financial liabilities. As at March 31, 2021, the expected cash flows from financial assets is Rs. 1,222.24 lakhs (As at March 31, 2020: Rs. 172.71 lakhs).

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

**(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, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Expiring within one year (bank overdraft and other facilities) | 157.13               | 49.44                |

**(ii) Maturities of financial liabilities**

As at March 31, 2021

| Particulars  | within 12 months | 1-5 Years | More than five years | Total carrying amount |
|--|------------------|-----------|----------------------|-----------------------|
| Borrowings   | 2,142.87         | -         | -                    | 2,142.87              |
| Trade payables   | 269.01           | -         | -                    | 269.01                |
| Other financial liabilities (excluding trade payables) | 96.49            | -         | -                    | 96.49                 |
|  | <b>2,508.37</b>  | -         | -                    | <b>2,508.37</b>       |

As at March 31, 2020

| Particulars  | within 12 months | 1-5 Years | More than five years | Total carrying amount |
|--|------------------|-----------|----------------------|-----------------------|
| Borrowings   | 750.56           | -         | -                    | 750.56                |
| Trade payables   | 2,318.21         | -         | -                    | 2,318.21              |
| Other financial liabilities (excluding trade payables) | 50.76            | -         | -                    | 50.76                 |
|  | <b>3,119.53</b>  | -         | -                    | <b>3,119.53</b>       |

**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.

**Foreign currency 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 payables. The risks primarily relate to fluctuations in US Dollar, JPY and EURO against the functional currencies of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The Company's foreign currency payables and receivables are as follows

**Exposure to currency risk**

The summary quantitative data about the Company's gross exposure to currency risk is as follows:

| Particulars     | Currency | As at March 31, 2021       |                               | As at March 31, 2020       |                               |
|-----------------|----------|----------------------------|-------------------------------|----------------------------|-------------------------------|
|                 |          | Amount in foreign currency | Amount in functional currency | Amount in foreign currency | Amount in functional currency |
| Amounts Payable | USD      | 1.38                       | 100.69                        | 2.05                       | 154.83                        |
|                 | JPY      | 2.53                       | 1.68                          | 3.85                       | 2.68                          |
|                 | EURO     | 0.02                       | 1.65                          | 0.03                       | 2.41                          |

**Sensitivity analysis:**

A reasonably possible strengthening (weakening) of the USD, against INR would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasts sales and purchases.

| Particulars                   | Profit and loss                   |                               | Equity, net of tax                |                               |
|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|
|                               | Strengthening of foreign currency | Weakening of foreign currency | Strengthening of foreign currency | Weakening of foreign currency |
| <b>31-03-2021 (5% change)</b> |                                   |                               |                                   |                               |
| USD                           |                                   | (5.03)                        | 3.77                              | (3.77)                        |
| JPY                           | 0.08                              | (0.08)                        | 0.06                              | (0.06)                        |
| EURO                          | 0.08                              | (0.08)                        | 0.06                              | (0.06)                        |
| <b>31-03-2020 (5% change)</b> |                                   |                               |                                   |                               |
| USD                           | 7.74                              | (7.74)                        | 5.79                              | (5.79)                        |
| JPY                           | 0.13                              | (0.13)                        | 0.10                              | (0.10)                        |
| EURO                          | 0.12                              | (0.12)                        | 0.09                              | (0.09)                        |



**Bhavyabhanu Electronics Private Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
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**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.

**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                    | 31 March 2021 | 31 March 2020 |
|--------------------------------|---------------|---------------|
| <b>Change in interest rate</b> |               |               |
| -increase by 50 basis points   | 0.71          | 0.28          |
| -decrease by 50 basis points   | (0.71)        | (0.28)        |

**34. 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.

**Capital gearing ratio**

| Particulars                     | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------|----------------------|----------------------|
| <b>Borrowings</b>               |                      |                      |
| Current borrowings              | 2,142.87             | 750.56               |
| <b>Debt</b>                     | <b>2,142.87</b>      | <b>750.56</b>        |
| <b>Equity</b>                   |                      |                      |
| Equity share capital            | 497.60               | 17.60                |
| Other equity                    | 897.12               | 97.36                |
| <b>Total capital</b>            | <b>1,394.72</b>      | <b>114.96</b>        |
| <b>Net debt to equity ratio</b> | <b>154%</b>          | <b>653%</b>          |

**35. Short term Lease**

|  |  |
|--|--|
| a) Nature of lease                         | The company has taken equipment and office premises on lease.  |
| b) Short term lease exemption              | The lease is cancellable at option of both the parties by giving 3 months notice in advance. Accordingly, the company has identified the lease as a short term lease and opted the short term lease exemption. |
| c) expense on account of short term leases | The lease expense recognised in respect of short term leases is Rs. 43.21 (refer note 23)  |
| d) Cash outflow                            | The lease rent paid is Rs. 43.21 lakhs   |



**Bhavyabhanu Electronics Private Limited**

**Notes to financial statements for the year ended March 31, 2021**

(All amounts are in Indian rupees lakhs, except share data and where otherwise stated)

**36. Impact of Covid-19 pandemic on the business:**

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock-downs, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The company engaged in the business of manufacture, supply, installations and service of all electronic machinery, components, spares and other electronic parts.

Except for the delay due to the lockdown announced by the government, the Company has managed uninterrupted services to its Customers till date and will continue the same for the next 3 to 6 weeks based on Raw Material stocks available at the plant. The Company is able to continue their operations following all precautions and compliance to COVID-19 instructions.

Further, the company has carried out an assessment of the following considering certain assumptions, cumulative knowledge and understanding of the business, current indicators of future economic conditions:

- a) Going concern - based on available cash flows and approved annual operating plan;
- b) the recoverability of receivables – considering past experience and communication with the customers;
- c) carrying value of inventories and property, plant and equipment - expects to recover the carrying amount of these assets as at the balance sheet date.

Based on the assessment, management has concluded that there are no material adjustments required in the financial statements.

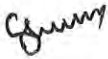
Management believes that it has taken into account all the possible impact of known events arising from COVID 19 pandemic in the preparation of the financial statements. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic conditions.

37. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosures.

**For Price Waterhouse Chartered Accountants LLP**

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

Firm Registration Number: 012754N/N500016



**Sunit Kumar Basu**  
Partner  
Membership Number: 55000



**R. Narasimhan**  
Director  
DIN : 06662112



**T. Anjaneyulu**  
Director  
DIN : 06650624

Place : Hyderabad

Date : May 25, 2021