

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Synegra EMS Limited**

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the financial statements of Synegra EMS Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss and Cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2019, and its loss (financial performance) and its cash flows for the year ended on that date.

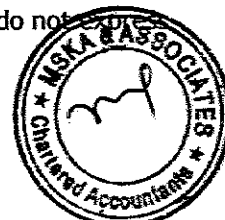
### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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 ("ICAI") 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.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including Annexures, but does not include the financial statements and our auditor's report thereon.

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



In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management for Financial Statements**

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 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 implementation and maintenance of 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.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - 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 Auditor's) 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.



# MSKA

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3. In our opinion, according to information and explanations given to us, the Company has not paid / provided for managerial remuneration to its directors for the year ended March 31, 2019 and therefore the reporting requirement regarding payment of remuneration to directors within the limits prescribed under section 197 of the Act and rules thereunder are not applicable.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

*Vinayak M. Padwal*  
Vinayak M Padwal  
Partner

Membership No. 049639



Place: Mumbai

Date: May 15, 2019

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF SYNEGRA EMS LIMITED**

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has 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.





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

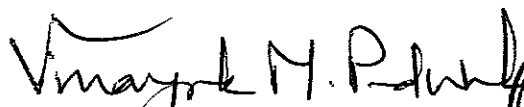
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W



Vinayak M Padwal

Partner

Membership No. 049639



Place: Mumbai

Date: May 15, 2019

**ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS  
OF SYNEGRA EMS LIMITED FOR THE YEAR ENDED MARCH 31, 2019**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).  
  
(b) As explained to us, fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.  
  
(c) The company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of CARO 2016 is not applicable.
- ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.
- iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. According to the information provided to us and explanations given us, the Company has not granted any loans, made any investments, given any guarantees or provided any security within the meaning of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, 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.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.



- vii. (a) According to the information and explanations given to us and records examined by us, the Company has been generally regular in depositing statutory dues relating to income tax, sales tax, goods and service tax, custom duty, value added tax, professional tax, provident fund, employees state insurance and other statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they become payable.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no outstanding dues of income tax, sales tax, goods and service tax, value added tax, provident fund, employees state insurance, custom duty, cess and duties of excise and any other statutory dues payable as on March 31, 2019 which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks. The Company has not issued any debentures and did not have any loans or borrowings from the Government of financial institution outstanding during the year.
- ix. According to the information and explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- 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.
- xi. According to the information and explanations given to us, the Company has not paid / provided any managerial remuneration during the year. Accordingly, the provision of Paragraph 3(xi) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

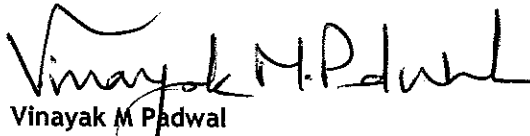




- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company during the year, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For MSKA & Associates  
Chartered Accountants

ICAI Firm Registration No. 105047W

  
Vinayak M Padwal  
Partner  
Membership No. 049639



Place: Mumbai

Date: May 15, 2019

**ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SYNEGRA EMS LIMITED**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Synegra EMS Limited on the Financial Statements for the year ended March 31, 2019.

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

We have audited the internal financial controls with reference to financial statements of Synegra EMS Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of 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.

**Auditor's Responsibility**

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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.

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 with reference to financial statements.

**Meaning of Internal Financial Controls With reference to Financial Statements**

A Company's internal financial control 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 control 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls With reference to financial statements**

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 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.



# MSKA

& Associates

Chartered Accountants

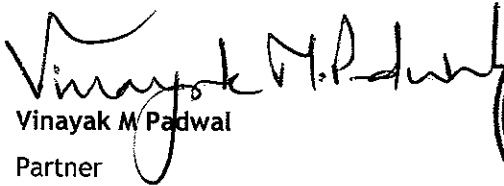
## Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

  
Vinayak M Padwal  
Partner

Membership No. 049639



Place : Mumbai

Date : May 15, 2019

# Synegra EMS Limited

Balance sheet As at 31st March, 2019

Particulars	Note No.	As at 31st March, 2019 Rupees	As at 31st March, 2018 Rupees
<b>I EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share capital	3	45,000,000	45,000,000
(b) Reserves and surplus	4	(52,058,652)	(30,515,052)
		(7,058,652)	14,484,948
(2) Non-current liabilities			
(a) Long-term provisions	5	464,557	437,506
		464,557	437,506
(3) Current liabilities			
(a) Short-term borrowing	6	69,082,072	39,643,959
(b) Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		10,368	840,041
Total outstanding dues of creditors other than micro enterprises and small enterprises		19,989,214	40,230,414
(c) Other current liabilities	8	1,039,525	1,092,028
(d) Short-term provisions	9	155,823	149,293
		90,277,002	81,955,735
<b>Total</b>		<b>83,682,907</b>	<b>96,878,189</b>
<b>II ASSETS</b>			
(1) Non-current assets			
(a) Property, plant and equipment			
(i) Tangible assets	10 a	4,295,763	5,998,960
(ii) Intangible assets	10 b	201,693	7,462,380
		4,497,456	13,461,340
(b) Long-term loans and advances	11	187,455	110,290
		4,684,911	13,571,630
(2) Current assets			
(a) Inventories	12	14,912,896	33,024,330
(b) Trade receivables	13	40,681,014	21,258,477
(c) Cash and bank balance	14	20,877,086	19,697,660
(d) Short-term loans and advances	15	1,983,605	8,879,007
(e) Other current assets	16	543,395	447,085
		78,997,996	83,306,559
<b>Total</b>		<b>83,682,907</b>	<b>96,878,189</b>

See accompanying notes forming part of the  
Financial Statements

1-34

In terms of our report attached  
For MSKA & Associates  
Chartered Accountants  
Firm Registration No. 105047W

Vinayak M. Padwal  
Partner  
Membership No. 049639



Mumbai, dated : 15th May, 2019

For and on behalf of the Board of Directors of  
Synegra EMS Limited  
CIN : U31909GA2016PLC012969

K. R. Naik  
Director  
DIN: 00002013

K. M. Gaonkar  
Director  
DIN: 00002425

Urjita Damle  
Company Secretary

Mumbai, dated : 15th May, 2019

# Synegra EMS Limited

## Statement of Profit and Loss for the period ended 31st March, 2019

Particulars	Note No.	For the year ended 31st March, 2019 Rupees	For the year ended 31st March, 2018 Rupees
I Revenue from operations (gross)	17	219,128,470	70,306,671
Less : Excise duty		-	124,476
Revenue from operations (net)		219,128,470	70,182,195
II Other income	18	3,321,402	1,518,688
III Total Revenue ( I + II )		222,449,872	71,700,883
IV Expenses :			
Cost of raw materials consumed	19	192,450,239	58,252,455
Purchases of traded goods	20	1,358,089	-
(Increase) / Decrease in inventories of finished goods and work-in-progress	21	(473,522)	2,489,861
Employee benefits expense	22	23,491,483	22,903,938
Finance costs	23	3,894,342	869,813
Depreciation and amortisation expense	10	9,221,287	4,060,841
Other expenses	24	14,047,884	13,389,350
Total Expenses		243,989,802	101,966,258
V (Loss) before tax ( III - IV )		(21,539,930)	(30,265,375)
VI Tax Expenses			
- Current tax		-	-
- Deferred tax		-	-
- Adjustment of Income Tax of earlier year		3,670	1,356,547
		3,670	1,356,547
VII (Loss) for the period ( V-VI )		(21,543,600)	(31,621,922)
VIII Earnings per equity share (Face value of Rs. 10/- per share)			
Basic and Diluted	31	(4.79)	(7.03)
See accompanying notes forming part of the Financial Statements	1-34		

In terms of our report attached  
For MSKA & Associates  
Chartered Accountants  
Firm Registration No. 105047W

Vinayak M Padwal  
Partner  
Membership No. 049639



Mumbai, dated : 15th May, 2019

For and on behalf of the Board of Directors of  
Synegra EMS Limited  
CIN : U31909GA2016PLC012969

K. R. Naik  
Director

DIN: 00002013

Urjita Damle  
Company Secretary

K. M. Gaonkar

Director

DIN: 00002425

Mumbai, dated : 15th May, 2019

# Synegra EMS Limited

## Cash flow statement for the period ended 31st March, 2019

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Rupees	Rupees
<b>A. Cash flows from operating activities</b>		
(Loss) before tax	(21,539,930)	(30,265,375)
Adjustments for:		
Depreciation and amortisation expense	9,221,287	4,060,841
(Profit) / Loss on fixed assets sold / written off (net)	(1,200,000)	80,614
Gain on sale of current investment (net)	(19,345)	(934,071)
Unrealised exchange differences	(367,034)	(99,027)
Sundry balances written back	(457,753)	(2,320)
Bad debts written-off	-	464
Finance costs	3,894,342	869,813
Interest income	(1,358,590)	(496,761)
Operating (loss) before working capital changes	(11,827,023)	(26,785,822)
(Increase) in trade receivables	(19,422,537)	(4,413,552)
Decrease / (Increase) in inventories	18,111,434	(29,473,778)
Decrease / (Increase) in loans and advances	6,877,402	(26,754,544)
(Decrease) / Increase in trade and other payables	(20,181,742)	34,201,954
Cash (used in) operations	(26,442,466)	(53,225,742)
Direct taxes (paid) (net)	(62,835)	(962,624)
Net cash (used in) operating activities	(26,505,301)	(54,188,366)
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (Refer note 2)	(257,403)	-
Sale of fixed assets	1,200,000	124,502
Purchase of current investments	(1,000,000)	(40,555,170)
Sale of current investments	1,019,345	54,015,411
Bank balances not considered as Cash and bank balance		
Placed	(30,385,066)	-
Matured	29,258,962	-
Interest received	1,262,280	49,676
Net cash generated from investing activities	1,098,118	13,634,419
<b>C. Cash flows from financing activities</b>		
Proceeds from short term borrowings	29,438,113	39,643,959
Interest paid	(3,977,608)	(208,991)
Net cash generated from financing activities	25,460,505	39,434,968
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>53,322</b>	<b>(1,118,979)</b>
Cash and cash equivalents at the beginning of the period	197,660	1,316,639
Cash and cash equivalents at the end of the period ( Refer note 3)	250,982	197,660



# Synegra EMS Limited

## Cash flow statement for the period ended 31st March, 2019

For the year ended 31st March, 2019	For the year ended 31st March, 2018
Rupees	Rupees

### Notes :

1. Cash flows are reported using the indirect method.
2. Purchase of Fixed assets are stated inclusive of movements of capital creditors between the commencement and end of the period and are considered as part of investing activity.
3. Reconciliation of Cash and bank balance :

Cash and bank balance (Refer note 14)	20,877,086	19,697,660
Less : Bank balances not considered as Cash and bank balance as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements' In earmarked accounts :		
Deposits held as security against letters of credit and overdraft facility	20,626,104	19,500,000
Net Cash and bank balance as defined in AS3 on 'Cash Flow Statements'	250,982	197,660

In terms of our report attached

For MSKA & Associates

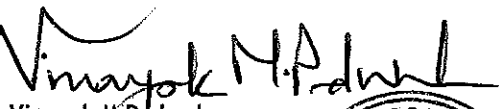
Chartered Accountants

Firm Registration No. 105047W

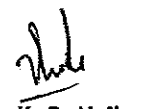
For and on behalf of the Board

Synegra EMS Limited

CIN : U31909GA2016PLC012969

  
Vinayak M. Padwal  
Partner  
Membership No. 049639



  
K. R. Naik  
Director  
DIN: 00002013

  
K. M. Gaonkar  
Director  
DIN: 00002425

  
Urjita Damle  
Company Secretary

Mumbai, dated : 15th May, 2019

Mumbai, dated : 15th May, 2019



**NOTE 1 : BACKGROUND OF THE COMPANY**

Synegra EMS Limited ("Company") was incorporated on 17th August, 2016. The Company is in the business of manufacture of various categories of electronic and IT products on job work basis and also engages in contract manufacturing for Original Equipment Manufacturers ("EMS" business)

**NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act"), and the relevant provisions of the Act. The financial statements have been prepared on accrual basis and going concern assumption under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**(b) Use of estimates**

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

**(c) Inventories**

Items of inventory are valued at lower of cost and net realisable value, on the following basis:

- (i) Raw materials, components, stores and spares - on weighted average basis.
- (ii) Work-in-progress and finished goods - on the basis of absorption costing comprising of direct costs and overheads other than financial charges.
- (iii) Traded goods - on weighted average basis.

**(d) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

**(e) Depreciation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Motor Vehicle	- 5 years
Plant and Equipment	- 8 years
Furniture and Fixture	- 8 years

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Acquired Goodwill	- 30 months (Previous year, 5 years)
Computer Software	- 4 years

**(f) Revenue recognition**

Revenue (income) is recognized when no significant uncertainty as to determination/ realisation exists.

Revenue from sale of products is recognised net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods. Sales include excise duty but exclude goods and service tax, sales tax, and value added tax.

Revenue from services is recognised when the services are rendered. Interest income is accounted on accrual basis.

Dividend income is accounted for when the right to receive the same is established.

**(g) Property, plant and equipment****i) Tangible assets**

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any

**ii) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

**(h) Foreign currency transactions**

Transactions in foreign currencies are recorded at the original rates of exchange in force at the time the transactions are effected. In case of forward exchange contracts or other financial instruments that is in substance a forward exchange contract, other than for speculation purposes, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of contract.

Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognised as income or expense. At the year-end, monetary items denominated in foreign currency and the relevant foreign exchange contracts are reported using the closing rate of exchange.

Exchange difference arising thereon and on realization / payments of foreign exchange are accounted as income or expenses in the relevant year.



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**(i) Investments**

Long-term (non-current) investments are carried at cost. However, when there is a decline, other than temporary, the carrying amount is reduced to recognize the decline. Current investments are carried at lower of cost and fair value.

**(j) Employee Benefits**

Compensation to employees for service rendered is accounted for in accordance with AS-15 on "Employee Benefits".

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of 12 months after rendering services, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits such as defined benefit plan and other long term employee benefits, such as gratuity and compensated absences which fall due for payment after a period of 12 months from rendering services and after completion of employment are measured by the Project Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligation recognised in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

**(k) Borrowing costs**

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

**(l) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average numbers of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(m) Taxes on income**

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred income-tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets in case there are unabsorbed depreciation and losses are recognised if there is virtual certainty that supported by convincing evidence sufficient future taxable income will be available to realise the same (Refer note 32 below)

**(n) Impairment of assets**

At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". An impairment loss is charged to the Statement of Profit and Loss in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**(o) Provisions and contingencies**

Provision is recognised in the accounts when there is a present obligation as a result of past event/s and it is probable that an outflow of resources will be required to settle the obligation. Contingent liabilities, if any are disclosed in the notes to the financial statements.



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## Synegra EMS Limited

### Notes forming part of the financial statements

	As at 31st March, 2019 Rupees	As at 31st March, 2018 Rupees
<b>NOTE 3 : SHARE CAPITAL</b>		
<u>Authorised</u>		
4,500,000 Equity Shares of Rs.10/- each	45,000,000	45,000,000
<u>Issued, subscribed and paid-up</u>		
4,500,000 Equity Shares of Rs.10/- each, fully paid-up	45,000,000	45,000,000
<b>Total</b>	<b>45,000,000</b>	<b>45,000,000</b>

#### Footnotes:

##### a) Terms / rights attached to equity shares

The Company has only one class of Equity shares having a par value of Rs. 10/- per share. Each holder of Equity shares is entitled to one vote per share and each Equity share carries an equal right to dividend and in case of repayment of capital.

b) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	As at 31st March, 2019 No. of Shares	As at 31st March, 2018 No. of Shares
At the beginning of the period	4,500,000	4,500,000
Add : Shares issued during the period	-	-
Shares outstanding at the end of the period	4,500,000	4,500,000

##### c) Details of shares held by Holding Company

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs.10/- each fully paid-up.				
Smartlink Holdings Limited	4,500,000	100.00%	4,500,000	100.00%

##### d) Details of shareholders holding more than 5% shares in the company.

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs.10/- each fully paid-up.				
Smartlink Holdings Limited	4,500,000	100.00%	4,500,000	100.00%

The above shareholding represents both legal and beneficial ownership of shares as at the balance sheet date.

#### NOTE 4 : RESERVES AND SURPLUS

	As at 31st March, 2019 Rupees	As at 31st March, 2018 Rupees
<u>Surplus in Statement of Profit and Loss</u>		
As per last Balance sheet	(30,515,052)	1,106,870
(Loss) for the period	(21,543,600)	(31,621,922)
Closing balance	(52,058,652)	(30,515,052)
<b>Total</b>	<b>(52,058,652)</b>	<b>(30,515,052)</b>



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# Synegra EMS Limited

Notes forming part of the financial statements

## NOTE 5 : LONG-TERM PROVISIONS

### Provision for employee benefits

For Leave encashment

	As at 31st March, 2019 Rupees	As at 31st March, 2018 Rupees
	464,557	437,506
Total	464,557	437,506

## NOTE 6 : SHORT-TERM BORROWINGS

### Secured Loan

Bank Overdraft

### Unsecured Loan

Loan from Director

	19,082,072	9,643,959
	50,000,000	30,000,000
Total	69,082,072	39,643,959

### Footnote :

#### Secured Loan:

Overdraft with banks is secured, by a lien on fixed deposit.

#### Unsecured Loan

Loan from Director taken for a tenure of 90 days with an option to roll over for further 4 term of 90 days each. (Previous year, Loan from Director to be repaid within 12 months from the date of accepting the loan.)

## NOTE 7 : TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises  
(Refer footnote below)

Total outstanding dues of creditors other than micro enterprises and small enterprises

	10,368	840,041
	19,989,214	40,230,414
Total	19,999,582	41,070,455

### Footnote :

The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.

#### Particulars

Outstanding principal amount and interest as on 31st March.

- Principal Amount

- Interest due thereon

10,368	840,041
1,226	3,416

Amount of interest paid along with the amounts of payment made beyond the appointed day

Amount of interest due and payable (where the principal has already been paid but interest has not been paid)

2,418

The amount of interest accrued and remaining unpaid at the end of each accounting year

1,226 5,834

The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of the said Act

## NOTE 8 : OTHER CURRENT LIABILITIES

Interest accrued on unsecured loan from director

Interest accrued on delayed payment to MSME vendors (Refer Note 7)

Other payables :

Statutory dues

Security deposits

	582,164	660,822
	1,226	5,834
	272,727	241,964
	183,408	183,408
Total	1,039,525	1,092,028

## NOTE 9 : SHORT-TERM PROVISIONS

### Provision for employee benefits

For Leave encashment

	155,823	149,293
Total	155,823	149,293



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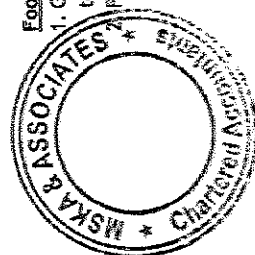
**Synegra EMS Limited**  
Notes forming part of the financial statements

**NOTE 10 : PROPERTY, PLANT AND EQUIPMENT**

Nature of assets	Gross block				Depreciation / Amortisation			Net block	
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	Upto 1st April, 2018	For the year	Deductions	As at 31st March, 2019	As at 31st March, 2019
<b>a</b>									
<b>Tangible assets</b>									
Plant and Equipment	144,925,181 (144,925,181)	-	27,787,430	117,137,751 (144,925,181)	139,781,094 (138,517,162)	1,122,360 (1,263,932)	27,787,430	113,116,024 (139,781,094)	4,021,727 (5,144,087)
Furniture and Fixture	944,959 (944,959)	-	-	944,959 (944,959)	807,293 (787,057)	20,237 (20,236)	-	827,530 (807,293)	117,429 (137,666)
Vehicles	1,227,792 (2,112,791)	-	-	1,227,792 (1,227,792)	1,018,569 (1,409,260)	209,223 (289,192)	-	1,227,792 (1,018,569)	- (209,223)
Office equipment	22,880 (22,880)	9,153	-	32,033 (22,880)	22,880 (22,880)	757	-	23,637 (22,880)	8,396
Others									
Electrical installations	634,055 (634,055)	-	-	634,055 (634,055)	634,055 (621,075)	- (12,980)	-	634,055 (634,055)	-
Computers	4,716,980 (4,716,980)	-	-	4,716,980 (4,716,980)	4,208,996 (3,849,222)	359,773 (359,774)	-	4,568,769 (4,208,996)	148,211 (507,984)
<b>Tangible assets totals</b>	<b>152,471,847</b> <b>(153,356,846)</b>	<b>9,153</b>	<b>27,787,430</b> <b>(884,999)</b>	<b>124,693,570</b> <b>(152,471,847)</b>	<b>146,472,887</b> <b>(145,206,656)</b>	<b>1,712,350</b> <b>(1,946,114)</b>	<b>27,787,430</b> <b>(679,883)</b>	<b>120,397,807</b> <b>(146,472,887)</b>	<b>4,295,763</b> <b>(5,998,960)</b>
<b>Intangible assets :</b>									
Goodwill	10,579,430 (10,579,430)	-	-	10,579,430 (10,579,430)	3,117,050 (1,002,323)	7,462,380 (2,114,727)	-	10,579,430 (3,117,050)	- (7,462,380)
Computer software - acquired	676,000 (676,000)	248,250	-	924,250 (676,000)	676,000 (676,000)	46,557	-	722,557 (676,000)	201,693
<b>Intangible assets totals</b>	<b>11,255,430</b> <b>(11,255,430)</b>	<b>248,250</b>	<b>-</b>	<b>11,503,680</b> <b>(11,255,430)</b>	<b>3,793,050</b> <b>(1,678,323)</b>	<b>7,508,937</b> <b>(2,114,727)</b>	<b>-</b>	<b>11,301,987</b> <b>(3,793,050)</b>	<b>201,693</b> <b>(7,462,380)</b>
<b>Total</b>	<b>163,727,277</b> <b>(164,612,276)</b>	<b>257,403</b>	<b>27,787,430</b> <b>(884,999)</b>	<b>136,197,250</b> <b>(163,727,277)</b>	<b>150,265,937</b> <b>(146,884,979)</b>	<b>9,221,287</b> <b>(4,060,841)</b>	<b>27,787,430</b> <b>(679,883)</b>	<b>131,699,794</b> <b>(150,265,937)</b>	<b>4,497,456</b> <b>(13,461,340)</b>

**Footnote:**

- Goodwill represents the difference between assets and liabilities transferred and the purchase consideration paid to Smartlink Holdings Limited pursuant to scheme of arrangement for transfer of business. During the year, there has been change in estimated useful life of Goodwill from 5 years to 30 months. Figures in brackets are those of the previous year.



# Synegra EMS Limited

## Notes forming part of the financial statements

	As at 31st March, 2019 Rupees	As at 31st March, 2018 Rupees
<b>NOTE 11 : LONG-TERM LOANS AND ADVANCES</b>		
<u>Unsecured, considered good (unless stated otherwise) :</u>		
Security deposits	38,000	20,000
Others :		
Advance payment of taxes	149,455	90,290
<b>Total</b>	<b>187,455</b>	<b>110,290</b>
<b>NOTE 12 : INVENTORIES</b>		
<b>(At lower of cost and net realisable value)</b>		
Raw materials and components	13,785,398	29,299,628
(Includes Goods-in-transit of Rs.Nil (Previous year Rs. 1,849,287))		
Work-in-progress	575,687	31,403
Finished goods	-	70,762
Stores, spares and packing materials	551,811	3,622,537
(Includes Goods-in-transit of Rs. Nil (Previous year Rs. 1,695,984))		
<b>Total</b>	<b>14,912,896</b>	<b>33,024,330</b>
<b>NOTE 13 : TRADE RECEIVABLES</b>		
<u>Unsecured</u>		
a) Outstanding for a period exceeding six month from the date they were due for payment	-	-
b) Others		
Considered good (refer footnote below)	40,681,014	21,258,477
<b>Total</b>	<b>40,681,014</b>	<b>21,258,477</b>
<b>Footnote:</b>		
Receivable from related party		
Digisol Systems Limited	39,158,665	21,046,386



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# Synegra EMS Limited

## Notes forming part of the financial statements

	As at 31st March, 2019 Rupees	As at 31st March, 2018 Rupees
<b>NOTE 14 : CASH AND BANK BALANCE</b>		
Cash and cash equivalents		
Cash on hand	16,686	8,600
Balances with bank		
In Current accounts	234,296	189,060
	<u>250,982</u>	<u>197,660</u>
Other bank balances		
In earmarked accounts		
Deposits held as security against letters of credit and overdraft facility	20,626,104	19,500,000
(Refer footnote below)		
Total	<u>20,877,086</u>	<u>19,697,660</u>

### Footnote :

Balances with bank comprises deposits under lien amounting to Rs.10,599,656/- (previous year Rs.10,000,000/-) which has an original maturity of more than 12 months.

### NOTE 15 : SHORT-TERM LOANS AND ADVANCES

#### Unsecured, considered good (unless otherwise stated) :

Advances / Loans to Employees	83,000	162,231
Prepaid expenses	207,621	359,999
Others :		
GST receivable	1,189,199	5,623,066
Advance Custom duty paid	-	680,900
Advances to suppliers	503,785	2,052,811
Total	<u>1,983,605</u>	<u>8,879,007</u>

### NOTE 16 : OTHER CURRENT ASSETS

#### Interest accrued on

Bank deposits	543,395	447,085
Total	<u>543,395</u>	<u>447,085</u>



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# Synegra EMS Limited

## Notes forming part of the financial statements

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Rupees	Rupees
<b>NOTE 17 : REVENUE FROM OPERATIONS</b>		
Sale of Manufactured products	215,762,299	68,314,311
Sales of Traded Products	1,864,000	-
Sale of services (Refer Note (i) below)	670,407	1,980,300
Other operating revenues (Refer Footnote (ii) below)	831,764	12,060
	<b>219,128,470</b>	<b>70,306,671</b>

### Footnotes :

(i) Sale of Services comprises of  
Job work charges

	670,407	1,980,300
<b>Total</b>	<b>670,407</b>	<b>1,980,300</b>

(ii) Other operating revenues  
Sundry balances written back (net)  
Sundry Debtors written back (net)  
Scrap income

	457,753	2,111
	-	209
	374,011	9,740
	<b>831,764</b>	<b>12,060</b>

### NOTE 18 : OTHER INCOME

Gain on sale of current investments (net)	19,345	934,071
Profit on Sale of Asset	1,200,000	-
Interest on fixed deposits with banks	1,358,590	496,761
Interest on income tax refund	4,520	-
Provision for leave encashment written back	-	22,818
Exchange gain (net) (Refer note 26(b))	738,947	65,038
<b>Total</b>	<b>3,321,402</b>	<b>1,518,688</b>

### NOTE 19 : COST OF RAW MATERIALS CONSUMED

#### Raw materials consumed comprises

Integrated circuits	61,001,172	20,031,262
Power supplies, batteries and accessories	32,138,472	8,211,510
Inductors, chip beads and transformers	17,628,974	5,080,274
Capacitors	12,871,057	2,636,001
PCB	11,841,566	3,828,759
Others	56,968,998	18,464,649
<b>Total</b>	<b>192,450,239</b>	<b>58,252,455</b>



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**Synegra EMS Limited**

Notes forming part of the financial statements

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Rupees	Rupees
<b>NOTE 20 : PURCHASE OF TRADED GOODS</b>		
Networking products	1,358,089	-
<b>NOTE 21 : (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<u>Stock as at 1st April, 2018</u>		
Finished goods	70,762	29,450
Work-in-progress	31,403	2,562,576
	<u>102,165</u>	<u>2,592,026</u>
<u>Less : Stock as at 31st March, 2019</u>		
Finished goods	-	70,762
Work-in-progress	575,687	31,403
	<u>575,687</u>	<u>102,165</u>
	<u>(473,522)</u>	<u>2,489,861</u>
(Increase) / Decrease		
<b>NOTE 22 : EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	20,991,532	20,832,935
Contribution to provident and other funds (Refer note 28B)	934,144	955,159
Staff welfare expenses	1,225,785	726,468
Gratuity (Refer Note 28)	304,841	389,376
Leave Encashment	35,181	-
<b>Total</b>	<u>23,491,483</u>	<u>22,903,938</u>
<b>NOTE 23 : FINANCE COSTS</b>		
Interest Expenses on :		
Interest on unsecured loan from director	2,889,725	734,246
Bank overdraft account	1,001,606	27,458
Delayed payment to MSME vendors (Refer Note 7 )	-	5,834
Others		
- Interest on delayed payment of income tax	1,168	101,432
- Interest on statutory payments etc.	1,843	843
<b>Total</b>	<u>3,894,342</u>	<u>869,813</u>
<b>NOTE 24 : OTHER EXPENSES</b>		
Stores and spares consumed	454,091	231,983
Excise duty (Refer Note No. 34 (e))	-	(5,159)
Power and fuel	2,877,065	2,502,149
Rent	5,575,414	6,017,717
Rates and taxes	275,250	83,877
Insurance	673,215	532,402
Repairs and maintenance		
- Machinery	526,920	13,553
- Others	<u>81,497</u>	<u>92,831</u>
	608,417	106,384
Travelling and conveyance expenses	525,819	215,840
Communication expenses	146,955	132,681
Legal and Professional fees	536,692	1,629,334
Advertisement and sales development expenses	-	1,500
Loss on assets sold /written off	-	80,614
Audit Fees (Refer Note No. 27)	200,000	200,000
Bad Debts written-off	-	464
Directors Sitting Fees	950,000	606,328
Annual maintenance expenses	452,428	487,566
Miscellaneous expenses	772,538	565,670
<b>Total</b>	<u>14,047,884</u>	<u>13,389,350</u>



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**Synegra EMS Limited**

Notes forming part of the financial statements

**NOTE 25 : CONTINGENT LIABILITIES AND COMMITMENTS****A. Contingent liabilities****B. Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for

For the year ended 31st March, 2019	For the year ended 31st March, 2018
--	--

Rupees

Rupees

47,101,292

**NOTE 26 : FOREIGN CURRENCY**

- a) The period end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amount receivable in foreign currency on account of the following:

	As at 31st March, 2019		As at 31st March, 2018	
	In foreign Currency	In Rupees	In foreign Currency	In Rupees
Loans and advances	-	-	USD 22,933	1,493,549

Amount payable in foreign currency on account of the following:

	As at 31st March, 2019		As at 31st March, 2018	
	In foreign Currency	In Rupees	In foreign Currency	In Rupees
Trade payable	USD 233,444	16,144,997	USD 508,812	33,176,544

- b) Amount of exchange differences included in the Statement of Profit and Loss

Exchange gain  
Exchange loss

For the year ended 31st March, 2019	For the year ended 31st March, 2018
--	--

Rupees

Rupees

2,480,258

383,590

1,741,311

318,552

**NOTE 27 : PAYMENT TO AUDITORS (NET OF GST)**

As Auditors

Total

200,000

200,000

200,000

200,000



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# Synegra EMS Limited

## Notes forming part of the financial statements

### NOTE 28 :

A The disclosure as required under AS-15 regarding the Company's defined benefit plans is as follows:

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Rupees	Rupees
	Gratuity (Funded)	Gratuity (Funded)
I. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the period	3,796,160	3,239,680
Current Service Cost	194,724	208,446
Interest Cost	287,646	214,765
Past service cost - (vested benefit)	-	552,000
Actuarial (gain) / loss	61,002	(359,854)
Benefits paid	(62,308)	(58,877)
Defined Benefit obligation at period-end	4,277,224	3,796,160
II. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the period	3,993,210	3,715,775
Adjustment to opening balance	33,714	34,922
Expected return on plan assets	272,246	253,730
Actuarial gain/(loss)	(33,715)	(27,749)
Employer contribution	75,000	75,409
Benefits paid	(62,308)	(58,877)
Fair value of plan assets at period end	4,278,147	3,993,210
III. Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31st March, 2019	4,277,224	3,796,160
Fair value of plan assets as at 31st March, 2019	4,278,147	3,993,210
Amount recognized in Balance Sheet	923	197,050
IV. Expense recognized during the period (Under the head "Employess benefit expense" - Refer to note 22)		
Current Service Cost	194,724	208,446
Interest Cost	287,646	214,765
Past service cost - (vested benefit)	-	552,000
Expected return on plan assets	(272,246)	(253,730)
Actuarial (gain) / loss	94,717	(332,105)
Net Cost / (Gain)	304,841	389,376
V. Actuarial assumptions		
Discount rate (per annum)	7.66%	7.64%
Expected rate of return on plan assets (per annum)	6.75%	6.75%
Rate of escalation in salary (per annum)	5.00%	5.00%
Mortality Table used	Indian Assured Lives Mortality 2006-08 ultimate table	Indian Assured Lives Mortality 2006-08 ultimate table
Disclosed in Note 15 under Prepaid Expenses	923	197,050



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## **Synegra EMS Limited**

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

- VI. The assumptions of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.
- VII. The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets are furnished below.

Experience Adjustment	31-Mar-19	31-Mar-18	31-Mar-17
On plan liabilities	61,002	(359,854)	(611,266)
On plan assets	(33,715)	(27,749)	(92,083)
Present value of benefit obligation	4,277,224	3,796,160	3,239,680
Fair value of plan assets	4,278,147	3,993,210	3,715,775
Excess of (obligation over plan assets) / plan assets over obligation	923	197,050	476,095

- VIII. The plan assets are managed by the Gratuity trust formed by the Company. The management of funds is entrusted with Life Insurance Corporation of India. The details of investments made by them are not available.

**B** The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows :

- i) Contribution to provident fund Rs. 666,401/- (previous year Rs. 671,159/-).
- ii) Contribution to Employee State Insurance scheme Rs. 267,743/- (previous year Rs. 284,000/-)
- iii) Contribution to Labour Welfare Fund Rs. 20,720/- (previous year Rs. 21,720/-)



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## Synegra EMS Limited

### Notes forming part of the financial statements

#### NOTE 29 : SEGMENT INFORMATION

##### (A) Segment information for primary reporting (by business segment)

The Company is in the business of manufacture of various categories of electronic and IT products on job work basis and also engages in contract manufacturing for Original Equipment Manufacturers. From 1st October, 2017 the company is mainly engaged in manufacturing and sale of networking products to Digisol Systems Limited, (collectively the activities constitute Electronic Manufacturing Services (EMS) business).

The primary reporting segment for the Company therefore, is the business segment, viz., EMS / Networking products.

##### (B) Segment information for secondary segment reporting (by geographical segments)

The secondary reporting segment for the Company is the geographical segment based on location of customers, which is as follows:

- i) Domestic
- ii) Export

##### Information about secondary segments

Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	217,678,046 (70,182,195)	1,450,424 -	- -	219,128,470 (70,182,195)
Segment assets	62,262,426 (76,733,444)	- -	21,420,481 (20,144,745)	83,682,907 (96,878,189)
Additions to fixed assets during the year	257,403 -	- -	- -	257,403 -

Figures in brackets are for the previous year

#### NOTE 30 : OPERATING LEASE RENTALS

Lease rental charged to the statement of Profit and Loss in respect of premises taken on cancellable operating lease are Rs.5,575,414/- (previous year Rs. 6,017,717/-). The tenure of the lease is 11 months.

#### NOTE 31 : EARNINGS PER SHARE

Earnings per share is calculated by dividing the Profit / (loss) attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the period, as under:

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Net (Loss) for the period attributable to Equity Shareholders (Rupees)	(21,543,600)	(31,621,922)
Weighted average number of equity shares	4,500,000	4,500,000
Par value per share (Rupees)	10.00	10.00
Basic and Diluted earnings per share net of tax (Rupees)	(4.79)	(7.03)

#### NOTE 32 : DEFERRED TAX (NET)

The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Rupees	Rupees
a. Deferred Tax Liability	-	-
b. Deferred Tax Asset		
Fiscal allowances of fixed assets	4,261,214	3,357,149
Carry-forward depreciation Loss	2,791,145	1,609,854
Carry-forward business Loss	9,993,576	6,600,825
Provision for slow moving stock	729,329	476,846
Others	182,744	216,384
Total	17,958,008	12,261,058
Deferred Tax Asset (net)	NIL*	NIL*

Note :

- \* The Company has Deferred Tax Assets as at 31st March, 2019. However, in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised, the Company has not accounted for the same.



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# Synegra EMS Limited

## Notes forming part of the financial statements

### NOTE 33 : RELATED PARTY DISCLOSURES

a) Name of related parties where control exists

Name of the related parties	Nature of relationship
Smartlink Holdings Limited	Holding Company

b) List of related parties with whom transactions have taken place during the period and nature of relationship

Name of the related parties	Nature of relationship
Smartlink Holdings Limited	Holding Company
Digisol Systems Limited	Fellow Subsidiary
Telesmart SCS Limited	Fellow Subsidiary
Mr. Kamalaksha R. Naik	Key management person

c) Details of related party transactions during the period

Rupees

Nature of transactions	Holding Company	Fellow Subsidiary	Key Management Person	Total
Loan from Director Mr. Kamalaksha R. Naik	-	-	20,000,000 (30,000,000)	20,000,000 (30,000,000)
Interest on Loan Mr. Kamalaksha R. Naik	-	-	2,889,725 (734,246)	2,889,725 (734,246)
Sale of Services Digisol Systems Limited	-	-	-	-
	-	(1,711,500)	-	(1,711,500)
Sale of Manufactured Products Digisol Systems Limited	-	202,724,735 (61,559,660)	-	202,724,735 (61,559,660)
Purchase of Raw-Material Digisol Systems Limited	-	165,340 (2,662,300)	-	165,340 (2,662,300)
Repair & Maintanses - Others Digisol Systems Limited	-	25,150	-	25,150
	-	-	-	-
Rent Expense Smartlink Holdings Limited *	5,575,414 (5,880,200)	-	-	5,575,414 (5,880,200)
Electricity - Factory Telesmart SCS Limited	-	547,991 (649,850)	-	547,991 (649,850)
Management Support Fees Smartlink Holdings Limited *	-	-	-	-
	(900,000)	-	-	(900,000)
<u>As at the year-end</u>				
Amount due from Digisol Systems Limited	-	39,158,665 (21,046,386)	-	39,158,665 (21,046,386)
Amount due to Smartlink Holdings Limited	501,787 (501,787)	-	-	501,787 (501,787)
Mr. Kamalaksha R. Naik	-	-	50,582,164 (30,660,822)	50,582,164 (30,660,822)

\* The amounts are exclusive of GST and Service Tax

**Footnote:**

Figures in brackets are those of the previous year.



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# Synegra EMS Limited

## Notes forming part of the financial statements

### NOTE 34 : OTHER DISCLOSURE

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	Rupees	% age to total consumption	Rupees	% age to total consumption
a) <u>Raw materials consumed</u>				
imported	185,565,967	96.42	51,108,622	87.74
indigenous	6,884,272	3.58	7,143,833	12.26
Total	192,450,239	100.00	58,252,455	100.00
b) <u>Stores and spares consumed</u>				
imported	367,727	80.98	199,483	85.99
indigenous	86,364	19.02	32,500	14.01
Total	454,091	100.00	231,983	100.00

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Rupees	Rupees
c) <u>C.I.F. value of goods imported</u>		
Raw materials and components	165,682,359	80,182,481
Traded goods	1,547,762	-
Stores, spares and packing materials	885,926	179,625
d) <u>Earnings in foreign exchange</u>		
F.O.B. value of goods exported	1,450,424	-

e) Excise duty collected from customers against sales has been disclosed as a deduction from turnover. The excise duty related to the difference between the opening and closing stock of finished goods is disclosed separately in Note 24 in the statement of profit and loss as "Excise Duty"

f) The Company has incurred cash losses of Rs. 123.19 lakhs during the year ended 31st March, 2019 and, as on that date, the Company's net worth is fully eroded. However, based on future profitability/cash flows and financial support from the holding Company and promoters, the management is of the opinion that no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements for the year ended 31st March, 2019 are drawn up on a going concern basis.

g) Previous year's figures have been regrouped, wherever necessary, to correspond with those of the current year.

Signature to notes 1 to 34



For and on behalf of the Board of Directors of  
Synegra EMS Limited

CIN : U31909GA2016PLC012969

K. R. Naik

Director

DIN: 00002013

Urjita Damle

Company Secretary

Mumbai, dated : 15th May, 2019

K. M. Gaonkar

Director

DIN: 00002425