

SYNEGRA EMS LIMITED

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the Financial Year Ended 31st March, 2018

INDEX

Independent Auditor's Report

Balance Sheet as at 31st March, 2018

Statement of Profit and Loss for the year ended 31st March, 2018

Cash Flow Statement for the year ended 31st March, 2018

Notes annexed to and forming part of the Financial Statements

215, Kamat Towers, 9, EDC Complex,
Patto, Panaji, Goa 403001, India
T: + 91 832 6644842, 2438223 | F: +91 832 6644842
Firm Registration No.: 127145W/ W100218

INDEPENDENT AUDITOR'S REPORT

To the Members of Synegra EMS Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Synegra EMS Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements of the Company based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure 'A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) on the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (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 'B'**.
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - 1) the Company does not have any pending litigations which would impact its financial position as disclosed in note 25 to the financial statements;
 - 2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - 3) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Mumbai
Date : 11th May, 2018

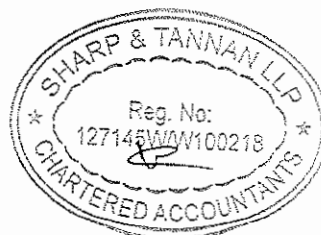


For Sharp & Tannan LLP
Chartered Accountants
Firm's Registration No. 127145WW100218
By the hand of

Darryl Frank
Partner
(Membership No.104096)

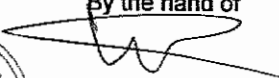
ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in Paragraph 1 of our report of even date)


- (i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (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) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and book records, which were not material, have been properly dealt with in the books of account.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provision of Paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information provided to us and explanations given to us, the Company has not given any guarantees or provided any security within the meaning of section 186 of the Act. Accordingly, the provision of Paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us and the records examined by us, the Company has not accepted any deposits from the public during the year. Accordingly, the provision of Paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Company is not required to maintain the books of accounts pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act.
- (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 explanations given to us and records examined by us, there were no dues of income tax, sales tax, goods and service tax, value added tax, provident fund, employees state insurance payable which have not been deposited on account of a dispute, as at 31st March 2018.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings from banks. The Company has not issued any debentures and has not taken any loans or borrowings from financial institutions and government.
- (ix) According to information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). Accordingly, the provision of Paragraph 3(ix) of the Order is 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 generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of such by management.
- (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) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provision of Paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of Paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provision of Paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place : Mumbai
Date : 11th May, 2018

For **Sharp & Tannan LLP**
Chartered Accountants
Firm's Registration No. 127145WW100218
By the hand of

Darryl Frank
Partner
(Membership No.104096)



ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

We have audited the internal financial controls with reference to financial statements of **Synegra EMS Limited** ("the Company") as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

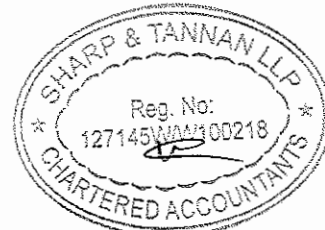
The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') 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 Companies Act, 2013 (the 'Act').

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

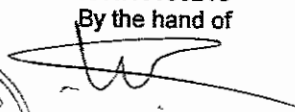
Inherent Limitations of Internal Financial Controls with reference to financial statements

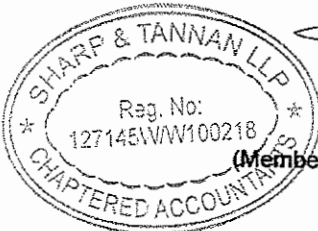
Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2018, 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 issued by the ICAI.

Place: Mumbai
Date : 11th May, 2018

For Sharp & Tannan LLP
Chartered Accountants
Firm's Registration No.127145WW100218
By the hand of

Darryl Frank
Partner
(Membership No. 104096)



Synegra EMS Limited

Balance sheet As at 31st March, 2018

Particulars	Note No.	As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	45,000,000	45,000,000
(b) Reserves and surplus	4	(30,515,052)	1,106,870
		<u>14,484,948</u>	<u>46,106,870</u>
(2) Non-current liabilities			
(a) Long-term provisions	5	437,506	479,697
		<u>437,506</u>	<u>479,697</u>
(3) Current liabilities			
(a) Short-term borrowing	6	39,643,959	-
(b) Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		840,041	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		40,230,414	6,333,366
(c) Other current liabilities	8	1,092,028	1,029,110
(d) Short-term provisions	9	149,293	145,471
		<u>81,955,735</u>	<u>7,507,947</u>
Total		<u>96,878,189</u>	<u>54,094,514</u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Property, plant and equipment	10 a	5,998,960	8,150,190
(ii) Intangible assets	10 b	7,462,380	9,577,107
		<u>13,461,340</u>	<u>17,727,297</u>
(b) Long-term loans and advances	11	110,290	484,213
		<u>13,571,630</u>	<u>18,211,510</u>
(2) Current assets			
(a) Current investments	12	-	12,526,170
(b) Inventories	13	33,024,330	3,550,552
(c) Trade receivables	14	21,258,477	16,845,180
(d) Cash and bank balance	15	19,697,660	1,316,639
(e) Short-term loans and advances	16	8,879,007	1,644,463
(f) Other current assets	17	447,085	-
		<u>83,306,559</u>	<u>35,883,004</u>
Total		<u>96,878,189</u>	<u>54,094,514</u>

See accompanying notes forming part of the Financial Statements

1-34

In terms of our report attached

For Sharp & Tannan LLP

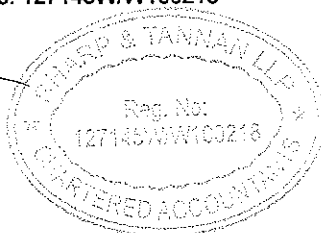
Chartered Accountants

ICAI Firm Registration No. 127145W/W100218

Darryl Frank

Partner

Membership No. 104096



For and on behalf of the Board

[Signature]

K. R. Naik
Executive Director
DIN: 00002013

[Signature]

K. M. Gaonkar
Director
DIN: 00002425

[Signature]

Urjita Damlé
Company Secretary

Mumbai, dated : 11th May, 2018

Mumbai, dated : 11th May, 2018

Synegra EMS Limited

Statement of Profit and Loss for the year ended 31st March, 2018

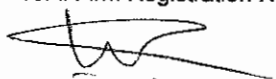
Particulars	Note No.	For the year ended 31st March, 2018	For the period from 17th August, 2016 to 31st March, 2017
		Rupees	Rupees
I Revenue from operations (gross)	18	70,296,931	41,676,161
Less : Excise duty		124,476	2,186,357
Revenue from operations (net)		70,172,455	39,489,804
II Other income	19	1,528,428	454,704
III Total Revenue (I + II)		71,700,883	39,944,508
IV Expenses :			
Cost of raw materials consumed	20	55,935,846	10,461,378
Decrease / (Increase) in inventories of finished goods and work-in-progress	21	2,489,861	(641,647)
Employee benefits expense	22	22,903,938	16,747,808
Finance costs	23	869,813	-
Depreciation and amortisation expense	10	4,060,841	2,018,325
Other expenses	24	15,705,959	10,251,774
Total Expenses		101,966,258	38,837,638
V (Loss) / Profit before tax (III - IV)		(30,265,375)	1,106,870
VI Tax Expenses			
- Current tax		-	-
- Deferred tax		-	-
- Short provision for taxes in respect of earlier years		1,356,547	-
		1,356,547	-
VII (Loss) / Profit for the period (V-VI)		(31,621,922)	1,106,870
VIII Earnings per equity share (Face value of Rs. 10/- per share)			
Basic and Diluted	30	(7.03)	0.38
See accompanying notes forming part of the Financial Statements	1-34		

In terms of our report attached

For Sharp & Tannan LLP

Chartered Accountants

ICAI Firm Registration No. 127145WW100218



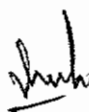
Darryl Frank

Partner

Membership No. 104096



For and on behalf of the Board



K. R. Naik

Executive Director

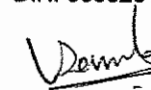
DIN: 00002013



K. M. Gaonkar

Director

DIN: 00002425



Urjita Damle

Company Secretary

Mumbai, dated : 11th May, 2018

Mumbai, dated : 11th May, 2018

Synegra EMS Limited

Cash flow statement for the year ended 31st March, 2018

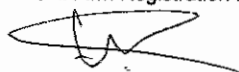
	For the year ended 31st March, 2018 Rupees	For the period from 17th August, 2016 to 31st March, 2017 Rupees
A. Cash flows from operating activities		
(Loss) / Profit before tax	(30,265,375)	1,106,870
Adjustments for:		
Depreciation and amortisation expense	4,060,841	2,018,325
Loss on fixed assets sold / written off (net)	80,614	-
Gain on sale of current investment (net)	(934,071)	(26,170)
Unrealised exchange differences	(99,027)	-
Sundry balances written back	(2,320)	-
Bad debts written-off	464	-
Finance costs	869,813	-
Interest income	(496,761)	-
Operating (loss) / profit before working capital changes	(26,785,822)	3,099,025
(Increase) in trade receivables	(4,413,552)	(14,769,336)
(Increase) / Decrease in inventories	(29,473,778)	6,153,864
(Increase) in loans and advances	(26,754,544)	(555,469)
Increase in trade and other payables	34,201,954	3,183,575
Cash (used in) operations	(53,225,742)	(2,888,341)
Direct taxes (paid) (net)	(962,624)	(484,213)
Net cash (used in) operating activities	(54,188,366)	(3,372,554)
B. Cash flows from investing activities		
Purchase of fixed assets (Refer note 2)	-	(200,155)
Sale of fixed assets	124,502	-
Purchase of current investments	(40,555,170)	(16,800,000)
Sale of current investments	54,015,411	4,300,000
Purchase consideration paid for transfer of business, net of working capital adjustment	-	(27,610,652)
Interest received	49,676	-
Net cash generated from / (used in) investing activities	13,634,419	(40,310,807)
C. Cash flows from financing activities		
Proceeds from issue of Equity shares	-	45,000,000
Proceeds from short term borrowings	39,643,959	-
Interest paid	(208,991)	-
Net cash generated from financing activities	39,434,968	45,000,000
Net (Decrease) / Increase in cash and cash equivalents	(1,118,979)	1,316,639
Cash and cash equivalents at the beginning of the period	1,316,639	-
Cash and cash equivalents at the end of the period (Refer note 3)	197,660	1,316,639
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 15)	19,697,660	1,316,639
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	19,500,000	-
Net Cash and bank balance as defined in AS3 on 'Cash Flow Statements'	197,660	1,316,639

In terms of our report attached

For Sharp & Tannan LLP

Chartered Accountants

ICAI Firm Registration No. 127145WW100218



Darryl Frank

Partner

Membership No. 104096



Mumbai, dated : 11th May, 2018

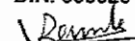
For and on behalf of the Board



K. R. Naik

Executive Director

DIN: 00002013



Urjita Damle

Company Secretary

Mumbai, dated : 11th May, 2018



K. M. Gaonkar

Director

DIN: 00002425

Synegra EMS Limited

Notes forming part of the financial statements

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)

The Board of Directors at its meeting held on 25th August, 2016 approved the purchase of EMS business from Smartlink Holdings Limited ("Holding Company") and the Company signed the Business Transfer Agreement on 24th September, 2016 with the Holding Company for purchase of its "EMS Business" on slump sale basis. The transfer of EMS business was done on 10th October, 2016 for a total consideration net of working capital adjustment of Rs. 27,610,652/-.

In accordance with the Business Transfer Agreement, the following have been given effect to in the the books of accounts of the Company.

The details of Assets, Liabilities accounted in the books with effect from 10th October, 2016:

Amount in Rupees	
Fixed Assets	
Gross Block	153,832,691
Less: Accumulated Depreciation	144,866,654
Net block	8,966,037
Current Assets, Loans and advances	
Inventories	9,704,416
Sundry Debtors	2,075,844
Short-term Loans and Advances	1,088,994
Total - Current Assets	12,869,254
Total Assets (A)	21,835,291
Current Liabilities and Provisions	
Long-term provisions	183,408
Trade payables	4,323,531
Other current liabilities	297,131
Total Liabilities (B)	4,804,070
Total (A-B)	17,031,221

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:

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

(d) 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	- 5 years
Computer Software	- 4 years



Synegra EMS Limited

Notes forming part of the financial statements

(e) 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.

(f) Fixed Assets

i) Property, plant and equipment

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.

(g) 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.

(h) 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.

(i) 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.

(m) 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.

(j) 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.

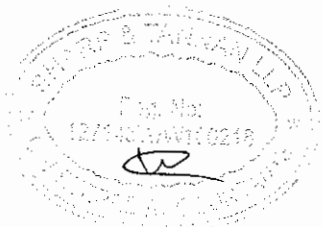
Deferred income-tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income 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)

(k) 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.

(l) 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.



Handwritten signature/initials.

Synegra EMS Limited

Notes forming part of the financial statements

NOTE 3 : SHARE CAPITAL

Authorised

4,500,000 Equity Shares of Rs.10/- each

As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
-------------------------------------	-------------------------------------

45,000,000 45,000,000

Issued, subscribed and paid-up

4,500,000 Equity Shares of Rs.10/- each, fully paid-up

45,000,000 45,000,000

Total

45,000,000 45,000,000

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, 2018 No. of Shares	As at 31st March, 2017 No. of Shares
--	--

At the beginning of the period

4,500,000 -

Add : Shares Issued during the period

- 4,500,000

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, 2018		As at 31st March, 2017	
	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, 2018		As at 31st March, 2017	
	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

Surplus in Statement of Profit and Loss

As per last Balance sheet

(Loss) / Profit for the period

Closing balance

As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
-------------------------------------	-------------------------------------

1,106,870 -

(31,621,922) 1,106,870

(30,515,052) 1,106,870

Total

(30,515,052) 1,106,870



Handwritten signatures and initials.

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, 2018 Rupees	As at 31st March, 2017 Rupees
	437,506	479,679
Total	437,506	479,679

NOTE 6 : SHORT-TERM BORROWINGS

Secured Loan

Bank Overdraft

9,643,959

-

Unsecured Loan

Loan from Director

30,000,000

-

Total

39,643,959

-

Footnote :

Secured Loan:

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

Unsecured Loan

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

840,041

-

(Refer footnote below)

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

40,230,414

6,333,366

Total

41,070,455

6,333,366

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

840,041

-

- Interest due thereon

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

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

-

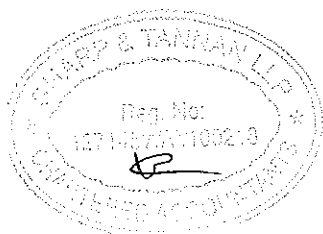


[Handwritten signature]

Synegra EMS Limited

Notes forming part of the financial statements

	As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
NOTE 8 : OTHER CURRENT LIABILITIES		
Interest accrued on unsecured loan from director	660,822	-
Interest accrued on delayed payment to MSME vendors (Refer Note 7)	5,834	-
Other payables :		
Statutory dues	241,964	845,702
Security deposits	183,408	183,408
Total	1,092,028	1,029,110
NOTE 9 : SHORT-TERM PROVISIONS		
Provision for employee benefits		
For Leave encashment	149,293	145,471
Total	149,293	145,471



Synegra EMS Limited

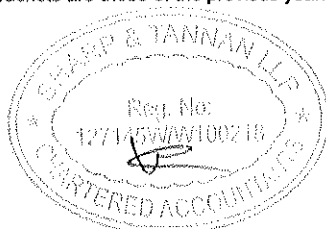
Notes forming part of the financial statements

NOTE 10 : FIXED ASSETS

(Rupees)											
Nature of assets	Gross block					Depreciation / Amortisation					
	As at 1st April, 2017	Additions	Deductions	Adjustment on account of transfer of	As at 31st March, 2018	Upto 1st April, 2017	For the year	Deductions	Adjustment on account of transfer of business	As at 31st March, 2018	Net block As at 31st March, 2018
a <u>Property, Plant and Equipment</u>											
Plant and Equipment	144,925,181	-	-	-	144,925,181	138,517,162	1,263,932	-	-	139,781,094	5,144,087
	-	-	-	(144,925,181)	(144,925,181)	-	(609,258)	-	(137,907,904)	(138,517,162)	(6,408,019)
Furniture and Fixture	944,959	-	-	-	944,959	787,057	20,236	-	-	807,293	137,666
	-	(162,005)	-	(782,954)	(944,959)	-	(4,170)	-	(782,887)	(787,057)	(157,902)
Vehicles	2,112,791	-	884,999	-	1,227,792	1,409,260	289,192	679,883	-	1,018,569	209,223
	-	-	-	(2,112,791)	(2,112,791)	-	(200,307)	-	(1,208,953)	(1,409,260)	(703,531)
Office equipment	22,880	-	-	-	22,880	22,880	-	-	-	22,880	-
	-	-	-	(22,880)	(22,880)	-	-	-	(22,880)	(22,880)	-
<u>Others</u>											
Electrical installations	634,055	-	-	-	634,055	621,075	12,980	-	-	634,055	-
	-	-	-	(634,055)	(634,055)	-	(33,536)	-	(587,539)	(621,075)	(12,980)
Computers	4,716,980	-	-	-	4,716,980	3,849,222	359,774	-	-	4,208,996	507,984
	-	(38,150)	-	(4,678,830)	(4,716,980)	-	(168,731)	-	(3,680,491)	(3,849,222)	(867,758)
Property, Plant and Equipment totals	153,356,846	-	884,999	-	152,471,847	145,206,656	1,946,114	679,883	-	146,472,887	5,998,960
Previous year	-	(200,155)	-	(153,156,691)	(153,356,846)	-	(1,016,002)	-	(144,190,654)	(145,206,656)	(8,150,190)
b <u>Intangible assets :</u>											
Goodwill	10,579,430	-	-	-	10,579,430	1,002,323	2,114,727	-	-	3,117,050	7,462,380
	-	(10,579,430)	-	-	(10,579,430)	-	(1,002,323)	-	-	(1,002,323)	(9,577,107)
Computer software - acquired	676,000	-	-	-	676,000	676,000	-	-	-	676,000	-
	-	-	-	(676,000)	(676,000)	-	-	-	(676,000)	(676,000)	-
Intangible assets totals	11,255,430	-	-	-	11,255,430	1,678,323	2,114,727	-	-	3,793,050	7,462,380
Previous year	-	(10,579,430)	-	(676,000)	(11,255,430)	-	(1,002,323)	-	(676,000)	(1,678,323)	(9,577,107)
Total	164,612,276	-	884,999	-	163,727,277	146,884,979	4,060,841	679,883	-	150,265,937	13,461,340
Previous year	-	(10,779,585)	-	(153,832,691)	(164,612,276)	-	(2,018,325)	-	(144,866,654)	(146,884,979)	(17,727,297)

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.
- Figures in brackets are those of the previous year.



Synegra EMS Limited

Notes forming part of the financial statements

	As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
NOTE 11 : LONG-TERM LOANS AND ADVANCES		
<u>Unsecured, considered good (unless stated otherwise) :</u>		
Security deposits	20,000	-
Others :		
Advance payment of taxes	90,290	484,213
Total	110,290	484,213
NOTE 12 : CURRENT INVESTMENTS		
Investments in Mutual Funds (unquoted)		
(At lower of cost and fair value)		
NIL (Previous year, 5,236.5020) Units in Reliance Mutual Fund	-	12,526,170
Liquidity Fund-Growth Plan-Growth Option		
Total	-	12,526,170
Footnote:		
Aggregate value of Investments (net of adjustment)		
Unquoted - cost	-	12,526,170
NOTE 13 : INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials and components	29,299,628	931,941
(Includes Goods-in-transit of Rs.1,849,287/- (Previous year Rs. NIL))		
Work-in-progress	31,403	2,562,576
Finished goods	70,762	29,450
Stores, spares and packing materials	3,622,537	26,585
(Includes Goods-in-transit of Rs.1,695,984/- (Previous year Rs. NIL))		
Total	33,024,330	3,550,552
NOTE 14 : TRADE RECEIVABLES		
Unsecured		
a) Outstanding for a period exceeding six month from the date they were due for payment	-	-
b) Others		
Considered good (refer footnote below)	21,258,477	16,845,180
Total	21,258,477	16,845,180
Footnote:		
Receivable from related party		
Digisol Systems Limited	21,046,386	3,535,883



[Handwritten signatures]

Synegra EMS Limited

Notes forming part of the financial statements

	As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
NOTE 15 : CASH AND BANK BALANCE		
Cash and cash equivalents		
Cash on hand	8,600	12,656
Balances with bank		
In Current accounts	189,060	1,303,983
	197,660	1,316,639
Other bank balances		
In earmarked accounts		
Deposits held as security against letters of credit and overdraft facility	19,500,000	-
(Refer footnote below)		
Total	19,697,660	1,316,639

Footnote :

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

NOTE 16 : SHORT-TERM LOANS AND ADVANCES

Unsecured, considered good (unless otherwise stated) :

Security deposits	-	33,000
Advances / Loans to Employees	162,231	147,635
Prepaid expenses	359,999	1,123,168
Others :		
CENVAT / Service tax credit receivable	-	255,615
GST receivable	5,623,066	-
Advance Custom duty paid	680,900	-
Advances to suppliers	2,052,811	85,045
Total	8,879,007	1,644,463

NOTE 17 : OTHER CURRENT ASSETS

Interest accrued on

Bank deposits	447,085	-
Total	447,085	-



Synegra EMS Limited

Notes forming part of the financial statements

	For the year ended 31st March, 2018	For the period from 17th August, 2016 to 31st March, 2017
	Rupees	Rupees
NOTE 18 : REVENUE FROM OPERATIONS		
Sale of Manufactured products	68,314,311	19,675,085
Sale of services (Refer Note (i) below)	1,980,300	22,001,076
Other operating revenues (Refer Footnote (ii) below)	2,320	-
	70,296,931	41,676,161

Footnotes :

(i) Sale of Services comprises of
Job work charges

	1,980,300	22,001,076
Total	1,980,300	22,001,076

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

	2,111	-
	209	-
	2,320	-

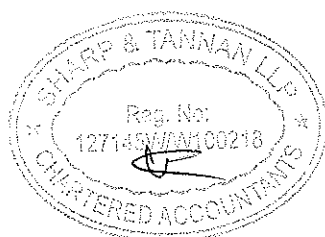
NOTE 19 : OTHER INCOME

Gain on sale of current investments (net)	934,071	26,170
Interest on fixed deposits with banks	496,761	-
Provision for leave encashment written back	22,818	137,939
Gratuity written back (Refer note 28)	-	283,982
Exchange gain (net) (Refer note 26)	65,038	6,613
Scrap income	9,740	-
Total	1,528,428	454,704

NOTE 20 : COST OF RAW MATERIALS CONSUMED

Raw materials consumed comprises

Integrated circuits	20,031,262	2,202,505
Power supplies, batteries and accessories	8,211,510	712,339
Inductors, chip beads and transformers	5,080,274	239,654
PCBs	3,828,759	1,137,337
Diodes	173,007	5,088,519
Others	18,611,034	1,081,024
Total	55,935,846	10,461,378



[Handwritten signature]

Synegra EMS Limited

Notes forming part of the financial statements

	For the year ended 31st March, 2018 Rupees	For the period from 17th August, 2016 to 31st March, 2017 Rupees
NOTE 21 : DECREASE / (INCREASE) IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
<u>Stock as at 1st April, 2017</u>		
Finished goods	29,450	1,950,379
Work-in-progress	2,562,576	-
	<u>2,592,026</u>	<u>1,950,379</u>
<u>Less : Stock as at 31st March, 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>
Decrease / (Increase)	<u>2,489,861</u>	<u>(641,647)</u>
NOTE 22 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	20,832,935	15,290,493
Contribution to provident and other funds (Refer note 28)	955,159	584,335
Staff welfare expenses	726,468	872,980
Gratuity (Refer Note 28)	389,376	-
Total	<u>22,903,938</u>	<u>16,747,808</u>
NOTE 23 : FINANCE COSTS		
Interest Expenses on :		
Interest on unsecured loan from director	734,246	-
Bank overdraft account	27,458	-
Delayed payment to MSME vendors (Refer Note 7)	5,834	-
Others		
- Interest on delayed payment of income tax	101,432	-
- Interest on statutory payments etc.	843	-
Total	<u>869,813</u>	<u>-</u>
NOTE 24 : OTHER EXPENSES		
Stores, spares and packing material consumed	2,548,592	500,241
Excise duty (Refer Note No. 34 (d))	(5,159)	5,159
Power and fuel	2,502,149	1,999,244
Rent	6,017,717	3,170,963
Rates and taxes	83,877	95,319
Insurance	532,402	264,730
Repairs and maintenance		
- Machinery	13,553	-
- Others	<u>92,831</u>	<u>152,541</u>
	106,384	152,541
Travelling and conveyance expenses	215,840	61,709
Communication expenses	132,681	55,102
Legal and Professional fees	1,629,334	1,882,045
Advertisement and sales development expenses	1,500	86,250
Loss on fixed assets sold / scrapped / written off	80,614	-
Application, Registration and Filing Fees	29,187	533,949
Audit Fees (Refer Note No. 27)	200,000	500,000
Bad Debts written-off	464	-
Directors Sitting Fees	606,328	269,150
Annual maintenance expenses	487,566	239,303
Miscellaneous expenses	536,483	436,069
Total	<u>15,705,959</u>	<u>10,251,774</u>



[Handwritten signatures]

Synegra EMS Limited

Notes forming part of the financial statements

NOTE 25 : CONTINGENT LIABILITIES AND COMMITMENTS

No contingent liabilities and commitments as at date.

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, 2018		As at 31st March, 2017	
	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, 2018		As at 31st March, 2017	
	In foreign Currency	In Rupees	In foreign Currency	In Rupees
Trade payable	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, 2018	For the year ended 31st March, 2017
Rupees	Rupees
383,590	16,277
318,552	9,659

NOTE 27 : PAYMENT TO AUDITORS (NET OF GST AND SERVICE TAX)

As Auditors

Total

200,000	500,000
200,000	500,000



Handwritten signatures and initials.

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, 2018 Rupees	For the period from 17th August, 2016 to 31st March, 2017 Rupees
I. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the period	3,239,680	-
Liability taken over pursuant to scheme of arrangement for transfer of business.	-	3,571,562
Current Service Cost	208,446	138,825
Interest Cost	214,765	188,934
Past service cost - (vested benefit)	552,000	-
Actuarial (gain) / loss	(359,854)	(611,266)
Benefits paid	(58,877)	(48,375)
Defined Benefit obligation at period-end	3,796,160	3,239,680
II. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the period	3,715,775	-
Adjustment to opening balance	34,922	-
Expected return on plan assets	253,730	92,558
Actuarial gain/(loss)	(27,749)	(92,083)
Employer contribution	75,409	192,113
Transfer in pursuant to scheme of arrangement for transfer of business.	-	3,571,562
Benefits paid	(58,877)	(48,375)
Fair value of plan assets at period end	3,993,210	3,715,775
III. Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31st March, 2018	3,796,160	3,239,680
Fair value of plan assets as at 31st March, 2018	3,993,210	3,715,775
Amount recognized in Balance Sheet	197,050	476,095
IV. Expense recognized during the period (Under the head "Other Income" - Refer to note 16)		
Current Service Cost	208,446	138,825
Interest Cost	214,765	188,934
Past service cost - (vested benefit)	552,000	-
Expected return on plan assets	(253,730)	(92,558)
Actuarial (gain) / loss	(332,105)	(519,183)
Net Cost / (Gain)	389,376	(283,982)
V. Actuarial assumptions		
Discount rate (per annum)	7.64%	6.69%
Expected rate of return on plan assets (per annum)	6.75%	7.50%
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 16 under Prepaid Expenses	197,050	476,095
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-18	31-Mar-17
On plan liabilities	(359,854)	(611,266)
On plan assets	(27,749)	(92,083)
Present value of benefit obligation	3,796,160	3,239,680
Fair value of plan assets	3,993,210	3,715,775
Excess of (obligation over plan assets) / plan assets over obligation	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 :

- Contribution to provident fund Rs. 671,159/- (previous year Rs. 349,177/-).
- Contribution to Employee State Insurance scheme Rs. 284,000/- (previous year Rs. 117,579/-)



[Handwritten signature]

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 Company does not have any reportable secondary (geographical) segment as the operations are carried within India.

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.6,017,717/- (previous year Rs. 3,170,963/-). 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, 2018	For the period from 17th August, 2016 to 31st March, 2017
Net (Loss) / Profit for the period attributable to Equity Shareholders (Rupees)	(31,621,922)	1,106,870
Weighted average number of equity shares	4,500,000	2,892,070
Par value per share (Rupees)	10.00	10.00
Basic and Diluted earnings per share net of tax (Rupees)	(7.03)	0.38

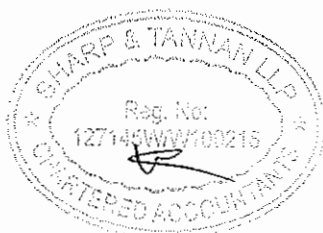
NOTE 32 : DEFERRED TAX (NET)

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

	As at 31st March, 2018 Rupees	As at 31st March, 2017 Rupees
a. Deferred Tax Liability	-	-
b. Deferred Tax Asset		
Fiscal allowances of fixed assets	3,357,149	3,688,940
Carry-forward depreciation Loss	1,609,854	1,498,879
Carry-forward business Loss	6,600,825	-
Provision for slow moving stock	476,846	404,455
Others	216,384	272,041
Total	12,261,058	5,864,315
Deferred Tax Asset (net)	NIL*	NIL*

Note :

* The Company has Deferred Tax Assets as at 31st March, 2018. 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.



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

Smartlink Holdings Limited

Nature of relationship

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

Smartlink Holdings Limited

Digisol Systems Limited

Mr. Kamalaksha R. Naik

Nature of relationship

Holding Company

Fellow Subsidiary

Key management person

c) Details of related party transactions during the period

Nature of transactions	Holding Company	Fellow Subsidiary	Key Management Person	Rupees Total
Loan from Director Mr. Kamalaksha R. Naik	-	-	30,000,000	30,000,000
Interest on Loan Mr. Kamalaksha R. Naik	-	-	734,246	734,246
Sale of Services Digisol Systems Limited	-	1,711,500 (21,909,456)	-	1,711,500 (21,909,456)
Sale of Manufactured Products Digisol Systems Limited	-	61,559,660	-	61,559,660
Purchase of Raw-Material Digisol Systems Limited	-	2,662,300	-	2,662,300
Rent Expense Smartlink Holdings Limited *	5,880,200 (2,847,131)	-	-	5,880,200 (2,847,131)
Electricity - Factory Telesmart SCS Limited *	-	649,850	-	649,850
Management Support Fees Smartlink Holdings Limited *	900,000 (1,427,420)	-	-	900,000 (1,427,420)
Subscription to share capital Smartlink Holdings Limited	-	-	-	-
Purchase Consideration including working capital Adjustment Smartlink Holdings Limited	-	-	-	-
As at the year-end Amount due from Digisol Systems Limited		21,046,386 (3,535,883)	-	21,046,386 (3,535,883)
Amount due to Smartlink Holdings Limited	501,787 (791,683)	-	-	501,787 (791,683)
Mr. Kamalaksha R. Naik	-	-	30,660,822	30,660,822

* The amounts are exclusive of Service Tax

Footnote:

Figures in brackets are those of the previous year.



Synegra EMS Limited

Notes forming part of the financial statements

NOTE 34 : OTHER DISCLOSURE

	For the year ended 31st March, 2018		For the period from 17th August, 2016 to 31st March, 2017	
	Rupees	% age to total consumption	Rupees	% age to total consumption
a) Raw materials consumed				
imported	50,364,772	90.04	2,131,653	20.38
indigenous	5,571,074	9.96	8,329,725	79.62
Total	55,935,846	100.00	10,461,378	100.00
b) Stores, spares and packing materials consumed				
imported	950,898	37.31	387,347	77.43
indigenous	1,597,694	62.69	112,901	22.57
Total	2,548,592	100.00	500,248	100.00

	For the year ended 31st March, 2018	For the period from 17th August, 2016 to 31st March, 2017
	Rupees	Rupees
c) C.I.F. value of goods imported		
Raw materials and components	77,396,282	2,006,002
Stores, spares and packing materials	2,965,824	370,611

d) 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"

e) The Company has incurred cash losses of Rs. 262.04 lakhs during the year ended 31st March 2018 and, as on that date, the Company's net worth is substantially eroded. However, the year ended 31st March 2018 being the first full year of operations, and 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 2018 are drawn up on going concern basis.

f) Previous year's figures have been regrouped, wherever necessary, to correspond with those of the current year. However previous year's figures are for the period from 17th August, 2016 to 31st March, 2017 hence are not comparable with current year.

Signature to notes 1 to 34



For and on behalf of the Board

K. R. Naik
K. R. Naik
Executive Director
DIN: 00002013

K. M. Gaonkar
K. M. Gaonkar
Director
DIN: 00002425

Urjita Damle
Urjita Damle
Company Secretary

Mumbai, dated : 11th May, 2018