



# S. P. BHANDARE & ASSOCIATES

CHARTERED ACCOUNTANTS

3/UG-4, MODELS RESIDENCY, ST. INEZ,

PANAJI-GOA. 403 001.

TEL.: (0832) 2221464 TELEFAX : (0832) 2431051 E-MAIL : sandip.bhandare@gmail.com

## INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Telesmart SCS Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of M/s Telesmart SCS Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, the Statement of Profit and Loss and the 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.

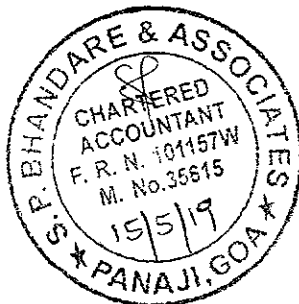
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2019, its Loss 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 SAs 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 Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

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





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

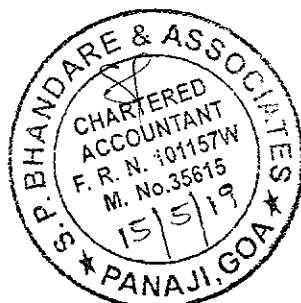
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially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

## Management's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters as stated in Section 134(5) of the Companies Act, 2013 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 Companies Act, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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.

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





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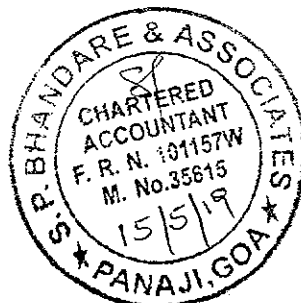
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## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





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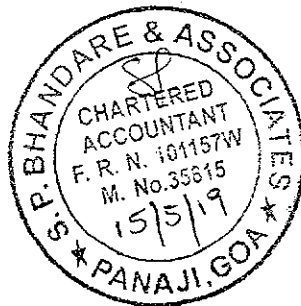
• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## 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 said Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (i) 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.
  - (ii) 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.
  - (iii) 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.
  - (iv) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
  - (v) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019 from being appointed as a director in terms of section 164 (2) of the Act.





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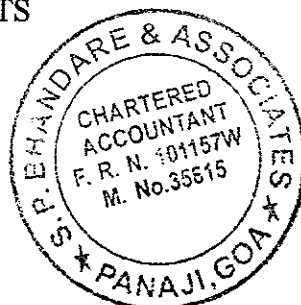
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- (vi) With respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- (vii) 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:
- a) the Company does not have any pending litigations which would impact its financial position.
  - b) the Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.
  - c) there were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.
3. With respect to the matter to be included in the Auditor's Report under section 197 (16) of the Act:

In our opinion and according to the information and explanations given to us, during the current year, the remuneration paid to the directors consists only of fees for attending meetings of the Board. This remuneration paid by the Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For S.P. BHANDARE & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 101157W

  
S.P. BHANDARE  
PROPRIETOR  
M.NO. 35615  
PLACE : PANAJI - GOA  
DATE : 15<sup>th</sup> MAY 2019





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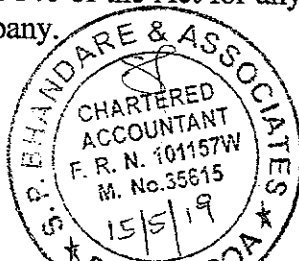
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## Annexure 'A' to the Independent Auditor's Report

With reference to the Annexure 'A' referred to in the Independent Auditor's Report to the members of Telesmart SCS Limited on the financial statements for the year ended 31<sup>st</sup> March 2019, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not have any immovable properties. Hence, Paragraph 3(i)(c) of the Order is not applicable.
- (ii) The physical verification of inventory has been conducted at reasonable intervals by the management. According to the information and explanations provided to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Consequently, Para 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made any investments, or provided any guarantees or securities to which provisions of section 185 and 186 of the Act apply. Consequently, Paragraph 3(iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the goods sold or services rendered by the Company.





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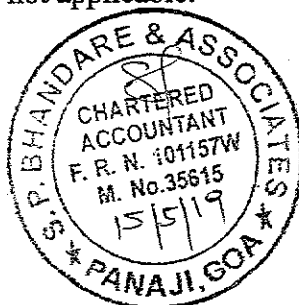
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- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, ESI, income-tax, goods and services tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, ESI, income-tax, goods and services tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2019, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of income-tax, goods and services tax, sales-tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institutions, Banks, Government or debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans from a director have been applied for the purposes for which it was raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration during the year. Accordingly; Paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, the Paragraph 3(xii) of the Order is not applicable.





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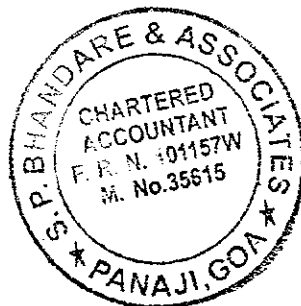
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- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company the transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details 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, Paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly; Paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly; Paragraph 3(xvi) of the Order is not applicable.

For S.P. BHANDARE & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 101157W

S.P. BHANDARE  
PROPRIETOR  
M.NO. 35615



PLACE: PANAJI – GOA  
DATE : 15<sup>th</sup> MAY 2019





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## ANNEXURE 'B' TO THE AUDITOR'S REPORT

(Referred to in paragraph 2(vi) under Report on Other Legal and Regulatory Requirements' section of our Independent Auditor's Report of even date)

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

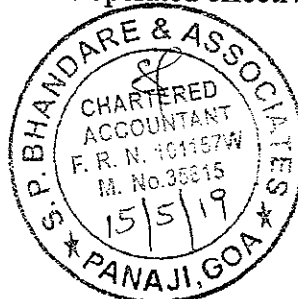
We have audited the internal financial controls with reference to financial statements of M/s Telesmart SCS Limited ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### 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'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.





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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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

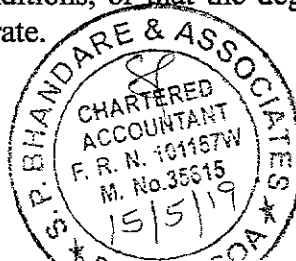
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

## **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 the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the 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.





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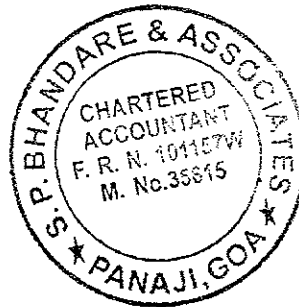
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## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.P. BHANDARE & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 101157W

  
S.P. BHANDARE  
PROPRIETOR  
M.NO. 35615



PLACE: PANAJI – GOA  
DATE : 15<sup>th</sup> MAY 2019

# Telesmart SCS Limited

CIN: U31900GA2016PLC013046

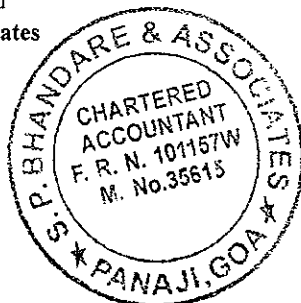
Balance sheet as at 31st March, 2019

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	36,000,000	36,000,000
(b) Reserves and surplus	4	(19,096,220)	(10,653,904)
		16,903,780	25,346,096
(2) Non-current liabilities			
(a) Long-term provisions	5	78,806	76,554
		78,806	76,554
(3) Current liabilities			
(a) Short-term borrowing	6	20,000,000	-
(b) Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		240,643	3,363
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,629,723	6,573,339
		8,870,366	6,576,702
(c) Other current liabilities	8	359,612	234,135
(d) Short-term provisions	9	31,084	96
		29,261,062	6,810,933
<b>Total</b>		<b>46,243,648</b>	<b>32,233,583</b>
<b>II ASSETS</b>			
(1) Non-current assets			
(a) Property, plant and equipment			
(i) Tangible assets	10 a	8,606,635	5,621,463
(ii) Intangible assets	10 b	2,663,879	3,438,845
		11,270,514	9,060,308
(b) Long-term loans and advances	11	18,000	1,317,003
		11,288,514	10,377,311
(2) Current assets			
(a) Current investments	12	-	1,638,328
(b) Inventories	13	7,774,117	9,779,860
(c) Trade receivables	14	23,541,642	7,456,165
(d) Cash and cash equivalents	15	305,641	294,957
(e) Short-term loans and advances	16	3,333,734	2,686,962
		34,955,134	21,856,272
<b>Total</b>		<b>46,243,648</b>	<b>32,233,583</b>
See accompanying notes forming part of the Financial Statements	1-31		

In terms of our report attached  
For S.P. Bhandare & Associates  
Chartered Accountants  
Firm Reg. No.: 101157W

*S.P. Bhandare*

S. P. Bhandare  
Proprietor  
Mem. No.: 35615



For and on behalf of the Board

*K.R. Naik*

K. R. Naik  
Director  
DIN: 00002013

*K.M. Gaonkar*

K. M. Gaonkar  
Director  
DIN: 00002425

Panaji, Goa, dated : 15th May, 2019

Mumbai, dated : 15th May, 2019

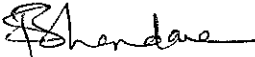
# Telesmart SCS Limited

CIN: U31900GA2016PLC013046

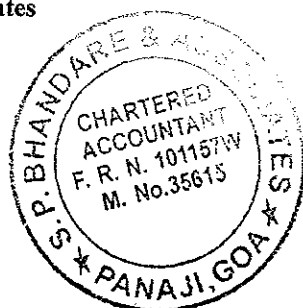
## Statement of Profit and Loss for the year ended 31st March 2019

Particulars	Note No.	For the year ended 31st March 2019 Rupees	For the year ended 31st March 2018 Rupees
<b>I Revenue from operations (gross)</b>	17	67,069,490.00	43,911,418
Less : Excise duty		-	248,874
<b>Revenue from operations (net)</b>		<u>67,069,490.00</u>	<u>43,662,544</u>
<b>II Other income</b>	18	115,849.00	338,328
<b>III Total Revenue (I+II)</b>		<u><u>67,185,339.00</u></u>	<u><u>44,000,872</u></u>
<b>IV Expenses :</b>			
Cost of raw materials consumed	23	56,211,416.00	35,391,836
Decrease/(Increase) in inventories of finished goods and work-in-progress	19	146,198.00	(166,650)
Employee benefits expense	20	9,031,727.00	8,295,430
Finance Cost	21	598,140.00	9,187
Depreciation and amortisation expense	10	1,963,622.00	955,692
Other expenses	22	7,676,552.14	7,613,187
<b>Total Expenses</b>		<u><u>75,627,655.14</u></u>	<u><u>52,098,682</u></u>
<b>V Loss before tax ( III - IV )</b>		<u>(8,442,316.14)</u>	<u>(8,097,810)</u>
<b>VI Tax Expenses</b>			
- Current tax		-	-
- Deferred tax		-	-
<b>VII Loss for the period ( V-VI )</b>		<u><u>(8,442,316)</u></u>	<u><u>(8,097,810)</u></u>
<b>VIII Earnings per equity share (Face value of Rs. 10/- per share)</b>			
Basic and Diluted	26	(2.35)	(3.23)
<b>See accompanying notes forming part of the Financial Statements</b>	1-31		

In terms of our report attached  
For S.P. Bhandare & Associates  
Chartered Accountants  
Firm Reg. No.: 101157W




S. P. Bhandare  
Proprietor  
Mem. No.: 35615



Panaji, Goa, dated : 15th May, 2019

For and on behalf of the Board

  
K. R. Naik  
Director  
DIN: 00002013

  
K. M. Gaonkar  
Director  
DIN: 00002425

Mumbai, dated : 15th May, 2019

# Telesmart SCS Limited

CIN: U31900GA2016PLC013046

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

	For the year ended 31st March, 2019 Rupees	For the year ended 31st March 2018 Rupees
<b>A. Cash flows from operating activities</b>		
(Loss) before tax	(8,442,316)	(8,097,810)
Adjustments for:		
Depreciation and amortisation expense	1,963,622	955,692
Interest on Trade Payables	7,086	7,339
Finance Cost	591,054	-
Unrealised exchange differences	11,333	45,896
Gain on sale of current investment (net)	(115,052)	(338,328)
<b>Operating (loss) before working capital changes</b>	<b>(5,984,273)</b>	<b>(7,427,211)</b>
(Increase) in trade receivables	(16,085,743)	(7,200,292)
Decrease / (Increase) in inventories	2,005,743	(9,681,599)
(Increase) in loans and advances	(664,772)	(2,339,579)
Increase in trade and other payables	2,420,578	4,546,627
<b>Cash (used in) operations</b>	<b>(18,308,467)</b>	<b>(22,102,054)</b>
Direct taxes (paid)	25,453	(14,177)
<b>Net cash (used in) operating activities</b>	<b>(18,283,014)</b>	<b>(22,116,231)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (Refer footnote 2)	(3,059,787)	(4,802,953)
Purchase of current investments	(10,500,000)	(48,305,225)
Sale of current investments	12,253,380	47,105,225
<b>Net cash (used in) investing activities</b>	<b>(1,306,407)</b>	<b>(6,002,953)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds received on account issue of share capital	-	27,400,000
Proceeds from short term borrowings	20,000,000	-
Interest paid	(398,669)	-
<b>Net cash from financing activities</b>	<b>19,601,331</b>	<b>27,400,000</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>11,910</b>	<b>(719,184)</b>
Cash and cash equivalents at the beginning of the year	294,957	1,014,141
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents.	(1,226)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>305,641</b>	<b>294,957</b>

### Footnotes :

1. Cash flows are reported using the indirect method.
2. Purchase of fixed assets are stated inclusive of movements of capital work in progress and capital creditors between the commencement and end of the year and are considered as part of investing activity.

In terms of our report attached

For S.P. Bhandare & Associates

Chartered Accountants

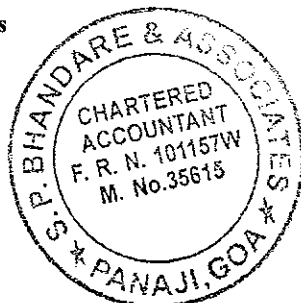
Firm Reg. No.: 101157W



S. P. Bhandare


Proprietor

Mem. No.: 35615



Panaji, Goa, dated : 15th May, 2019

For and on behalf of the Board



K. R. Naik

Director

DIN: 00002013



K. M. Gaonkar

Director

DIN: 00002425

Mumbai, dated : 15th May, 2019

# Telesmart SCS Limited

Notes forming part of the financial statements

## NOTE 1 : BACKGROUND OF THE COMPANY

Telesmart SCS Limited ("Company") is incorporated on 17th November, 2016. The Company is in the business of manufacture of various categories of electronic and IT products.

## 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention.

The accounting policies adopted in preparation of the financial statements are consistent with those followed in the previous period.

### (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.

### (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, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

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:

Computer Software	- 4 years
Technical Know-how	- 5 years

### (e) Revenue recognition

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

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

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 sales tax, value added tax and central & state goods and service tax.

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

### (f) Property, Plant and Equipment

#### i) Tangible assets

Tangible assets 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.

### (g) Foreign currency transactions

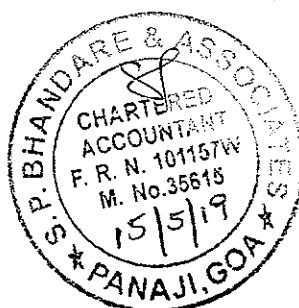
Transactions in foreign currencies are recorded at the original rates of exchange in force at the time the transactions are effected.

In case of forward exchange contracts or other financial instruments that is in substance a forward exchange contract, other than for trading or 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.



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# Telesmart SCS Limited

Notes forming part of the financial statements

## (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.

## (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.

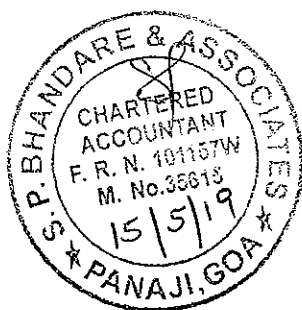
Deferred income-tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income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

## (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.



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# Telesmart SCS 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>		
36,00,000 Equity Shares (Previous year: 36,00,000) of Rs.10/- each, fully paid-up	36,00,000	36,00,000
<u>Issued, subscribed and fully paid-up</u>		
36,00,000 Equity Shares (Previous year: 36,00,000) of Rs.10/- each, fully paid-up	36,00,000	36,00,000
(Out of the above, 3,60,000 Equity shares have been issued as fully paid, for consideration other than cash)		
<b>Total</b>	<b>36,00,000</b>	<b>36,00,000</b>

## a) Reconciliation on Number of Shares outstanding

	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	3,600,000	500,000
Add: Shares allotted on 08.05.2017	-	1,000,000
Add: Shares allotted on 20.09.2017	-	2,100,000
Shares outstanding at the end of the year	3,600,000	3,600,000

## b) 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. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in

## 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	2,880,000	80.00%	2,880,000	80.00%

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

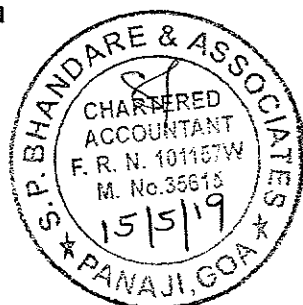
	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs.10/- each fully paid-up.				
Smartlink Holdings Limited	2,880,000	80.00%	2,880,000	80.00%
Ray Chang	360,000	10.00%	360,000	10.00%
Telebox Industries Corp	360,000	10.00%	360,000	10.00%

## e) Aggregate number and class of shares allotted as fully paid-up, pursuant to contract without payment being received in cash

Particulars	No. of Shares	Rupees
Equity shares of Rs.10 each issued in Financial year 2017-18 pursuant to the Technology transfer agreement entered into with Telebox Industries Corp.	360,000	3,600,000

## 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	(10,653,904)	(2,556,094)
Add : (Loss) for the year	(8,442,316)	(8,097,810)
Closing balance	(19,096,220)	(10,653,904)
<b>Total</b>	<b>(19,096,220)</b>	<b>(10,653,904)</b>



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# Telesmart SCS Limited

Notes forming part of the financial statements

	As at 31st March, 2019 Rupees	As at 31st March, 2018 Rupees
<b>NOTE 5 : LONG-TERM PROVISIONS</b>		
<u>Provision for employee benefits</u>		
For Gratuity (Refer Note 24)	45,892	26,378
For Compensated Absences	32,914	50,176
	<u>78,806</u>	<u>76,554</u>

## NOTE 6 : SHORT-TERM BORROWINGS

### Unsecured Loan

Loans from Director ( Refer Footnote below)	20,000,000	-
	<u>20,000,000</u>	<u>-</u>

### Footnote:-

Particulars	Loan Amount	Rate of Interest
Loan taken on 19.07.2018	10,000,000	4.50%
Loan taken on 12.12.2018	10,000,000	4.50%
	<u>20,000,000</u>	

Loans from Director have been taken for a tenure of 90 days with an option to rollover for further 4 terms of 90 days each.

## NOTE 7 : TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises (Refer Note 7.1 below)	240,643	3,363
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,629,723	6,573,339
<b>Total</b>	<u>8,870,366</u>	<u>6,576,702</u>

### Footnote:

#### (i) Payable to related parties.

Digisol Systems Limited	23,652	425,066
Smartlink Network System Ltd	230,693	230,693
Telebox Industries Corp	-	169,468

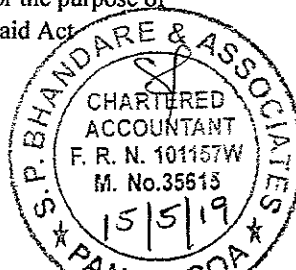
## NOTE 7.1 : THE DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made on the basis of confirmations received from suppliers regarding their status under the said Act;

### Particulars

Outstanding principal amount and interest as on 31st March 2019		
- Principal Amount	240,643	3,363
- Interest due thereon	-	-
Amount of interest paid along with the amounts of payment made beyond the appointed day	7,340	1,266
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	7,086	7,339
The amount of interest accrued and remaining unpaid at the end of each accounting year	7,086	7,339

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



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# Telesmart SCS Limited

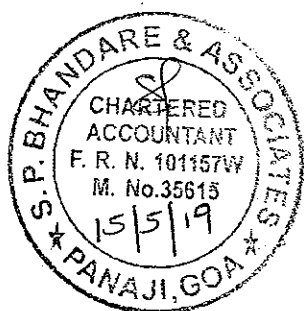
Notes forming part of the financial statements

## NOTE 8 : OTHER CURRENT LIABILITIES

Interest accrued on unsecured loan from director	199,724	-
Other payables :		
Interest accrued on trade payables ( Refer Note 7.1)	7,086	7,339
Statutory dues	152,802	49,287
Creditors for Capital Expenditure	-	177,509
<b>Total</b>	<b>359,612</b>	<b>234,135</b>

## NOTE 9 : SHORT-TERM PROVISIONS

Provision for employee benefits		
For Gratuity (Refer note 24)	218	96
For Compensated Absences	30,866	-
<b>Total</b>	<b>31,084</b>	<b>96</b>



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# Telesmart SCS Limited

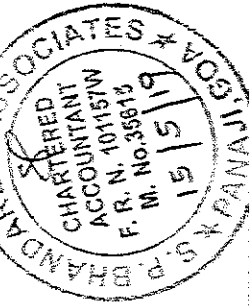
Notes forming part of the financial statements

## NOTE 10 : PROPERTY, PLANT AND EQUIPMENT :

Nature of assets	Gross block			Depreciation			Net block As at 31st March, 2019
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	For the period	Deductions	
a) <b>Tangible assets :</b>							
Plant and Equipment	5,727,300 (2,308,264)	4,076,448 (3,419,036)	-	9,803,748 (5,727,300)	1,079,023 (452,453)	-	8,250,793 (5,253,368)
Furniture and fixture	267,320 (267,320)	11,380 -	-	278,700 (267,320)	34,332 (33,386)	-	207,689 (230,641)
Office equipment	61,993 (41,400)	- (20,593)	-	61,993 (61,993)	12,398 (10,594)	-	38,185 (50,583)
Others							
Computers	132,708 (103,425)	86,000 (29,283)	-	218,708 (132,708)	62,903 (42,435)	-	109,968 (86,871)
<b>Tangible assets totals</b>	<b>6,189,321</b>	<b>4,173,828</b>	<b>-</b>	<b>10,363,149</b>	<b>1,188,656</b>	<b>-</b>	<b>8,606,635</b>
Previous year	(2,720,409)	(3,468,912)	-	(6,189,321)	(538,868)	-	(5,621,463)
b) <b>Intangible assets :</b>							
Computer software - acquired	81,570 (36,570)	- (45,000)	-	81,570 (81,570)	20,380 (17,823)	-	42,466 (62,846)
Technical Know-how	3,775,000 -	- (3,775,000)	-	3,775,000 (3,775,000)	754,586 (399,001)	-	2,621,413 (3,375,999)
<b>Intangible assets totals</b>	<b>3,856,570</b>	<b>-</b>	<b>-</b>	<b>3,856,570</b>	<b>774,966</b>	<b>-</b>	<b>2,663,879</b>
Previous year	(36,570)	(3,820,000)	-	(3,856,570)	(416,824)	-	(3,438,845)
<b>Total</b>	<b>10,045,891</b>	<b>4,173,828</b>	<b>-</b>	<b>14,219,719</b>	<b>1,963,622</b>	<b>-</b>	<b>11,270,514</b>
Previous year	(2,756,979)	(7,288,912)	-	(10,045,891)	(955,692)	-	(9,060,308)

### Footnotes

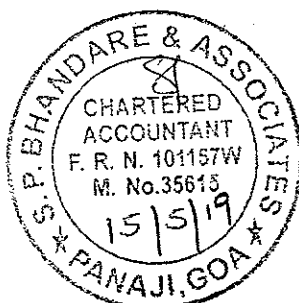
1. Technical know-how of Rs.3,600,000/- has been purchased in Financial year 2017-18 in lieu of 3,60,000 Equity shares of Rs.10 each pursuant to the Technology transfer agreement entered into with Telebox Industries Corp.
2. Figures in brackets are those of the previous year.



# Telesmart SCS 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>		
Capital Advances	-	1,291,550
Security Deposit	18,000	-
Balance with Government Authorities :		
Advance payment of taxes	-	25,453
<b>Total</b>	<b>18,000</b>	<b>1,317,003</b>
<b>NOTE 12 : CURRENT INVESTMENTS</b>		
<u>Investments in Mutual Funds (unquoted)</u>		
<u>(At lower of cost and fair value)</u>		
NIL (Previous year, 633.7770) Units in Reliance Mutual Fund -Liquidity Fund-Growth Plan-Growth Option	-	1,638,328
<b>Total</b>	<b>-</b>	<b>1,638,328</b>
<b>Aggregate value of investments (net of adjustment)</b>		
Unquoted - cost	-	1,638,328
<b>NOTE 13 : INVENTORIES</b>		
<u>(At lower of cost and net realisable value)</u>		
Raw materials and components	7,226,386	9,038,474
(includes material in transit of Rs. NIL ( Previous Year- Rs. 931,973/-))		
Finished Goods	20,452	166,650
Stores, spares and packing materials	527,279	574,736
<b>Total</b>	<b>7,774,117</b>	<b>9,779,860</b>
<b>NOTE 14 : TRADE RECEIVABLES</b>		
<u>Unsecured</u>		
a) Outstanding for a period exceeding six month from the date they were due for payment	22,125	-
b) Others		
Considered good	23,519,517	7,456,165
<b>Total</b>	<b>23,541,642</b>	<b>7,456,165</b>
<b>Footnote:</b>		
(i) Receivable from related parties.		
Digisol Systems Limited	23,519,517	7,431,149
Telesbox Industries Corp	22,125	-
<b>NOTE 15 : CASH AND CASH EQUIVALENTS</b>		
a) Cash on hand	64,490	1,971
b) Balances with bank		
In Current accounts	241,151	292,986
<b>Total</b>	<b>305,641</b>	<b>294,957</b>
<b>NOTE 16 : SHORT-TERM LOANS AND ADVANCES</b>		
<u>Unsecured, considered good (unless otherwise stated) :</u>		
Prepaid expenses	105,534	17,631
Others :		
GST Receivable	3,031,253	2,511,710
Customs duty receivable	-	46,115
Advances to suppliers	196,947	111,506
<b>Total</b>	<b>3,333,734</b>	<b>2,686,962</b>



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# Telesmart SCS Limited

Notes forming part of the financial statements

## NOTE 17 : REVENUE FROM OPERATIONS

Sale of Manufactured products

Job Work Charges

Total

For the year ended 31st March Rupees	For the year ended Rupees
67,069,490	43,202,679
-	708,739
<u>67,069,490</u>	<u>43,911,418</u>

## NOTE 18 : OTHER INCOME

Interest on Income tax refund

Gain on sale of current investments (net)

Total

797	-
115,052	338,328
<u>115,849</u>	<u>338,328</u>

## NOTE 19 : DECREASE / (INCREASE) IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Stock as at 1st April, 2018

Finished goods

Work-in-progress

Less : Stock as at 31st March 2019

Finished goods

Work-in-progress

Decrease /(Increase)

166,650	-
-	-
<u>166,650</u>	<u>-</u>
20,452	166,650
-	-
<u>20,452</u>	<u>166,650</u>
<u>146,198</u>	<u>(166,650)</u>

## NOTE 20 : EMPLOYEE BENEFITS EXPENSE

Salaries and wages

Contribution to provident and other funds

Staff welfare expenses

Gratuity ( Refer Note 24)

Leave encashment

Total

8,089,827	7,558,575
158,009	92,208
727,227	567,997
43,060	26,474
13,604	50,176
<u>9,031,727</u>	<u>8,295,430</u>

## NOTE 21 : FINANCE COSTS

Interest Expenses on :

Unsecured Loan

Trade payables (Refer Note 7.1)

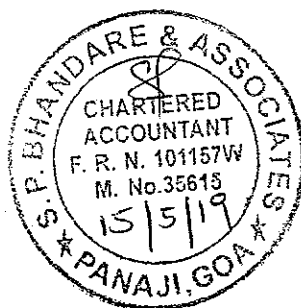
Others

- Interest on delayed payment of income tax

- Interest on Statutory Payments

Total

451,232	-
7,086	7,339
-	209
139,822	1,639
<u>598,140</u>	<u>9,187</u>



# Telesmart SCS Limited

Notes forming part of the financial statements

## NOTE 22 : OTHER EXPENSES

	For the year ended 31st March	For the year ended
Stores, spares and packing material consumed	881,371	890,978
Power and fuel	557,991	621,365
Rent	2,563,251	2,791,334
Rates and taxes	35,500	73,425
Legal and Professional fees	1,091,188	1,156,349
Repairs and maintenance		
Machinery	98,008	
Others	107,075	
	205,083	197,674
Office expenses	181,439	155,104
Printing and stationery expenses	25,161	19,861
Exchange loss (net)	23,055	141,844
Insurance	55,394	1,132
Travelling and conveyance expenses	419,742	215,848
Filing Fees	26,660	336,338
Bank Charges	95,115	87,534
AMC Expenses	32,203	93,685
Audit Fees	100,000	75,000
Directors Sitting Fees	463,133	529,335
Excise Duty Expense	680,977	-
Miscellaneous expenses	239,289	226,381
<b>Total</b>	<b>7,676,552</b>	<b>7,613,187</b>

## NOTE 22.1 : 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 follow	As at 31st March, 2019	
	Currency	In Rupees
Trade Receivables	USD 320	22,125
Loans and advances	-	-

As at 31st March, 2018	
In foreign Currency	In Rupees
-	-
USD 500	32,625

Amount payable in foreign currency on account of the follow	As at 31st March, 2019	
	Currency	In Rupees
Trade payable	USD 47,267	3,268,982

As at 31st March, 2018	
In foreign Currency	In Rupees
USD 59,075	3,850,482

Amount of exchange differences included in the Statement of Profit and Loss

	For the year ended 31st March 2019 Rupees	For the year ended 31st March 2018 Rupees
Exchange gain	(294,822)	(79,170)
Exchange loss	317,875	221,014
Exchange loss (Net)	23,053	141,844

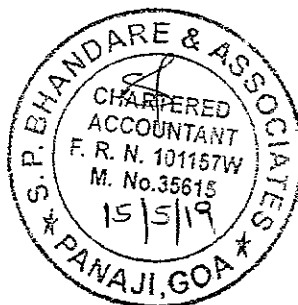
## NOTE 22.2 : PAYMENT TO AUDITORS (NET OF SERVICE TAX/ GST)

As Auditors	For the year ended 31st March 2019 Rupees	For the year ended 31st March 2018 Rupees
	100,000	75,000
	100,000	75,000

## NOTE 23: CONSUMPTION OF RAW MATERIALS

Raw Material consumed comprises

Connectors	7,540,955	2,543,363
Cords	11,080,020	10,961,320
PCB	14,896,574	4,129,547
Splice Tray	491,353	10,535,074
Others	22,202,514	7,222,532
<b>Total</b>	<b>56,211,416</b>	<b>35,391,836</b>



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# Telesmart SCS Limited

Notes forming part of the financial statements

## NOTE 24 : EMPLOYEE BENEFITS

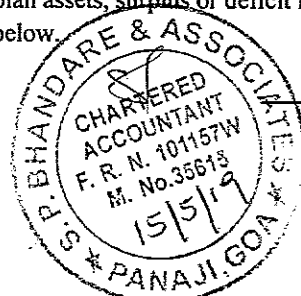
A The disclosure as required under AS-15 regarding the Company's defined benefit plans is as follows:

	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>I. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the period	26,474	-
Current Service Cost	28,516	26,474
Interest Cost	2,044	-
Actuarial (gain) / loss	12,753	-
Defined Benefit obligation at period-end	69,787	26,474
<b>II. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the period	-	-
Adjustment to opening balance	(1,576)	-
Expected return on plan assets	737	-
Actuarial gain/(loss)	(484)	-
Employer contribution	25,000	-
Fair value of plan assets at period end	23,677	-
<b>III. Reconciliation of fair value of assets and obligations</b>		
Present value of obligation as at 31st March, 2019	69,787	26,474
Fair value of plan assets as at 31st March, 2019	23,677	-
Net Asset/(Liability) recognized in Balance Sheet	(46,110)	(26,474)
<b>IV. Expense recognized during the period</b> (Under the head "Employees benefits expense" - Refer to note 20)		
Current Service Cost	28,516	26,474
Interest Cost	2,044	-
Expected return on plan assets	(737)	-
Actuarial (gain) / loss	13,237	-
Net Cost	43,060	26,474
<b>V. Actuarial assumptions</b>		
Discount rate (per annum)	7.66%	7.72%
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

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.

	31-Mar-19	31-Mar-18
Experience Adjustment		
On plan liabilities	12,753	-
On plan assets	(484)	-
Present value of benefit obligation	69,787	26,474
Fair value of plan assets	23,677	-
Excess of (obligation over plan assets) / plan assets over obligation	(46,110)	(26,474)



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

i) Contribution to provident fund Rs. 122,453 /-(previous year Rs. 83,269/-)

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# Telesmart SCS Limited

Notes forming part of the financial statements

## NOTE 25 : SEGMENT INFORMATION

As the Company's business activity falls within a single primary business segment of manufacturing various electronic and IT Products, and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" are not applicable.

## NOTE 26 : 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
		Rupees
Net Loss for the period attributable to Equity Shareholders (Rupees)	(8,442,316)	(8,097,810)
Weighted average number of equity shares	3,600,000	2,509,041
Par value per share (Rupees)	10.00	10.00
Basic and Diluted earnings per share net of tax (Rupees)	(2.35)	(3.23)

## NOTE 27 : CONTINGENT LIABILITIES AND COMMITMENTS

### A. Capital Commitments

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

31st March, 2019	31st March, 2018
Rupees	Rupees

1,534,550

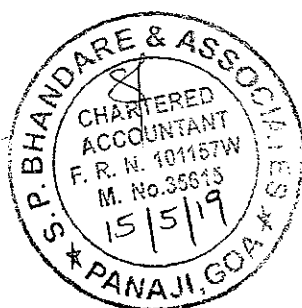
## NOTE 28 : DEFERRED TAX (NET)

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

	As at 31st March, 2019	As at 31st March, 2018
	Rupees	Rupees
<b>a. Deferred Tax Liability</b>		
Fiscal allowances of fixed assets	(714,011)	(362,225)
<b>Total</b>	<b>(714,011)</b>	<b>(362,225)</b>
<b>b. Deferred Tax Asset</b>		
Carry-forward Depreciation Losses	1,503,860	637,158
Carry-forward Business Losses	3,623,431	2,247,882
Provision for slow moving stock	260,629	-
Others	37,740	31,710
<b>Total</b>	<b>5,425,660</b>	<b>2,916,750</b>
<b>Deferred Tax Asset (net)</b>	<b>NIL*</b>	<b>NIL*</b>

Notes :

- \* The unabsorbed Business Loss and depreciation relating to current year as well as other items has given rise to Deferred Tax Asset (Net) amounting to Rs. 4,711,649/- 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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# Telesmart SCS Limited

Notes forming part of the financial statements

## NOTE 29 : 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

Synegra EMS Limited

Telebox Industries Corp

Mr. Kamalaksha R. Naik

**Nature of relationship**

Holding Company

Fellow Subsidiary

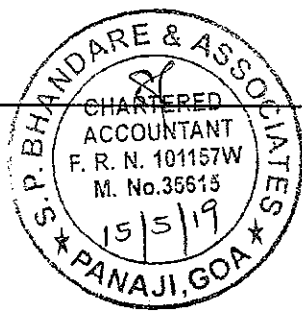
Fellow Subsidiary

Enterprises over which director is able to exercise significant control

Key management person

c) Details of related party transactions during the period

Nature of transactions	Holding Company	Fellow Subsidiary	Enterprises over which director is able to exercise significant	Key management person	Rupees Total
Sale of Services Digisol Systems Limited	-	-	-	-	-
	-	(708,739)	-	-	(708,739)
Sale of Products Digisol Systems Limited	-	66,939,600	-	-	66,939,600
	-	(42,844,173)	-	-	(42,844,173)
Telebox Industries Corp	-	-	22,390	-	22,390
	-	-	-	-	-
Purchase of Material Digisol Systems Limited	-	235,973	-	-	235,973
	-	(5,368,490)	-	-	(5,368,490)
Telebox Industries Corp	-	-	7,895,674	-	7,895,674
	-	-	(3,143,187)	-	(3,143,187)
Purchase of Fixed Asset Digisol Systems Limited	-	-	-	-	-
	-	(2,355,612)	-	-	(2,355,612)
Telebox Industries Corp	-	-	92,713	-	92,713
	-	-	(3,746,097)	-	(3,746,097)
Loan from Director Mr. Kamalaksha R. Naik	-	-	-	20,000,000	20,000,000
	-	-	-	-	-
Interest on Loan Mr. Kamalaksha R. Naik	-	-	-	451,232	451,232
	-	-	-	-	-
Rent Expense Smartlink Holdings Limited	2,563,251	-	-	-	2,563,251
	(2,740,705)	-	-	-	(2,740,705)
Electricity - Factory Synegra EMS Limited	-	547,991	-	-	547,991
	-	(649,850)	-	-	(649,850)



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# Telesmart SCS Limited

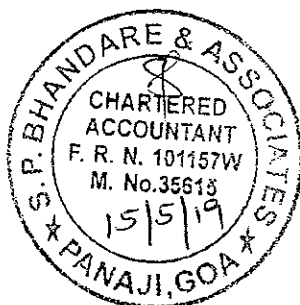
Notes forming part of the financial statements

Nature of transactions	Holding Company	Fellow Subsidiary	Enterprises over which director is able to exercise significant	Key management person	Total
Management Support Fees Smartlink Holdings Limited	- (600,000)	- -	- -	- -	- (600,000)
<b>As at the year-end</b>					
<b>Amount due from</b>					
Digisol Systems Limited	-	23,519,517	-	-	23,519,517
	-	(7,431,149)	-	-	(7,431,149)
Telebox Industries Corp	-	-	22,125	-	22,125
	-	-	-	-	-
<b>Amount due to</b>					
Smartlink Holdings Limited	230,693	-	-	-	230,693
	(230,693)	-	-	-	(230,693)
Digisol Systems Limited	-	23,652	-	-	23,652
	-	(425,066)	-	-	(425,066)
Telebox Industries Corp	-	-	-	-	-
	-	-	(169,468)	-	(169,468)
Mr. Kamalaksha R. Naik - Unsecured Loan	-	-	-	20,000,000	20,000,000
	-	-	-	-	-
Mr. Kamalaksha R. Naik - Unsecured Loan Interest Accrued	-	-	-	199,724	199,724
	-	-	-	-	-

\* The amounts are exclusive of Service Tax/GST

## Note

1) Figures in brackets are those of the previous period.



# Telesmart SCS Limited

Notes forming part of the financial statements

## NOTE 30 : OPERATING LEASE RENTALS

Lease rentals charged to the statement of profit and loss in respect of premises taken on cancellable operating lease are Rs.2,563,251/-  
(Previous year Rs.2,791,334/-)

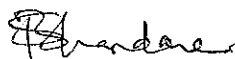
## NOTE 31 : OTHER DISCLOSURES

	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) Raw materials consumed				
Imported	27,979,844	49.78	19,514,161	55.07
Indigenous	28,231,572	50.22	15,877,675	44.93
	<b>56,211,416</b>	<b>100.00</b>	<b>35,391,836</b>	<b>100.00</b>
b) Stores, spares and packing materials consumed				
Imported	800,070	90.78	457,008	51.29
Indigenous	81,302	9.22	433,970	48.71
<b>Total</b>	<b>881,371</b>	<b>100.00</b>	<b>890,978</b>	<b>100.00</b>
			<b>For the year ended 31st March 2019</b>	<b>For the year ended 31st March 2018</b>
			<b>Rupees</b>	<b>Rupees</b>
c) C.I.F. value of goods imported				
Raw materials and components			29,502,051	20,392,347
Stores, spares and packing materials			832,812	975,186
Capital goods			2,544,593	864,774
d) Expenditure in Foreign Currency				
Director Sitting Fees			50,000	100,000
Travelling Expenses			14,635	-

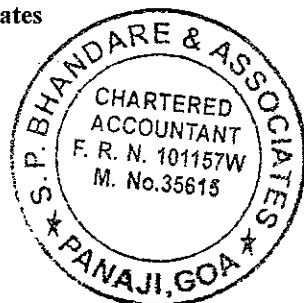
e) Previous period's figures have been regrouped , wherever necessary, to correspond with those of the current year.

Signature to notes 1 to 31

In terms of our report attached  
For S.P. Bhandare & Associates  
Chartered Accountants  
Firm Reg. No.: 101157W




S. P. Bhandare  
Proprietor  
Mem. No.: 35615



Panaji, Goa, dated : 15th May, 2019

For and on behalf of the Board



K. R. Naik  
Director  
DIN: 00002013



K. M. Gaonkar  
Director  
DIN: 00002425

Mumbai, dated : 15th May, 2019