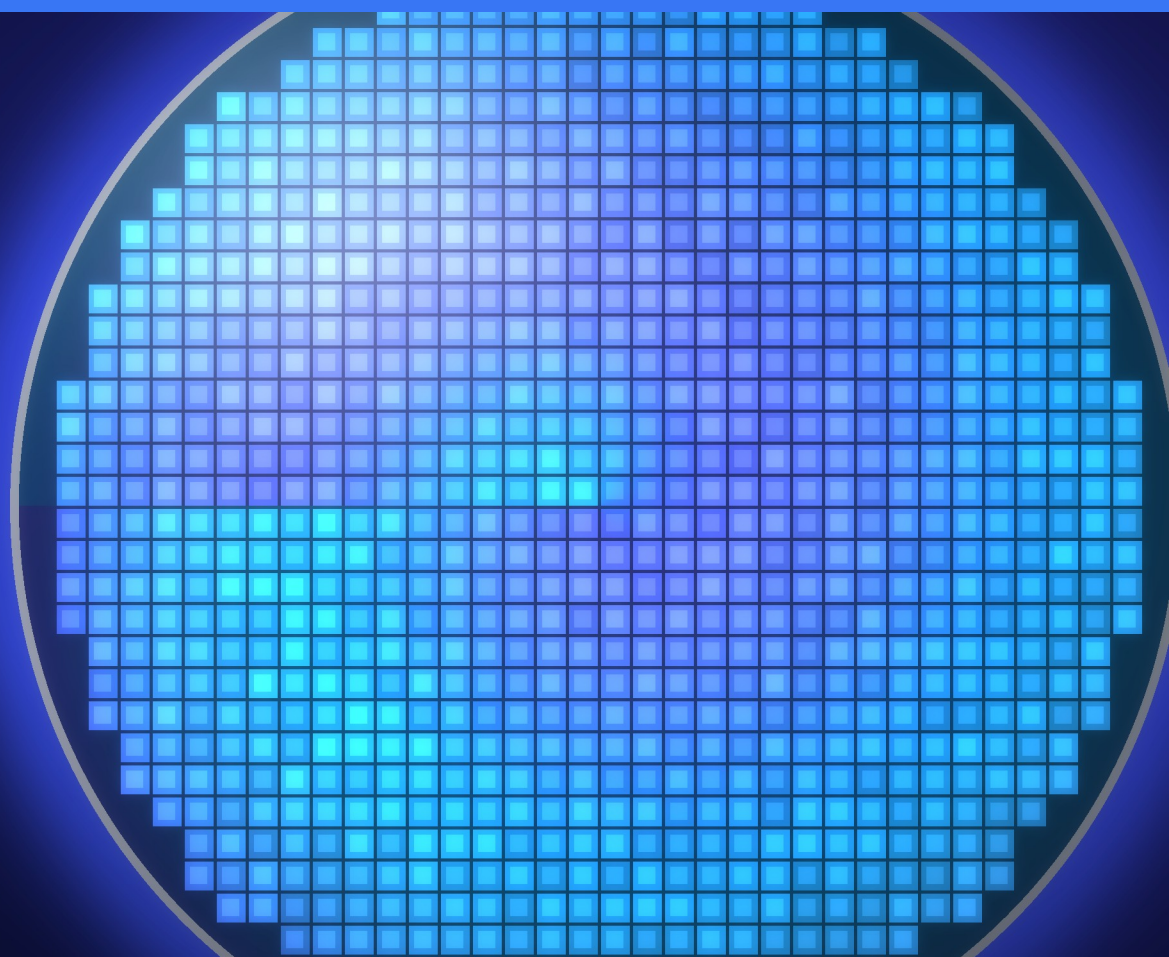


# POLYMATECH ELECTRONICS PRIVATE LIMITED

## Annual Report 2019-20



Financial Statements for the year ended 31 March 2020

## The Semiconductor People

Plot OZ-13, SIPCOT Hi-Tech SEZ, Oragadam, Tamil Nadu - 602 105, India  
[www.polymatechworld.com](http://www.polymatechworld.com)

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Polymatech Electronics Private Limited | Annual Report 2019-20

## Corporate Information

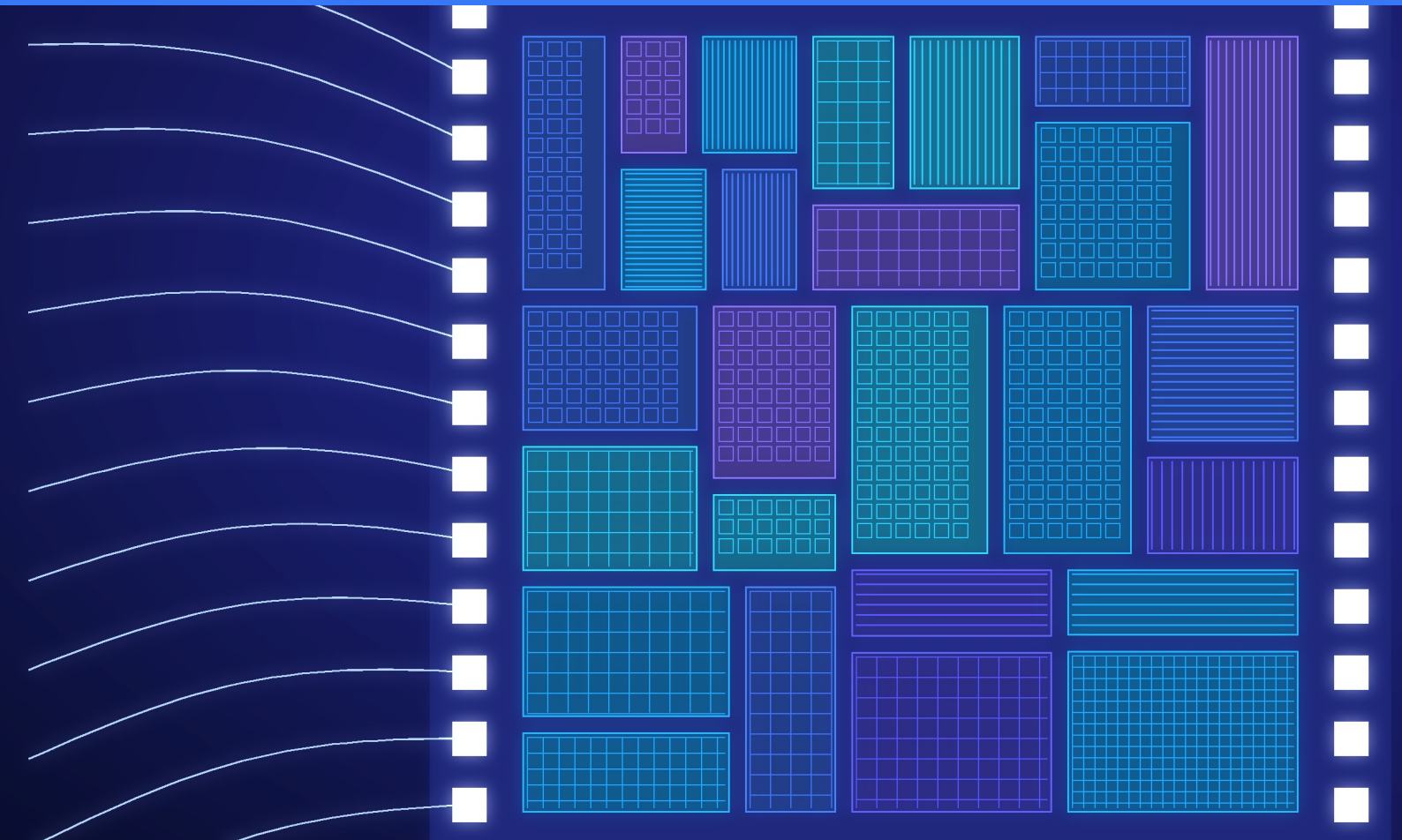
|                    |                                                                                      |
|--------------------|--------------------------------------------------------------------------------------|
| Company            | Polymatech Electronics Private Limited                                               |
| CIN                | U32107TN2007FTC063706                                                                |
| Incorporated       | 29 May 2007                                                                          |
| Registered Office  | Plot OZ-13, SIPCOT Hi-Tech SEZ,<br>Oragadam, Tamil Nadu - 602 105                    |
| Board of Directors | Mr. Eswara Rao Nandam, Director<br>Mrs. Uma Nandam, Director                         |
| Statutory Auditor  | VS & VR Associates, Chartered Accountants<br>V. Selvamani, Proprietor (M.No. 202494) |
| Accounts approved  | 2 December 2020, Chennai                                                             |

## In this Report

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# Financials 2019–20

## Standalone



**POLYMATECH ELECTRONICS PRIVATE LIMITED**

**INDEPENDENT AUDITOR'S REPORT****INDEPENDENT AUDITOR'S REPORT**

To  
The Members of M/s Polymatech Electronics Private Limited,  
Chennai

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

We have audited the financial statements of M/s Polymatech Electronics Private Limited ("the Company"), which comprise the Balance sheet as at 31st March 2020, the statement of Profit and Loss for the year then ended, Statement of Cash flow as on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

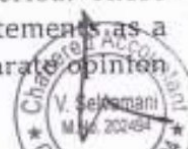
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profits and for the year ended on that date

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules 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.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**INDEPENDENT AUDITOR'S REPORT**

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

**Emphasis of Matter**

As more specifically explained in Note 2 to the financial statements, the Company has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 pandemic which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Our opinion is not modified in respect of this matter.

**Other Matters**

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till June 30, 2020 across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the entire audit was carried out based on remote access of the data as provided by the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.



**INDEPENDENT AUDITOR'S REPORT****Information Other than the Financial Statements and Auditor's Report Thereon**

The company's Board of Directors is responsible for the other information. The other information comprises the management report and its annexures but does not include the Financial Statements and our Audit Report thereon.

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 during the course of our audit or otherwise appears to be materially misstated.

If we conclude that there is a material misstatement of this other information, based on the work we have performed, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance 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 of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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



**INDEPENDENT AUDITOR'S REPORT****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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**INDEPENDENT AUDITOR'S REPORT**

- 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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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

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

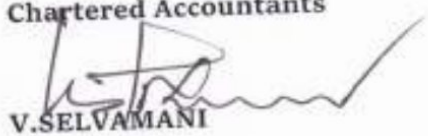
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Statement of Cash flow 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.



**INDEPENDENT AUDITOR'S REPORT**

- f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017;
- g) The Company being a private limited company, the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in respect of whether the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act is not applicable; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- i. The Company has no pending litigations on its financial position.
- ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses on the company in its Financial Statements.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For VS & VR Associates  
Chartered Accountants**

  
**V.SELVAMANI**

**Proprietor**

**Membership No.202494**

**Place: Coimbatore**

**Date: 02/12/2020**



V. SELVAMANI B.Com., FCA.,  
CHARTERED ACCOUNTANT  
4F, Block 2, Akashmalli Apartment  
Gopal Nagar, Peelamedu  
Coimbatore - 641 004.

**ANNEXURE A TO THE AUDITOR'S REPORT****ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under 'Report' on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of the company's fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets / property plant and equipment.
- b) The company has a program of verification to cover all the items of fixed assets in a phased manner over a period of three years, which in our opinion, is reasonable having regards to the size of the company and the nature of its assets. However, no physical verification has been carried on by the management during the year. Accordingly, we were unable to comment on whether any material discrepancies were noticed on such verification and whether they are properly dealt with in the financial statements.
- c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of CARO 2016 is not applicable.

(ii) The company does not have any inventories and hence reporting under clause (ii) of CARO 2016 is not applicable.

(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 Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits as on March 31, 2019.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:



**ANNEXURE A TO THE AUDITOR'S REPORT**

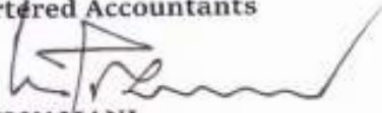
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2019 on account of disputes.
- (viii) The Company has taken loans or borrowings from financial institutions, banks and government but has not issued any debentures.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 in respect of managerial remuneration do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.
- (xiii) The Company is a private company and hence the provisions of Section 177 and Section 188 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.



**ANNEXURE A TO THE AUDITOR'S REPORT**

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For VS & VR Associates  
Chartered Accountants**

  
**V.SELVAMANI**  
**Proprietor**  
**Membership No.202494**  
**UDIN:**  
**Place: Coimbatore**  
**Date: 02/12/2020**



V. SELVAMANI B.Com., FCA.,  
CHARTERED ACCOUNTANT  
4F, Block 2, Akashmalli Apartment  
Gopal Nagar, Peelamedu  
Coimbatore - 641 004.

**BALANCE SHEET AS AT 31 MARCH 2020**

**Polymatech Electronics Private Limited**  
**Plot OZ-13, SIPCOT Hi-Tech SEZ,**  
**Oragadam, Tamil Nadu - 602 105**

**Balance Sheet as at March 31, 2020**

| Particulars                    | Note | Amount in ₹          |                      |
|--------------------------------|------|----------------------|----------------------|
|                                |      | As at March 31, 2020 | As at March 31, 2019 |
| <b>EQUITY AND LIABILITIES</b>  |      |                      |                      |
| Share Capital                  | 1    | 634,570,000          | 634,570,000          |
| Reserves and Surplus           | 2    | (655,080,300)        | (652,294,587)        |
| <b>Non Current Liabilities</b> |      |                      |                      |
| Long Term Borrowings           | 3    | 56,146,148           | -                    |
| Short Term Borrowings          | 4    | 177,868,137          | 154,972,185          |
| Trade Payable                  | 5    | 2,149,438            | 297,632              |
| Other Current Liabilities      | 6    | 13,797,900           | -                    |
| <b>TOTAL</b>                   |      | <b>229,451,323</b>   | <b>137,545,230</b>   |
| <b>ASSETS</b>                  |      |                      |                      |
| <b>Non Current Assets</b>      |      |                      |                      |
| Tangible Fixed Assets          | 7    | 181,704,727          | 18,051,401           |
| <b>Current Assets</b>          |      |                      |                      |
| Trade Receivable               | 8    | 5,599,900            | -                    |
| Cash and Cash Equivalents      | 9    | 62,780               | 483,389              |
| Short-Term Loans and Advances  | 10   | 42,083,916           | 119,010,440          |
| <b>TOTAL</b>                   |      | <b>229,451,323</b>   | <b>137,545,230</b>   |

Notes forming part of the Financial Statements 14-21

For and on behalf of the Board

Refer my audit report of even date  
 For VS & VR Associates  
 Chartered Accountants

ESwamy  
 Director  
 V. Selvamani  
 Director

Place: Chennai  
 Date: 2-12-2020

V. Selvamani  
 Proprietor  
 Membership No. 202494  
 Place: Chennai  
 Date: 2-12-2020



**V. SELVAMANI B.Com., FCA.,**  
**CHARTERED ACCOUNTANT**  
**4F, Block 2, Akashmalli Apartment**

**STATEMENT OF PROFIT AND LOSS**

**Polymatech Electronics Private Limited**  
**Plot OZ-13, SIPCOT Hi-Tech SEZ,**  
**Oragadam, Tamil Nadu - 602 105**

**Statement of Profit and Loss for the year ended March 31, 2020**

| Particulars                                                     | Note | Amount in ₹               |                           |
|-----------------------------------------------------------------|------|---------------------------|---------------------------|
|                                                                 |      | Year ended March 31, 2020 | Year ended March 31, 2019 |
| <b>I. Income:</b>                                               |      |                           |                           |
| Sales                                                           | 11   | 4,300,000                 |                           |
| Other Income                                                    |      | 12,700,000                | Nil                       |
| <b>Total Revenue</b>                                            |      | <u>17,000,000</u>         | <u>Nil</u>                |
| <b>II. Expenses:</b>                                            |      |                           |                           |
| Purchases                                                       |      | 1,590,317                 |                           |
| Power                                                           |      | 289,995                   |                           |
| Finance Costs                                                   | 12   | 2,028,775                 | 1,384,874                 |
| Depreciation and Expense                                        |      | 11,813,998                |                           |
| Other Expenses                                                  | 13   | 4,062,629                 | Nil                       |
| <b>Total Expenses</b>                                           |      | <u>19,785,714</u>         | <u>1,384,874</u>          |
| <b>III. Profit/(Loss) for the Year before exceptional items</b> |      | <u>(2,785,714)</u>        | <u>(1,384,874)</u>        |
| <b>IV. Exceptional Items</b>                                    |      |                           |                           |
| Waiver of Loan and Interest                                     |      | Nil                       | Nil                       |
| <b>V. Profit/(Loss) before tax</b>                              |      | <u>(2,785,714)</u>        | <u>(1,384,874)</u>        |
| <b>VI. Tax Expense</b>                                          |      | -                         | -                         |
| <b>VII. Profit/(Loss) for the year</b>                          |      | <u>(2,785,714)</u>        | <u>(1,384,874)</u>        |
| Earnings per Rs. 10/- Share:                                    |      |                           |                           |
| • Basic and Diluted                                             |      | (0.04)                    | (0.02)                    |

Notes forming part of the Financial Statements 14 - 21

For and on behalf of the Board

*E. S. RAO*  
*T. Uma*  
 Director Director

Place: Chennai  
 Date: 2-12-2020

Refer my audit report of even date  
 For VS & VR Associates  
 Chartered Accountants

*V. Selvamani*  
 V. Selvamani  
 Proprietor  
 Membership No. 202494  
 Place: Chennai  
 Date: 2-12-2020



**V. SELVAMANI B.Com., FCA.,**  
**CHARTERED ACCOUNTANT**  
**4F, Block 2, Akashmalli Apartment**  
**Gopal Nagar, Peelamedu**  
**Coimbatore - 641 004.**

**CASH FLOW STATEMENT**

| <b>Polymatech Electronics Private Ltd<br/>Chennai</b>        |                     |                      |
|--------------------------------------------------------------|---------------------|----------------------|
| <b>Cashflow Statement For the Year Ended 31st March 2020</b> |                     |                      |
| <b>Cash Flows from Operating Activities</b>                  | <b>31-3-2020</b>    | <b>31-3-2019</b>     |
| Net Income                                                   | (2,785,714)         | (1,384,874)          |
| + Depreciation Expense                                       | 11,813,998          |                      |
| + Decrease in Inventory                                      | -                   |                      |
| + Increase in Accounts Payable                               | 1,851,806           | 51,917               |
| - Increase in Accounts Receivable                            | (5,599,900)         |                      |
| - Increase in Other Liabilities Payable                      | 13,797,900          |                      |
| +Decrease in Loans and Advances                              | 76,926,524          | (118,644,607)        |
| <b>Net Cash provided by Operating Activities</b>             | <b>96,004,614</b>   | <b>(119,977,564)</b> |
| <b>Cash Flows from Investing Activities</b>                  |                     |                      |
| Cash Paid to acquire Fixed Assets                            | (175,467,324)       | (2,229,401)          |
| Increase in Long Term Borrowings                             | 56,146,148          | (32,525,000)         |
| Increase in Short Term Borrowings                            | 22,895,952          | 153,864,185          |
| <b>Net Cash provided by Investing Activities</b>             | <b>(96,425,224)</b> | <b>119,109,784</b>   |
| <b>Cash Flows from Financing Activities</b>                  |                     |                      |
| Dividends Paid                                               | Nil                 | Nil                  |
| Payments to other Long Term Bonds                            | Nil                 | Nil                  |
| <b>Net Cash used by Financing Activities</b>                 | <b>Nil</b>          | <b>Nil</b>           |
| <b>Net Decrease in Cash During the year</b>                  | <b>420,610</b>      | <b>867,780</b>       |
| <b>Cash and Cash Equivalents on 31st March 2020</b>          | <b>62,780</b>       | <b>483,389</b>       |
| <b>Cash and Cash Equivalents on 31st March 2019</b>          | <b>483,389</b>      | <b>1,351,169</b>     |

  
**V. SELVAMANI B.Com., FCA.,**  
**CHARTERED ACCOUNTANT**  
 4F, Block 2, Akashmalli Apartment  
 Gopal Nagar, Peelamedu  
 Coimbatore - 641 004.



## CORPORATE INFORMATION AND ACCOUNTING POLICIES

### Corporate Information:

Polymatech Electronics Private Limited, a subsidiary of Polymatech Co. Ltd. Japan, was incorporated in India on May 29, 2007 to carry on the business of manufacturing mobile phones and home multimedia components.

The Present Board of Directors consisting of Shri Eswara Rao Nandam and Smt. Uma Nandam has, after an overall change in the Ownership and Management due to the takeover of the Company from the earlier Promoters, has redrafted their Business Plan and moderated the choice of products to be manufactured from Mobile Components to Computerised Chips.

### 1 Summary of significant accounting policies:

#### (i) Basis of preparation

These financial statements have been prepared on accrual basis in accordance with the generally accepted accounting principles in India under the historical cost convention and comply in all material aspects with the accounting standards notified under Section 133 and the other relevant provisions of the Companies Act, 2013, except as discussed in the paragraph under 'Going Concern' above.

#### (ii) Use of estimates

The preparation of financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates.

#### (iii) Fixed assets and depreciation

The Company has acquired/imported new set of Plant and Machinery and other assets for the purpose of conducting its business apart from renovating the Buildings etc thereof. Depreciation has been charged for second half of the year.



## CORPORATE INFORMATION AND ACCOUNTING POLICIES

### (iv) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### *Sales*

Sales of goods are recognized upon transfer of risks and reward to the customers, sales are stated net of sales tax, Excise duty, discounts and sales return.

#### *Interest income*

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### (v) Foreign currency transactions

#### *Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

#### *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### *Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognized as income or as expense in the year in which they arise.

### (vi) Retirement benefits

#### *Provident fund*

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

#### *Gratuity*

Gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

#### *Leave encashment*

Liability for compensated absences payable at the time of retirement/resignation determined as on Balance sheet date, based on actuarial valuation. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

With the going concern assumption no longer valid, and with no employees, there are no accruals towards retirement benefits. The accruals made towards gratuity and leave encashment have all been paid out and settled.



## CORPORATE INFORMATION AND ACCOUNTING POLICIES

### (vii) Borrowing costs

Borrowing costs to the extent related/attributable to the acquisition/construction of assets that necessarily take substantial period of time to get ready for their intended use are capitalized along with the respective fixed asset up to the date such asset is ready for use. Other borrowing costs are charged to the Statement of Profit and Loss.

### (viii) Segment reporting

The Company does not have any separate segment and hence so segment reporting is not applicable at this stage.

### (ix) Leases

Operating Lease: Payments made under cancelable operating leases are charged to the Statement of Profit and loss on a Straight line basis over the period of lease.

### (x) Earnings per share

Earnings (basic and diluted) per equity share is arrived at based on Net Profit / (Loss) after taxation to the basic/weighted average number of equity shares.

### (xi) Taxes on income

Tax expense for the year, represents current tax and deferred tax is included in determining the net profit/(loss) for the year. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961.

### (xii) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

### (xiii) Provisions, contingent liabilities and contingent assets

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Liabilities if material disclosed by of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation (s), in respect of which a reliable estimate can be made for the amount of obligation.

### (xiv) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### (xv) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Polymatech Electronics Private Limited

## Notes forming part of the Financial Statements

## 1 Share Capital

| Particulars                          | Amount in ₹          |                      |
|--------------------------------------|----------------------|----------------------|
|                                      | As at March 31, 2020 | As at March 31, 2019 |
| Authorized Capital                   |                      |                      |
| 65,000,000 Equity Shares of ₹10 each | 650,000,000          | 650,000,000          |
| Issued, Subscribed and Paid up:      |                      |                      |
|                                      | 634,570,000          | 634,570,000          |
| <b>Total</b>                         | <b>634,570,000</b>   | <b>634,570,000</b>   |

## 1.1 Reconciliation of number of shares outstanding:

| Equity Shares                      | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------|----------------------|----------------------|
|                                    | No. of Shares        | No. of Shares        |
|                                    | 63,457,000           | 63,457,000           |
| Add: Shares issued during the year | -                    | -                    |
|                                    | 63,457,000           | 63,457,000           |

## 1.2 Terms / rights attached to Equity Shares:

The Company has one class of equity shares having a par value of ₹10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding.

## 1.3 Details of shares held by Holding Companies:

| Particulars                                          | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------------------------|----------------------|----------------------|
|                                                      | No. of Shares        | No. of Shares        |
| Polyma Asset Management Co., Ltd., (Holding Company) | Nil                  | Nil                  |
| Polymatech (Malaysia) Sdn. Bhd.                      | Nil                  | Nil                  |

## 1.4 Details of Shares held by each Shareholder holding more than 5% Shares:

| Equity Shares with voting rights | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------------|----------------------|----------------------|
|                                  |                      |                      |
| Sri Eswara Rao Nandam            | 33,122,570           | 33,122,570           |
|                                  | 52.20%               | 52.20%               |
| Smt. Uma Nandam                  | 30,334,430           | 30,334,430           |
|                                  | 47.80%               | 47.80%               |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Notes forming part of the Financial Statements****2 Reserves and Surplus**

| Particulars                                             | Amount in ₹             |                         |
|---------------------------------------------------------|-------------------------|-------------------------|
|                                                         | As at March 31,<br>2020 | As at March 31,<br>2019 |
| <b>Surplus / (Deficit) in Profit and Loss Statement</b> |                         |                         |
| As per last balance sheet                               | (652,294,587)           | (650,909,713)           |
| Add: Profit / Loss for the year                         | (2,785,714)             | (1,384,874)             |
| <b>Total</b>                                            | <u>(655,080,301)</u>    | <u>(652,294,587)</u>    |
| Foreign currency translation reserve                    | -                       | -                       |
|                                                         | <u>(655,080,301)</u>    | <u>(652,294,587)</u>    |

**3 Long-Term Borrowings**

|                           |                   |          |
|---------------------------|-------------------|----------|
| Term loans                |                   |          |
| From Banks ( Un-Secured ) | 56,146,148        | -        |
| <b>Total</b>              | <u>56,146,148</u> | <u>-</u> |

**4 Short-Term Borrowings**

|                                |                    |                    |
|--------------------------------|--------------------|--------------------|
| * From Directors ( Un Secured) | 177,868,137        | 154,972,185        |
| <b>Total</b>                   | <u>177,868,137</u> | <u>154,972,185</u> |

**5 Trade Payables**

|                          |                  |                |
|--------------------------|------------------|----------------|
| Other than acceptances   |                  |                |
| - Due to related parties | -                | -              |
| - Due to others          | 2,149,438        | 297,632        |
| <b>Total</b>             | <u>2,149,438</u> | <u>297,632</u> |

**6 Other Current Liabilities**

|                                        |          |          |
|----------------------------------------|----------|----------|
| Statutory remittances                  | -        | -        |
| Interest accrued and due on borrowings | -        | -        |
| <b>Total</b>                           | <u>-</u> | <u>-</u> |



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Polymatech Electronics Pvt. Ltd.**

**Depreciation Schedule As per the Companies Act**

**Note No.7**

| Amount in ₹           |                      |                    |                            |                         |                                          |                            |                                              |                         |                         |                         |
|-----------------------|----------------------|--------------------|----------------------------|-------------------------|------------------------------------------|----------------------------|----------------------------------------------|-------------------------|-------------------------|-------------------------|
| Fixed Assets          |                      |                    |                            |                         |                                          |                            |                                              |                         |                         |                         |
| Tangible Assets       | Gross Block          |                    |                            |                         | Depreciation / Amortization / Impairment |                            |                                              |                         | Net Block               |                         |
|                       | As at April 01, 2019 | Additions          | Deductions/<br>Adjustments | As at March 31,<br>2020 | Up to April 01, 2019                     | Deductions/<br>Adjustments | Depreciation<br>/ Impairment<br>for the year | Up to March 31,<br>2020 | As at March 31,<br>2020 | As at March 31,<br>2019 |
| Leasehold Land        | 21,488,617           | -                  | -                          | 21,488,617              | 5,666,617                                | -                          | -                                            | 5,666,617               | 15,822,000              | 15,822,000              |
| Building              | 464,445,943          | 29,524,434         | -                          | 493,970,377             | 464,445,943                              | -                          | 1,476,222                                    | 465,922,165             | 28,048,212              | -                       |
| Furniture & Fixtures  | 1,760,974            | -                  | -                          | 1,760,974               | 1,760,974                                | -                          | -                                            | 1,760,974               | -                       | -                       |
| Computers             | 8,704,826            | 25,298             | -                          | 8,730,124               | 8,704,826                                | -                          | 5,060                                        | 8,709,886               | 20,238                  | -                       |
| Office Equipment      | 2,222,737            | -                  | -                          | 2,222,737               | 2,222,737                                | -                          | -                                            | 2,222,737               | -                       | -                       |
| Electrical Fittings   | 2,519,158            | 60,114,269         | -                          | 62,633,427              | 2,519,158                                | -                          | 4,508,570                                    | 7,027,728               | 55,605,699              | -                       |
| Plant & Machinery     | 66,720,727           | 76,929,276         | -                          | 143,650,003             | 66,720,727                               | -                          | 5,769,696                                    | 72,490,423              | 71,159,580              | -                       |
| Interiors             | 8,400                | -                  | -                          | 8,400                   | 8,400                                    | -                          | -                                            | 8,400                   | -                       | -                       |
| Motor Vehicles        | -                    | 726,000            | -                          | 726,000                 | -                                        | -                          | 54,450                                       | 54,450                  | 671,550                 | -                       |
| <b>TOTAL</b>          | <b>567,871,382</b>   | <b>167,319,277</b> | <b>-</b>                   | <b>735,190,659</b>      | <b>552,049,382</b>                       | <b>-</b>                   | <b>11,813,997</b>                            | <b>563,863,379</b>      | <b>171,327,280</b>      | <b>15,822,000</b>       |
| Preoperative Expenses | 2,229,401            | 8,148,047          | -                          | 10,377,448              | -                                        | -                          | -                                            | -                       | 10,377,448              | 2,229,401               |
| Previous Year         | 570,100,783          | 175,467,324        | -                          | 745,568,107             | 552,049,382                              | -                          | 11,813,997                                   | 563,863,379             | 181,704,728             | 18,051,401              |





**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Notes forming part of the Financial Statements****8 Trade Receivables**

Amount in ₹

| Particulars                                   | As at March 31,<br>2020 | As at March<br>31, 2019 |
|-----------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>             |                         |                         |
| Outstanding for a period exceeding six months | Nil                     | Nil                     |
| Outstanding for a period less than six months | 5,599,900               |                         |
| Less: Provision for doubtful debts            | Nil                     | Nil                     |
| <b>Total</b>                                  | <b>5,599,900</b>        | <b>Nil</b>              |

**9 Cash and Cash Equivalents**

|                                        |               |                |
|----------------------------------------|---------------|----------------|
| Cash on hand                           | 62,780        | 12,780         |
| Balance with banks in current accounts | Nil           | 470,609        |
| <b>Total</b>                           | <b>62,780</b> | <b>483,389</b> |

**10 Short-Term Loans and Advances**

|                                       |                   |                    |
|---------------------------------------|-------------------|--------------------|
| <b>Unsecured, considered good</b>     |                   |                    |
| Security Deposits                     | 111,000           | 100,000            |
| Balances with government authorities: |                   |                    |
| • TDS receivables                     | 258,340           | 258,340            |
| Advance to Suppliers                  | 41,714,377        | 118,652,100        |
| <b>Total</b>                          | <b>42,083,917</b> | <b>119,010,440</b> |



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Notes Forming Part of Financial Statements

## 11 Sales &amp; Other Income

Amount in ₹

| Particulars         | Year Ended<br>March 31, 2020 | Year Ended<br>March 31,<br>2019 |
|---------------------|------------------------------|---------------------------------|
| Sales               | 4,300,000                    | Nil                             |
| Lease Rental Income | 12,700,000                   | Nil                             |
| <b>Total</b>        | <b>17,000,000</b>            | <b>Nil</b>                      |

## 12 Finance Costs

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Interest Expenses on Borrowings | 2,028,775        | -                |
| Bank Charges                    | 276,534          | 1,384,874        |
| <b>Total</b>                    | <b>2,305,109</b> | <b>1,384,874</b> |

## 13 Other Expenses

|                                |         |
|--------------------------------|---------|
| Auditor Remuneration (Note 14) | 200,000 |
| Advertisement                  | 6,890   |
| Computer Maintenance           | 39,413  |
| Consultancy Charges            | 212,900 |
| General Expenses               | 3,967   |
| Insurance                      | 457,148 |
| Printing and Stationery        | 236,560 |
| Salaries and Wages             | 783,000 |
| Security Charges               | 891,883 |
| Travelling and Conveyance      | 772,526 |
| Water Charges                  | 32,007  |
| Vehicle Maintenance            | 150,000 |

**Total** 3,786,294

## 14 Auditor's Remuneration (including service tax/ GST)

| Particulars    |                |
|----------------|----------------|
| Audit Fee      | 150,000        |
| Other Services | 50,000         |
| <b>Total</b>   | <b>200,000</b> |

## 15 Impairment of Assets

A new set of Fixed assets have been acquired and they have been put into use for which Depreciation has been claimed on pro-rata basis. The previous set of fixed assets excluding leasehold Lands and building and machinery have been impaired, to carry them in the balance sheet at a realistic realizable value. The leasehold lands and buildings have been valued by accredited valuers and the values as shown in the books have been written down to reflect an estimated realizable value.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 16. Contingent Liabilities

The Company has already recommenced its business, there are no contingent liabilities that can be envisaged up to date.

## 17. Details of dues to Micro, Small and Medium Enterprises

In terms of requirements of the Micro, Small and Medium Enterprises Development Act 2006, the Company has continuously asked for confirmation letters from all the suppliers. Based upon the information available with the Company there are no principal / interest amounts due to micro and small enterprises.

## 18. Taxation on Income

Tax expense for the year, comprising of current tax and deferred tax, is included in determining the net profit (loss) for the year.

Deferred tax asset/liability is recognized for all the known timing differences. Deferred tax assets and liabilities are measured at tax rates that have been enacted or substantially enacted at the balance sheet date.

## 19. Related Party Transactions

| Related Parties                | Nature of Relation   |                      |
|--------------------------------|----------------------|----------------------|
| Mr. Eswara Rao Nandam          | Director             |                      |
| Mrs. Uma Nandam                | Director             |                      |
|                                | Amount in ₹          |                      |
| Particulars                    | As at March 31, 2020 | As at March 31, 2019 |
| Balances outstanding           |                      |                      |
| Payables                       |                      |                      |
| Loan from Mr Eswara Rao Nandam | 94,409,231           | 71,869,185           |
| Loan from Mrs. Uma Nandam      | 83,458,907           | 83,103,000           |

## 20. Expenditure in Foreign Currency

|                 | Amount in ₹          |                      |
|-----------------|----------------------|----------------------|
|                 | As at March 31, 2020 | As at March 31, 2019 |
| Travel Expenses | Nil                  | Nil                  |

## 21. Prior Period Comparatives

Previous year figures have been re-grouped, wherever necessary to conform to current year's classification.

For and on behalf of the Board

*Eswara Rao*  
Director  
*Uma Nandam*  
Director

Place: Chennai  
Date: 2-12-2020

Refer my audit report of even date.  
For VS & VR Associates  
Chartered Accountants

V. SELVAMANI  
Proprietor  
Membership No. 20/2494

Place: Chennai  
Date: 2-12-2020



V. SELVAMANI B.Com., FCA.,  
CHARTERED ACCOUNTANT  
4F, Block 2, Akashmalli Apartment  
Gopal Nagar, Peelamedu  
Coimbatore - 641 004

**POLYMATECH ELECTRONICS PRIVATE LIMITED**

**The Semiconductor People**

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