

M.SIVAKUMAR,

Chartered Accountant

"Sree Mahalakshmi Mandiram", 1105, Geetha Road,

Cnamarajapuram, Mysore – 570 005.

Phone No.0821-2330340 E-mail: shivu12kumar@gmail.com



INDEPENDENT AUDITOR'S REPORT

To the Members of
Kaynes Embedded Systems Private Limited,
Mysore

Report on the audit of the financial statements

Opinion

I have audited the accompanying financial statements of **Kaynes Embedded Systems Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of our information and according to the explanations given to me, the aforesaid financial statements give the information required by the **Companies Act, 2013** ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss and cash flows for the year ended on that date.

Basis for opinion

I conducted my audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. I am independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and I have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

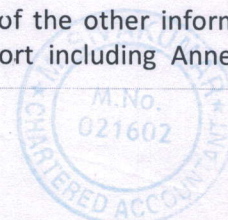
Key audit matters

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

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

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's



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Report, Business Responsibility Report but does not include the financial statements and my auditor's report thereon.

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

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

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

Management's responsibility for the financial statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

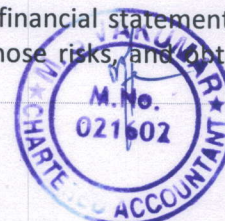
The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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



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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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my 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

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 is not applicable to the Company since

- (a) It is not a subsidiary or holding company of a public company;
- (b) Its paid-up capital and reserves and surplus are not more than Rs.1 Crore as at the balance sheet date;
- (c) Its total borrowings from banks and financial institutions are not more than Rs.1 Crore at any time during the year; and
- (d) Its turnover for the year is not more than Rs.10 Crore during the year.



M.SIVAKUMAR,

Chartered Accountant

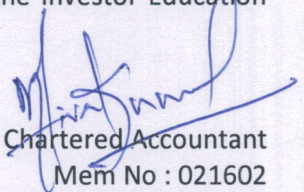
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As required by Section 143(3) of the Act, I report that:

- (a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit;
- (b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books;
- (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In my opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the **Companies (Accounts) Rules, 2014**;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) 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; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me;
- 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 derivative contracts for which there were any material foreseeable losses; and
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company


Chartered Accountant
Mem No : 021602

UDIN : 19021602AAAAAB8721

Place : Mysuru

Date : 06/09/2019

M. SIVAKUMAR
CHARTERED ACCOUNTANT
M.No. 021602
'A.K.Krishnamoorthy Sree Mahalakshmi Mandiram'
1105, Geetha Road, Chamarajapuram
MYSORE-570 005

KAYNES EMBEDDED SYSTEMS PRIVATE LIMITED
BALANCE SHEET AS AT;

	Note	31.03.2019 (₹)	31.03.2018 (₹)
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	2	50,00,000	50,00,000
Reserves and Surplus	3	(2,20,472)	(1,91,472)
		<u>47,79,528</u>	<u>48,08,528</u>
Share Application Money Pending Allotment		-	-
Non-Current Liabilities :			
Long term Borrowings		-	-
Deferred tax liabilities (Net)		-	-
Other long term liabilities	4	-	-
Long term provisions		-	-
		<u>-</u>	<u>-</u>
Current Liabilities :			
Short term Borrowings		-	-
Trade payables		-	-
- Due to Micro and Small Enterprises		-	-
- Total outstanding dues of creditors other than micro and small enterprise		58,000	29,000
Other Current Liabilities	5	37,04,722	37,04,722
Short term provisions		-	-
		<u>37,62,722</u>	<u>37,33,722</u>
Total		<u>85,42,250</u>	<u>85,42,250</u>
ASSETS			
Non-Current Assets :			
Fixed Assets			
Tangible Assets		60,00,000	60,00,000
Intangible Assets		25,42,250	25,42,250
Capital Work in Progress		-	-
Long Term Loans and Advances		-	-
		<u>85,42,250</u>	<u>85,42,250</u>
Current Assets :			
Inventories		-	-
Trade Receivables		-	-
Cash & Bank Balance		-	-
Short term loans and advances		-	-
Other current assets		-	-
		<u>-</u>	<u>-</u>
Total		<u>85,42,250</u>	<u>85,42,250</u>

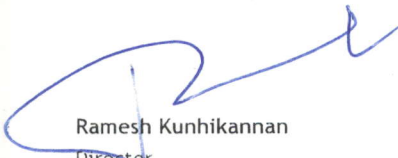
Significant Accounting Policies

1

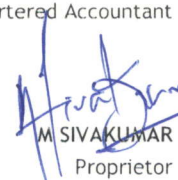
The accompanying notes form an integral part of the Financial Statements

For and on behalf of the Board of
Kaynes Embedded Systems Private Limited
CIN : U72200KA2009PTC051856

As per my report of the even date


Ramesh Kunhikannan
Director
[DIN: 02063167]


Jaïram P Sampath
Director
[DIN: 08064368]

For M SIVAKUMAR
Chartered Accountant

M SIVAKUMAR
Proprietor
M No: 021602

Place: Mysore
Date: 06/09/2019

Place: Mysore
Date: 06/09/2019

Place: Mysore
Date:

M. SIVAKUMAR
CHARTERED ACCOUNTANT

M.No. 021602

Page 1 of 7

'A.K.Krishnamoorthy Sree Mahalakshmi Mandiram'
1105, Geetha Road, Chamarajapuram
MYSORE-570 005

KAYNES EMBEDDED SYSTEMS PRIVATE LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED;


	Note	31.03.2019 (₹)	31.03.2018 (₹)
INCOME			
Revenue from operations		-	-
Other Income		-	-
Total		-	-
EXPENDITURE			
Cost of raw materials and components consumed		-	-
Purchases of Traded goods		-	-
Changes in inventories of finished goods		-	-
Employee Benefits expense		-	-
Finance costs		-	-
Depreciation and Amortisation		-	-
Other Expenses	5	29,000	29,000
Total		29,000	29,000
Profit / (Loss) Before Tax		(29,000)	(29,000)
Tax expenses			
Current tax		-	-
Profit / (Loss) after tax		(29,000)	(29,000)
Earnings Per Equity Share			
-Basic Earnings Per Equity Share		(0.58)	(0.58)
Significant Accounting Polices	1		
The accompanying notes form an integral part of the Financial Statements			

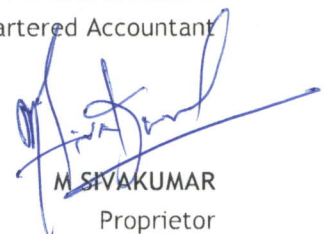
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As per my report of the even date

For M SIVAKUMAR
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Ramesh Kunhikannan
Director
[DIN: 02063167]


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M SIVAKUMAR
Proprietor
M No: 021602

Place: Mysore
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M. SIVAKUMAR
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M.No. 021602 Page 2 of 7
'A.K.Krishnamoorthy Sree Mahalakshmi Mandiram'
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KAYNES EMBEDDED SYSTEMS PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED;

	31.03.2019 (₹)	31.03.2018 (₹)
[a.] CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and, exceptional items	(29,000)	(29,000)
Adjustments for :		
(Increase)/ decrease in advances and other current assets	-	-
Increase/ (decrease) in Trade Payables	29,000	30,000
Increase/ (decrease) in Other Liabilities	-	-
	29,000	30,000
Cash generated from operations	-	1,000
Tax paid	-	-
Net Cash from/ (used in) operating activities	-	1,000
Net Cash from/ (used in) operating activities (A)	-	1,000
[b.] CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Flow from/ (used in) Investing Activities (B)	-	-
[c.] CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Flow from/ (used in) Financing Activities (C)	-	-
Net increase/ (decrease) in Cash and Cash equivalents [A+B+C]	-	1,000
Cash and cash equivalents as at April 1, Cash and Bank Balances	-	55,269
Cash and cash equivalents as at March 31, Cash and Bank Balances	-	55,269

[Notes]

[1] The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2018 and the related Profit and Loss Statement for the year ended on that date.

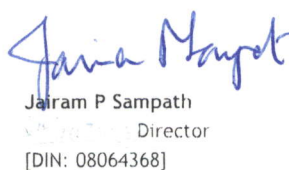
[2] The above Cash Flow Statement has been prepared on indirect method in accordance with the prescription in Accounting Standard (AS) 3 on cash flow statements notified in Companies (Accounting Standards) Rule 2006.

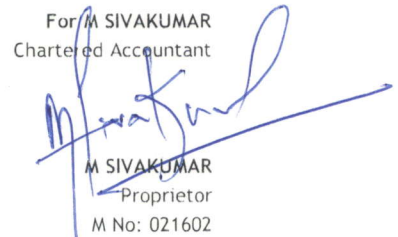
[3] Figures in the brackets indicates cash outflow during the year.

For and on behalf of the Board of
Kaynes Embedded Systems Private Limited
CIN : U72200KA2009PTC051856

As per my report of the even date


Ramesh Kunhikannan
Director
[DIN: 02063167]


Jairam P Sampath
Director
[DIN: 08064368]

For M SIVAKUMAR
Chartered Accountant

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M No: 021602

Place: Mysore
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1 Significant Accounting Policies

i) Basis of Accounting

The financial statements are prepared under the historical cost convention, in accordance with the provisions of the Companies Act, 2013 and the Companies(Accounting Standards) Rules,2006 (Indian GAAP) as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis.

ii) Use of Estimates

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

iii) Cash Flow Statement

Cash Flow Statement has been prepared in accordance with AS-3 specified under the Companies Act, 2013 using the indirect method to determine cash flows from operating activities.

iv) Fixed Assets

Fixed assets are stated at cost. Cost for this purpose includes all costs for bringing the asset to its location and condition.

v) Depreciation

The company is still in the process of development of its technology and hence the Product Development costs are capitalized.

vi) Inventories

There are no inventories as on the balance sheet date.

vii) Revenue Recognition

The company has not started any commercial activity of sales and hence there are no revenues from services provided

viii) Income Tax

Tax expense of Current Tax and Deferred Tax are not provided as there are no commercial activities.

ix) Provisions and Contingencies

Provision for losses and contingencies arising as a result of past event where management considers it probable that a liability may be incurred are made on the basis of reliable estimates of the expenditure required to settle the present obligation on the Balance Sheet date and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Other contingent liabilities to the extent management is aware is disclosed by way of notes to accounts.

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KAYNES EMBEDDED SYSTEMS PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

2. Share Capital

	31.03.2019 (₹)	31.03.2018 (₹)
Authorised : 50,000 (2018 : 50,000) Equity Shares of ₹ 100/- each	50,00,000	50,00,000
Issued, Subscribed and Paid up 50,000 (2018 : 50,000) Equity Shares of ₹ 100/- each	50,00,000	50,00,000
	50,00,000	50,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Equity Shares	31.03.2019		31.03.2018	
	No. of shares	(₹)	No. of shares	(₹)
At the beginning of the year	50,000	50,00,000	50,000	50,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,000	50,00,000	50,000	50,00,000

b. Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company:

	31.03.2019		31.03.2018	
	No. of shares	% of holding	No. of shares	% of holding
Kaynes Technology India Private Limited	30,000	60.00%	30,000	60.00%
Ramarathinam Ramakrishnan	20,000	40.00%	20,000	40.00%

3. Reserves and Surplus

	31.03.2019 (₹)	31.03.2018 (₹)
Surplus in the profit and loss statement		
Balance as at the beginning of the year	(1,91,472)	(1,62,472)
Profit / (Loss) for the year	(29,000)	(29,000)
Net Surplus in the profit and loss statement	(2,20,472)	(1,91,472)
Total Reserves and Surplus	(2,20,472)	(1,91,472)

4. Non-Current Liabilities :

	31.03.2019 (₹)	31.03.2018 (₹)
Advance from customers	-	-



KAYNES EMBEDDED SYSTEMS PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

5 Other Current Liabilities :

	31.03.2019 (₹)	31.03.2018 (₹)
Due to Related Parties ^[1]	37,04,722	37,04,722
Due to Others	-	-
	37,04,722	37,04,722

[1]

Due to related parties represents loan from holding company on which interest is not charged as company is non operational. Since there is no stipulation as to repayment it is considered as repayable on demand and classified as short term.

6. Other Income :

	31.03.2019 (₹)	31.03.2018 (₹)
Liabilities Written Back, net	-	-
	-	-

7. Other Expenses :

	31.03.2019 (₹)	31.03.2018 (₹)
Rates & Taxes	-	-
Auditors Remuneration	29,000	29,000
	29,000	29,000

8.1 The company has not carried on any business for the last few years and has no firm plans yet to take up any business in the coming years. Hence the financial statements are prepared accordingly on a liquidation basis, which is considered appropriate.

8.2 Some of the Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmation.

9. In the opinion of the management, current assets, loans and advances have a value not less than what is stated in the accounts if realised in the ordinary course of business.

10. As a subsidiary of a Non SMC, the company has complied with Accounting Standards as applicable to the Non SMC.

11. There are no Stock of Inventories as on the balance sheet date

12. Deferred Tax Asset as on 31.03.2019 is not recognised.

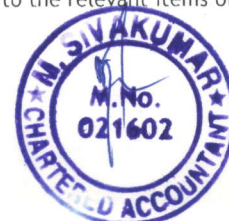
13. The company is in the process of identifying Micro, Small and Medium Enterprises with which transactions have taken place during the year. Hence no disclosures regarding outstanding dues are shown.

14. Auditors Remuneration

Particulars	2018-19 (₹)	2017-18 (₹)
Statutory Audit	20,000	20,000
Taxation services	9,000	9,000
Total	29,000	29,000

15. The company is still in the process of product development and hence no depreciation has been charged on the fixed assets.

16. All capital expenditure for construction of Intangible assets are capitalized to the relevant items of the Intangible assets completed during the year.



KAYNES EMBEDDED SYSTEMS PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS


17. All Expenses incurred are towards product development and have been capitalized during the year.
18. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

(Signatures to all significant notes forming part of Financial Statements)

For and on behalf of the Board of
Kaynes Embedded Systems Private Limited
CIN : U72200KA2009PTC051856

As per my report of the even date

For M SIVAKUMAR
Chartered Accountant


Ramesh Kunhikannan
Director
[DIN: 02063167]


Jairam P Sampath
Director
[DIN: 08064368]

Place: Mysore
Date: 06/09/2019

Place: Mysore
Date: 06/09/2019

M SIVAKUMAR
Proprietor
M No: 021602

Place: Mysore
Date:
M. SIVAKUMAR
CHARTERED ACCOUNTANT
M.No. 021602
'A.K.Krishnamoorthy Sree Mahalakshmi Mandiram'
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