

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Kemsys Technologies Private Limited,
Bangalore.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Kemsys Technologies Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 of the state of affairs of the Company as at 31st March 2019, its profit 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 specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code to of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 25 of the financial statements stating that the Company has accumulated losses of Rs.3, 10, 79,187/- as at 31.03.2019 and its net worth as on that date is Rs.(2,60,79,187)/-, and the mitigating circumstances detailed there in and the fact that the company has earned net profit for the preceding three financial years, based on which the financial statements are prepared on a going concern basis. These facts indicate that a material uncertainty exists that may cast a doubt on the entities ability to continue as a going concern.

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



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 Discussion and Analysis, other information published along with but does not include the financial statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not and will 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 identified above 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 read and considered Board of Directors report and have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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, 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 responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

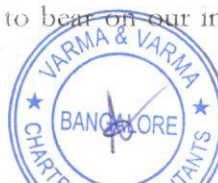
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not 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.

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.



Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 said Order to the extent applicable
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of 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, 2019, from being appointed as a director in terms of Section 164(2) of the Act;
 - f) As per the notification of the Ministry of Corporate Affairs G.S.R. 464(E) dated the 5th June, 2015 read with amended notification G.S.R. 583(E) dated the 13th June, 2017 the reporting requirement on Internal Financial Control under section 143(3)(i) of the Act is not applicable to the company since the turnover of the company is less than the prescribed threshold of rupees fifty crores as per latest audited financial statements and the aggregate outstanding borrowings (excluding non-fund based facilities) from banks or financial institutions or any body corporate at any point of time during the financial year is less than the prescribed threshold of rupees twenty five crores.
 - g) With respect to 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:

Since Section 197 of the Act is not applicable to the Company being a private limited company, the reporting required as per Section 197(16) is not applicable; and



Chartered Accountants

- 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 disclosed the details of pending litigations in note 24 to the financial statements, the impact if any on the final settlement of these litigations is not ascertainable at this stage;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. there are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For VARMA & VARMA
Chartered Accountants
FRN 004532S



ANEESAN C

Partner

M No.219131

UDIN: 19219131AAAABA8307

Place: Bangalore
Date: 16.09.2019

ANNEXURE A' TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITORS REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KEMSYS TECHNOLOGIES PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2019

- i.
 - a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.;
 - b. We were informed that, the fixed assets of the company have been physically verified by the management during this year end, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, there were no material discrepancies identified on such verification when compared with records of the company..
 - c. According to the information and explanations given to us and as per verification of the records of the Company, there are no immovable properties held by the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. According to the information and explanation given to us, no material discrepancies were noticed on such physical verification.
- iii. According to the information and explanations given to us and based on the audit procedures conducted by us, 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., 2013 thus, paragraph 3(iii)(a) to 3(iii)(c) of the Order is not applicable to the Company.
- iv. According to the information and explanations given to us and as per verification of the records of the Company, during the year, the Company has not given any loan, guarantees and security and not made any investment, which falls under the provisions of section 185 and 186 of Companies Act. Thus, paragraph 3(iv) of the Order is not applicable to the Company.
- v. According to the information and explanations given to us and as per verification of the records of the Company, the Company has not accepted any deposits in accordance with directions issued by the Reserve bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and Rules formed their under. Thus, paragraph 4(v) of the order is not applicable to the Company.
- vi. According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act,2013.



vii.

- a. According to the information and explanations given to us and as per our verification of the records of the Company, except delay in few cases, the Company has been generally regular in depositing undisputed statutory dues including provident fund, income tax, goods and services tax, duty of customs, cess, and any other statutory dues with the appropriate authorities during the year to the extent applicable. There were no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and as per our verification of the records of the company, there are no disputed amounts of income tax or Goods and service tax or duty of customs that have not been deposited with appropriate authorities as at 31st March 2019.

viii.

According to the information and explanations given to us and as per our verification of the records of the Company, the Company has not taken any loan from Financial Institutions, Banks or Government and the company has not issued any debentures.

ix.

As a private company, the question on public offer of shares is not applicable to the company. According to the information and explanation given to us and as per the verification of the records of the company, the company has not taken any term loan during this year.

x.

According to the information and explanations given to us and as per our verification of the records of the Company, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi.

According to the information and explanations given to us and as per our verification of the records of the Company being a private company, the provisions of Section 197 and Schedule V of the Companies Act, 2013 are not applicable to the Company, thus, paragraph 3(xi) of the Order is not applicable to the Company.

xii.

In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii.

According to the information and explanations given to us and as per our verification of records of the Company, transactions with the related parties are in compliance with the section 188 of the Act where applicable since in view of the company, these transactions have been undertaken on arm's length basis in the ordinary course of business and details of such transactions have been disclosed in the financial statements as required by Accounting Standards. As the Company is a private limited company, the provisions relating to section 177 of the Companies Act, 2013 is not applicable to the company.



Chartered Accountants

- 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 non-cash transactions with directors or persons connected with the directors. 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.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S



Place: Bangalore
Date : 16.09.2019


ANEESAN C

Partner
M No.219131

UDIN: 19219131AAAABA8307

KEMSYS TECHNOLOGIES PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH

(Amount in Rs.)

| | Note | 2019 | 2018 |
|-------------------------------------------------------------------|-------|--------------------|--------------------|
| I. EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 50,00,000 | 50,00,000 |
| Reserves and Surplus | 3 | (3,10,79,187) | (3,59,69,385) |
| Non-current Liabilities | | | |
| Long-term Provisions | 4 | 9,16,539 | 5,32,019 |
| Long Term Borrowings | 5 | 3,92,12,223 | 3,92,12,223 |
| Current Liabilities | | | |
| Trade Payables | 6 | | |
| Total Outstanding dues of micro enterprises and small enterprises | | 3,98,60,995 | 2,96,83,498 |
| Other Current Liabilities | 7 | 1,31,82,094 | 59,21,947 |
| Short-term Provisions | 8 | 91,026 | 65,040 |
| TOTAL | | 6,71,83,691 | 4,44,45,342 |
| II. ASSETS | | | |
| Non-current Assets | | | |
| Fixed Assets | 9 | | |
| - Tangible Assets-Property, Plant and Equipment | | 32,19,592 | 14,15,812 |
| - Intangible Assets | | 7,35,352 | 5,549 |
| Long-term loans and advances | 10 | 35,25,617 | 30,37,907 |
| Deferred Tax Asset | 11 | 7,09,368 | 6,81,675 |
| Current Assets | | | |
| Inventories | 12 | 1,73,20,725 | 1,42,04,926 |
| Trade Receivables | 13 | 1,93,58,953 | 2,20,63,315 |
| Cash & Bank Balance | 14 | 36,46,200 | 19,27,053 |
| Short-term Loans and Advances | 15 | 1,63,19,229 | 10,90,430 |
| Other current assets | 16 | 23,47,816 | 18,676 |
| TOTAL | | 6,71,83,691 | 4,44,45,342 |
| Significant accounting policies | 1 | | |
| Other notes | 24-38 | | |

For and on behalf of the board of Directors of
Kemsys Technologies Private Limited
 CIN: U72900KA2009PTC101281

As per our report of even date attached
For VARMA & VARMA
 Chartered Accountants
 Firm Registration No: 0045325


Ramesh Kunhikannan
 Director
 DIN: 02063167


Savitha Ramesh
 Director
 DIN: 01756684


Aneesan
 Partner
 M.No. 219131



Place : Mysore

Place : Mysore

Place : Bangalore

KEMSYS TECHNOLOGIES PRIVATE LIMITED
 PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH

(Amount in Rs.)

| | Note | 2019 | 2018 |
|-------------------------------------------------------------------|-------|---------------------|---------------------|
| REVENUE | | | |
| Revenue from operations | 17 | 12,45,55,984 | 10,36,05,793 |
| Other Income | 18 | 5,29,379 | 6,05,473 |
| | | 12,50,85,363 | 10,42,11,266 |
| EXPENDITURE | | | |
| Cost of materials/components consumed | 19 | 8,29,30,873 | 6,99,49,009 |
| Changes in Inventories | 20 | (26,55,893) | (40,32,446) |
| Employee benefits expense | 21 | 1,98,19,671 | 1,95,87,260 |
| Finance Cost | 22 | 30,63,202 | 33,81,631 |
| Depreciation and amortisation expense | 9 | 8,30,370 | 10,76,272 |
| Other expenses | 23 | 1,62,34,636 | 1,14,08,339 |
| | | 12,02,22,859 | 10,13,70,065 |
| Profit / (Loss) before tax | | 48,62,504 | 28,41,201 |
| Less :Tax expense | | | |
| Current Tax | | 6,90,217 | 2,74,624 |
| MAT Credit Entitlement | | (6,90,217) | (2,74,624) |
| Deffered Tax | | (27,693) | (6,81,675) |
| Profit / (Loss) for the year after tax expense | | 48,90,197 | 35,22,876 |
| Earnings/(Loss) per equity share of Rs 1/- each | 34 | | |
| Weighted Average No. of equity shares outstanding during the year | | 50,00,000 | 50,00,000 |
| Basic & Diluted earnings/(loss) per share | | 0.98 | 0.70 |
| Significant accounting policies | 1 | | |
| Other notes | 24-38 | | |

For and on behalf of the board of Directors of


As per our report of even date attached

Kemsys Technologies Private Limited
 CIN: U72900KA2009PTC101281

For VARMA & VARMA
 Chartered Accountants
 Firm Registration No: 004532S


 Ramesh Kunhikannan
 Director
 DIN: 02063167


 Savitha Ramesh
 Director
 DIN: 01756684


 Aneesan
 Partner
 M.No. 219131



Place : Mysore
 Date: 16 SEP 2019

Place : Mysore
 Date: 16 SEP 2019

Place : Bangalore
 Date: 16 SEP 2019

KEMSYS TECHNOLOGIES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,

(Amount in Rs.)

| Particulars | 2019 | 2018 |
|---------------------------------------------------------------|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation: | 48,62,504 | 28,41,201 |
| Adjustments for non cash items: | | |
| Depreciation and amortisation expense | 8,30,370 | 10,76,272 |
| Sundry balances written off | - | 3,09,554 |
| Sundry balances written back | (1,31,917) | (51,782) |
| Interest on bank deposits | (1,46,211) | (98,276) |
| Interest on IT Refund | (2,51,251) | - |
| Finance Cost | 30,31,550 | 33,25,607 |
| Foreign Exchange (gain)/Loss (net) | 3,89,682 | (4,55,414) |
| Operating Profit before working capital changes: | 85,84,727 | 69,47,161 |
| Adjustments for : | | |
| (Increase)/ decrease in Trade Receivables | 27,04,362 | (1,17,40,350) |
| (Increase)/ decrease in Inventories | (31,15,799) | (91,74,621) |
| (Increase)/ decrease in Loans and advances | (1,51,04,219) | (7,63,659) |
| (Increase)/ decrease in other current assets | (23,44,906) | - |
| Increase/ (decrease) in Other Current Liabilities | 72,60,147 | (3,68,610) |
| Increase/ (decrease) in Short term provisions | 25,986 | (82,777) |
| Increase/ (decrease) in Long term provisions | 3,84,520 | (11,82,211) |
| Increase/ (decrease) in Trade Payables | 99,19,732 | 1,93,51,313 |
| Cash generated from operations: | 83,14,549 | 29,86,247 |
| Tax paid (net of refund received during the year) | (6,12,290) | (4,67,008) |
| Net Cash from/ (used in) operating activities (A) | 77,02,259 | 25,19,239 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (33,63,952) | (83,388) |
| Proceeds from Fixed deposits | 12,00,000 | - |
| Interest received | 4,12,390 | 96,671 |
| Net Cash Flow from/ (used in) Investing Activities (B) | (17,51,562) | 13,283 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase in short term borrowings | - | (10,75,502) |
| Interest paid | (30,31,550) | (36,87,560) |
| Net Cash Flow from/ (used in) Financing Activities (C) | (30,31,550) | (47,63,062) |



KEMSYS TECHNOLOGIES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH

| | (Amount in Rs.) | |
|--------------------------------------------------------------------|-----------------|-------------|
| | 2019 | 2018 |
| Net increase/(decrease) in Cash and Cash equivalents [A+B+C] | 29,19,147 | (22,30,541) |
| Cash and cash equivalents as at the beginning of the year | 7,27,053 | 29,57,594 |
| Cash and cash equivalents as at the end of the year | 36,46,200 | 7,27,053 |
| | 29,19,147 | (22,30,541) |
| Reconciliation of Cash and Cash Equivalents at the end of the year | | |
| Cash and Bank Balances as at the end of the year | 36,46,200 | 19,27,053 |
| Less: Fixed deposit for bank guarantee | 3,00,000 | 12,00,000 |
| Cash and Cash Equivalents as at the end of the year | 33,46,200 | 7,27,053 |

For and on behalf of the board of Directors of
Kemsys Technologies Private Limited
CIN: U72900KA2009PTC101281

As per our report of even date attached

For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S


Ramesh Kunhikannan
Director

DIN: 02063167

Place : Mysore

Date: 16 SEP 2019


Savitha Ramesh
Director

DIN: 01756684

Place : Mysore

Date: 16 SEP 2019





Aneesan
Partner

M.No. 219131

Place : Bangalore

Date: 16 SEP 2019

KEMSYS TECHNOLOGIES PRIVATE LIMITED

Corporate information and Significant Accounting Policies forming part of the financial statements for the year ended 31st March 2019

Corporate Information:

Kemsys Technologies Private Limited was incorporated on 20th October 2009 with its registered office situated in Chennai and operations in Bengaluru. With effect from 8th February 2017 the registered office has been shifted to Karnataka. The company is in the business of Information technology, Engineering services, solution providers, development and implementation of Software, customized Software development and other related services for the companies engaged in the field of telecom, defense, automotive, embedded technology, product engineering etc. Company is a wholly owned subsidiary of Kaynes Technology India Private Limited, Mysore.

1 Significant accounting policies:

i Basis of Accounting

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (IGAAP) under the historical cost convention on the accrual basis. IGAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

As a subsidiary of non SMC company, this company is also a Non SMC company. Hence, these financial statements have been prepared accordingly in compliance with all applicable accounting standards.

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 recognized in the period in which the results are ascertained.

iii Cash Flow Statement

Cash flow statement is 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 and Depreciation/Amortisation

a) Tangible Assets [Property, Plant and Equipment]

Tangible Assets (Property, Plant and Equipment) are stated at cost of acquisition /construction inclusive of installation and other charges directly attributable to bring the assets to their location and condition necessary for it to be capable of operating in the manner intended by the management less accumulated depreciation and impairment loss, if any.

Where parts of an item of Property, Plant and Equipment have different useful life, they are accounted for as separate items (major components). The cost of replacement of spares/major inspection relating to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.



KEMSYS TECHNOLOGIES PRIVATE LIMITED

Corporate information and Significant Accounting Policies forming part of the financial statements for the year ended 31st March 2019

b) Intangible Assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Intangible assets are amortised on a straight line basis over a period of 3 years.

C) Depreciation/ Amortisation

Depreciation has been provided on Straight Line Method based on the useful life prescribed under Part C of Schedule II to the Companies Act, 2013 except in the case of Moulds and tools in respect of which the estimated useful life is ascertained as 5 years based on the technical evaluation carried out by the management; which is different from the estimated useful life prescribed under Part C of Schedule II of the Companies Act 2013.

Intangible assets are amortised on a straight line method over a period of three years.

The appropriateness of depreciation/amortisation period and depreciation/amortisation method is reviewed by the management at each financial year end.

v 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 recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at appropriate rate. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

vi Revenue Recognition

i) Revenues from sales is recognised on dispatch of goods to customers or when ready for delivery based on order terms, and excludes sales tax/value added tax/GST.

ii) Revenues from software development / engineering design charges and assembly charges are recognized as per terms agreed with the customer.

iii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other Income" in the Profit and Loss Statement.

vii Inventories

Raw materials and components are valued at lower of cost or net realizable value. However, materials and other items held for use in the production are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is ascertained under FIFO method.

viii Employee Benefits

a. Short term employee benefits

The amounts paid/payable on account of short term employee benefits, comprising largely of salaries & wages and short term compensated absences is valued on an undiscounted basis and charged to the Profit and Loss Statement for the year.



KEMSYS TECHNOLOGIES PRIVATE LIMITED

Corporate information and Significant Accounting Policies forming part of the financial statements for the year ended 31st March 2019

b. Defined Contribution Plans

The company has defined contribution plans for its employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/ payable to these plans during the year are charged to the Profit and Loss Statement for the year. The Company has no other obligation in this regard.

c. Defined Benefit Plans

i. Gratuity

The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost, if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

Other long term employee benefits

ii. Compensated absences (Earned Leave Encashment)

The company has a scheme for compensated absences for employees, the liability other than for short term compensated absences is determined on the basis of actuarial valuation carried out at the end of the year, using projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur.

ix. Foreign Currency Transactions

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated to reporting currency i.e. Indian rupees at prevailing rates. The resultant exchange difference arising from settlement of transactions during the accounting period and the year end translations are recognised in the profit and loss statement.

x. Income Tax

Tax expense comprising current tax and deferred tax are recognised in the Profit and Loss Statement for the period. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

Certain items of income and expenditure are not reported in tax returns and financial statements in the same period. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset / liability. The effect on deferred tax assets and liabilities due to change in such assets/liabilities as at the end of the accounting period as compared to the beginning of the period and due to a change in tax rates are recognised in the profit and loss statement of the period.

Deferred tax assets are recognised only if there is a reasonable certainty of their realisation except in the case of deferred tax assets arising from unabsorbed depreciation and carried forward business losses which are recognised only if there is virtual certainty of their realisation.



KEMSYS TECHNOLOGIES PRIVATE LIMITED

Corporate information and Significant Accounting Policies forming part of the financial statements for the year ended 31st March 2019

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the foreseeable future. In the year in which MAT credit becomes eligible to be recognized, the said asset is created by way of a credit to the Profit and Loss Statement and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of the MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income-tax during the specified period.

xi Earnings per share

The basic earnings per share is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted Earning's per share is computed by dividing the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period should be adjusted for the effects of all dilutive potential equity shares.

xii Leases

(i) Operating Lease:

Leases where the significant risks and rewards of ownership is with the lessor are classified as operating lease and payment under such leases are recognised as an expense in the Profit and Loss Statement on a systematic basis.

xiii Provisions and Contingencies

Provision for losses and contingencies arising as a result of past events 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 financial statement.



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH

(Amount in Rs.)

| Note | Particulars | 2019 | 2018 |
|------|-----------------------------------------------------------|-------------|-------------|
| 2 | Share Capital: | | |
| 2.1 | Authorised | | |
| | [1,00,00,000 (PY: 10,000,000) Equity shares of Rs 1 each] | 1,00,00,000 | 1,00,00,000 |
| | Issued, subscribed and paid up | | |
| | [50,00,000 (PY: 5,000,000) Equity shares of Rs 1 each] | 50,00,000 | 50,00,000 |
| | | 50,00,000 | 50,00,000 |

- 2.2 The reconciliation of the number of equity shares outstanding at the beginning and end of the financial year

| Particulars | 2019 | | 2018 | |
|----------------------------------------------------------|---------------------|-----------|---------------------|-----------|
| | No of equity shares | Amount Rs | No of equity shares | Amount Rs |
| Number of equity shares outstanding | | | | |
| - At the beginning of the year | 50,00,000 | 50,00,000 | 50,00,000 | 50,00,000 |
| -At the end of the year | 50,00,000 | 50,00,000 | 50,00,000 | 50,00,000 |
| Change in the number of equity shares outstanding | - | - | - | - |

- 2.3 **Terms / Rights attached to Equity Shares:**

The company has only one class of shares referred to as equity shares having a par value of Rs 1 . Each holder of equity share is entitled to one vote per share.

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

- 2.4 Shares in the company held by each shareholder holding more than 5 per cent shares of Rs 1 each

| Particulars | 2019 | | 2018 | |
|---------------------------------------------|---------------------|--------------|---------------------|--------------|
| | No of equity shares | % of holding | No of equity shares | % of holding |
| M/s.Kaynes Technology India Private Limited | 50,00,000 | 100.00% | 50,00,000 | 100.00% |

As per the records of the Company, including its register of shareholders/members and other declarations received from the shareholders regarding beneficial interest. Accordingly this company is a 100% subsidiary of Kaynes Technology India Private Limited.

- 2.5 **During last five years ending on 31st March 2019:**

No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash.

No shares were allotted as fully paid up by way of bonus shares.

No shares were bought back.



KEMSYS TECHNOLOGIES PRIVATE LIMITED
NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH

(Amount in Rs.)

| Note | Particulars | 2019 | 2018 |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| 3 | Reserves and Surplus: | | |
| | Surplus/(Deficit) in the 'Profit and Loss Statement' : | | |
| | Opening surplus/(deficit) | (3,59,69,385) | (3,94,92,260) |
| | Add: Profit /(Loss) for the year as per profit and loss statement | 48,90,197 | 35,22,876 |
| | Closing surplus/(deficit) | <u>(3,10,79,187)</u> | <u>(3,59,69,385)</u> |
| 4 | Long-term Provisions | | |
| | Provision for employee benefit (Refer Note 30) | | |
| | - Gratuity | 7,52,559 | 4,02,174 |
| | - Compensated Absences | 1,63,980 | 1,29,845 |
| | | <u>9,16,539</u> | <u>5,32,019</u> |
| 5 | Long term Borrowings: | | |
| | Unsecured | | |
| | Loan and advances from related parties | 3,92,12,223 | 3,92,12,223 |
| | | <u>3,92,12,223</u> | <u>3,92,12,223</u> |
| 6 | Trade Payables: | | |
| | Due to Micro & Small Enterprises (Refer note below 6.1) | - | - |
| | Due to Others | 3,68,91,907 | 2,79,94,114 |
| | Due to Related Party | | |
| | -Kaynes Technology India Pvt Ltd | 29,69,087 | 16,89,384 |
| | | <u>3,98,60,995</u> | <u>2,96,83,498</u> |
| 6.1 | As per the available information the company has no dues to any party who is registered as Micro or Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. | | |
| 7 | Other Current Liabilities: | | |
| | -Interest accrued and due on borrowings | 27,28,395 | 30,62,258 |
| | -Advance from customers | 33,92,924 | 6,19,138 |
| | -Statutory Dues | 19,14,383 | 8,05,030 |
| | -Due to Employees | 18,94,135 | 12,45,521 |
| | Interest Payable | 30,62,258 | - |
| | Audit Fee Payable | 1,90,000 | 1,90,000 |
| | | <u>1,31,82,094</u> | <u>59,21,947</u> |
| 8 | Short Term Provisions: | | |
| | Provision for employee benefit (Refer Note 30) | | |
| | - Gratuity | 70,125 | 47,912 |
| | - Compensated absences | 20,901 | 17,128 |
| | | <u>91,026</u> | <u>65,040</u> |



KEMSYS TECHNOLOGIES PRIVATE LIMITED
 NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH
 9 Fixed Assets

| Particulars | Gross Block at cost | | | | Accumulated Depreciation/Impairment/Amortisation | | | (Amount in INR.) Net Block - At WE 31.03.2019 | |
|--------------------------------------------------------|----------------------------------|-------------------------------|----------------|----------------------------------|--------------------------------------------------|---------------------------------|----------------|-----------------------------------------------------|----------------------------------|
| | As at 01.04.2018 | Additions | Deletions | As at 31.03.2019 | As at 01.04.2018 | For the year | Deletions | | As at 31.03.2019 |
| | | | | | | | | | |
| Tangible Assets[Property, Plant and Equipments] | | | | | | | | | |
| Plant & Machinery | 4,65,978 (4,65,978) | 39,591 - | - - | 5,05,569 (4,65,978) | 1,13,903 (24,112) | 93,623 (89,791) | - - | 2,07,526 (1,13,903) | 2,98,043 (3,52,075) |
| Furniture & Fixtures | 7,56,248 (7,56,248) | 34,762 - | - - | 7,91,010 (7,56,248) | 3,64,043 (2,88,916) | 75,701 (75,128) | - - | 4,39,744 (3,64,043) | 3,51,266 (3,92,205) |
| Office Equipments | 11,60,160 (11,50,224) | 2,95,363 (9,936) | - - | 14,55,523 (11,60,160) | 7,11,235 (4,84,797) | 1,81,838 (2,26,438) | - - | 8,93,073 (7,11,235) | 5,62,450 (4,48,925) |
| Servers & Networks | 2,36,200 (2,36,200) | 12,69,770 - | - - | 15,05,970 (2,36,200) | 1,65,914 (1,26,547) | 1,50,889 (39,367) | - - | 3,16,803 (1,65,914) | 11,89,167 (70,286) |
| Buildings (Leasehold Improvements) | 21,11,171 (21,11,171) | 2,99,402 - | - - | 24,10,573 (21,11,171) | 21,11,171 (15,88,422) | 34,738 (5,22,749) | - - | 21,45,909 (21,11,171) | - - |
| Computers | 13,72,133 (12,98,681) | 5,76,364 (73,452) | - - | 19,48,497 (13,72,133) | 12,19,811 (10,99,849) | 1,74,684 (1,19,962) | - - | 13,94,495 (12,19,811) | 5,54,002 (1,52,322) |
| Total (A) | 61,01,890 (60,18,502) | 25,15,252 (83,388) | - - | 86,17,142 (61,01,890) | 46,86,077 (36,12,643) | 7,11,473 (10,73,435) | - - | 53,97,550 (46,86,077) | 32,19,592 (14,15,812) |
| Intangible Assets | | | | | | | | | |
| Softwares | 1,99,177 (1,88,750) | 8,48,700 (10,427) | - - | 10,47,877 (1,99,177) | 1,93,628 (1,90,791) | 1,18,897 (2,837) | - - | 3,12,525 (1,93,628) | 7,35,352 (5,549) |
| Total (B) | 1,99,177 (1,88,750) | 8,48,700 (10,427) | - - | 10,47,877 (1,99,177) | 1,93,628 (1,90,791) | 1,18,897 (2,837) | - - | 3,12,525 (1,93,628) | 7,35,352 (5,549) |
| Total (A+B) Previous Year | 63,01,067 (62,07,252) | 33,63,952 (93,815) | - - | 96,65,019 (63,01,067) | 48,79,705 (38,03,434) | 8,30,370 (10,76,272) | - - | 57,10,075 (48,79,705) | 39,54,944 (14,21,362) |

Other notes to Fixed Assets:

(i) Amounts in parenthesis represents previous year's figures



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH

| | | (Amount in Rs.) | |
|----------------------------------------------------------------------------------------------|-------------|-----------------|--|
| Particulars | 2019 | 2018 | |
| 10 Long Term Loans and advances: | | | |
| Unsecured, considered good | | | |
| Security Deposits | | | |
| -Rental Deposit | 20,00,000 | 9,00,000 | |
| Advance Tax net of Provisions | 5,60,776 | 18,63,283 | |
| MAT Credit entitlement | 9,64,841 | 2,74,624 | |
| | 35,25,617 | 30,37,907 | |
| 11 Deferred Tax Asset | | | |
| Fixed Assets :Timing difference on account of depreciation allowance | 3,64,682 | 4,64,273 | |
| Expenses : Timing difference on expenses allowable on payment basis | 3,44,686 | 2,17,401 | |
| | 7,09,368 | 6,81,675 | |
| 12 Inventories: | | | |
| Raw Materials/Components | 80,26,434 | 32,24,974 | |
| Work in Progress | 92,94,291 | 66,38,398 | |
| Goods In transit | - | 43,41,554 | |
| | 1,73,20,725 | 1,42,04,926 | |
| 13 Trade Receivables: | | | |
| Outstanding for a period exceeding six months from the date they are due for payment: | | | |
| Unsecured, considered good | - | 2,59,186 | |
| Unsecured, considered Doubtful | - | - | |
| Less: Provision for doubtful | - | - | |
| | - | 2,59,186 | |
| Others Trade Receivables: | | | |
| Unsecured, considered good | 1,93,58,953 | 2,18,04,129 | |
| | 1,93,58,953 | 2,18,04,129 | |
| | 1,93,58,953 | 2,20,63,315 | |



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH

(Amount in Rs.)

| Particulars | 2019 | 2018 |
|----------------------------------------------------------------------------------------------|--------------------|------------------|
| 14 Cash and Bank balances | | |
| Cash and Cash equivalents | | |
| Cash on hand | 14,506 | 181 |
| Balance with bank: | | |
| - In current account | 33,31,694 | 4,26,872 |
| - In deposit account(Recurring deposit) | 3,00,000 | 3,00,000 |
| | 36,46,200 | 7,27,053 |
| Other Bank balances | | |
| Fixed deposit with original maturity period of more than three months but less than one year | - | 12,00,000 |
| | - | 12,00,000 |
| 15 Short Term loans and advances: | | |
| Unsecured, considered good | | |
| -Advance to Suppliers / providers of Services | 20,34,901 | 3,64,826 |
| -Advance to Employees | 1,23,597 | 1,41,906 |
| -Prepaid expenses | 1,18,45,202 | 41,429 |
| -Balance with Revenue Authorities | 23,15,528 | 5,42,268 |
| | 1,63,19,229 | 10,90,430 |
| 16 Other Current Assets | | |
| Interest accrued and not due on deposits | 3,748 | 18,676 |
| Unbilled Revenue | 23,44,068 | - |
| | 23,47,816 | 18,676 |



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

| | | (Amount in Rs.) | |
|------------------------------------------------|---------------------|---------------------|--|
| Particulars | 2019 | 2018 | |
| 17 Revenue from operations | | | |
| a) Sale of Products | | | |
| -Sale of own products | 10,74,23,080 | 9,04,59,780 | |
| -Sale of trading goods | 1,76,427 | 17,389 | |
| b) Sale of service | | | |
| -Software development and Engineering Design | | | |
| -Domestic Services | 1,44,63,617 | 1,33,78,945 | |
| -Export services | 24,92,860 | 6,71,839 | |
| Revenue from operations (Gross) | 12,45,55,984 | 10,45,27,953 | |
| Less: Excise Duty | - | 9,22,160 | |
| Revenue from operations (net) | 12,45,55,984 | 10,36,05,793 | |
| 18 Other Income | | | |
| Interest on income tax refund received | 2,51,251 | - | |
| Interest on Bank Deposits | 1,386 | 98,276 | |
| Sundry Balances written back | 1,31,917 | 51,782 | |
| Interest on RD / FD | 1,44,825 | - | |
| Foreign Exchange Gain (Net) | - | 4,55,414 | |
| | 5,29,379 | 6,05,473 | |
| 19 Cost of Materials/Components | | | |
| Opening Stock Materials/Components | 32,24,974 | 17,02,245 | |
| Add: Purchase of Materials/components | 8,77,32,333 | 7,14,71,738 | |
| Less: Closing Stock of Material/Components | 80,26,434 | 32,24,974 | |
| | 8,29,30,873 | 6,99,49,009 | |
| 20 Changes in Inventories | | | |
| Opening Stock Work in Progress | 66,38,398 | 26,05,952 | |
| Less: Closing Stock Work in Progress | 92,94,291 | (66,38,398) | |
| | (26,55,893) | (40,32,446) | |
| 21 Employee Benefits Expense | | | |
| Salaries and Wages | 1,82,74,703 | 1,81,64,485 | |
| Contribution towards provident and other funds | 10,16,435 | 8,42,695 | |
| Employee Welfare expenses | 5,28,533 | 5,80,080 | |
| | 1,98,19,671 | 1,95,87,260 | |
| 22 Finance Cost | | | |
| Interest on delayed payment of taxes | 31,652 | 56,024 | |
| Interest on loan | 30,31,550 | 33,25,607 | |
| | 30,63,202 | 33,81,631 | |



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

| | | (Amount in Rs.) | |
|-----------------------------------------------------|--------------------|--------------------|--|
| Particulars | 2019 | 2018 | |
| 23 Other Expenses | | | |
| Direct expenses_Conversion expenses | 93,56,010 | 74,83,941 | |
| Travel and conveyance | 11,49,637 | 7,89,728 | |
| Rent Expenses | 20,29,852 | 12,50,892 | |
| Repairs and Maintenance | 4,49,008 | 3,30,865 | |
| Power Charges | 2,11,375 | 1,54,667 | |
| Communication Expense | 1,27,534 | 2,19,399 | |
| Bank Charges | 1,80,756 | 1,26,989 | |
| Legal and Professional fees (Refer Note below 23.1) | 2,10,000 | 3,20,250 | |
| Rates, Taxes and Filing Fees | 43,294 | 41,575 | |
| Printing and Stationery | 1,36,872 | 1,10,188 | |
| Sundry balances written off | - | 3,09,554 | |
| Business Promotion | 2,43,000 | 30,520 | |
| Foreign Exchange loss/ Gain net | 6,06,113 | - | |
| Software Expense | 12,88,904 | - | |
| Insurance | 1,14,086 | - | |
| Miscellaneous Expenses | 88,197 | 2,39,771 | |
| | 1,62,34,636 | 1,14,08,339 | |
| 23.1 Remuneration to Auditors' | | | |
| Statutory Audit | 1,35,000 | 1,35,000 | |
| Tax audit | 55,000 | 55,000 | |
| For other taxation matters including | 20,000 | 45,000 | |
| | 2,10,000 | 2,35,000 | |

* Above amounts do not include service tax/GST



24 OTHER NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENT

Contingent Liabilities and commitments

| Particulars | 2019 | 2018 |
|----------------------------------------------------|----------|----------|
| -Interest on default in payment of TDS(CPC Demend) | 1,23,511 | 1,23,511 |

25 The company has accumulated losses of Rs.3,10,79,187/- as at 31.03.2019 and its net worth as on that date is Rs (2,60,79,187)/-(negative), however the company has earned net profit for the preceeding 3 financial years and the company is carrying on its business in normal course with support from holding company. The company is in the process of further improving its business and is assured of continued support from its holding company. Accordingly, these financials statements have been prepared on going concern basis which is considered appropriate.

26 The company has an internal control system which is adequate considering the size and operations of the company as well as the fact that one of the directors is involved in all the activities of the company. This includes processing of payments and the year-end financial reporting process.

We have implemented simple information systems consisting of commercial off-the-shelf software which are extensively used with very high level of acceptance in the industry without much customization and modification. The identification of risks and control is not a separate evaluation but an integral part of the processes and procedures.

The operation of the above controls are being constantly monitored by the senior management including directors and these were found to be effectively operating during the year and at the year-end.

27 Trade receivables, trade payables and loans and advances are subject to confirmation / reconciliation.

28 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.

29 Provision for current income tax liability is made on the basis of management's estimates. Additional liability if any arising on computation of assessment will be adjusted to the account as and when the same arises.

30 Disclosure requirement as required under Accounting Standard (AS)-15 on 'Employee Benefits':

i) Defined Contribution Plan:

During the year the following amounts have been recognised in the Profit and Loss statement on account of defined contribution plans.

| Particulars | 2019 | 2018 |
|-------------------------------------------------------|----------|----------|
| Employer's contribution to Employees' State Insurance | 1,41,297 | 1,94,609 |
| Employer's contribution to Provident Fund | 5,02,540 | 6,48,086 |

ii) Defined Benefit Plans**(a) Gratuity - Unfunded Obligation**

The company has determined the liability towards gratuity as at 31st March, 2019 on the basis of actuarial valuation using the projected unit credit method.



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH;

(Amount in Rs.)

(b) Compensated Absences- Unfunded obligation

The actuarial assumption in determining the liability for gratuity and compensated absences as at 31st March 2019, are given below

1) The Principal assumptions used for valuation of compensated absences and gratuity:

| | Compensated Absences | | Gratuity | |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Discount factor | 7.60% | 7.65% | 7.60% | 7.65% |
| Salary Escalation Rate* | 8% | 8% | 8% | 8% |
| Withdrawal rate | 10% | 10% | 10% | 10% |
| Retirement Age | 60 years | 60 years | 60 | 60 |
| Mortality Rate | IALM 2006-08 Ultimate | IALM 2006-08 Ultimate | IALM 2006-08 Ultimate | IALM 2006-08 Ultimate |

*The assumption of future salary escalation in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(b) Other Disclosures

| | Compensated Absences | | Gratuity | |
|--|----------------------|------|----------|------|
| | 2019 | 2018 | 2019 | 2018 |

1.Reconciliation of Present value of obligation:

| | | | | |
|-----------------------------------------------------|------------|------------|----------|-------------|
| Present Value of obligation - beginning of the year | 1,46,973 | 5,85,219 | 4,50,086 | 12,76,828 |
| Interest Cost | 11,243 | 43,891 | 33,591 | 95,762 |
| Current Service Cost | 1,19,156 | 1,10,688 | 2,57,041 | 1,63,631 |
| Benefits Paid (if any) | (1,06,783) | (6,12,247) | - | (12,69,050) |
| Actuarial (Gain)/ Loss | 14,292 | 19,422 | 69,002 | 1,71,345 |
| Past Service cost | - | - | - | 24,534 |
| Recognised Past service cost - Unvested | - | - | 12,964 | - |
| Unrecognised Past service cost | - | - | - | (12,964) |
| Present Value of obligation - end of the year | 1,84,881 | 1,46,973 | 8,22,684 | 4,50,086 |

| | Compensated Absences | | Gratuity | |
|--|----------------------|------|----------|------|
| | 2019 | 2018 | 2019 | 2018 |

2. (Income)/Expenses recognised in Profit and Loss Statement

| | | | | |
|------------------------------------------------------------------------------|----------|----------|----------|----------|
| Interest Cost | 11,243 | 43,891 | 33,591 | 95,762 |
| Current Service cost | 1,19,156 | 1,10,688 | 2,57,041 | 1,63,631 |
| Expected return on plan asset | - | - | - | - |
| Actuarial (Gain)/Loss, net | 14,292 | 19,422 | 69,002 | 1,71,345 |
| Recognised Past service Expenses to be recognised in profit & loss statement | - | - | 12,964 | 11,570 |
| | 1,44,691 | 1,74,001 | 3,72,598 | 4,42,308 |

KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH;

(Amount in Rs.)

3) History of defined benefit obligation, plan assets and experience adjustments over 5 years

| Particulars | 2018-19 | 2017-18 | 2016-2017 | 2015-2016 | 2014-2015 |
|----------------------------------------------|------------|------------|------------|-------------|------------|
| Present value of obligation at the year end | 8,22,684 | 4,50,086 | 4,50,086 | 10,20,220 | 7,18,529 |
| Fair value of plan assets at end of the year | - | - | - | - | - |
| Unfunded status-(deficit)/surplus | (8,22,684) | (4,50,086) | (4,50,086) | (10,20,220) | (7,18,529) |
| Experience adjustments on plan liabilities | 65,530 | 1,77,241 | (14,280) | (2,85,806) | (2,36,513) |
| Experience adjustments on plan assets | - | - | - | - | - |

* The above disclosures are based on information certified by the independent actuary to the extent available.

31 Segment Reporting

The Company operates predominantly in one business segment of Electronics Manufacturing Services and accordingly primary reporting disclosures for business segment, as envisaged in Accounting Standard (AS) 17 on Segment Reporting, are not applicable.

During the year, the Company has manufacturing and service facilities operate predominantly in India and export market and accordingly the secondary reporting disclosures is made for geographical segments, as envisaged in "AS-17".

Sales:

| Geographic Segment | 2019 | 2018 |
|--------------------|---------------------|---------------------|
| Outside India | 24,92,860 | 6,71,839 |
| In India | 12,20,63,123 | 10,38,56,114 |
| | 12,45,55,984 | 10,45,27,953 |

All material assets are located in India as export proceeds are also realisable in India, hence no disclosure of segment assets /cost to acquire tangible and intangible asset is given.



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH;

(Amount in Rs.)

32 Related Party Disclosures

Disclosure in respect of transactions with related parties as required by Accounting Standard (AS) 18 "Related Party Transactions"

(i) Related Parties and their Relationship with the Company:

| Names of related parties | Description of relationship |
|-----------------------------------------------------------|----------------------------------|
| M/s. Kaynes Technology India Private Limited | Holding Company |
| M/s. Kaynes Embedded Systems Private Limited | Enterprises under common control |
| M/s. Kaynes Technology Europe GmbH | Enterprises under common control |
| M/s. Kaynes Interconnection Systems India Private Limited | Enterprises under common control |
| Mr. Ramesh Kunhikannan | Key Management Personnel |
| Mr. Sai Kamalesh | Key Management Personnel |
| Ms Savitha Ramesh | Key Management Personnel |

(ii) Transactions with Related party:

| Particulars | 2019 | 2018 |
|----------------------------------------------------------|-------------|-----------|
| [i.]Loans and other advances taken | | |
| -Kaynes Technology India Private Limited | 1,07,41,940 | 78,15,000 |
| [ii.]Loans and advances repaid | | |
| -Kaynes Technology India Private Limited | 1,07,41,940 | 89,10,000 |
| [iii.]Sales & Service charges | | |
| -Kaynes Technology India Private Limited | 41,98,038 | 17,53,566 |
| -Kaynes Inerconnection Systems India Private Limited | 36,401 | 2,832 |
| [iv.]Purchase of components & Job work charge | | |
| -Kaynes Technology India Private Limited | 48,30,115 | 18,56,369 |
| -Kaynes Inerconnection Systems India Private Limited | 20,34,223 | 10,10,144 |
| [v.]Interest On loan | | |
| -Kaynes Technology India Private Limited | 30,31,550 | 33,25,607 |
| [vi.]Salary | | |
| Mr Sai Kamalesh | 40,99,200 | 22,44,200 |
| [vii.]Reimbursement of expenses | | |
| -Mr. Sai Kamalesh | 3,94,799 | 2,92,840 |



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH;

(Amount in Rs.)

| (iii) Balances with Related Party | | |
|-----------------------------------|-------------|-------------|
| Particulars | 2019 | 2018 |
| a) Holding Company | | |
| - Loan repayable | 3,92,12,223 | 3,92,12,223 |
| - Interest Payable | 57,90,653 | 30,62,258 |
| - Trade Payable | 29,69,087 | 16,89,384 |
| c) Mr. Sai Kamalesh | | |
| - Salary payable | 2,68,100 | 1,18,420 |
| -Advance | 1,21,597 | 1,21,906 |

33 Foreign Exchange exposure not hedged by derivative instruments or otherwise.

| Particulars | 2019 | | 2018 | |
|--------------------|----------|-------------|----------|-------------|
| | In FC | In Rs. | In FC | In Rs. |
| Payables | | | | |
| USD | 1,88,933 | 1,31,27,066 | 1,65,756 | 1,08,23,451 |
| GBP | - | - | 11,375 | 10,57,459 |
| Receivables | | | | |
| USD | - | - | 4,774 | 3,10,493 |

34 Earnings Per Share

Earnings per Share ("EPS") computed in accordance with Accounting Standard (AS) 20 "Earnings per

| Particulars | 2019 | 2018 |
|--------------------------------------------------------------------------------------|-----------|-----------|
| Basic and Diluted: | | |
| Net Profit After Tax as per Profit and Loss Statement(A) | 48,90,197 | 35,22,875 |
| Weighted Average Number of Shares outstanding for Basic and diluted EPS (Nos.) - (B) | 50,00,000 | 50,00,000 |
| Basic earnings per share (A) / (B) | 0.98 | 0.70 |
| Diluted earnings per share (A) / (B) | 0.98 | 0.70 |
| Nominal value of shares | Rs 1 | Rs 1 |



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH;

(Amount in Rs.)

35 Production, stock and sales

(A) Details of raw material/components consumed:

| Particulars | 2019 | | 2018 | |
|--------------|------------------|--------------------|------------------|--------------------|
| | Quantities (Nos) | Value | Quantities (Nos) | Value |
| Components | 42,09,876 | 8,29,30,873 | 32,45,146 | 6,99,49,009 |
| Total | | 8,29,30,873 | | 6,99,49,009 |

| Particulars | Value | | Percentage (%) | |
|--------------|--------------------|--------------------|----------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Imported | 5,33,37,347 | 3,00,78,074 | 64% | 43% |
| Indigenous | 2,95,93,526 | 3,98,70,935 | 36% | 57% |
| Total | 8,29,30,873 | 6,99,49,009 | 100% | 100% |

As a design company, the materials are used for making and testing prototypes and are not for manufacturing of goods. It uses large number of small components and there are no items which exceed 10% of service income. Hence the quantitative particulars are not given.

36 Expenditure in Foreign Currency (accrual basis)

| Particulars | 2019 | 2018 |
|-----------------------------------|-------------|-------------|
| Components and Spares (CIF Value) | 5,77,13,210 | 2,96,82,422 |

37 Earnings in Foreign Currency (accrual basis)

| Particulars | 2019 | 2018 |
|---------------------------------------------|-----------|----------|
| Software development and Engineering Design | 24,92,860 | 6,71,839 |



KEMSYS TECHNOLOGIES PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH;

(Amount in Rs.)

38 Previous year figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification/ disclosure.

Signatures to notes 1-38

For and on behalf of the board of Directors of
Kemsys Technologies Private Limited
CIN: U72900KA2009PTC101281

As per our report of even date attached

For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S


Ramesh Kunhikannan
Director
DIN: 01756684


Savitha Ramesh
Director
DIN: 01756684


Aneesah
Partner
M.No. 219131

Place :Mysore
Date: 16 SEP 2019

Place : Mysore
Date: 16 SEP 2019

Place: Bangalore
Date: 16 SEP 2019

