

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of 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 2020, the Profit and Loss Statement and the Cash Flow Statement for the year ended on that date, 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 2020, 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 there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate provide a basis for our opinion on the financial statements.

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.3,08,44,789/- as at 31.03.2020 and its net worth as on that date is Rs (2,58,44,789)/-, 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.



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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.



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

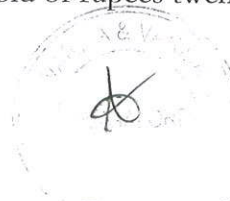
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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.

Report on Other Legal and Regulatory Requirements

1. As the paid up capital and reserves of the company is less than Rs.1 Crore and the company has not borrowed loans from financial institutions exceeding Rs. 1 Crore and the aggregate turnover of the company is less than 10 crores, the company (Auditor's Report) Order, 2016(CARO) issued by the central government of India in the terms of sub section (11) of the section 143 of the Companies Act, 2013, is not applicable to the company.
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, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, from being appointed as a director in terms of Section 164(2) of the Act;
 - 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.



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- 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

- 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:
- 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;
 - 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
 - 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 : 21219131AAAAAK1547

Place: Bangalore
Date : 16/12/2020

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KEMSYS TECHNOLOGIES PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Note	(Amount in Rs.)	
		2020	2019
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	50,00,000	50,00,000
Reserves and Surplus	3	(3,08,44,789)	(3,10,79,187)
Non-current Liabilities			
Long-term Provisions	4	15,39,437	9,16,539
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		71,52,234	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,43,27,050	3,98,60,995
Other Current Liabilities	7	2,66,15,450	1,31,82,094
Short-term Provisions	8	1,15,011	91,026
TOTAL		10,31,16,615	6,71,83,690
II. ASSETS			
Non-current Assets			
Fixed Assets			
- Tangible Assets-Property, Plant and Equipment	9	30,70,161	32,20,429
- Intangible Assets		4,52,452	7,35,352
- Intangible Assets Under Development		2,54,70,367	-
Deferred Tax Asset	10	9,16,931	7,09,368
Long-term loans and advances	11	40,85,915	35,25,617
Current Assets			
Inventories	12	2,68,95,971	1,73,20,725
Trade Receivables	13	2,14,59,707	1,93,58,953
Cash & Bank Balance	14	6,33,032	36,46,200
Short-term Loans and Advances	15	2,01,12,882	1,63,19,228
Other current assets	16	19,197	23,47,816
TOTAL		10,31,16,615	6,71,83,689
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
Chairperson of the Company
DIN : 02063167

Place : Mysore
Date : 16/12/2020




Anesan.C
Partner
M.No. 219131

Place : Bangalore
Date : 16/12/2020

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KEMSYS TECHNOLOGIES PRIVATE LIMITED
 PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	Note	(Amount in Rs.)	
		2020	2019
REVENUE			
Revenue from operations	17	6,85,31,754	12,45,55,984
Other Income	18	5,79,575	5,29,379
		6,91,11,329	12,50,85,363
EXPENDITURE			
Cost of materials/components consumed	19	4,00,26,565	8,29,30,873
Changes in Inventories	20	(4,90,445)	(26,55,893)
Employee benefits expense	21	1,24,74,676	1,98,19,671
Finance Cost	22	34,30,577	30,63,202
Depreciation and amortisation expense	9	15,19,893	8,30,370
Other expenses	23	1,21,23,228	1,62,34,636
		6,90,84,494	12,02,22,859
Profit / (Loss) before tax		26,835	48,62,503
Less :Tax expense			
Current Tax		-	6,90,217
MAT Credit Entitlement		-	(6,90,217)
Deffered Tax		(2,07,563)	(27,693)
Profit / (Loss) for the year after tax expense		2,34,398	48,90,197
Earnings/(Loss) per equity share of Rs 1/- each	37		
Weighted Average No. of equity shares outstanding during the year		50,00,000	50,00,000
Basic & Diluted earnings/ (loss) per share		0.05	0.98
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
 Chairperson of the Company
 DIN : 02063167

Place : Mysore
 Date : 16/12/2020




 Aneesan.C
 Partner
 M.No. 219131

Place : Bangalore
 Date : 16/12/2020

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KEMSYS TECHNOLOGIES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	(Amount in Rs.)	
	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation:	26,835	48,62,503
Adjustments for non cash items:		
Depreciation and amortisation expense	15,19,893	8,30,370
Sundry balances written back	(4,96,455)	(1,31,917)
Interest on bank deposits	(73,997)	(1,46,211)
Interest on IT Refund	-	(2,51,251)
Interest on borrowings from related parties	31,36,978	30,31,550
Foreign Exchange (gain)/Loss (net)	7,36,098	3,89,682
Operating Profit before working capital changes:	48,49,352	85,84,726
Adjustments for :		
(Increase)/ decrease in Trade Receivables	(21,50,297)	27,04,362
(Increase)/ decrease in Inventories	(95,75,246)	(31,15,799)
(Increase)/ decrease in Loans and advances	(49,14,250)	(1,51,04,219)
(Increase)/ decrease in other current assets	23,44,068	(23,44,906)
Increase/ (decrease) in Other Current Liabilities	1,34,33,355	72,60,147
Increase/ (decrease) in Short term provisions	23,985	25,986
Increase/ (decrease) in Long term provisions	6,22,898	3,84,520
Increase/ (decrease) in Trade Payables	2,14,28,189	99,19,732
Cash generated from operations:	2,60,62,055	83,14,549
Tax paid (net of refund received during the year)	5,60,298	(6,12,290)
Net Cash from/ (used in) operating activities (A)	2,66,22,353	77,02,259
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including additions to Intangible assets under development	(2,65,57,092)	(33,63,952)
Investment in Fixed deposits	(5,00,000)	12,00,000
Interest received	58,549	4,12,390
Net Cash Flow from/ (used in) Investing Activities (B)	(2,69,98,543)	(17,51,562)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(31,36,978)	(30,31,550)
Net Cash Flow from/ (used in) Financing Activities (C)	(31,36,978)	(30,31,550)



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KEMSYS TECHNOLOGIES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	(Amount in Rs.)	
	2020	2019
Net increase/(decrease) in Cash and Cash equivalents [A+B+C]	(35,13,168)	29,19,147
Cash and cash equivalents as at the beginning of the year	36,46,200	7,27,053
Cash and cash equivalents as at the end of the year	1,33,032	36,46,200
	(35,13,168)	29,19,147

Reconciliation of Cash and Cash Equivalents at the end of the year


Cash and Bank Balances as at the end of the year	6,33,032	36,46,200
Less: Fixed deposit for bank guarantee	5,00,000	-
Cash and Cash Equivalents as at the end of the year	1,33,032	36,46,200

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
Chairperson of the Company
DIN : 02063167




Aneesan.C
Partner
M.No. 219131

Place : Mysore.
Date : 16/12/2020

Place : Bangalore
Date : 16/12/2020

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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.

All assets and liabilities have been classified as current and non current as per the company's normal operating cycle and other criteria set out in the Schedule III of Companies Act, 2013. Based on the nature of services, company has ascertained its normal operating cycle as twelve months for the purpose of current and non current classification of assets and liabilities.

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.

Fixed Assets and Depreciation/Amortisation**iv 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.



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.

Self development intangible assets are recognised at cost when the research phase is completed successfully and the aggregate value to be recovered through its use over five years after completing development phase also and is ready to put to use are considered not less than the cost incurred. The same is carried as capital work in progress until the asset is ready to be put to use.

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.

Acquired Intangible assets are amortised on a straight line method over a period of three years. Self Developed Intangible assets are amortised over a period of five years on straight line basis once the same completes development phase and is ready to be put to use.

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 of products is recognised on dispatch of goods to customers or when ready for delivery based on order terms, and excludes Goods and Service Tax.

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

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.

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

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

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.



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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 write 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 Earnings 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

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.

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(Amount in Rs.)

Note	Particulars	2020	2019
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 fully 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

Particulars	2020		2019	
	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

Particulars	2020		2019	
	No of equity shares	% of holding	No of equity shares	% of holding
M/s.Kaynes Technology India Private Limited	49,99,990	100.00%	49,99,990	99.99%

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 2020:

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.



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Note	Particulars	2020	2019
3	Reserves and Surplus:		
	Surplus/(Deficit) in the 'Profit and Loss Statement' :		
	Opening surplus/(deficit)	(3,10,79,187)	(3,59,69,385)
	Add: Profit / (Loss) for the year as per profit and loss statement	2,34,398	48,90,197
	Closing surplus/(deficit)	(3,08,44,789)	(3,10,79,187)
4	Long-term Provisions		
	Provision for employee benefit (Refer Note 30)		
	- Gratuity	13,37,167	7,52,559
	- Compensated Absences	2,02,270	1,63,980
		15,39,437	9,16,539
5	Long term Borrowings:		
	Unsecured		
	Loan and advances from -		
	- Kaynes Technology India Private Limited (Holding Company)	3,92,12,223	3,92,12,223
		3,92,12,223	3,92,12,223
6	Trade Payables:		
	Total Outstanding dues of micro enterprises and small, enterprises *	71,52,234	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	4,00,42,821	3,68,91,907
	Due to Related Party		
	- Kaynes Technology India Private Limited (Holding Company)	1,42,84,230	29,69,087
		5,43,27,050	3,98,60,995

Additional Information:

* The details of amounts outstanding to micro, small and medium enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the company are as under:

Particulars	2020	2019
Principal amount due and remaining unpaid	71,52,234	-
Interest due on (1) above and the unpaid interest	-	-
Interest paid on all delayed payments under the MSMED Act	-	-
Payment made beyond the appointed day during the period / year	-	-
Interest due and payable for the period of delay other than (3) above	-	-
Interest accrued and remaining unpaid	-	-



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Note	Particulars	2020	2019
7	Other Current Liabilities:		
	Interest accrued and due on borrowings from related parties	86,13,933	57,90,653
	Advance from customers	37,41,780	33,92,924
	Advance from customers - related parties	97,39,628	-
	Statutory Dues	19,24,168	19,14,383
	Interest on TDS payable	1,25,625	-
	Due to Employees	22,60,316	18,94,135
	Audit Fee Payable	2,10,000	1,90,000
		<u>2,66,15,450</u>	<u>1,31,82,094</u>
8	Short Term Provisions:		
	Provision for employee benefit (Refer Note 30)		
	- Gratuity	94,411	70,125
	- Compensated absences	20,600	20,901
		<u>1,15,011</u>	<u>91,026</u>

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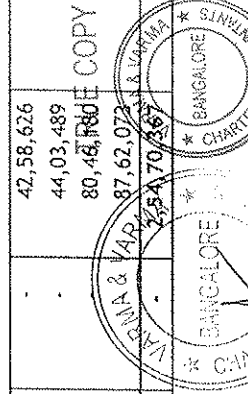


KEMSYS TECHNOLOGIES PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

9 Fixed Assets

Particulars	(Amount in Rs.)									
	Gross Block at cost		Depreciation Block		Net Block - At WDV		As at		As at	
	As at 01.04.2019	Additions	Deletions	As at 31.03.2020	Charge For the year	Deletions	As at 31.03.2020	As at 01.04.2019	As at 31.03.2020	As at 31.03.2020
Tangible Assets[Property, Plant and Equipments]										
Plant & Machinery	5,06,406 (4,65,978)	- (40,428)	-	5,06,406 (5,06,406)	97,877 (93,623)	-	3,05,403 (2,07,526)	2,07,526 (1,13,903)	3,05,403 (2,07,526)	2,01,003 (2,98,880)
Furniture & Fixtures	7,91,010 (7,56,248)	23,231 (34,762)	-	8,14,241 (7,91,010)	80,924 (75,701)	-	5,20,668 (4,39,744)	4,39,744 (3,64,043)	5,20,668 (4,39,744)	2,93,572 (3,51,266)
Office Equipments	14,55,523 (11,60,160)	4,88,259 (2,95,363)	-	19,43,782 (14,55,523)	3,44,759 (1,81,838)	-	12,37,832 (8,93,073)	8,93,073 (7,11,235)	12,37,832 (8,93,073)	7,05,950 (5,62,450)
Servers & Networks	15,05,970 (2,36,200)	- (12,69,770)	-	15,05,970 (15,05,970)	2,42,535 (1,50,889)	-	5,59,338 (3,16,803)	3,16,803 (1,65,914)	5,59,338 (3,16,803)	9,46,632 (11,89,167)
Buildings (Leasehold improvements)	24,10,573 (21,11,171)	13,000 (2,99,402)	-	24,23,573 (24,10,573)	1,00,727 (34,738)	-	22,46,636 (21,45,909)	21,45,909 (21,11,171)	22,46,636 (21,45,909)	1,76,937 (2,64,664)
Computers	19,48,497 (13,72,133)	5,62,235 (5,76,364)	-	25,10,732 (19,48,497)	3,70,172 (1,74,684)	-	17,64,667 (13,94,495)	13,94,495 (12,19,811)	17,64,667 (13,94,495)	7,46,065 (5,54,002)
Total (A)	86,17,979 (61,01,890)	10,86,725 (25,16,089)	-	97,04,704 (86,17,979)	12,36,993 (7,11,473)	-	66,34,543 (53,97,550)	53,97,550 (46,86,077)	66,34,543 (53,97,550)	30,70,161 (32,20,429)
Intangible Assets										
Softwares	10,47,877 (1,99,177)	- (8,48,700)	-	10,47,877 (10,47,877)	2,82,900 (1,18,897)	-	5,95,425 (3,12,525)	3,12,525 (1,93,628)	5,95,425 (3,12,525)	4,52,452 (7,35,352)
Total (B)	10,47,877 (1,99,177)	- (8,48,700)	-	10,47,877 (10,47,877)	2,82,900 (1,18,897)	-	5,95,425 (3,12,525)	3,12,525 (1,93,628)	5,95,425 (3,12,525)	4,52,452 (7,35,352)
Total (A+B)	96,65,856 (63,01,067)	10,86,725 (33,64,789)	-	1,07,52,581 (96,65,856)	15,19,893 (8,30,370)	-	72,29,968 (57,10,075)	57,10,075 (48,79,705)	72,29,968 (57,10,075)	35,22,613 (39,55,781)
Previous Year Total										
Intangible Assets Under Development										
Remote Device Management	-	42,58,626	-	42,58,626	-	-	-	-	-	42,58,626
Remote Pump Monitoring	-	44,03,489	-	44,03,489	-	-	-	-	-	44,03,489
Smart Meter Solution	-	80,46,180	-	80,46,180	-	-	-	-	-	80,46,180
Smart Street Light Controller Solution	-	87,62,073	-	87,62,073	-	-	-	-	-	87,62,073
Total	-	2,54,70,367	-	2,54,70,367	-	-	-	-	-	2,54,70,367

Note: Amounts in parenthesis represents previous year's figures



(Amount in Rs.)

Particulars	2020	2019
10 Deferred Tax Asset		
Fixed Assets :Timing difference on account of depreciation allowance	3,74,148	3,64,682
Expenses : Timing difference on expenses allowable on payment basis	5,42,783	3,44,686
	9,16,931	7,09,368
11 Long Term Loans and advances:		
Unsecured, considered good		
Security Deposits		
Rent Deposit	20,00,000	20,00,000
Advance Tax net of Provisions	11,21,110	5,60,776
MAT Credit entitlement	9,64,805	9,64,841
	40,85,915	35,25,617
12 Inventories:(Valued at lower of Cost or Net Realizable value)		
Raw Materials/Components	1,71,11,235	80,26,434
Work in Progress*	97,84,736	92,94,291
	2,68,95,971	1,73,20,725
*(Refer Sl. No, vii of accounting policy for method of valuation)		
13 Trade Receivables:		
Unsecured, considered good		
Outstanding for a period of more than six months from the due date of payment	1,76,04,158	-
Outstanding for a period of less than six months from the due date of payment	38,55,549	1,93,58,953
	2,14,59,707	1,93,58,953
14 Cash and Bank balances		
Cash and Cash equivalents		
Cash on hand	10,593	14,506
Balance with bank:		
- In current account	1,22,439	33,31,694
- In deposit account(Recurring deposit)	-	3,00,000
	1,33,032	36,46,200
Other Bank balances		
Fixed Deposits	5,00,000	-
	5,00,000	-
	6,33,032	36,46,200
15 Short Term loans and advances:		
Unsecured, considered good		
-Advance to Suppliers / providers of Services	2,86,180	20,34,901
-Advance to Employees	-	1,23,597
-Prepaid expenses	1,33,23,261	1,18,45,202
-Balance with Revenue Authorities	65,03,442	23,15,529
	2,01,12,882	1,63,19,229
16 Other Current Assets		
Interest accrued on deposits	19,197	3,748
Unbilled Revenue	-	23,44,068
	19,197	23,47,816



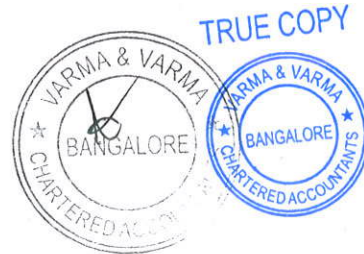
Particulars	2020	2019
17 Revenue from operations		
a)Sale of Products		
Sale of own products		
- Domestic Sales	4,94,84,805	10,82,67,329
- Export Sales	12,74,799	1,00,592
Sale of trading goods	3,65,650	1,76,427
b)Sale of service		
Software development and Engineering Design		
- Domestic	99,36,677	1,37,09,671
- Export	74,69,824	23,01,964
Revenue from operations	6,85,31,754	12,45,55,984
18 Other Income		
Interest on income tax refund received	-	2,51,251
Sundry Balances written back	4,96,455	1,31,917
Discount received	9,123	-
Interest on Bank Deposits	73,997	1,46,211
	5,79,575	5,29,379
19 Cost of Materials/Components		
Opening Stock Materials/Components	80,26,434	32,24,974
Add: Purchase of Materials/components	4,91,11,366	8,77,32,333
Less: Closing Stock of Material/Components	1,71,11,235	80,26,434
	4,00,26,565	8,29,30,873
20 Changes in Inventories		
Opening Stock of Work in Progress	92,94,291	66,38,398
Less: Closing Stock of Work in Progress	97,84,736	92,94,291
	(4,90,445)	(26,55,893)
21 Employee Benefits Expense		
Salaries and Wages	1,02,01,306	1,82,74,703
Contribution towards provident and other funds	17,31,507	10,16,435
Employee Welfare expenses	5,41,863	5,28,533
	1,24,74,676	1,98,19,671
22 Finance Cost		
Interest on delayed payment of tax	2,93,599	31,652
Interest on borrowings from related parties	31,36,978	30,31,550
	34,30,577	30,63,202



(Amount in Rs.)

Particulars	2020	2019
23 Other Expenses		
Direct expenses Conversion expenses	36,56,960	93,56,010
Travel and conveyance	5,65,965	11,49,637
Rent Expenses	25,94,940	20,29,852
Repairs and Maintenance	9,66,510	4,49,008
Power Charges	3,40,042	2,11,375
Communication Expense	1,36,552	1,27,534
Bank Charges	71,677	1,80,756
Legal and Professional fees (Refer Note below 23.1)	2,10,000	2,10,000
Rates, Taxes and Filing Fees	37,326	43,294
Printing and Stationery	1,28,580	1,36,872
Business Promotion	-	2,43,000
Foreign Exchange loss/ Gain (net)	6,00,617	6,06,113
Software Expense	26,43,670	12,88,904
Insurance	1,25,752	1,14,086
Miscellaneous Expenses	44,636	88,197
	<u>1,21,23,228</u>	<u>1,62,34,636</u>
23.1 Remuneration to Auditors (Excluding GST)		
Statutory Audit	1,35,000	1,35,000
Tax audit	55,000	55,000
For other taxation matters including	20,000	20,000
	<u>2,10,000</u>	<u>2,10,000</u>

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24 OTHER NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENT

Contingent Liabilities and commitments

Particulars	2020	2019
-Interest on default in payment of TDS(CPC Demand)	3,65,960	1,23,511

25 The company has accumulated losses of Rs.3,08,44,789/- as at 31.03.2020 and its net worth as on that date is Rs (2,58.44,789)/-(negative) and its current liabilities exceed current assets however the company has earned cash profit during current and previous year 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 income tax is not made in the books of accounts for the year as the company have accumulated business and unabsorbed depreciation losses, which can be set off with the profits made during the year as per Income Tax Act, 1961.

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	2020	2019
Employer's contribution to Employees' State Insurance	1,16,693	1,41,297
Employer's contribution to Provident Fund	10,05,920	5,02,540

ii) Defined Benefit Plans

(a) Gratuity - Unfunded Obligation

The company has determined the liability towards gratuity as at 31st March, 2020 on the basis of actuarial valuation using the projected unit credit method.



(b) Compensated Absences- Unfunded obligation

The actuarial assumption in determining the liability for gratuity and compensated absences as at 31st March 2020, are given below

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

	Compensated Absences		Gratuity	
	2020	2019	2020	2019
Discount factor	6.55%	7.60%	6.55%	7.60%
Salary Escalation Rate*	8%	8%	8%	8%
Withdrawal rate	10%	10%	10%	10%
Retirement Age	60 years	60 years	60 years	60
Mortality Rate	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate	IALM 2012-14 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	
	2020	2019	2020	2019
1.Reconciliation of Present value of obligation:				
Present Value of obligation - beginning of the year	1,84,881	1,46,973	8,22,684	4,63,050
Interest Cost	13,257	11,243	59,859	33,591
Current Service Cost	95,698	1,19,156	4,06,365	2,57,041
Benefits Paid (if any)	(32,039)	(1,06,783)	-	-
Actuarial (Gain)/ Loss	(38,927)	14,292	1,42,670	69,002
Past Service cost	-	-	-	-
Recognised Past service cost - Unvested	-	-	-	-
Unrecognised Past service cost	-	-	-	-
Present Value of obligation - end of the year	2,22,870	1,84,881	14,31,578	8,22,684

	Compensated Absences		Gratuity	
	2020	2019	2020	2019
2. (Income)/Expenses recognised in Profit and Loss Statement				
Interest Cost	13,257	11,243	59,859	33,591
Current Service cost	95,698	1,19,156	4,06,365	2,57,041
Expected return on plan asset	-	-	-	-
Actuarial (Gain)/Loss, net	(38,927)	14,292	1,42,670	69,002
Recognised Past service cost	-	-	-	-
Expenses to be recognised in profit & loss statement	70,028	1,44,691	6,08,894	3,59,634



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

Particulars	2019-20	2018-19	2017-18	2016-2017	2015-2016
Present value of obligation at the year end	14,31,578	8,22,684	4,50,086	4,50,086	10,20,220
Fair value of plan assets at end of the year	-	-	-	-	-
Unfunded status- (deficit)/ surplus	(14,31,578)	(8,22,684)	(4,50,086)	(4,50,086)	(10,20,220)
Experience adjustments on plan liabilities	20,145	65,530	1,77,241	(14,280)	(2,85,806)
Actuarial loss/(gain) due to change in financials assumptions	1,22,774	3,472	-	-	-
Actuarial loss/(gain) due to change in demographic assumptions	(249)	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

* The above disclosures are based on information certified by the independent actuary

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	2020	2019
Outside India	87,44,622	24,02,557
In India	5,97,87,132	12,21,53,427
	6,85,31,754	12,45,55,984

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.



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	Fellow Subsidiary
M/s. Kaynes Technology Europe GmbH	Fellow Subsidiary
M/s. Kaynes Interconnection Systems India Private Limited	Entity controlled by directors
M/s. Kaynes International Design & Manufacturing India Private Limited	Fellow Subsidiary
Mr. Ramesh Kunhikannan, Chairperson of the company	Key Management Personnel
Mr. Sai Kamalesh, CEO	Key Management Personnel
Ms. Savitha Ramesh, Director	Key Management Personnel

(ii) Transactions with Related party:

Particulars	2020	2019
[a]Loans and other advances taken		
-Kaynes Technology India Private Limited	-	1,07,41,940
[b]Loans and advances repaid		
-Kaynes Technology India Private Limited	-	1,07,41,940
[c]Sales & Service charges		
-Kaynes Technology India Private Limited	21,67,370	41,98,038
-Kaynes Interconnection Systems India Private Limited	10,148	36,401
[d]Purchase of components & Job work charge		
-Kaynes Technology India Private Limited	69,41,148	48,30,115
-Kaynes Interconnection Systems India Private Limited	4,68,073	20,34,223
[e]Interest On loan		
-Kaynes Technology India Private Limited	31,36,978	30,31,550
[f]Salary		
-Mr. Sai Kamalesh	40,99,200	40,99,200
[g]Reimbursement of expenses		
-Mr. Sai Kamalesh	94,222	3,94,799

(iii) Balances with Related Party

Particulars	2020	2019
a) Holding Company		
- Loan repayable	3,92,12,223	3,92,12,224
- Interest Payable	86,13,933	57,90,653
- Advance Received	97,39,628	-
- Trade Payable	1,42,84,230	75,98,943
b) Kaynes Interconnection Systems India Private Limited		
- Payables	2,57,055	6,08,743
c) Mr. Sai Kamalesh		
- Salary payable	-	2,68,100
- Advance	-	1,21,597



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

Particulars	2020		2019	
	In FC	In Rs.	In FC	In Rs.
Payables				
USD	2,27,510	1,72,43,555	1,88,933	1,31,27,066
Receivables				
USD	34,898	26,15,362	-	-

34 Production, stock and sales

(A) Details of raw material/components consumed:

Particulars	2020		2019	
	Quantities (Nos)	Value	Quantities (Nos)	Value
Components	46,59,322	4,00,26,565	42,09,876	8,29,30,873
Total		4,00,26,565		8,29,30,873

Particulars	Value		Percentage (%)	
	2020	2019	2020	2019
Imported	2,48,21,554	5,33,37,347	62%	64%
Indigenous	1,52,05,011	2,95,93,526	38%	36%
Total	4,00,26,565	8,29,30,873	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.

35 Expenditure in Foreign Currency (accrual basis)

Particulars	2020	2019
Components and Spares (CIF Value)	2,73,43,350	5,77,13,210

36 Earnings in Foreign Currency (accrual basis)

Particulars	2020	2019
Software development and Engineering Design	87,44,622	24,02,557



37 Earnings Per Share

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

Particulars	2020	2019
Basic and Diluted:		
Net Profit After Tax as per Profit and Loss Statement(A)	2,34,398	48,62,503
Weighted Average Number of Shares outstanding for Basic and diluted EPS (Nos.) -	50,00,000	50,00,000
Basic earnings per share (A) / (B)	0.05	0.97
Diluted earnings per share (A) / (B)	0.05	0.97
Nominal value of shares	Rs 1	Rs 1

38 Previous year figures have been regrouped/ reclassified wherever necessary to confirm 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: 0045325


Ramesh Kunhikannan
Chairperson of the Company
DIN : 02063167




Aneesan C
Partner
M.No. 219131

Place : Mysore
Date : 16/12/2020

Place : Bangalore
Date : 16/12/2020

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