

KAYNES TECHNOLOGY
INDIA PRIVATE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

AS AT

31.03.2020

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Kaynes Technology India Private Limited,
Mysore

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Kaynes Technology India Private Limited** (hereinafter referred to as "the Holding Company") and its four subsidiaries **Kemsys Technologies Private Limited, Kaynes Embedded Systems Private Limited, Kaynes International Design & Manufacturing Private Limited** and **Kaynes Technology Europe GmbH** (the Holding Company and its and subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2020, consolidated Profit and Loss Statement, and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements and a summary of significant accounting policies and other explanatory information for the year ended on that date (herein after referred as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements read with the notes thereon give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, 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 of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the group 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 consolidated 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.



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Information other than the consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board of Directors' report and annexure to Board of Directors' report annexed with but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 therein, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group 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.

The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements the respective Board of Directors of the companies included in the group are responsible for assessing the group'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 respective Board of Directors of the companies included in the group are also responsible for overseeing the financial reporting process of the group.



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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the group has an 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 the 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 group'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 consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial



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statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the holding company and such other entities included in the consolidated financial statements of which we are the independent auditors 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. The entities included in these consolidated financial statements which were not audited by us are not material subsidiaries.

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.

Other Matters

Attention is invited to the following:

(a)

- i. We did not audit the financial statements and financial information of subsidiary **Kaynes Embedded Systems Private Limited** as of 31st March 2020, having assets aggregating to Rs. Nil /- and net loss of Rs. 47,79,528/- and net cash flow of Rs. Nil for the year ended on that date, as considered in the consolidated Financial Statements. The financial statements of this subsidiary have been audited by another auditor whose report has been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) and (11) of section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.
- ii. We did not audit the financial statements and financial information of foreign subsidiary **Kaynes Technology Europe GmbH** as of 31st March 2020, having assets aggregating to Rs.1,76,10,482 /-, total revenue of Rs. 86,19,886/-, net profit (after tax) of Rs. 8,82,360 /- and a net cash inflow of Rs. 10,47,242/- for the year ended on that date, as considered in the consolidated financial statements. The financial statements and financial information of the subsidiary are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) and (11) of section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements and financial information. In our opinion and according to information and explanation given to us by the management, these financial statements and financial information are not material to the group.

(b) Our opinion on the consolidated financial statements is not modified in respect of the above matters.



Chartered Accountants Report on Other Legal and Regulatory Requirements

1. 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 of the consolidated financial statements;
 - b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and report of the other auditor;
 - c) The Consolidated Balance Sheet, consolidated Profit and Loss Statement and the Consolidated Cash flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors of the holding company as on 31st March, 2020 taken on record by the Board of Directors of the holding company and the reports of the statutory auditor of its subsidiaries, incorporated in India none of the directors of the group is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial statements of the group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'; and
 - 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 Holding Company and its subsidiaries being private companies/foreign entity, the reporting required as per Section 197(16) is not applicable; and



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- 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note no.28 to the consolidated financial statements;
 - ii. The Group did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

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



CHERIAN K. BABY
Partner
M.No.016043

UDIN: 21016043AAAAAKG868

Place: Bangalore
Date : 17/12/2020

ANNEXURE REFERRED TO IN PARA 1(f) "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF THE INDEPENDENT AUDITOR'S REPORT OF REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the holding company as of and for the year ended 31st March 2020, we have audited the internal financial controls over financial reporting of the Holding Company. One subsidiary is incorporated outside India and its financial statements are unaudited. The other subsidiaries as mentioned in note no.1(iii) of the consolidated financial statements are companies incorporated in India, to which the provisions regarding reporting of internal controls over financial reporting contemplated u/s 143(3) of the Act is not applicable. Hence this report deals with such internal controls over financial reporting of the holding company only.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the holding company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements of the holding company.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate



Varma & Varma

Chartered Accountants Opinion

In our opinion the holding company has, in all material respects, an adequate internal financial control system over financial reporting as reported in the Note 31 to the consolidated financial statements and such internal financial control over financial reporting were operating effectively as at 31st March 2020, based on "the internal control over financial reporting criteria established by the holding company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For VARMA & VARMA
Chartered Accountants
FRN 004532S



CHERIAN K. BABY
Partner
M.No.16043

Place: Bangalore
Date : 17/12/2020

UDIN: 21016043AAAAAKG868

KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
CONSOLIDATED BALANCE SHEET AS AT

Particulars	Note	31.03.2020 (₹)	31.03.2019 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	6,79,99,920	6,79,99,920
(b) Reserves and Surplus	3	97,57,82,500	86,29,81,483
		<u>1,04,37,82,420</u>	<u>93,09,81,403</u>
Minority Interest		54,94,614	66,21,256
(2) Non-Current Liabilities			
(a) Long term Borrowings	4	9,79,56,114	29,54,56,396
(b) Deferred tax liabilities (Net)	5	8,30,04,422	7,89,59,534
(d) Long term provisions	6	2,71,39,147	2,34,10,003
		<u>20,80,99,683</u>	<u>39,78,25,933</u>
(3) Current Liabilities			
(a) Short term Borrowings	7	1,12,54,00,017	1,18,73,55,424
(b) Trade payables	8		
- Total outstanding dues of micro and small Enterprises		5,28,98,269	66,68,376
- Total outstanding dues of creditors other than micro and small enterprise		93,87,12,880	91,61,21,238
(c) Other Current Liabilities	9	32,28,17,245	17,94,48,949
(d) Short term provisions	10	2,27,26,418	1,87,72,971
		<u>2,46,25,54,829</u>	<u>2,30,83,66,958</u>
Total		<u>3,71,99,31,546</u>	<u>3,64,37,95,550</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		50,22,20,292	45,32,94,462
(ii) Intangible Assets		4,51,53,340	4,95,25,342
(iii) Capital Work in Progress		11,94,51,407	2,19,56,865
(b) Goodwill on Consolidation		2,34,40,723	2,34,40,723
(b) Non Current Investments	12	1,55,57,100	2,00,26,900
(c) Long Term Loans and Advances	13	7,99,69,018	5,94,41,145
		<u>78,57,91,880</u>	<u>62,76,85,436</u>
(2) Current Assets			
(a) Inventories	14	1,51,10,54,892	1,21,78,24,337
(b) Trade Receivables	15	94,98,12,256	1,23,65,28,974
(c) Cash & Bank Balances	16	12,28,20,983	32,36,82,140
(d) Short term loans and advances	17	34,36,42,768	23,24,66,913
(e) Other current assets	18	68,08,768	56,07,750
		<u>2,93,41,39,666</u>	<u>3,01,61,10,114</u>
Total		<u>3,71,99,31,546</u>	<u>3,64,37,95,550</u>
Significant Accounting Policies	1		
Other Notes	28-46		

For and on behalf of the Board of Directors of
Kaynes Technology India Private Limited
CIN:
U29128KA2008PTC045825

As per our report of the even date attached

Ramesh Kunhikannan
Managing Director
[DIN: 02063167]

Jairam P Sampath
Whole Time Director
[DIN: 08064368]

For VARMA & VARMA
Chartered Accountants
Firm Registration No: 0045325

N Srividhya
Company Secretary

Cherian K Baby
Partner
M No: 016043

Place: Mysore
Date: 17/12/2020

Place: Mysore
Date: 17/12/2020

Place: Bangalore
Date: 17/12/2020

KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED

Particulars	Note	31.03.2020 (Rs)	31.03.2019 (Rs)
INCOME			
Revenue from operations	19	3,68,23,86,995	3,64,23,18,077
Other income	20	1,84,63,425	2,21,43,838
Total		3,70,08,50,420	3,66,44,61,915
EXPENDITURE			
Cost of raw materials and components consumed	21	2,60,29,80,010	2,45,32,49,531
Purchases of Traded goods	22	3,86,852	2,46,235
Changes in inventories of finished goods work-in-progress and traded goods	23	(18,65,90,410)	(4,65,78,958)
Employee Benefits expense	24	41,51,54,351	41,69,98,125
Research and Development Expenditure	25	1,62,45,590	2,78,33,135
Finance costs	26	22,67,53,090	18,71,97,869
Depreciation and Amortisation	11	6,49,99,909	5,13,05,347
Other Expenses	27	42,61,98,242	43,89,03,597
Total		3,56,61,27,634	3,52,91,54,881
Profit before exceptional and extraordinary items and tax		13,47,22,786	13,53,07,034
Exceptional Items		-	-
Profit before extraordinary items and tax		13,47,22,786	13,53,07,034
Extraordinary Items		-	-
Profit / (Loss) Before Tax		13,47,22,786	13,53,07,034
Tax expenses		-	-
Current tax		2,76,92,901	3,09,56,129
Short/ (excess) provision of Income tax for earlier years		(4,72,934)	(7,25,771)
Add: MAT Credit entitlement		(81,41,115)	(6,90,217)
Deferred Tax charge/ (Gain)		40,44,888	88,71,312
Profit / (Loss) after tax		11,15,99,044	9,68,95,582
Less: Share of Profit / (Loss) of minority interest		(12,01,972)	2,71,403
Profit / (Loss) after tax		11,28,01,016	9,66,24,179
Earnings Per Equity Share :	38		
-Basic Earnings Per Equity Share		16.59	14.21
-Diluted Earnings Per Equity Share		16.59	14.21
Significant Accounting Policies	1		
Other Notes	28-46		

For and on behalf of the Board of Directors of
Kaynes Technology India Private Limited
CIN: U29128KA2008PTC045825

As per our report of the even date attached

Ramesh Kunhikannan
Managing Director
[DIN: 02063167]

Jayram P Sampath
Whole Time Director
[DIN: 08064368]

For VARMA & VARMA
Chartered Accountants
Firm Registration No: 0045325

N Srividhya
Company Secretary

Cherian K Baby
Partner
M No: 016043

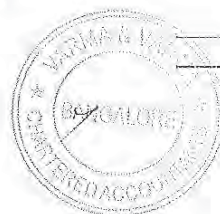
Place: Mysore
Date: 17/12/2020

Place: Mysore
Date: 17/12/2020

Place: Bangalore
Date: 17/12/2020

KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

Particulars	31.03.2020 (Rs.)	31.03.2019 (Rs.)
[A.] CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and, exceptional items	13,47,22,786	13,53,07,034
Adjustments for :		
Depreciation and Amortisation	6,49,99,909	5,13,05,347
Interest Income	(76,31,522)	(63,81,780)
Finance costs	22,07,24,753	18,22,31,301
Interest on Income tax	60,28,337	49,66,568
Provision for doubtful debts	-	6,84,000
Sundry balances written back	(4,96,455)	-
Profit on sale of Mutual funds	(10,16,798)	-
(Profit)/ Loss on sale of fixed assets	(50,000)	4,66,050
Bad debts written off	48,53,259	2,25,37,094
Unrealised Foreign Exchange (Gain)/Loss	1,22,20,888	(1,55,04,799)
	<u>29,96,32,371</u>	<u>24,03,03,781</u>
Operating Profit before working capital changes	<u>43,43,55,157</u>	<u>37,56,10,815</u>
Adjustments for :		
(Increase)/ decrease in Inventories	(29,32,30,555)	(35,61,04,296)
(Increase)/ decrease in Trade Receivables	29,48,21,802	9,99,17,558
(Increase)/ decrease in Loans and Advances and other current assets	(10,89,75,598)	(4,04,05,555)
Increase/ (decrease) in Trade Payables	4,41,38,758	(5,80,25,428)
Increase/ (decrease) in Other Liabilities and Provisions	(1,53,76,328)	(5,90,540)
	<u>(7,86,21,920)</u>	<u>(35,52,08,261)</u>
Cash generated from operations	<u>35,57,33,237</u>	<u>2,04,02,554</u>
Direct taxes paid	(2,45,62,749)	(6,78,00,731)
Net Cash from/ (used in) operating activities (A)	<u>33,11,70,487</u>	<u>(4,73,98,177)</u>
[B.] CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets / CWIP	(20,79,62,670)	(11,26,09,038)
Proceeds from Fixed deposit	-	12,00,000
Interest Received	76,31,522	63,81,780
Sale Proceeds/ (Investment) in Mutual Funds (net)	54,86,598	(1,80,000)
Sale of Fixed Assets	50,000	3,80,000
Net Cash Flow from/ (used in) Investing Activities (B)	<u>(19,47,94,550)</u>	<u>(10,48,27,258)</u>
[C.] CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares to Minorities by subsidiary companies	75,430	100
Secured Loans (repayment)/ receipt	10,37,34,914	58,32,85,214
Unsecured Loans (repayment)/ receipt	(22,03,22,686)	(87,92,078)
Interest paid (repayment)/ receipt	(22,07,24,753)	(18,22,31,301)
Net Cash Flow from/ (used in) Financing Activities (C)	<u>(33,72,37,095)</u>	<u>39,22,61,935</u>
Net increase/ (decrease) in Cash and Cash equivalents [A+B+C]	<u>(20,08,61,157)</u>	<u>24,00,36,500</u>
Cash and cash equivalents as at April 1, 2019		
Cash and Bank Balances	32,36,82,140	8,36,45,640
Cash and cash equivalents as at March 31, 2020		
Cash and Bank Balances	12,28,20,983	32,36,82,140
	<u>(20,08,61,157)</u>	<u>24,00,36,500</u>



* Cash and Bank Balances includes ₹. 6,10,07,795 /- [PY: ₹. 6,26,14,505 /-] of earmarked bank deposits, which however is encashable on request without any additional cost and ₹. 3,25,78,314 /- (PY :₹. 5,89,55,873 /-) held as margin money by the bank for issue of guarantees and letter of credit on behalf of the company [Refer Note 16]

[Notes]

[1] The above Cash Flow Statement has been compiled from and is based on the Balance Sheets as at March 31, 2020 and the related Profit and Loss Statements for the year ended on that date.

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

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


For and on behalf of the Board of Directors of
Kaynes Technology India Private Limited
CIN: U29128KA2008PTC045825

As per our report of the even date attached


Ramesh Kunhikannan
Managing Director
[DIN: 02063167]


Jaifam P Sampath
Whole Time Director
[DIN: 08064368]

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


N Srividhya
Company Secretary

Place: Mysore
Date: 17/12/2020

Place: Mysore
Date: 17/12/2020




Cherian K Baby
Partner
M No: 016043

Place: Bangalore
Date: 17/12/2020

KAYNES TECHNOLOGY INDIA PRIVATE LIMITED

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

Group Information:

Kaynes Technology India Private Limited (“the parent company”) is a company domiciled in India and incorporated under the provisions of the Companies Act, 1956 and is engaged in providing Electronic Design and Manufacturing Service “EDMS” solutions to suit individual customer requirements.

The Company is headquartered at Mysore, Karnataka state and has 10 manufacturing units and 2 Service Centers at 8 locations in India.

The wholly owned subsidiary company Kemsys Technologies Private Limited was incorporated on 20th October 2009. Its registered office and operations are in Bengaluru. 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.

The subsidiary company Kaynes Technology Europe GmbH was incorporated on 30th May 2008 with its registered office situated in Switzerland and is providing marketing services in Europe Region for New business as well as after sale support.

The subsidiary company Kaynes International Design & Manufacturing Private Limited was set up with an objective of carrying on the business of exporting of mechanical, electrical, electrochemical, semiconductor and/or hybrid technology equipments, subassemblies, components, parts, consumables, designing, developing, manufacturing all kinds of software, including analog and digital signal generation. The company was incorporated on 21st November 2018 under the provisions of Companies Act, 2013.

The subsidiary company Kaynes Embedded Systems Private Limited was incorporated on 16th December 2009 with its registered office situated in Mysore, Karnataka to provide marketing services and as well as after sale support to European customers. However this company has become inoperative and entire investment has been provided for by the holding company. As the networth is negative there is no minority interest.

The Company with its subsidiaries mentioned above as well as in Note no. 1(iii) are herein after referred to as the “group”.



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1 Significant Accounting Policies

i) Basis of Preparation

These consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention on 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 and the provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

ii) Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actuals/revised estimate and earlier estimates are recognized in the period in which the results are known/materialise.

iii) Basis for Consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Parent.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, "Consolidated Financial Statements" specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements of the parent and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-Company balances and transactions and unrealised profits or losses have been fully eliminated. Where such elimination is not complete higher amount of liabilities/ lower amount of assets are treated as correct and un-reconciled balance confirmed as liability/asset as the case may be except in respect of closing stock where profits are eliminated on an estimate basis where material.

Goodwill represents excess of the cost to the company of its investment in the subsidiary companies over its portion of equity of the subsidiary companies at the date on which investment was made.



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Minority interest represent that part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances in the same manner as the Company's separate financial statements.

The subsidiaries considered in the consolidated financial statements are:

Sl. No	Name of the Company	% Voting Power		Country of Incorporati
		31.03.2020	31.03.2019	
1	Kemsys Technologies Private Limited	100.00%	100.00%	India
2	Kaynes International Design & Manufacturing Private Limited (Incorporated on 21.11.2018)	95.21%	99.99%	India
3	Kaynes Embedded Systems Private Limited	60.00%	60.00%	India
4	Kaynes Technology Europe GmbH *	60.00%	60.00%	Switzerland

The financial statements of Kaynes Technology Europe GmbH have been incorporated in this consolidated financial statements based on unaudited financial statements as furnished by the management which were not prepared on the basis of accounting standards mentioned above and were adopted to suit the requirements of these consolidated financial statements. This forms 0.19% [PY:0.37%] of liabilities, 0.47% [PY:-0.64%] of assets, 0.23% [PY:0.36%] of Income and 0.22% [PY:0.28%] of expenses in the consolidated financial statements.

iv) Cash Flow Statement

Cash flow statement is prepared in accordance with AS-3 as specified under the companies Act, 2013, using the indirect method to determine cash flow from operating activities.

v) Revenue Recognition

Revenue from sale of products is recognised on dispatch of goods to customers or when ready for delivery based on order terms, and excludes GST. Sales returns are recognised in the year in which the goods are returned.

Revenue from services is recognised on accrual basis on completion of the service.

Rental income is recognised as per the terms of the agreement.

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.



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Export incentives are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

vi) Fixed assets, Depreciation and Amortisation

a) Tangible assets: Property, Plant & Equipment [PPE]

Tangible Assets [Property, Plant & Equipment] are stated at cost less accumulated depreciation, impairment in value if any. Cost includes purchase price (inclusive of import duties and non-refundable purchase taxes), other costs directly attributable for bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The grant if any received for any identified items of Property, Plant & Equipment is reduced from its cost.

b) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible asset are carried at cost less accumulated amortisation and impairment losses, if any.

Self Developed Intangible Assets are recognised at cost where 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. The same is carried as capital work in progress until the assets is ready to put to use.

c) Depreciation/Amortisation

Depreciation on tangible assets is provided over the useful lives of the assets on a Straight Line Method (SLM) at the rates specified in schedule II of the Companies Act, 2013 except in the case of moulds in respect of which the estimated useful life is ascertained as 6 years based on the independent technical evaluation carried out by the internal technical team which is different from the estimated useful life prescribed under Part C of Schedule II of the Companies Act 2013. Building in leasehold land will be depreciated over the remaining useful life of the building as ascertained by an independent valuer over the remaining lease period or life specified in the Companies Act whichever is lower. Depreciation on assets purchased /sold during the year is proportionately charged.



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Assets acquired on finance lease are depreciated over the period of lease or its useful life, whichever is lower. Leasehold improvements are amortized over the period of lease or 3 years whichever is earlier. Acquired Intangible Assets are amortised over a period of 5 years on a straight line basis. Self developed intangible assets are amortized over a period of five years on straight line basis once the same completes development phase and 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.

d) Capital work in progress

All capital expenditure for construction of fixed assets are shown as capital work in progress until completion of the project or until the asset is ready to use. These costs are capitalized to the relevant items of the fixed assets on completion or on ready to use.

e) Expenditure incurred during development phase of intangible assets are accumulated in intangible assets under development account. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

f) Impairment of Assets

The company assesses, at each balance sheet date, whether there is any indication that an asset, or group of assets comprising a cash generating unit, may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and loss statement. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

vii) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an identified item of Property, Plant & Equipment, the carrying amount is reduced by government grant.



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viii) Leases

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Statement on a systematic basis.

ix) Investments

Non-current investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. Decline in value, if any, which is not considered temporary in nature, is provided for.

Current investments are carried at lower of cost or net realisable value.

x) Employee Benefits

a. Short term employee benefits:

Liability towards short term employee benefits which is expected to occur within twelve months after the end of the period in which the employees render the related services, comprising largely of salaries & wages, short term compensated absences and annual bonus is valued on an undiscounted basis and is charged to the Profit and Loss Statement during the period when the employee renders the services.

b. Defined-contribution plans:

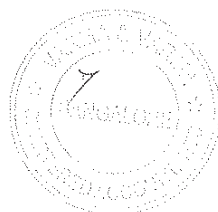
Contributions to the Employees' Provident Fund, Employees' Pension Scheme, Employees' State Insurance and Superannuation fund are as per statute/ company policy, as may be applicable, and are recognized as expenses during the period in which the employees perform the services.

c. Defined-benefit plans:

The parent company's Gratuity scheme is administered through the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. 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 account for the period in which they occur.

d. Other long term employee benefits:

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



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xi) Research & Development

When the product or process developed is technical and commercially feasible, the product is identified as marketable and viable and the company has the intention and resources to enable the marketing of the product, the costs of relatable research and development, to the extent it could be separately identified, are capitalised. these intangible assets are amortised on a systematic basis, either by reference to the sale or use of the product or process or by reference to a reasonable time period not exceeding 5 years. Revenue expenditure incurred on research and development is charged off in the same year in which such expenditure is incurred.

xii) Taxation

Tax expense is accounted in accordance with the Accounting Standard for Taxes on Income (AS-22), which includes current tax and deferred taxes.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and similar tax laws as applicable to the subsidiary in Switzerland. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date after taking into account the various tax concessions available to the Company.

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.

Deferred tax assets/ liability represents timing differences between accounting income and taxable income recognised to the extent considered capable of being reversed in the subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that Deferred tax asset arising due to unabsorbed Depreciation and lessees are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

xiii) Foreign Currency Transactions

Transactions in foreign currency are recognized at the rates of exchange which are as per the notification issued by Central Board of Excise and Customs from time to time.



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At the balance sheet date, monetary assets and liabilities including integral foreign operations, denominated in foreign currency are restated at the applicable exchange rates prevailing as at the Balance Sheet date end and all exchange gains/ losses arising there-from are adjusted to the Profit and Loss Statement. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the same on reporting date from the rates at which they were initially recognised, are reported as income or expense in the year in which they arise.

xiv) Forward contracts in foreign exchange

Forward contracts in foreign exchange are entered into by the company mainly to hedge its net foreign currency exposure arising out of highly probable forecast transactions which are not covered by As- 11- "The effect of change in foreign exchange rate" notified under Companies (Accounting Standards) Rules, 2006. Hence the company follows the guidance note on Accounting for Derivatives contracts issued by ICAI which is effective from 1/4/2016. Forward contracts are accounted for at fair value with the changes in fair value as at the reporting date being recognised in the profit and loss statement.

xv) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

xvi) Inventories

Raw materials and components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories 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 ascertained under first in first out method.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



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xvii) Customs Duty and Excise Duty

(a) Customs duty and Excise Duty applicable on goods under clearance have been computed and provided for by adding the same to the value of relative inventories.

xviii) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of past events for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

Contingent liabilities are disclosed when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Contingent assets are neither recognized nor disclosed in the accounts.

xix) Earnings Per Share

The basic earnings per share is computed by dividing the net profits / (losses) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year and for the year is presented and adjusted for events, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

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NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2 Share Capital	31.03.2020 (₹)	31.03.2019 (₹)
Authorised : 70,00,000 (2019 : 70,00,000) Equity Shares of ₹. 10/- each	7,00,00,000	7,00,00,000
Issued, Subscribed and Paid up 67,99,992 (2019 : 67,99,992) Equity Shares of ₹. 10/- each	6,79,99,920	6,79,99,920
	6,79,99,920	6,79,99,920

a. Reconciliation of the shares outstanding at the beginning and at the end of the financial year:

Equity Shares outstanding:	No. of shares	31.03.2020 (₹)	No. of shares	31.03.2019 (₹)
At the beginning of the year	67,99,992	6,79,99,920	67,99,992	6,79,99,920
Issued during the year	-	-	-	-
Outstanding at the end of the year	67,99,992	6,79,99,920	67,99,992	6,79,99,920

b. Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹. 10 per share. Each holder of equity shares 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 distribution of all preferential amounts if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The dividend, if any, proposed by the Board of Directors is subject to the prior written consent of the Debenture Trustee and the approval of the shareholders in the ensuing Annual General Meeting.

The company has not issued any securities that are convertible into equity/ preference shares.

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

Particulars	31.03.2020 % of holding	31.03.2019 % of holding
Ramesh Kunhikannan, Managing Director	99.95%	99.95%

d. For the period of five years immediately preceding 31.03.2020

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

b. Aggregate Number and class of shares allotted as fully paid up by way of bonus shares.

	No. of Shares	(₹)
Equity share of ₹. 10/- each (i) Financial Year 2017-18	16,99,992	1,69,99,920

The Company has issued 16,99,992 fully paid equity shares of ₹.10 each during that year pursuant to bonus issue approved by the shareholders in the EGM held on 14.09.2017. One Bonus share of ₹.10 each was allotted for every three equity share held in the company.

c. No shares were bought back.

3 Reserves and Surplus

	31.03.2020 (₹)	31.03.2019 (₹)
Securities Premium		
Balance as at the beginning of the year	75,09,880	75,09,880
Closing Balance	75,09,880	75,09,880
Debenture Redemption Reserve		
Balance as at the beginning of the year	8,00,00,000	3,75,00,000
Add : Additions during the year (refer note below)	-	4,25,00,000
Less : Utilised towards redemption of debentures (IL&FS)	1,16,87,500	-
	6,83,12,500	8,00,00,000

*The debenture redemption reserve is created as per Section 71 of the Companies Act-2013 read with rule 18(7) of the Companies (Share Capital and Debentures) Rules 2014.

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NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

General Reserve			
Balance as at the beginning of the year		5,00,00,000	5,00,00,000
Add :Transfer from Debenture Redemption Reserve		1,16,87,500	-
Closing Balance		<u>6,16,87,500</u>	<u>5,00,00,000</u>
Surplus in the profit and loss statement			
Balance as at the beginning of the year		72,54,71,604	67,13,47,423
Net Surplus in the profit and loss statement		11,28,01,016	9,66,24,180
Appropriations :			
Less :Transfer to Debenture Redemption Reserve		-	4,25,00,000
		<u>83,82,72,620</u>	<u>72,54,71,603</u>
Total Reserves and Surplus		<u>97,57,82,500</u>	<u>86,29,81,483</u>

4 Long-term borrowings

	Non-current portion		Current portion	
	31.03.2020 (₹)	31.03.2019 (₹)	31.03.2020 (₹)	31.03.2019 (₹)
Debentures				
Unsecured Debentures	-	15,00,00,000	15,00,00,000	-
Secured Debentures	7,65,00,000	12,32,50,000	4,67,50,000	4,67,50,000
Term Loans				
Secured	79,26,634	16,87,053	75,50,334	70,44,450
Unsecured	-	68,18,501	55,26,504	1,57,35,809
Vehicle Loan				
From Bank - Secured	1,32,00,591	1,37,00,842	46,49,594	40,43,007
From Others - Secured	3,28,889	-	4,38,332	-
	<u>9,79,56,114</u>	<u>29,54,56,396</u>	<u>21,49,14,764</u>	<u>7,35,73,266</u>
The above amount includes				
Secured borrowings	9,79,56,114	13,86,37,895	5,93,88,260	5,78,37,457
Unsecured borrowings	-	15,68,18,501	15,55,26,504	1,57,35,809
"Other current liabilities"[refer note 9]	-	-	(21,49,14,764)	(7,35,73,266)
Net amount	<u>9,79,56,114</u>	<u>29,54,56,396</u>	-	-

[a.] Notes on Debentures

(i) 150 Unrated, Unlisted Non Convertible Debentures of face value ₹. 10,00,000/- with a coupon rate of 18% p.a. payable at monthly advance rest. The maturity date shall be the date falling on the expiry of 30 months from the deemed date of allotment which is 17.10.2017. These are guaranteed by the personal guarantee and pledge of 26% shares of the Company held by the founders of the company. The Maturity date of the above debentures has been extended by the holders till 13.10.2020 due to COVID-19 pandemic through letter dated 28-05-2020.

(ii) 1,700 Unrated, secured, unlisted, Non Convertible Debentures of face value ₹. 1,00,000/- with a coupon rate of 16% p.a. payable at monthly advance rest repayable in 16 quarterly instalments with the first repayment starting from 30.06.2019 onwards. This is secured against hypothecation of specific plant & machinery and specific receivables. These are guaranteed by the personal guarantee and pledge of 33% shares of the founders of the company. The principal amount falling due within a period of 12 months from the balance sheet date on these debentures aggregating to ₹.4.68 Crores (PY ₹.4.68 Crores) is disclosed under other current liabilities as current maturities of long term borrowings (refer note 9)



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

[b.] Notes on Long Term Borrowings- Secured

(i) Siemens Financial Services Private Limited - Two secured term loans from this Non Banking Financial Institution are repayable in 48 monthly instalments along with the interest at 13.25% per annum [PY:13.25%]. The loan is secured by hypothecation of plant and machinery acquired using this loan. The principal amount falling due within a period of 12 months from the balance sheet date on this loans aggregating to ₹.23.59 lakhs (PY ₹.58.85Lakhs) is disclosed under other current liabilities as current maturities of long term borrowings (refer note 9)

(ii) Sundaram Finance Ltd- Secured term loan-1 of ₹. 44.70 lakhs is repayable in 47 monthly instalments along with interest at 13.50% per annum [PY: 13.50%]. The loan is secured by hypothecation of plant and machinery acquired using this loan. The principal amount falling due within a period of 12 months from the balance sheet date on this loan aggregating to ₹. 13.27 lakhs (PY ; ₹. 11.59 lakhs) is disclosed under other current liabilities as current maturities of long term borrowings (refer note 9) Charge is pending to be registered with ROC for this loan.

(iii) Sundaram Finance Ltd- Secured term loan-2 of ₹. 1.68 Crores is repayable in 48 monthly instalments along with interest at 13.50% [PY: NA] per annum. The loan is secured by hypothecation of plant and machinery acquired using this loan. The principal amount falling due within a period of 12 months from the balance sheet date on this loan aggregating to ₹.38.63 lakhs is disclosed under other current liabilities as current maturities of long term borrowings (refer note 9).

[c.] Notes on Long Term Borrowings- Unsecured

(i) Hero Fincorp. - Unsecured working capital term loan of ₹.5 Crores repayable in 48 monthly instalments along with interest rate of 12.75% p.a. (PY: 12.75%) which is secured by a charge on the personal property of the director Mr. Ramesh Kunhikannan, situated at SY 60, Kizhunna desom, Kannur and LIC policy of Ramesh Kunhikannan with surrender value of ₹.2.49 crores. The principal amount falling due within a period of 12 months from the balance sheet date on this loan aggregating to ₹. 55.26 Lakhs (PY: ₹. 1.49 crores) is disclosed under other current liabilities as current maturities of long term borrowings (refer note 9)

(ii) Bajaj FinServ-Unsecured working capital term loan of ₹.35.75 lakhs repayable in 48 monthly instalments along with interest rate of 19.75% (PY 19.75%) p.a. The principal amount falling due within a period of 12 months from the balance sheet date on this loan aggregating to ₹. Nil (PY: ₹. 8.06 lakhs) is disclosed under other current liabilities as current maturities of long term borrowings (refer note 9).The Loan was closed during this year.

[d.] Notes on Vehicle Loans

Vehicle loans from bank is repayable in 24 to 48 monthly instalments along with the interest at rates ranging from 8.85% to 9.80% per annum. The loan is secured against the vehicles purchased using this loan. The principal amount falling due within a period of 12 months from the balance sheet date on this loan aggregating to ₹.46.49 lakhs (PY ₹.40.43 lakhs) is disclosed under other current liabilities as current maturities of long term borrowings (refer note 9).

Vehicle loan from others for ₹.9 lakh is repayable in 24 monthly instalments along with the interest at the rate of 15.12% per annum. The loan is secured against the vehicle purchased using this loan. The principal amount falling due within a period of 12 months from the balance sheet date on this loan aggregating to ₹.4.38 lakhs is disclosed under other current liabilities as current maturities of long term borrowings (refer note 9).

[e.] There has been no Continuing default as on balancesheet date in repayment of loans and interest.

5 Deferred Tax Liability (Net)

	31.03.2020 (₹)	31.03.2019 (₹)
Deferred tax liability		
Fixed assets: timing differences on account of depreciation allowance.	9,51,17,603	9,13,22,422
Gross deferred tax liability	9,51,17,603	9,13,22,422
Deferred tax asset		
Expenses: timing differences on expenses allowable on payment basis.	1,21,13,182	1,23,62,888
Gross deferred tax asset	1,21,13,182	1,23,62,888
Net deferred tax liability	8,30,04,422	7,89,59,534



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

6 Long term provisions

	Non-current portion		Current portion	
	31.03.2020 (₹)	31.03.2019 (₹)	31.03.2020 (₹)	31.03.2019 (₹)
Provision for employee benefits				
Gratuity [refer note 32]	2,27,26,682	1,87,78,679	22,09,642	58,27,517
Compensated Absences [refer note 32]	44,12,465	46,31,324	3,51,853	5,60,725
	<u>2,71,39,147</u>	<u>2,34,10,003</u>	<u>25,61,495</u>	<u>63,88,242</u>
"Short Term Provisions" [refer note 10]	-	-	(25,61,495)	(63,88,242)
Net amount	<u>2,71,39,147</u>	<u>2,34,10,003</u>	-	-

7 Short-term borrowings

	31.03.2020 (₹)	31.03.2019 (₹)
Short term Unsecured loans from shareholders	1,42,00,000	7,38,00,000
Loans Repayable on demand :		
- From Banks		
Cash Credit - Secured	96,14,83,972	65,78,46,940
Rupee Packing Credit - Secured	10,01,20,229	32,41,03,512
Foreign Currency Bills Discounted - Secured	-	5,54,21,418
Foreign Currency Packing Credit - Secured	2,00,00,000	4,26,83,554
- From Other Parties		
Rupee demand loan - Unsecured	2,95,95,815	3,35,00,000
	<u>1,12,54,00,017</u>	<u>1,18,73,55,424</u>
	31.03.2020 (₹)	31.03.2019 (₹)
The above amount includes		
Secured borrowings	1,08,16,04,202	1,08,00,55,424
Unsecured borrowings	4,37,95,815	10,73,00,000
Net amount	<u>1,12,54,00,017</u>	<u>1,18,73,55,424</u>

[Notes]

a) Short term loans from shareholders are repayable in monthly instalments during the next year and carries interest at rates ranging from 13% to 17% per annum.

b) Secured Cash credit, Packing credit and Buyers credit from Banks are secured against the hypothecation of stock of raw materials, work-in-progress, finished goods, book debts outstanding and common collateral security of factory land and building, canteen building and plant and machinery. Canara Bank which has approved a cash credit, packing credit and bill discounting facility to the extent of ₹.56 Crores holds 52.80% share of the above securities with a paripassu charge held by Sarswath Bank Limited and State Bank of India. Further these loans have been guaranteed by the personal guarantee of two whole time directors of the company.

c) Saraswat Bank Limited has approved a cash credit facility of ₹.37 crores on 01-10-2018 which is secured against hypothecation of Stocks, Book debtors, Land and Buildings with paripassu charge in favour of Canara bank and State Bank of India. Documentation and modification of charge for this are complete.

d) State Bank Of India has approved a cash credit facility of ₹.17 crores on 05-02-2020 where the securities hypothecated with Canara Bank and Saraswat Bank Limited shared on paripassu basis. Documentation and modification of charge for this are complete.

e) Rupee demand loan from Bajaj Finserv Limited has been repaid or rolled over at the request of the company.

f) Canara Bank- pledge of 30% shares of the company held by one of the directors in favour of the bankers.

g) Rupee demand loan amounting to ₹.3 crores from Oxyzo Financial Services Private Limited is secured by Unconditional and irrevocable bank guarantee amounting to ₹. 3 Crores.



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

h) Packing credit of ₹. 2 Crores from State Bank of India availed by a subsidiary company in the current year is secured against the hypothecation of all stocks, Receivables and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) guarantee cover by Government of India. Further this loan have been guaranteed by corporate guarantee of Kaynes Technology India Private Limited (Holding Company) and personal guarantee of two directors of the company.

8 Trade Payables

	31.03.2020 (₹)	31.03.2019 (₹)
Total outstanding dues of micro and small enterprises [refer note below]	5,28,98,269	66,68,376
Total outstanding dues of creditors other than micro and small enterprises	93,87,12,880	91,61,21,238
	99,16,11,148	92,27,89,614

[Note] The Group has identified Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, based on intimations received from suppliers as to their status under the said Act. Particulars of dues to these parties are as under:

Overdue amount outstanding at the end of the year	4,41,07,549	38,56,742
Principal amount (except overdue amount) outstanding at the end of the year	76,76,786	28,11,634
Interest amount accrued and remaining unpaid at the end of the year	11,13,934	4,86,280

9 Other current liabilities

	31.03.2020 (₹)	31.03.2019 (₹)
Other Liabilities		
Current Maturities of long-term debts [refer note 4]	21,49,14,764	7,35,73,266
Interest accrued but not due on borrowings	16,83,105	1,56,686
Rent Deposit	-	15,00,000
Others		
Trade Payables [Capital Goods]	1,60,05,804	-
Dues to employees [Refer note below]	4,21,16,671	5,21,58,263
Statutory dues payable	3,11,41,941	2,08,59,720
Advance from customers	1,65,78,541	3,07,23,824
Other current liabilities	3,76,419	4,77,190
	32,28,17,245	17,94,48,949

[Notes]

Dues to employees include due to related parties:

- Ramesh Kunhikannan	6,50,800	3,17,800
- Savitha Ramesh	3,30,800	3,77,800
- Premita Ramesh	80,800	1,54,800
- Govind Shasiprasad Menok	2,41,800	-
- Jairam P Sampath	3,36,800	99,800
- Sai Kamalesh	-	2,68,100

10 Short term provisions

	31.03.2020 (₹)	31.03.2019 (₹)
Compensated Absences [refer note 6]	3,51,853	5,60,725
Gratuity [refer note 6]	22,09,642	58,27,517
Income Tax (Net of Advance tax paid and TDS)	1,97,32,453	1,21,78,959
Others	4,32,470	2,05,770
	2,27,26,418	1,87,72,971

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KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

11. (i) Tangible assets

Particulars	(Amounts in ₹)											
	Freehold Land	Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Electrical Fittings	Computers	Vehicles	Airconditioners	Leasehold Improvement	Total
Gross Block at cost	45,33,125	1,43,19,410	8,93,93,283	44,70,15,867	3,11,80,336	1,26,17,894	1,32,43,965	1,95,46,827	3,74,05,905	70,04,938	84,77,094	68,47,38,664
As at March 31, 2018	-	-	-	3,14,75,213	44,84,940	11,66,927	3,75,251	56,41,664	1,70,04,910	22,77,385	39,93,737	6,64,15,026
Additions	-	-	-	-	-	-	-	28,85,406	-	-	-	28,85,406
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	45,33,125	1,43,19,410	8,93,93,283	47,84,91,080	3,56,65,276	1,37,84,821	1,36,19,216	2,51,88,491	5,15,25,409	92,77,323	1,24,70,831	74,82,68,264
Additions [2]	-	1,29,76,200	1,19,48,895	6,12,68,260	70,12,086	19,79,741	33,67,312	14,75,204	64,45,910	5,44,090	26,63,417	10,96,81,115
(Transfer)/Adjustment [3]	-	(59,58,000)	69,58,000	(60,00,000)	-	-	-	-	-	-	-	(60,00,000)
Adjustment for grant received	-	-	-	(3,99,840)	-	-	-	-	-	-	-	(3,99,840)
Disposal	-	-	-	-	-	-	-	-	14,87,841	-	-	14,87,841
As at March 31, 2020	45,33,125	2,03,37,610	10,83,00,178	53,33,59,500	4,26,77,362	1,57,64,562	1,69,86,528	2,66,53,695	5,64,83,478	98,21,413	1,51,34,248	85,00,61,698
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Up to April 1, 2018	-	-	1,15,49,907	15,12,85,269	1,76,75,368	90,57,380	89,35,320	1,72,37,079	1,97,38,076	56,80,007	72,19,316	24,83,77,722
Charge for the year 2018-19	-	-	22,61,284	2,96,50,347	28,51,759	16,65,667	11,48,276	35,74,532	50,64,041	8,08,783	16,10,746	4,86,35,436
On Disposal	-	-	-	-	-	-	-	-	20,39,356	-	-	20,39,356
Up to March 31, 2019	-	-	1,38,11,191	18,09,35,616	2,05,27,128	1,07,23,047	1,00,83,596	2,08,11,611	2,27,62,761	64,88,790	88,30,062	29,49,73,802
Charge for the year 2019-20	-	-	26,47,420	3,46,18,220	32,82,846	18,13,619	7,32,127	26,32,999	54,19,922	10,28,224	21,80,068	5,43,55,445
On Disposal	-	-	-	-	-	-	-	-	14,87,841	-	-	14,87,841
Up to March 31, 2020	-	-	1,64,58,611	21,55,53,837	2,38,09,974	1,25,36,667	1,08,15,723	2,34,44,610	2,66,94,842	75,17,014	1,10,10,130	34,78,41,407
Balance as at March 31, 2020	45,33,125	2,03,37,610	9,18,41,568	31,78,05,663	1,88,67,389	32,27,895	61,70,804	32,19,086	2,97,88,637	23,04,398	41,24,118	50,22,20,292
Balance as at March 31, 2019	45,33,125	1,43,19,410	7,55,82,092	29,75,55,464	1,51,38,148	30,61,774	35,35,620	43,76,880	2,87,62,648	27,88,533	36,40,769	45,32,94,462

[1] Building includes an apartment at Parwanoo - Himachal Pradesh costing ₹. 11,83,000/-, which is pending registration.

[2] In the current year company acquired additional leasehold property originally leased to a firm in which one of the directors was a partner along with an existing industrial shed thereon with the approval of Karnataka Industrial Development Board (KIADB) who is the lessor with a right to convert to freehold at the end of two years if certain conditions mentioned in the agreement are met. The total cost paid to a director of the company who is the successor in interest of the said firm is based on a report obtained from an independent valuer and the transfer fee paid to Karnataka Industrial Development Board and incidental cost on stamp duty etc. The value of the industrial shed ascertained based on the said report has been capitalised under building.

[3] In a previous year the company had acquired certain leasehold land together with building measuring about 750 sq meter which is eligible for being converted into freehold land by KIADB who is the lessor which is pending. During the year the value of this building has been ascertained on the basis of a report obtained from an independent valuer and the same has been transferred to buildings.

[4] Grant received from Global Innovation Technology Alliance for acquisition of certain Plant & Machinery has been reduced from its carrying cost. (Refer Note No.36)



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(i) Intangible assets
(Amounts in ₹.)

Particulars	Intangibles & Software	Total
Gross Block at cost		
As at March 31, 2018	2,70,69,508	2,70,69,508
Additions/Adjustment	3,22,21,623	3,22,21,623
Disposal/Adjustment		
As at March 31, 2019	5,92,91,131	5,92,91,131
Additions/Adjustment (Refer Note No: 36)	88,14,713	88,14,713
Disposal/Adjustment	25,42,250	25,42,250
As at March 31, 2020	6,55,63,593	6,55,63,593
Accumulated Amortisation		
Up to April 1, 2018	70,95,878	70,95,878
Charge for the year/Adjustment	26,69,911	26,69,911
Disposal/Adjustment		
Up to March 31, 2019	97,65,789	97,65,789
Charge for the year/Adjustment	1,06,44,464	1,06,44,464
Disposal/Adjustment		
Up to March 31, 2020	2,04,10,253	2,04,10,253
Balance as at March 31, 2020	4,51,53,340	4,51,53,340
Balance as at March 31, 2019	4,95,25,342	4,95,25,342
		43,72,002

(iii) Capital Work in Progress including Advance paid to contractor

Particulars	Intangible Assets under Development	Tangible Assets under Construction or Installation	Total
As at March 31, 2018		1,43,71,854	1,43,71,854
Additions/Adjustment	45,03,172	75,85,011	1,20,88,183
Disposal/Adjustment	(45,03,172)		(45,03,172)
As at March 31, 2019		2,19,56,865	2,19,56,865
Additions/Adjustment (Refer Note No: 36)	6,96,97,980	2,39,35,976	9,36,33,956
Capitalization of interest		38,60,586	38,60,586
As at March 31, 2020	6,96,97,980	4,97,53,427	11,94,51,407



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

12. Non-current investments

	31.03.2020 (₹)	31.03.2019 (₹)
Investments in equity Instruments- Others (Unquoted)		
Winfoware Technologies Limited	1,08,02,500	1,08,02,500
Mysore ESDM Cluster	25,000	25,000
	1,08,27,500	1,08,27,500
Investments in Mutual Funds (Quoted)		
Canara Robeco Capital Protection Oriented Fund 4,00,000 units at ₹. 10 [PY: 8,49,980 units at ₹.10]	40,00,000	84,99,800
Canara Robeco Emerging Equities - Regular Growth fund - 2,273.130 units of ₹. 87.91 each [PY: 2273.130 units of ₹.87.91 each]	1,99,850	1,99,850
Canara Robeco Emerging Equities - Regular Growth fund - 315.66 units of ₹. 95.04 each [PY:315.66 units of ₹. 95.04 each]	30,000	30,000
Canara Robeco Balance regular growth- Regular Growth fund - 976.665 units at ₹.143.24 each [PY: 789.647 units at ₹.139.17 each]	1,39,900	1,09,900
Canara Robeco Balance regular growth- Regular Growth fund -135.30 units at ₹. 147.82 each [PY: 135.30 units at ₹. 147.82 each]	20,000	20,000
Canara Robeco Infrastructure - Regular Growth Fund- 1,711 units at ₹. 46.7124 [PY: 1,711 units at ₹.46.7124 each]	79,925	79,925
Canara Robeco Large Capital Fund - Regular Growth Fund- 6,474.126 units of ₹.21.6129 each [PY: 6,474.126 units of ₹.21.6129 each]	1,39,925	1,39,925
Canara Robeco Large Capital Fund - Regular Growth Fund- 1,320.212 units of ₹.22.7201 each [PY: 1320.212 units of ₹.22.7201 each]	30,000	30,000
Canara Robeco Consumer Trends Fund - Regular Growth - 1,083.756 units of ₹.36.9086 each [PY: 1,083.756 unit of ₹. 36.9086 each]	40,000	40,000
Canara Robeco Equity Diversified - Regular Growth- 404.530 units of ₹.123.6002 each [PY: 404.530 units of ₹.123.6002 each]	50,000	50,000
	47,29,600	91,99,400
Net amount	1,55,57,100	2,00,26,900
Aggregate amount of Unquoted investments	1,08,27,500	1,08,27,500
Quoted NAV of investments	51,42,844	1,05,28,060
Investments in equity instruments- Others		
a) Investment in Winfoware Technologies Limited 14,87,120 equity shares (2019: 14,87,120 equity shares) face value of ₹. 5/- each purchased at a premium, constitutes 18.98% of the capital of that company.		
b) Investment in Mysore ESDM Cluster (Company constituted under section 8 of the Companies Act 2013), 2,500 equity shares of ₹. 10/- each constitutes 14.29% [PY:14.29%] of the capital of that company.		



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

13 Long-term loans and advances

	Non-current portion		Current portion	
	31.03.2020 (₹)	31.03.2019 (₹)	31.03.2020 (₹)	31.03.2019 (₹)
Capital Advances - Unsecured, considered good	3,52,17,866	1,82,97,773	-	-
Security Deposit				
Unsecured, Considered good				
Rent Deposit	2,06,95,684	2,12,79,836	-	-
Utility Deposit	31,65,378	31,44,108	-	-
EMD Deposit	-	-	62,04,174	64,54,791
Deposit against performance bank Guarantee	-	-	19,67,515	-
Loans and advances to related parties				
Unsecured, considered good	-	-	4,20,25,235	5,37,61,483
Advances recoverable in cash, kind or for value to be received				
Unsecured considered good	1,29,60,400	91,47,298	-	-
Other loans and advances	-	-	-	-
Balance with statutory/government authorities - Unsecured [Refer note 17]	39,59,835	24,70,215	5,29,82,262	1,92,27,740
Advance Income Tax (Net of Provisions)	30,05,049	41,37,074	-	-
Minimum Alternate Tax- Credit Entitlement (LT)	9,64,805	9,64,841	-	-
Loan and advances to employees	-	-	91,52,461	98,80,222
	7,99,69,018	5,94,41,145	11,23,31,647	8,93,24,237
Amount disclosed under the head "Short term Loans and Advances" [refer note 17]	-	-	(11,23,31,647)	(8,93,24,237)
Net amount	7,99,69,018	5,94,41,145	-	-
The above amount includes				
Unsecured, considered good	7,99,69,018	5,94,41,145	11,23,31,647	8,93,24,237

[Notes]

[13.1] An amount due from directors against employee loans given to them ₹.2,08,27,045/- (PY: ₹.3,09,71,197/-).

[13.2] Balance with statutory and government authorities Includes ₹.21,10,000/- [PY: ₹.16,00,000/-] paid under protest to Karnataka VAT authorities in relation to CST assessment for the year 2015-16 pending rectification as mentioned in Note 28.6.

14 Inventories

	31.03.2020 (₹)	31.03.2019 (₹)
Raw Materials and Components	1,05,53,75,078	94,81,86,048
Work in progress-Goods	14,13,05,882	11,19,07,007
Work in progress - Services	6,23,30,189	3,17,00,416
Finished Goods	18,92,19,533	6,26,57,772
Stores and spares	3,11,45,714	2,26,17,269
Goods In Transit	3,16,78,496	4,07,55,825
	1,51,10,54,892	1,21,78,24,337

*Inventory is valued at cost on FIFO method through the inventory module of accounting package used and consists of material costs and overheads to the extent applicable and allocated.

15 Trade Receivable

	31.03.2020 (₹)	31.03.2019 (₹)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	11,50,72,793	9,85,69,727
Unsecured, considered Doubtful	-	8,53,729



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	11,50,72,793	9,94,23,456
Less: Provision for doubtful receivable	-	8,53,729
Net total	11,50,72,793	9,85,69,727
Others		
Unsecured, considered good	83,47,39,463	1,13,79,59,247
Total	83,47,39,463	1,13,79,59,247
	94,98,12,256	1,23,65,28,974

16 Cash and Bank Balances

	31.03.2020 (₹)	31.03.2019 (₹)
Cash and Cash Equivalents		
In cash credit account ^[1]	13,773	18,92,30,534
In current accounts	45,07,613	80,10,723
In deposit account (Recurring deposit)	-	3,00,000
in EEFC account	1,54,952	2,14,830
Cash on hand	27,73,514	1,33,939
	74,49,851	19,78,90,026
Other bank balances		
Other earmarked balances ^[2]	7,77,76,380	6,26,14,505
Margin Money ^[3]	3,25,78,314	5,89,55,873
Other Deposits	50,16,438	42,21,736
	11,53,71,132	12,57,92,114
	12,28,20,983	32,36,82,140

[1] Represents the debit balance in Ratnakar Bank Limited (RBL) (PY: ₹ 18.92 Crores in Kotak Mahindra Bank)

[2] Other earmarked balances include deposits encumbered with a bank ₹ 6,10,07,795/- for providing working capital facility and is readily encashable and ₹. 5,00,000/-deposits encumbered with bank for providing bank guarantee towards Export Promotion Cell ,Mysore by a subsidiary company.

[3] Held with banks for issue of bank guarantees, letters of credit and guarantees to customs authorities

17 Short-term loans and advances

	31.03.2020 (₹)	31.03.2019 (₹)
Other loans and advances - Unsecured considered good		
Long-term loans and advances - Current Portion [Refer note 13]	5,93,49,385	7,00,96,497
Balance with statutory/government authorities [Refer note 17.1]	5,29,82,262	1,92,27,740
Prepaid expenses	3,21,06,163	4,03,10,575
Advance paid to Suppliers	19,10,63,842	10,27,08,504
Advance to Employees	-	1,23,597
Minimum Alternate Tax- Credit Entitlement	81,41,115	-
Total	34,36,42,768	23,24,66,913

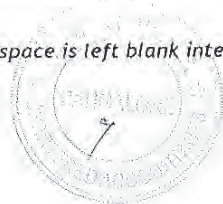
Notes:

17.1-Includes ₹.14,89,620/- due from customs authorities. An order was passed by the commissioner of customs on 19.7.2017 appropriating ₹. 5,10,380/- against the deposit of ₹. 20 lakhs and directing for returning the balance after following the refund procedures which is pending.

18 Other current assets

	31.03.2020 (₹)	31.03.2019 (₹)
Others		
Interest accrued	32,20,219	32,63,682
Unbilled Revenue	-	23,44,068
Grant Receivable	35,88,549	-
Total	68,08,768	56,07,750

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KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
 NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

19 Revenue from operations

	31.03.2020 (₹)	31.03.2019 (₹)
Sale of products		
Export Sales	75,52,42,278	57,20,34,950
Domestic Sales	2,61,25,59,670	2,80,03,70,554
Sale of services	31,45,85,047	26,99,12,573
Revenue from operations (Net)	3,68,23,86,995	3,64,23,18,077

20 Other Income

	31.03.2020 (₹)	31.03.2019 (₹)
Interest Income (Gross)		
On Fixed deposits	76,31,522	63,81,780
On Advances	35,27,330	32,59,936
From Customers	2,15,891	6,16,434
Interest on income tax refund received	-	2,51,251
Export incentives	55,12,620	96,30,392
Rent received	-	18,67,572
Liabilities Written Back, net	4,96,455	1,31,917
Profit on sale of mutual funds	10,16,798	-
Profit on sale of fixed assets	50,000	-
Miscellaneous Income	12,809	4,556
	1,84,63,425	2,21,43,838

21 Cost of raw materials and components consumed

	31.03.2020 (₹)	31.03.2019 (₹)
Inventory at the beginning of the year		
Raw Materials and Components	94,81,86,049	65,49,82,351
Add: Purchases	2,73,08,98,494	2,75,99,19,831
	3,67,90,84,543	3,41,49,02,182
Less: Inventory at the end of the year		
Raw Materials and Components	1,05,53,75,078	94,81,86,049
	2,62,37,09,464	2,46,67,16,133
Less: Research and Development Expenditure (Considered Separately in Note No. 25)	2,07,29,454	1,34,66,602
Cost of raw materials and components consumed	2,60,29,80,010	2,45,32,49,531

22 Purchases of Traded goods

	31.03.2020 (₹)	31.03.2019 (₹)
Purchase of traded goods	3,86,852	2,46,235
	3,86,852	2,46,235

23 Changes in inventories of finished goods, work-in-progress and traded goods

	31.03.2020 (₹)	31.03.2019 (₹)
Closing Stock		
Finished Goods	18,92,19,533	6,26,57,772
Work-in-progress-Goods	14,13,05,882	11,19,07,007
Work-in-progress-Service	6,23,30,189	3,17,00,416
	39,28,55,604	20,62,65,195



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
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Less:

Opening Stock		
Finished Goods	6,26,57,772	6,45,69,389
Work-in-progress-Goods	11,19,07,007	9,51,16,848
Work-in-progress-Service	3,17,00,416	-
	20,62,65,194	15,96,86,237
	(18,65,90,410)	(4,65,78,958)

24 Employee Benefits expense

	31.03.2020 (₹)	31.03.2019 (₹)
Salaries and Wages	40,85,35,245	39,45,43,564
Contribution to Provident and other funds	1,55,53,972	2,22,60,039
Staff welfare expenses	4,17,62,646	4,02,49,099
	46,58,51,863	45,70,52,702
Less: Research and Development Expenditure (Considered Separately in Note No. 25)	4,23,25,202	4,00,54,577
Less: Intangible Assets Capitalized (Refer Note No 36)	83,72,310	-
Total	41,51,54,351	41,69,98,125

25 Research and Development Expenditure

	31.03.2020 (₹)	31.03.2019 (₹)
Raw Materials, Components and Consumables	2,07,29,454	1,34,66,602
Salaries and Wages	4,23,25,202	3,95,37,418
Staff Welfare Expenses	-	5,17,159
Professional Charges	3,00,000	35,79,529
Communication expenses	3,75,624	4,00,030
Travelling and Conveyance	14,30,036	9,66,563
	6,51,60,316	5,84,67,301
Less: Grant Received (Refer Note No 36)	42,44,709	-
	6,09,15,607	5,84,67,301
Less : Capitalized as Intangible Assets /Intangible Assets under development	4,46,70,016	3,06,34,165
Total	1,62,45,590	2,78,33,135

26 Finance costs

	31.03.2020 (₹)	31.03.2019 (₹)
Interest		
- On Term/Vehicle Loans	1,04,10,020	96,22,250
- On Working Capital Loans	14,50,41,668	11,30,22,718
- On Debentures	5,15,60,860	4,61,55,981
- On delayed payment of Income Tax & TDS	60,28,337	49,66,568
- On delayed payment of other taxes	95,18,021	61,44,779
- Others	20,79,010	-
Loan processing Fees	59,75,760	72,85,573
	23,06,13,675	18,71,97,869
Less: Capitalization of Interest (Refer Note No 11(iii))	38,60,586	-
Total	22,67,53,090	18,71,97,869



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27 Other Expenses

	31.03.2020 (₹)	31.03.2019 (₹)
Rent	3,16,41,043	2,83,18,902
Rates and Taxes	2,49,29,745	1,49,22,260
Printing and Stationery	43,75,175	47,95,361
Insurance	40,90,186	39,15,252
Discounts allowed	46,60,064	3,51,922
Donations	12,35,645	1,25,93,460
Power and Fuel	2,80,96,554	3,02,45,460
Labour and Processing Charges	7,89,78,577	6,85,60,611
Conversion expenses	36,56,960	93,56,010
Stores, Spares and Consumables Consumed	7,95,75,546	7,25,70,687
Repairs and Maintenance:		
- Plant and Machinery	1,11,20,111	1,55,36,858
- Building	22,95,530	79,77,052
- Others	1,27,94,735	1,60,43,464
Security Charges	71,24,994	53,33,195
Legal and Professional Charges	1,77,33,838	2,08,18,824
Auditors Remuneration [Refer Note below]	18,89,000	14,79,000
Commission on Sales	46,84,133	5,00,111
LD/Claim Settled	8,48,895	61,09,519
Bank Charges	99,31,056	1,11,80,413
Communication expenses	73,59,848	57,66,468
Travelling and Conveyance	2,96,00,315	3,19,67,507
Advertisement and Business Promotion	1,33,14,725	1,84,26,274
Outward Freight and Forwarding	2,24,52,060	1,55,99,310
CSR expenditure	31,05,898	29,77,495
Bad Debts & advances Written Off, (net)	48,53,259	2,25,37,094
Loss on Foreign Exchange Fluctuation, (net)	62,28,702	1,24,90,856
Loss on sale of Fixed Assets	-	4,66,050
Loss on Revaluation of Fixed Assets	85,42,250	12,88,904
Software Expense	26,43,670	-
Provision for doubtful advances	-	6,84,000
Miscellaneous Expenses	5,41,389	10,37,399
	42,83,03,902	44,38,49,718
Less: Research and Development Expenditure (Considered Separately in Note No. 25)		
- Travelling and Conveyance	14,30,036	9,66,563
- Communications	3,75,624	4,00,030
- Legal & Professional charges	3,00,000	35,79,529
	21,05,660	49,46,122
Total	42,61,98,242	43,89,03,597

Auditors' Remuneration :

	31.03.2020 (₹)	31.03.2019 (₹)
Statutory Audit	13,64,000	10,39,000
Tax Audit	3,55,000	2,55,000
Taxation Services	1,20,000	1,00,000
Other certification	50,000	85,000
	18,89,000	14,79,000



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28 Contingent Liabilities and Commitments

Particulars	31.03.2020 (₹)	31.03.2019 (₹)
Contingent		
a) Claims against the company not acknowledged as debt		
Disputed income Tax Demand [refer note 28.1]	-	23,87,630
Disputed Income Tax Demand - CPC Demand [refer note 28.2]	17,36,670	-
Disputed Income Tax Demand - CPC Demand [refer note 28.3]	75,64,783	-
Disputed Income Tax Demand - CPC Demand [refer note 28.4]	4,94,11,430	19,60,393
Disputed Income Tax Demand - CPC demand [refer note 28.5]	11,13,987	-
Disputed Sales tax Demands pending rectification [refer note 28.6]	5,07,38,662	-
Disputed Sales tax Demands pending [refer note 28.7]	10,41,19,725	-
Interest on default in payment of TDS	3,65,960	1,23,511
b) Bank Guarantees for contractual performance	1,58,67,852	3,23,64,089
c) Bond Executed for Customs/Central Excise.	27,82,14,000	23,50,00,000
Covered by Bank guarantee to the extent of ₹.1,04,11,000/- [PY: Rs.41,25,000/-]		
d) Corporate Guarantee to a Bank for borrowings of Subsidiary Company	3,00,00,000	-
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	3,01,90,113	5,10,32,369

28 Joint Commissioner of Income Tax, Mysore has disallowed the claim made under 80IC for the assessment year 2010-11 stating that the expenses claimed for 80IC is not in accordance with the relevant provisions and issued a demand notice of ₹.23,87,630/-.The company has paid the full demand against this assessment and filed an appeal against this which the Hon. ITAT has remanded to Joint Commissioner of income tax thus cancelling the demand.

28 The CPC demand includes ₹.17,37,670/- against the disallowance made by ITO against under 35(2AB) for A.Y. 2016-17 and thereby reducing the MAT credit availed by the company which is disputed in appeal.

28 The CPC Demand includes ₹ 75,64,783/- against disallowance of claim under Section 35(2AB) for the AY 2017-2018. The company has paid ₹. 15,13,957/- under protest and an appeal filed.

28 The CPC demand at ₹. 4,94,11,430/- relates to mismatch of income/deductions/exemptions reported in the Income Tax Returns and Form 16 for AY 2018-2019 against which rectification / application is pending.

29 The CPC Demand for AY 2019-20 relates to disallowance of certain expenses and difference in credit for Tax Deducted at Source. The company is in the process of filing an appeal against this.

No provision is made in respect of the above income tax demands disputed in appeal / rectification as it has not reached finality and management is not expecting any material liability.

29 Sale tax demand includes ₹ 3,28,44,797 /- along with interest of ₹ 1,77,97,974/- and Penalty of ₹ 95,891/- against non submission of C. Forms for the assessment year 2015-2016. The Company has filed Rectification request and the matter is pending before Deputy Commissioner of Commercial Taxes VAT (Audit-2), Mysore Division. A sum of ₹ 21,00,000/- has been paid under protest against their demand.

29 Sale tax demand includes ₹ 6,05,34,724 /- along with interest of ₹ 4,35,85,001/- against non submission of C Forms for the assessment year 2014-2015. Company has filed appeal before Joint Commissioner Appeals of Commercial Taxes VAT Mysore Division and the decision is pending.

These demands have arisen due to non submission of certain forms most of which have been since submitted and management is confident of submitting in full and getting the demand reversed through rectification and hence no provision is considered necessary.

29 The investments in unquoted shares of two companies are strategic in nature and made with long term vision and one is a not for profit organization for supporting business. The business of the other company is expected to improve in the foreseeable future and hence carrying them at cost is considered appropriate by the management.

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

b) Some of the trade Receivables, loans & advances and trade payables are subject to confirmation. Management is of the opinion that discrepancies, if any, that may arise on such reconciliation/confirmation will not have any material impact on the financial statements on a net basis.



31 Internal Control Systems

The Group has an internal control system which is adequate considering the size and operations of the various companies. The group has an in-house team of accountants. The operations and activities of the group are supervised by the directors of the holding company and more closely on a day-to-day basis by the directors in charge of the respective companies and their top management team. They are also involved in the approval and processing of payments.

Considering the present size and operations of the group, it has implemented simple information systems consisting of a softwares customised for the holding company and another subsidiaries which are extensively used with very high level of acceptance in the industry. The identification of risks and controls is not a separate evaluation but an integral part of the processes and procedures followed by the company.

The holding company has a separate internal audit carried out by an external independent firm of Chartered Accountants. The operations of the above controls are also constantly monitored by the Directors and these were found to be effectively operating at the year end.

32 Disclosure requirements as specified under AS 15 - " Employee Benefits" are envisaged below:

[a.] Defined Contribution Plans

(Amounts in ₹.)

Particulars	31.03.2020	31.03.2019
Employers' contribution to Provident Fund	39,13,977	29,18,663
Employers' contribution to Employee State Insurance	41,43,100	47,39,024
Employers' contribution to Employee's Pension Scheme 1995	63,62,231	54,84,008

[b.] Defined Benefit Plan

(i) Kaynes Technology India Private Limited-(parent company)

Gratuity -Funded obligation

The liability towards gratuity is provided for on the basis of independent actuarial valuation using projected unit credit method. The liability for gratuity is administered through Life Insurance Corporation of India (LIC).

Compensated Absences- Unfunded obligation

Company provided for unavailed accumulated leave of employees on the basis of actuarial valuation using projected unit credit method.

i. Actuarial	Compensated Absences		Gratuity	
	2020	2019	2020	2019
Discount Rate (per annum)	7.00%	7.75%	7.00%	7.75%
Expected return on plan assets	NA	NA	7.00%	7.75%
Salary escalation rate*	5.00%	6.00%	5.00%	6.00%
Mortality rate	IALM 2012-14	IALM 06-08 Ultimate	IALM 12-14 Ultimate	IALM 06-08 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.

ii. Reconciliati	Compensated Absences		Gratuity	
	2020	2019	2020	2019
Present value of obligation at the beginning of the year	50,07,168	42,10,072	3,13,79,956	2,44,22,113
Current	13,28,491	16,62,531	49,94,681	49,29,762
Interest	3,50,502	3,26,281	21,96,597	18,92,714
Actuarial	(21,88,648)	(11,91,716)	(69,95,921)	15,49,082
Benefits	-	-	(5,94,692)	(14,13,715)
Present value of obligation at the end of the year	44,97,513	50,07,168	3,09,80,621	3,13,79,956



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iii. Reconciliation of fair value of plan assets	Gratuity	
	31.03.2020	31.03.2019
Fair value of plan assets at the beginning of the year	75,96,444	83,88,472
Return on plan assets	5,31,751	6,50,107
Actuarial gain/ (loss)	(22,331)	(28,420)
Contributions	-	-
Benefits paid	(5,94,692)	(14,13,715)
Assets distributed on settlement	-	-
Fair value of plan assets at the end of the year	75,11,172	75,96,444

iv. Description of Plan Assets	Gratuity	
	31.03.2020	31.03.2019
Insurer Managed Funds (LIC of India)	75,11,172	75,96,444

v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Compensated Absences		Gratuity	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Present value of obligation at the end of the year	44,97,513	50,07,168	3,09,80,621	3,13,79,956
Fair value of plan assets at the end of the year	-	-	75,11,172	75,96,444
Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	44,97,513	50,07,168	2,34,69,449	2,37,83,512

vi) (Income)/ Expense recognized in the Profit and Loss Statement	Compensated Absences		Gratuity	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Current Service Cost	13,28,491	16,62,531	49,94,681	49,29,762
Interest Cost	3,50,502	3,26,281	21,96,597	18,92,714
Actuarial (gain)/ loss recognized for the period	(21,88,648)	(11,91,716)	(69,73,590)	15,77,502
Expected return on plan assets	-	-	(5,31,751)	(6,50,107)
(Income)/ Expenses recognized in the Profit and Loss Statement	(5,09,655)	7,97,096	(3,14,063)	77,49,871

vii) History of defined benefit obligation, plan assets and experience adjustments over 5 years- Gratuity	2020	2019	2018	2017	2016
	Present value of obligation at the year end	3,09,80,621	3,13,79,956	2,44,22,113	2,06,39,759
Fair value of plan assets at end of the year	75,11,172	75,96,444	83,88,472	82,36,807	83,83,291
Funded status- (deficit)/ surplus	(2,34,69,449)	(2,37,83,512)	(1,60,33,641)	(1,24,02,952)	(1,26,18,753)
Experience adjustments on plan liabilities	(67,39,078)	9,71,684	(10,88,739)	(2,61,370)	(43,42,194)
Experience adjustments on plan assets	(22,331)	(28,420)	(3,213)	27,955	23,941

The above disclosures are based on information certified by the independent actuary and relied upon by auditors.



ii) Kemsys Technologies Private Limited-(subsidiary company)

(a) Gratuity - Unfunded Obligation

The liability towards gratuity is provided for on the basis of independent actuarial valuation using projected unit credit method.

(b) Compensated Absences- Unfunded obligation

Company provided for unavailed accumulated leave of employees on the basis of actuarial valuation using projected unit credit method.

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

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



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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.

iii) Kaynes International and Design Manufacturing Private Limited-(subsidiary company)

Gratuity -Unfunded obligation

The liability towards gratuity is provided for on the basis of independent actuarial valuation using projected unit credit method.

Compensated Absences- Unfunded obligation

Company provided for unavailed accumulated leave of employees on the basis of actuarial valuation using projected unit credit method.

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

i. Actuarial Assumptions	Compensated Absences		Gratuity	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Discount Rate (per annum)	7.00%	-	7.00%	-
Expected return on plan assets	NA	-	NA	-
Salary escalation rate*	5.00%	-	5.00%	-
Mortality rate	IALM 2012-14	-	IALM 2012-14	-

*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.

ii. Reconciliation of Obligation	Compensated Absences		Gratuity	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Present value of obligation at the beginning of the year	-	-	-	-
Current Service Cost	43,935	-	35,297	-
Past Service cost	-	-	-	-
Interest Cost	-	-	-	-
Actuarial (gain)/ loss	-	-	-	-
Benefits Paid	-	-	-	-
Present value of obligation at the end of the year	43,935	-	35,297	-

iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Compensated Absences		Gratuity	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Present value of obligation at the end of the year	43,935	-	35,297	-



Fair value of plan assets at the end of the year	-	-	-	-
Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	43,935	-	35,297	-

iv. (Income)/ Expense recognized in the Profit and Loss Statement

	Compensated Absences		Gratuity	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Current Service Cost	43,935	-	35,297	-
Interest Cost	-	-	-	-
Actuarial (gain)/ loss recognized for the period	-	-	-	-
Past Service Cost (if applicable)	-	-	-	-
Expected return on plan assets	-	-	-	-
(Income)/ Expenses recognized in the Profit and Loss Statement	43,935	-	35,297	-

v. History of past obligation etc is not given as it is first year.

33 Segment Reporting

The Group 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 Group has ten manufacturing facilities in India and two 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	31.03.2020	31.03.2019
Outside India	75,52,42,278	57,45,27,810
In India	2,92,71,44,717	3,06,77,90,267
Total	3,68,23,86,995	3,64,23,18,077

Assets

[i.] Carrying amount of geographical assets

Geographic Segment	31.03.2020	31.03.2019
Outside India	1,76,10,482	1,63,36,887
In India	3,70,23,21,064	3,62,74,58,663
Total	3,71,99,31,546	3,64,37,95,550

[ii.] Additions to Property, Plant and equipment and intangible assets

Geographic Segment	31.03.2020	31.03.2019
Outside India	10,80,65,897	9,57,51,244
In India	-	-
Total	10,80,65,897	9,57,51,244

34 Related Party Disclosures

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



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[A.] Related Parties and their Relationship with the Company

Ref	Description of relationship	Name of Related Parties
1	Entity in which Directors have substantial interest	Kaynes Interconnection Systems India Private Limited
2	Entity where relative of Directors have substantial interest	A ID Systems Private Limited
3	Key Managerial Personnel (KMP)	Mr. Ramesh Kannan (Managing Director) Ms. Savitha Ramesh (Whole Time Director) Mr. Jairam P Sampath (Whole Time Director) Mr. Martin Jahrling Mr. Sai Kamalesh
4	Relatives of KMP's	Ms. Premita Ramesh Mr. Govind Shasiprasad Menokee

[B.] Transactions with Related Parties

Transactions / Balances	Entities Controlled by Directors	Key Management Personnel	Relatives of KMP
[i.] Purchase of material:			
Kaynes Interconnection Systems India Private Limited	1,02,07,157 (81,73,637)	- (-)	- (-)
[ii.] Purchase of Property			
Ms. Savitha Ramesh	- (-)	1,36,32,220 (-)	- (-)
[iii.] Remuneration:			
Mr. Ramesh Kannan	- (-)	68,16,000 (1,43,16,000)	- (-)
Ms. Savitha Ramesh	- (-)	68,16,000 (1,43,16,000)	- (-)
Mr. Jairam P Sampath	- (-)	48,00,000 (71,50,000)	- (-)
Ms. Premita Ramesh	- (-)	- (-)	19,50,000 (24,00,000)
Mr. Govind Shasiprasad Menokee	- (-)	- (-)	30,00,000 (-)
Mr Sai Kamalesh	- (-)	40,99,200 (40,99,200)	- (-)
[iv.] Reimbursement of expenses			
Mr. Sai Kamalesh	- (-)	94,222 (3,94,799)	- (-)
Transactions / Balances	Entities Controlled by Directors	Key Management Personnel	Relatives of KMP
[v.] Sale of material:			
Kaynes Interconnection Systems India Private Limited	41,38,383 (24,43,624)	- (-)	- (-)
[vi.] Services Received from:			
Kaynes Interconnection Systems India Private Limited	1,40,076 (32,384)	- (-)	- (-)
[vii.] Transaction in current account (Net)			
Mr. Ramesh Kannan	- (-)	(33,66,611) (1,95,550)	- (-)



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
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Ms. Savitha Ramesh	-	(62,41,735)	-
	(-)	(3,40,257)	(-)

[C.] Balances with Related Parties

Transactions / Balances	Entities Controlled by Directors	Key Management Personnel	Relatives of KMP
[i.] Investments:			
Mysore ESDM Cluster	25,000	-	-
	(25,000)	(-)	(-)
[ii.] Loans and Advances			
Kaynes Interconnection Systems India Private Limited	1,64,25,765	-	-
	(2,03,33,704)	(-)	-
Mr. Sai Kamalesh	-	-	-
	(-)	(1,21,597)	(-)
[iii.] Commission & Purchase of materials Payable:			
Kaynes Interconnection Systems India Private Limited	-	-	-
	(47,37,316)	(-)	(-)
[iv.] Sale of materials Receivable:			
Kaynes Interconnection Svstems India Private Limited	-	-	-
	(-)	(-)	(-)
[v.] Amount Receivable from/ Due to directors:			
Mr. Ramesh Kannan (Dr. Balance)	-	1,06,86,482	-
	(-)	(1,42,48,642)	(-)
Ms. Savitha Ramesh (Dr. Balance)	-	1,25,41,917	-
	(-)	(1,67,22,556)	(-)
Mr. Jairam P Sampath (Cr. Balance)	-	561	-
	(-)	(5,71,474)	(-)
[vi.] Salaries payable			
Mr. Ramesh Kunhikannan	-	6,50,800	-
	(-)	(3,17,800)	(-)
Savitha Ramesh	-	3,30,800	-
	(-)	(3,77,800)	(-)
Mr. Jairam P Sampath	-	3,36,800	-
	(-)	(99,800)	(-)
Premita Ramesh	-	-	80,800
	(-)	(-)	(1,54,800)
Mr. Govind Shasiprasad Menokee	-	-	2,41,800
	(-)	(-)	(-)
Mr. Sai Kamalesh	-	-	-
	(-)	(2,68,100)	(-)
Transactions / Balances	Entities Controlled by Directors	Key Management Personnel	Relatives of KMP
[vii.] Balance in current account:			
Mr. Ramesh Kannan (Dr. Balance)	-	-	-
	(-)	(1,95,550)	(-)
Ms. Savitha Ramesh (Dr. Balance)	-	(24,01,353)	-
	(-)	(3,40,257)	(-)

[Note.]

- Numbers in Parentheses represent previous year number.
- Suspension of recovery of loan for one year was approved by the company at the extraordinary general meeting.



35 Operating Lease:

Group has entered into operating leases in respect of office/factory buildings some of which are effectively non cancellable.

Particulars	31.03.2020	31.03.2019
Not later than one year	1,01,30,640	Nil
One to five years	1,12,17,599	Nil
Total	2,13,48,238	Nil

36

(a) Research & Development

The holding company has a full fledged Research and Development Division which is approved by Department of Science & Industrial Research (DSIR) of the Ministry of Science & Technology, Government of India. The details of Expenditure incurred, recoveries made and amounts transferred to Intangible assets ₹.88,14,713/- and transferred to Intangible assets under development ₹.3,58,55,303/- on completion of successful research are given in Note No 25 above. The company has also carried out separate development work for an ERP Software outside the approved Research & Development Division and a sum of ₹.83,72,310/- incurred on is also included in intangible assets under development (Refer Note No: 11(iii))

One of the subsidiary company engaged in design and development of software and hardware design also incurred a sum of ₹.2,54,70,367/- which has also been included in intangible assets under development.

(b) Global Innovation & Technology Alliance

During the year the company entered into an agreement with Global Innovation & Technology Alliance (GITA), a not for profit company set up to technically and administratively manage industrial research and development programme of India with other countries to support Indian industry to gain economic competitiveness, for carrying out development of high power amplifier for use in low/mid field MRI Application under India Canada collaborative industrial research and development programme. In terms of this the company has sanctioned a sum of ₹ 1,50,00,000/- as conditional grant subject to certain terms and conditions including payment of royalty on sale of products that are developed under this agreement for a period of five years at rates to be agreed upon but not less than 2% of the sale value commencing from a date to be decided by GITA which shall be after six months from the date of successful completion of the development of product.

The company's claim against this has been approved for ₹. 46,44,549/- including ₹. 3,99,840/- towards cost of an equipment was sanctioned before 31-03-2020 and a sum of ₹. 10,56,000/- was received and the balance was received after the year ended which is disclosed in Note 18. The amount received has been netted off against the cost of the asset and balance sum of ₹. 42,44,709/- has been disclosed as a recovery against R & D costs. The project is in progress and management is hopeful of completing the project fully and claiming the balance amount also in the next year.

No provision for royalty is made as it is to be paid out of income to be earned out of sale of products on completion of the project.

37 Foreign exchange exposures not hedged by derivative instruments

Particulars	31.03.2020		31.03.2019	
	FC	Amount (₹)	FC	Amount (₹)
Payables :				
EURO	2,94,032	2,45,25,443	4,52,785	3,54,63,477
GBP	1,02,941	85,42,044	9,63,973	8,80,30,030
JPY	15,74,212	10,98,643	-	-
CHF	3,105	2,44,095	2,631	1,80,432
USD	53,02,905	39,79,78,134	73,77,073	51,35,91,841
Receivable				
EURO	6,13,408	4,67,61,015	10,73,936	8,23,49,389
GBP	3,55,947	3,09,34,218	4,17,581	3,72,27,328
CHF	1,88,331	1,48,04,500	2,12,702	1,45,89,198
USD	15,00,802	10,37,30,550	13,90,474	9,52,05,783
Loan and Advances :				
EURO	6,41,180	5,30,91,096	1,00,000	76,74,000
GBP	90,598	75,17,822	-	-
JPY	1,29,11,617	90,11,018	-	-
USD	11,84,323	8,88,24,225	-	-

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38 Earnings Per Share

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

Particulars	31.03.2020	31.03.2019
<i>Basic and Diluted:</i>		
Net Profit After Tax as per Profit and Loss Account (₹.) - (A)	11,28,01,016	9,66,24,179
Weighted Average Number of Shares outstanding for Basic & Diluted EPS (Nos.) -	67,99,992	67,99,992
Basic earnings per share (₹.) (A) / (B)	16.59	14.21
Diluted earnings per share (₹.) (A) / (B)	16.59	14.21
Nominal value per share (₹.)	10	10

39 Production, stock and sales

[A.] Raw materials consumption; [Bare Printed Circuit Boards' (PCB's) , Integrated Circuits (IC's),etc.]

Particulars	31.03.2020		31.03.2019	
	Quantity (No's)	Value	Quantity (No's)	Value
Integrated Circuits	1,87,70,191	69,30,96,005	1,71,89,484	62,15,26,354
Printed Circuit Boards	1,03,09,224	34,10,60,268	99,40,907	29,69,75,866
Other Components (individually less than 10% of total consumption)	50,76,93,791	1,56,88,23,738	42,09,876	1,53,47,47,311
Total	53,67,73,206	2,60,29,80,010	3,13,40,267	2,45,32,49,531

Particulars	Value		Percentage (%)	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Imported	1,58,09,68,620	1,74,64,99,273	61%	71%
Indigenous	1,02,20,11,390	70,67,50,258	39%	29%
Total	2,60,29,80,010	2,45,32,49,531	100%	100%

[B.] Stock of

Particulars	Finished Goods	
	31.03.2020	31.03.2019
Manufactured goods	18,92,40,061	6,26,57,772
Total	18,92,40,061	6,26,57,772

* The company has only one major product i.e. Populated PCBs. Hence no category wise break-up is given.

40 CIF Value of Imports

Particulars	Value	
	31.03.2020	31.03.2019
Raw Materials	1,59,06,14,305	1,68,88,81,777
Components & Spare parts	3,20,55,671	6,28,52,068
Capital Goods	18,75,319	77,53,070

41 Earnings in Foreign Currency

Particulars	Value	
	31.03.2020	31.03.2019
Software development and Engineering Design	87,44,622	24,92,860
Earnings in Foreign Currency - Export of goods (FOB)	74,64,97,656	57,20,34,950
Total	75,52,42,278	57,45,27,811



42. Expenditure in Foreign Currency

Particulars	Value	
	31.03.2020	31.03.2019
Commission	1,31,26,371	1,33,83,740
Travel	3,03,431	25,43,121
Advertisement & Business Promotion	5,46,084	34,86,043
Legal & Professional charges	-	10,83,104

43 The outbreak of COVID-19 had resulted in the Government of India undertaking drastic measures for containment of the disease. In view of these measures, the operations at the manufacturing units of the group was fully shutdown from March, 23 2020. The Group was able to resume limited operations at some of its manufacturing units during April, 2020. The group was able to achieve almost normal level of operations from 11th May, 2020 consequent to further relaxations from the Government Authorities and has since achieved capacity utilisation at near normal levels.

Consequent to the sudden lockdown imposed, the group was not able to despatch goods manufactured and kept ready and appropriated against confirmed orders to the extent of ₹.2,57,23,458 /- although the same were invoiced and recognised as sales. These have been since and accepted by the customers.

The incremental costs incurred by the group to adhere to the standard operating procedures notified by the Government / Authorities for operating its facilities was not significant.

The global spread of COVID-19 has led to an uncertain business environment including its ability to pursue recovery of its advances and using the accumulated stocks. The management has considered the possible effects that may result from the COVID-19 pandemic on the carrying value of various assets including loans and advances after taking into account various internal and external information including for settlement of liabilities upto the date of approval of these financial statements and have concluded that they are fully recoverable based on the expected future performance of the group on a net basis. The group has also assessed various scenarios and assumptions and based on the current estimates, the management expects that the carrying amount of these assets, as reflected in the balance sheet as at March 31, 2020, net of provisions made are fully recoverable and that no further provision is required.

Considering the present liquidity position of the group and its ability to raise funds, if required, the management does not foresee any adverse impact on its ability to continue as going concern and in meeting its liabilities as and when they fall due.

The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature as well as it's duration and the management will continue to monitor any events/ changes to future economic conditions. Accordingly, the final impact may be different from that estimated as at the date of approval of these financial statements.

44 Corporate Social Responsibility:

[i.] Pursuant to section 135 of the Companies Act, 2013, a CSR committee has been formed by the company. The areas for CSR activities are promoting education, rendering help at the time of natural calamities, and helping under privileged people etc. which are in compliance with Schedule VII of Companies Act,2013.

[ii.] The details of amounts spent during the year and remaining unspent on CSR project are as below:

Particulars	Amount [₹.]	
	31.03.2020	31.03.2019
<i>Amount spent for eligible CSR projects :</i>		
Gross Amount required to be spent by the company during the year	30,39,202	27,11,002
Budget allocated by the Board during the year	30,44,894	30,00,000
Amount Spent during the year	31,05,898	29,77,495
Cumulative amount Unspent	-	-



KAYNES TECHNOLOGY INDIA PRIVATE LIMITED
NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

45 Additional information, as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as subsidiaries.

Name of the entity	Net Assets: Total Assets minus Total liabilities		Share in Profit or Loss	
	As a % of consolidated net assets	Amount (₹)	As a % of consolidated profit or loss	Amount (₹)
Parent Company Kaynes Technology India Private Limited	99.997%	1,04,92,45,789	96.60%	10,78,08,178
Subsidiaries				
Kemsys Technologies Private Limited	-2.46%	(2,58,44,790)	0.21%	2,34,398
Kaynes Embedded Systems Private Limited	0.00%	-	-2.57%	(28,67,717)
Kaynes Technology Europe GmbH	1.20%	1,25,44,449	0.47%	5,29,416
Kaynes International Design & Manufacturing Private Limited (Incorporated on 21.11.2018)	0.75%	78,36,971	6.36%	70,96,741
Minority Interests	0.52%	54,94,614	-1.08%	(12,01,972)

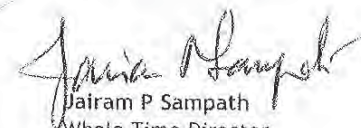
46 Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

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


For and on behalf of the Board of Directors of
Kaynes Technology India Private Limited
CIN: U29128KA2008PTC045825

As per our report of the even date attached



Ramesh Kunhikannan
Managing Director
[DIN: 02063167]


Jairam P Sampath
Whole Time Director
[DIN: 08064368]

For VARMA & VARMA
Chartered Accountants
Firm Registration No: 0045325


N Srividhya
Company Secretary




Cherian K Baby
Partner
M. No.016043

Place: Mysore
Date: 17/12/2020

Place: Mysore
Date: 17/12/2020

Place: Bangalore
Date: 17/12/2020