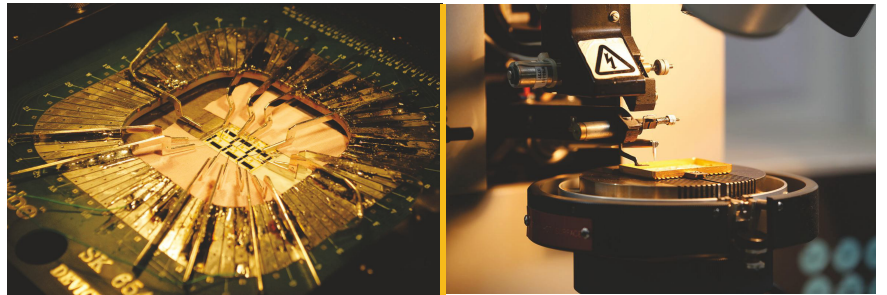


**KARNATAKA HYBRID
MICRO DEVICES LTD.**

Annual Report 2021-22



CERTIFICATE OF REGISTRATION

This is to certify that the management system of:

Karnataka Hybrid Micro Devices Ltd.

Main Site: Plot No. 103, 4th Cross, KEONICS Electronics City,
Hosur Road, Bangalore - 560100, Karnataka, India

has been registered by Intertek as conforming to the requirements of:

ISO 9001:2015

The management system is applicable to:

Design and Manufacture of Hybrid Micro Circuits and Manufacture of
Printed Circuit Boards Assemblies using Surface Mount and through
hole Technologies.

Certificate Number:

IBA-0350.12

Initial Certification Date:

16 April 2005

Date of Certification Decision:

08 April 2020

Issuing Date:

08 April 2020

Valid Until:

12 April 2023



Intertek



014

Calin Moldovean

President, Business Assurance

Intertek Certification Limited, 10A Victory
Park, Victory Road, Derby DE24 8ZF, United
Kingdom

Intertek Certification Limited is a
UKAS accredited body under
schedule of accreditation no. 014.





KARNATAKA HYBRID MICRO DEVICES LIMITED

CIN : U85110KA1992PLC012851

Registered Office : No. 103, 4th Cross, Electronic City, Phase I, Bengaluru - 560 100

Telephone : 91 80 28521506/1507 Email : info@khmdl.com Web : www.khmdl.com

BOARD OF DIRECTORS

Mr. Gopal Purandar Das, M.Sc.,
Prof. E.S. Dwarakadasa, B.E., M.S, Ph.D. (IISc), FNAE
Mr. S.G. Raghavan, B.E.,
Ms. Kuntala P Das, MS
Mr. K.G. Raghavan, B. Com, LLB
Dr. Gundu H.R. Rao, M.S., Ph.D.(USA)
Mr. M V Sampath Kumar, BE-Mech., PGDM (IIM-C)
Mr. C N Madhusudan, B.Sc., PGDM

Chairman & Managing Director
Chairman Emeritus
Director & Senior Advisor
Director
Director
Independent Director
Independent Director
Independent Director

AUDIT COMMITTEE

Mr. C N Madhusudan, Chairman
Prof. E.S. Dwarakadasa, Member
Mr. M V Sampath Kumar, Member

NOMINATION & REMUNERATION COMMITTEE

Mr. C N Madhusudan, Chairman
Prof. E S Dwarakadasa, Member
Mr. M V Sampath Kumar, Member

SHARE TRANSFER COMMITTEE:

Prof. E.S. Dwarakadasa, Chairman
Mr. Gopal Purandar Das, Member
Mr. K. Sivaram, Member

CHIEF EXECUTIVE OFFICER

Mr. Paramjeet Singh, *BE (Mech), ME (Mech)*

CHIEF FINANCIAL OFFICER

Mr. K Sivaram

AUDITORS

Messrs. MSB Rao & Co.
Chartered Accountants
Bangalore

COMPANY SECRETARY

Ms. Nutan Soudagar
w.e.f. 1st September 2022

COMPANY SECRETARY CONSULTANT

Mr. Vijayakrishna K T
Company Secretary

BANKERS

Canara Bank
Industrial Finance Branch,
Infantry Road
Bangalore – 560 25

REGISTRAR AND SHARE TRANSFER AGENT

NSDL Database Management Limited
4th Floor Trade World A Wing, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai- 400013

Table of Contents	Page No.
Board's Report	2 - 9
Annexure to the Board's Report	10 - 16
Auditors Report	17 - 26
Balance Sheet as at 31st March, 2022	27
Statement of Profit & Loss for the year ended 31st March, 2022	28
Cash Flow Statement	29
Notes attached to and forming part of the Financial Statements for the year ended 31 st March, 2022	30-32
Notes to Financial Statements for the year ended 31st March, 2022	33-45

BOARD'S REPORT

To
The Members
KARNATAKA HYBRID MICRO DEVICES LIMITED

Your Directors have pleasure in presenting the Thirtieth Annual Report and the Audited Financial Statements for the Financial Year ended 31st March, 2022.

1. FINANCIAL HIGHLIGHTS:

(INR in Millions)

Financial Results	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Revenue	215.84	181.79
Profit before Depreciation and interest	(27.94)	(0.69)
Depreciation	13.33	14.56
Interest	7.82	4.46
Profit before tax	(49.09)	(19.71)
Profit after tax	(46.45)	(14.34)

2. OPERATIONS REVIEW:

Your Company posted a revenue of INR 215.84 million for the year ended 31st March 2022 as against INR 181.79 million posted in the previous fiscal year. Your Company incurred a net loss of INR 46.45 million as against the net loss of INR 14.34 million in the previous fiscal year.

Significant slowdown in the Automotive sector as well as delay in the release of new contract for space grade hybrid microcircuits and spill-over effect of COVID slow-down coupled with COVID-mandated partial closure did impede the growth and decrease in the bottom line.

Your Company undertook major restructuring activities and up-gradation of facilities to gear up to the changing technology requirements including the induction of experienced R&D, Product development, and Manufacturing experts entailing significantly higher personnel costs.

3. ORGANISATIONAL RESILIENCE AND COMBATING COVID-19:

In these difficult times of the COVID-19 PANDEMIC, resilience for an organisation is paramount. During the year, the Company focussed on achieving its business goals hand-in-hand with improving cash from operations and cutting costs. Necessary efforts were made towards business continuity and resilience. The Company has endeavoured to expand in areas of research & development, innovation, technology and upskill its employees during the year. Efforts were made to support the work, workforce and workplace experiences by advanced technology and behaviour that has defined work as a thing we do, not a place we go to, resulting in valued performance and output.

The Company continued extending its support to the workforce at large by supplying hand sanitisers and surgical masks etc. The Company stringently followed the prescribed social distancing and thermal screening of all the employees and visitors. All the incoming materials were also subjected to screening and sanitation. The office-based employees sustained the practice of remote working / working from home with the help of adequate peripherals and other assistance and those working from production units were ensured with utmost care and precaution at all times.

4. PERFORMANCE HIGHLIGHTS:

- Your Company embarked on indigenization of the Fuel Sensor micro-electronics for two-wheeler application in tune with "Atmanirbhar Bharath " initiatives to replace the imports from China. The

development was successfully completed in record time and this will significantly enhance the revenue in the coming years.

- The Company with intent to increase its revenues significantly has started to develop its own products and has strengthened its R&D team. Two major such products under development are “Solar Street Light Charge Controller” and “ Intelligent Power Module”.
- Solar Street Light Charge Controller is an intelligent device and connects Solar Panel, Li-Ion Battery and the LED light. In India, currently the majority of Charge Controllers required are imported. Solar lighting is a growing market as it is clean energy and reduces load on the grid. This product is currently under qualification and expected to be launched within the calendar year 2022. Few years down the line this product is expected to significantly contribute to the revenues of KHMDL.
- Intelligent Power Module is a device used in Electric Vehicles and takes the power from the battery and signal from the Vehicle Controller and drives the motor accordingly. This is going to be patented technology with KHMDL getting the unconditional rights to make products and sell it anywhere in the world. This is expected to be better than what is currently available in the market at a very competitive price. This product is under development and expected to be launched by the second quarter of 2023. This product is expected to be a major contributor to the KHMDL revenues a few years down the line.

5. CHANGE IN THE NATURE OF BUSINESS:

There were no changes in the nature of business during the year under review as prescribed in Rule 8(ii) of the Companies (Accounts) Rules, 2014.

6. MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments between the end of the Financial Year and the Date of the Report, which affect the financial position of the Company.

7. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no material changes after 31st March, 2022 till the signing of this Report.

8. DIVIDEND:

Your Directors have not recommended any dividend for the year.

9. AMOUNTS TRANSFERRED TO RESERVES:

The Board has not proposed to transfer any amount to its reserves.

10. CHANGES IN SHARE CAPITAL:

During the Financial Year 2021-22, the Share Capital of the Company has not been altered.

11. INVESTORS' EDUCATION AND PROTECTION FUND:

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“the IEPF Rules”), all unpaid or unclaimed Dividends are required to be transferred by the Company to the IEPF, established by the Government of India, after the completion of seven years. Further, according to the Rules, the Shares on which Dividend has not been paid or claimed by the Shareholders for seven consecutive years or more shall also be transferred to the DEMAT account of the IEPF Authority. During the year under review, there were no unpaid or unclaimed amount required to be transferred to IEPF account.

12. BOARD MEETINGS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. The Board of Directors duly met 4 (four) times from 1st April, 2021 to 31st March, 2022 on the following dates: 21.07.2021, 17.11.2021, 08.01.2022, 21.01.2022.



The Agenda and notes thereon for the Meeting were circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated and maintained according to the provisions of Secretarial Standards and the Companies Act, 2013.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year under review following changes took place in the composition of the Board of Directors of your Company as follows:

1. Resignation and appointment of Company Secretary:

Ms. Divyashree Hegde (ACS:63735) who was appointed as Company Secretary and Key Managerial Personnel of the Company on 10th June, 2021 resigned from the office with effect from 8th March, 2022. Ms. Nutan Soudagar (A26148) has been appointed as Company Secretary and Key Managerial Personnel with effect from 1st September, 2022.

2. Appointment of Mr. C N Madhusudan (holding DIN: 02341987) as Additional Director of the Company:

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors has inducted Mr. C N Madhusudan (holding DIN:02341987) to the Board. His appointment is subject to approval of the Shareholders. Accordingly, Ordinary Resolutions seeking the appointment of Director and Independent Director of the Company are included in the Notice convening the Annual General Meeting.

14. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received necessary declaration from each Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) (**Annexure I**).

15. RECEIPT OF ANY COMMISSION BY MD / WTD FROM A COMPANY OR FOR RECEIPT OF COMMISSION / REMUNERATION FROM ITS HOLDING OR SUBSIDIARY:

During the Financial Year 2021-22, no commission was paid to Managing Director or Whole Time Directors. The Company has no holding or subsidiary company. Hence, disclosure about receipt of any commission by MD / WTD from a Company and/or receipt of commission / remuneration from its Holding or Subsidiary has not been attached to this Annual Report.

16. REMUNERATION POLICY:

Your Company adopts the following policy on remuneration of Directors and Senior Management Employees.

I. Remuneration of Non - executive Directors:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee Meetings and Commission as recommended by Nomination and Remuneration Committee and approved by the Board.

II. Remuneration of Managing Director & Chief Executive Officer:

At the time of appointment or re-appointment, the Managing Director & Chief Executive Officer shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Chief Executive Officer & Managing Director within the overall limits prescribed under the Companies Act, 2013. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

III. Remuneration of Senior Management Employees:

The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance, industry benchmark and current compensation trends in the market;

17. MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company had met during the year to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairman of the Company and Non-Executive Directors and other items as stipulated under of the Companies (Appointment and Qualification of Directors) Rules, 2014. The Independent Directors have also declared their independence.

18. ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS:

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors, pursuant to the provisions of the Companies Act, 2013.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors based on criteria such as Board structure and composition, formation and delegation of responsibilities to Committees, Board processes and their effectiveness, degree of effective communication with the stakeholders.

The performance of the Board Committees was evaluated by the Board after seeking inputs from the Committee Members based on criteria such as Committee composition, structure, effectiveness of Committee Meetings.

Independent Directors of the Company provided their views on performance of Non-Independent Directors, and the Board as a whole, considering the views of Executive Directors and Non-Executive Directors.

Your Board has evaluated the Independent Directors and confirms that all Independent Directors fulfilled the independence criteria as specified in the Companies Act, 2013 and their independence from the management.

19. AUDITORS:

Messrs. M.S.B. Rao & Co., Chartered Accountants, Bangalore having Firm Registration Number 006072S, were appointed as Statutory Auditors for a period of five (5) years until the conclusion of 30th Annual General Meeting. Messrs. M.S.B. Rao & Co., have successfully completed their term of appointment as the Statutory Auditors of the Company as per the Companies Act, 2013.

Based on the recommendation of the Audit Committee, the Board of Directors proposed to appoint Messrs. Ishwar and Gopal, Chartered Accountants, Bangalore, having the Firm registration number 001154S as Statutory Auditors of the Company for a period of 5 years from the conclusion of 30th Annual General Meeting till the conclusion of 35th Annual General Meeting thereafter, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting

20. QUALIFICATIONS IN THE AUDIT REPORT:

There were no qualifications or observations by the Auditors in their Audit Report.

21. DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- a. in the preparation of the Financial Statements, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- d. the Directors had prepared the Financial Statements on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. EXTRACT OF ANNUAL RETURN:

As required under section 92(3) of the Companies Act, 2013 and rule 12 of the Companies (Management and Administration) Rules, 2014 read with Companies Amendment Act, 2020, an annual return in MGT-7 is placed in the website of the Company i.e. www.khmdl.com

23. COMPOSITION OF THE COMMITTEES:

Following are the composition of various Committees:

a. Composition of Audit Committee:

Mr. C N Madhusudan, Chairman
Prof E S Dwarakadasa, Member
Mr. M V Sampath Kumar, Member

b. Composition of Nomination and Remuneration Committee:

Mr. C N Madhusudan, Chairman
Prof. E.S. Dwarakadasa, Member
Mr. M V Sampath Kumar, Member

c. Composition of Share Transfer Committee:

Prof. E.S. Dwarakadasa, Chairman
Mr. Gopal Purandar Das, Member
Mr. K. Sivaram, Member

24. DISCLOSURE RELATING TO REMUNERATION OF EMPLOYEES:

There are no employees receiving remuneration more than Rs. 1,02,00,000/- (Rupees One Crore Two Lakhs Only) per annum and / or Rs. 8,50,000/- (Rupees Eight Lakhs Fifty Thousand Only) per month.

There are no employees posted and working in a country outside India, not being Directors or relatives, drawing more than Rs. 1,02,00,000/- (Rupees One Crore Two Lakhs Only) per financial year or Rs. 8,50,000/- (Rupees Eight Lakhs and Fifty Thousand Only) per month as the case may be. Therefore, statement / disclosure pursuant to Sub Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required to be circulated to the members and is not attached to the Annual Report.

25. DETAILS RELATING TO DEPOSITS:

Your Company has not invited / accepted / renewed any deposits from the public as defined under the provisions of Companies Act, 2013 and accordingly, there were no deposits which were due for repayment on or before 31st March 2022.

26. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

There were no such events during the year.

27. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company is following adequate Internal Financial Controls with reference to the Financial Statements.

28. REPORTING OF FRAUD:

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013. Further, no case of Fraud has been reported to the Management from any other sources.

29. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES / JOINT VENTURES:

Your Company does not have Subsidiary / Associate / Joint Venture Company.

30. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013. The details of loans, guarantees or investments are as follows:

Details of Loans:

SL No	Date of making loan	Details of Borrower	Amount	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Date of BR	Date of SR (if reqd)	Rate of Interest	Security
The Company has not given any loan during the Financial Year 2021-22									

Details of Investments:

SL No	Date of investment	Details of Investee	Amount	Purpose for which the proceeds from investment is proposed to be utilized by the recipient	Date of BR	Date of SR (if reqd)	Expected rate of return
1	05.06.2014	ELCIA ESDM Clusters	11,000	Establishment of common electronic testing lab at Electronic City	28.02.2014	NA	NA

Details of Guarantee / Security Provided:

SL No	Date of providing security/ guarantee	Details of recipient	Amount	Purpose for which the security/guarantee is proposed to be utilized by the recipient	Date of BR	Date of SR (if any)	Commission
The Company has not provided any Guarantee / Security during the Financial Year 2021-22.							

31. RISK MANAGEMENT POLICY:

The Board reviews the potential risks and address the various options of mitigating them at regular intervals.

32. VIGILANCE MECHANISM/WHISTLE BLOWER POLICY:

The Company has established a Whistle Blower Policy for Directors and employees to report their genuine concern.

33. EMPLOYEE RELATIONS:

The Directors acknowledge with thanks the contributions made by employees towards the growth of the Company and appreciate their active co-operation and support to the Management.

34. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

- A. CONSERVATION OF ENERGY:** Your Company continues to infuse every effort to conserve the energy efficiently. Separate Energy meters are installed in every department to Audit periodically to have a better internal control and Accountability.
- B. TECHNOLOGY ABSORPTION:** Your Company proposes to augment its facilities and capacity by inducting new capital equipment with ISO Certification and highly talented technical manpower is set to introduce new technologies and products both in processes and production.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

Total Exchange used	As on 31 st March, 2022: Rs. 38.40 million As on 31 st March, 2021: Rs. 33.11 million
Total Foreign Exchange Earned (Accrual Basis)	As on 31 st March, 2021: NIL As on 31 st March, 2020: NIL

35. CORPORATE SOCIAL RESPONSIBILITY POLICY:

Since the Company does not meet the criteria for the applicability of Section 135 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2015, this clause is not applicable.

36. RELATED PARTY TRANSACTIONS:

During the year under review, the Company has entered into related party transactions and the particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in AOC-2 format has been enclosed with this report. **Annexure -II.**

37. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

A policy on Prevention of Sexual Harassment at Workplace has been released by the Company. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior. Three-member Internal Complaints Committee (ICC) was set up from the senior management with women employees constituting majority. The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

No complaint pertaining to sexual harassment was reported during the year.

38. COMPLIANCE WITH THE APPLICABLE SECRETARIAL STANDARDS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

39. FORMAL ANNUAL EVALUATION:

The Board of Directors has done a formal evaluation of its own performance and that of its committees and individual Directors.

40. DISCLOSURE ABOUT COST AUDIT:

The Company is not required to compile Cost accounts as the turnover is less than the limited prescribed under the Companies Act, 2013.

41. EVENT BASED DISCLOSURES:

There were no events required to be mentioned during the Financial Year 2021-22.

42. ACKNOWLEDGEMENT:

The Directors wish to place on record their appreciation for the sincere and dedicated efforts of all employees. Your Directors would also like to thank the Shareholders, Bankers and other Business associates for their sustained support, patronage and cooperation.

For and on behalf of the Board of Directors of
Karnataka Hybrid Micro Devices Ltd.

Gopal Purandar Das

Chairman & Managing Director

DIN: 06850671

Address: No. 12, KCN Mansion
Madhavanagar, Yamunabai Road
Bangalore - 560001

Place: Bangalore
Date : 30th August, 2022



DECLARATION OF INDEPENDENCE

Date: 09.06.2022

To
The Board of Directors
Karnataka Hybrid Micro Devices Limited
Plot No. Part 103, 4th cross, Electronics city
Bangalore – 560100

Sirs,

Sub: Declaration of independence under sub-section (6) of Section 149 of the Companies Act, 2013.

I, C N Madhusudan, son of Mr. Coimbatore Narayana Iyengar Narasimha Murthy, hereby certify that, I am a Director of Karnataka Hybrid Micro Devices Limited, Bangalore and I comply with all the criteria of Independent Director as envisaged in Section 149 of Companies Act, 2013.

I certify that:

1. I possess relevant expertise and experience to be an Independent Director in the Company;
2. I am/was not a promoter of the Company or its holding, subsidiary or associate Company or member of the promoter group of the Company;
3. I am not related to promoters or Directors in the Company, its holding, subsidiary or associate Company;
4. I am not related to persons occupying management positions at the Board level or at one level below the Board;
5. Apart from receiving Director's remuneration/sitting fees/commission, or having transaction not exceeding ten per cent of my total income or such amount as may be prescribed by the Company, I have or had no material relationship with the Company, its promoters, its Directors, its senior management or its holding, subsidiary or associate Company, or their promoters, or Directors, during the immediately preceding two financial years or during the current financial year;
6. None of my relatives:
 - a. has or had any pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 Lakhs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.
 - b. is holding any security of or interest in the Company, its holding, subsidiary or associate Company during the two immediately preceding financial years or during the current financial year of face value not exceeding Rs. 50 lakhs or 2 % of the paid-up capital of the Company, its holding, subsidiary or associate Company or such higher sum as may be prescribed;
 - c. is indebted to the Company, its holding, subsidiary or associate Company or their promoters, or Directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - d. has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate Company or their promoters, or Directors of such holding Company; for an amount of Rs. 50 lakhs during the current financial year.
 - e. has any other pecuniary transaction or relationship with the Company, or its subsidiary, or its holding or associate Company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (b), (c) or (d);
7. Neither I nor any of my relatives:
 - a. holds or held the position of a key managerial personnel or is or has been an employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.

- b. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of:
 - i. a firm of auditors or Company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate Company; or
 - ii. any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
 - c. holds together with my relatives two per cent or more of the total voting power of the listed entity; or
 - d. is a Chief Executive or Director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts or corpus from the Company, any of its promoters, Directors or its holding, subsidiary or associate Company or that holds 2% or more of the total voting power of the Company;
8. Who possesses such other qualifications as prescribed under Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
9. I am not less than 21 years of age.
10. I have registered with the Independent Directors Data Bank maintained by Indian Institute of Corporate Affairs on the <https://www.independentDirectorsdatabank.in>.
11. I affirm to make an application for renewal for a further period of one year or five years or for the life-time, within a period of thirty days from the date of expiry of the period up to which my name was applied for inclusion in the data bank.
12. I am not a material supplier, service provider or customer or a lessor or lessee of the Company;

Declaration

I do hereby declare and confirm that the above said information are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its Directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you

Yours faithfully

C N Madhusudan

Director

DIN: 02341987

Address: #16/1, Swamy Alcove, 4th Cross
Lakshmi Road, Near Swathi Road
Shanthinagar, Bangalore South,
Wilson Garden, Bangalore - 560027



DECLARATION OF INDEPENDENCE

Date: 09.06.2022

To
The Board of Directors
Karnataka Hybrid Micro Devices Limited
Plot No. Part 103, 4th cross, Electronics city
Bangalore – 560100

Sirs,

Sub: Declaration of independence under sub-section (6) of Section 149 of the Companies Act, 2013.

I, Mavanur Venkatachala Sampath Kumar Iyengar, son of Mr. Mavanur Venkatachala Iyengar, hereby certify that, I am a Director of Karnataka Hybrid Micro Devices Limited, Bangalore and I comply with all the criteria of Independent Director as envisaged in Section 149 of Companies Act, 2013.

I certify that:

1. I possess relevant expertise and experience to be an Independent Director in the Company;
2. I am/was not a promoter of the Company or its holding, subsidiary or associate Company or member of the promoter group of the Company;
3. I am not related to promoters or Directors in the Company, its holding, subsidiary or associate Company;
4. I am not related to persons occupying management positions at the Board level or at one level below the Board;
5. Apart from receiving Director's remuneration/sitting fees/commission, or having transaction not exceeding ten per cent of my total income or such amount as may be prescribed by the Company, I have or had no material relationship with the Company, its promoters, its Directors, its senior management or its holding, subsidiary or associate Company, or their promoters, or Directors, during the immediately preceding two financial years or during the current financial year;
6. None of my relatives:
 - a. has or had any pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 Lakhs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.
 - b. is holding any security of or interest in the Company, its holding, subsidiary or associate Company during the two immediately preceding financial years or during the current financial year of face value not exceeding Rs. 50 lakhs or 2 % of the paid-up capital of the Company, its holding, subsidiary or associate Company or such higher sum as may be prescribed;
 - c. is indebted to the Company, its holding, subsidiary or associate Company or their promoters, or Directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - d. has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate Company or their promoters, or Directors of such holding Company; for an amount of Rs. 50 lakhs during the current financial year.
 - e. has any other pecuniary transaction or relationship with the Company, or its subsidiary, or its holding or associate Company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (b), (c) or (d);
7. Neither I nor any of my relatives:
 - a. holds or held the position of a key managerial personnel or is or has been an employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.

- b. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of:
 - i. a firm of auditors or Company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate Company; or
 - ii. any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
 - c. holds together with my relatives two per cent or more of the total voting power of the listed entity; or
 - d. is a Chief Executive or Director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts or corpus from the Company, any of its promoters, Directors or its holding, subsidiary or associate Company or that holds 2% or more of the total voting power of the Company;
8. Who possesses such other qualifications as prescribed under Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
 9. I am not less than 21 years of age.
 10. I have registered with the Independent Directors Data Bank maintained by Indian Institute of Corporate Affairs on the <https://www.independentDirectorsdatabank.in>.
 11. I affirm to make an application for renewal for a further period of one year or five years or for the life-time, within a period of thirty days from the date of expiry of the period up to which my name was applied for inclusion in the data bank.
 12. I am not a material supplier, service provider or customer or a lessor or lessee of the Company;

Declaration

I do hereby declare and confirm that the above said information are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its Directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you

Yours faithfully

M V Sampath Kumar Iyengar
Director
DIN: 07613043
Address: 163/6, 1st Main Road,
Opp. Fortis Hospital
Sheshadripuram
Bangalore-560020



DECLARATION OF INDEPENDENCE

Date: 09.06.2022

To
The Board of Directors
Karnataka Hybrid Micro Devices Limited
Plot No. Part 103, 4th cross, Electronics city
Bangalore – 560100

Sirs,

Sub: Declaration of independence under sub-section (6) of Section 149 of the Companies Act, 2013.

I, Gundu Hirisave Rama Rao, son of Mr. Rama Hirisave Rao, hereby certify that I am a Director of Karnataka Hybrid Micro Devices Limited, Bangalore and I comply with all the criteria of Independent Director as envisaged in Section 149 of Companies Act, 2013.

I certify that:

1. I possess relevant expertise and experience to be an Independent Director in the Company;
2. I am/was not a promoter of the Company or its holding, subsidiary or associate Company;
3. I am not related to promoters or Directors in the Company, its holding, subsidiary or associate Company;
4. I am not related to persons occupying management positions at the Board level or at one level below the Board;
5. Apart from receiving Director sitting fees/commission, or having transaction not exceeding ten per cent of my total income or such amount as may be prescribed, I have/had no pecuniary relationship with the Company, its promoters, its Directors, its senior management or its holding, subsidiary or associate Company, or their promoters, or Directors, during the immediately preceding two financial years or during the current financial year;
6. None of my relatives:
 - a. is holding any security of or interest in the Company, its holding, subsidiary or associate Company during the two immediately preceding financial years or during the current financial year of face value not exceeding Rs. 50 lakhs or 2 % of the paid-up capital of the Company or such higher sum as may be prescribed;
 - b. is indebted to the Company, its holding, subsidiary or associate Company or their promoters, or Directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - c. has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate Company or their promoters, or Directors of such holding Company; for an amount of Rs. 50 lakhs, at any time during the two immediately preceding financial years or during the current financial year; or
 - d. has any other pecuniary transaction or relationship with the Company, or its subsidiary, or its holding or associate Company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (a), (b) or (c);]
7. Neither I nor any of my relatives:
 - a. holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- b. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - i. a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
 - ii. any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% or more of the gross turnover of such firm;
 - c. holds together with my relatives 2% or more of the total voting power of the Company; or
 - d. is a Chief Executive or Director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds 2% or more of the total voting power of the Company; or
8. Who possesses such other qualifications as prescribed under Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
 9. I am not less than 21 years of age.
 10. I have registered with the Independent Directors Data Bank maintained by Indian Institute of Corporate Affairs on the <https://www.independentdirectorsdatabank.in>.
 11. I affirm to make an application for renewal for a further period of one year or five years or for the life-time, within a period of thirty days from the date of expiry of the period up to which my name was applied for inclusion in the data bank.
 12. I am not a material supplier, service provider or customer or a lessor or lessee of the Company;

Declaration

I do hereby declare and confirm that the above said information are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its Directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you

Yours faithfully

Gundu Hirisave Rama Rao

Director

DIN: 01837897

Address: 12500 Park Potomac

Ave, Unit 360N

Potomac Maryland

20854 US



**Annexure -II
FORM NO. AOC -2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: **NA**
2. Details of material contracts or arrangement or transactions at arm's length basis:

SL. NO.	PARTICULARS	DETAILS		
(a)	Name(s) of the related party and nature of relationship	Mr. Rajaram	Prograde Technologies LLP	Pippin Technologies India Pvt Ltd
(b)	Nature of contracts/arrangements/transactions	Professional Fee Paid	Professional Fees & Rent Received	Rent Received
(c)	Duration of the contracts/arrangements/transactions	On going	On going	On going
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any: (Amount in INR)	3,60,000/-	24,00,000/-	-
(e)	Date(s) of approval by the Board, if any:	-	-	-
(f)	Amount paid as advances, if any:	-	-	-

For and on behalf of the Board of Directors of
Karnataka Hybrid Micro Devices Ltd.

Gopal Purandar Das

Chairman & Managing Director

DIN: 06850671

Address: No. 12, KCN Mansion,
Madhavanagar, Bangalore - 560001

Place: Bangalore
Date : 30th August, 2022

Independent Auditor's Report

To
The Members of M/s. Karnataka Hybrid Micro Devices Limited,
Report on the audit of Financial Statements

Opinion

I have audited the accompanying financial statements of **Karnataka Hybrid Micro Devices Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2022**, the Statement of Profit and Loss, the and the Cash Flow Statement for the year then ended and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'financial statements').

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements 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, of the state of affairs of the Company as at 31st March 2022 and its loss and its cash flows for the year ended on that date.

Basis for Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report but does not include the financial statements and my auditor's report thereon.

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

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

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

Management responsibility for the Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments

and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I am also responsible for expressing my opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. I consider quantitative materiality and qualitative factors in (i) planning the scope of my audit work and in evaluating the results of my work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the **Companies (Auditor's Report) Order, 2020** ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, I give in **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, based on my audit, I report that:
 - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash flows dealt with by this report are in agreement with the books of account;
 - d) In my opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed 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 Company as on March 31, 2022 and taken on record by the board of directors, none of the directors are disqualified as on March 31, 2022 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 reporting of the Company and the operating effectiveness of such controls, refer to my separate report in **Annexure "B"** 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, in my opinion and to the best of my information and according to the explanations given to me, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
 - h) With respect to the other matters to be included in the auditors' report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in my opinion and to the best of my information and according to the explanations given to me:
 - i. The Company did not have any pending litigations as at 31st March 2022 which have an impact on its financial position in its financial statements.
 - ii. The Company does not have any long-term contracts including derivative contracts 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 Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the



understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to my notice that has caused me to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Notes to the financial statements:
- a) There was no dividend which has been proposed by the company during the year.
- b) The Board of Directors of the Company has not proposed any dividend for the year and hence the clause relating to the approval of the members at the ensuing Annual General Meeting is not applicable.

For **MSB Rao & Co**
Chartered Accountant
Firms Registration
No.006072S

M S Babu Rao
Proprietor
Membership No.201467
UDIN:22201467AQYDEC2731

Place: Bengaluru
Date: 30.08.2022

Annexure – “A” to the Independent Auditors’ Report

(Referred to in Paragraph 1 under “Report on Other legal and regulatory requirements” section of my report to the members of **Karnataka Hybrid Micro Devices Limited** of even date).

To the best of my information and according to the explanations provided to me by the Company and the books of account and records examined by me in the normal course of audit, I state that:

i) In respect of its Property, Plant and Equipment and Intangible Assets:

- a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and there were no Right-of-Use assets recognised by the Company during the year.
- (B) The company has maintained proper records showing full particulars of intangible assets.
- b) The Company has a program of physical verification of Property, Plant and Equipment so to cover all the assets once every three years which, in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to me during the course of the audit no material discrepancies were noticed on such verification.
- c) Based on my examination of the property tax receipts and registered sale deed / transfer deed / conveyance deed provided to me, I report that the title deeds of the immovable properties, disclosed in the financial statements, included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
- d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
- e) No proceedings have been initiated during the year or are pending against the Company as at **March 31, 2022** for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii) In respect of its inventories:

- a) As explained to me, physical verification of inventories has been conducted at reasonable intervals by the management during the year. In my opinion and according to the information and explanations given to me during the course of the audit, the coverage and procedure for such physical verification of inventories followed by the management are reasonable and appropriate and no material discrepancies were noticed in any class of inventories as compared to the books of account.
 - b) The Company has been sanctioned working capital limits in excess of 5 crore, in aggregate, from banks on the basis of security of current assets and quarterly returns filed by the company with such banks are in agreement with the books of account of the Company.
- iii) The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties including promoters and related parties during the financial year and hence sub-clauses (a) to (f) of clause 3(iii) of the Order are not applicable to the company.
 - iv) The Company has not granted loans or made investments or provided guarantees and securities during the year and hence compliance with Section 185 and Section 186 are not applicable.
 - v) The Company has not accepted any deposits from the public or amounts which are deemed to be deposits during the year to which directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act are applicable and as such clause 3(v) of the Order is not applicable.
 - vi) Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act in respect of its products and services.



- vii) According to the information and explanations given to me, during the course of the audit and on the basis of my examination of the records of the company in respect of the statutory dues:
- a. The company is regular in depositing undisputed statutory dues including Goods and service Tax, Provident Fund, Employees' State insurance, Income tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to me during the course of the audit, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2022 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to me, no undisputed amounts payable in respect of Income Tax, Goods and Service Tax, cess and other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.
- viii) During the year there were no transactions not recorded in the books of account that have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 and hence Clause 3(viii) of the Order for reporting whether the previously unrecorded income has been properly recorded in the books of account during the year is not applicable.
- ix) a) In my opinion and according to the information and explanations given to me during the course of the audit, the company has not defaulted in repayment of loans or in the payment of interest thereon to any lenders.
- b) According to the information and explanations given to me during the course of the audit and on the basis of my audit procedures, the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - c) The term loans availed by the company were applied for the purpose for which the loans were obtained.
 - d) According to the information and explanations given to me, and the procedures performed by me, and on an overall examination of the financial statements of the company, I report that funds raised on short-term basis to the extent of Rs.112.20 Lakhs have been used for long-term purposes by the company.
 - e) On an overall examination of the financial statements of the Company, the Company has no subsidiary company and hence the relevant clause (e) regarding extending of loan and clause (f) relating to the pledge of securities held is not applicable.
- x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally convertible) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi) (a) To the best of my knowledge and belief and according to the information and explanations given to me during the course of the audit no fraud by the Company or any fraud on the Company has been noticed or reported during the year.
- (b) To the best of my knowledge and belief and according to the information and explanations given to me during the course of the audit, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.
 - (c) As represented to me by the management and on the basis of my audit procedures there are no whistle blower complaints received by the company during the year.

- xii) The Company is not a Nidhi Company and hence reporting under sub clauses (a) to (c) of clause 3(xii) of the Order is not applicable.
- xiii) In my opinion according to the information and explanations provided to me and based on my examination of the records of the company, the Company is not required to appoint Audit Committee as per the Section 177 of the Act. The Company is in compliance with Section 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) In respect of internal audit:
- a) In my opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - b) I have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of my audit procedures.
- xv) According to the information and explanations given to me during the course of the audit and based on my examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence provisions of section 192 of the Companies Act 2013 are not applicable and accordingly clause 3(xv) of the Order is not applicable.
- xvi) a) According to the information and explanations given to me during the course of the audit and on the basis of my examination of the financial statements of the company in my opinion the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- b) In my opinion on the basis of my examination of the financial statements and representations made by the company it has not conducted any Non-Banking Financial or Housing Finance activities during the year.
- c) According to the information and explanations given to me during the course of the audit and on the basis of my examination of the financial statements of the company and representations made by the company, in my opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- d) According to the information and explanations given to me during the course of the audit and as represented to me by the company in my opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii) The company has incurred cash losses to a tune of Rs. 357.11 Lakhs for the year ended 31st March 2022 and Rs. 51.43 Lakhs during the immediately preceding financial year.
- xviii) There has been no resignation of Statutory Auditors of the Company during the year and accordingly reporting under clause 3(xviii) is not applicable.
- xix) According to the information and explanations given to me during the course of the audit and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, my knowledge of the Board of Directors and Management plans and based on my examination of the evidence supporting the assumptions, nothing has come to my attention, which causes me to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. I, however, state that this is not an assurance as to the future viability of the Company. I further state that my reporting is based on the facts up to the date of the audit report and I neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx) In respect of Corporate Social Responsibility (CSR): The provisions of clauses relating to Corporate Social Responsibility is not applicable to the Company as none of the conditions specified under section 135(1) of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 made thereunder.
- xxi) The Company is not required to prepare consolidated financial statements and hence clause 3(xxi) of the Order regarding qualifications or adverse remarks by the auditors of the companies included in the consolidated financial statements is not applicable.

For MSB Rao & Co
Chartered Accountant
Firms Registration
No.006072S

M S Babu Rao
Proprietor
Membership No.201467
UDIN:22201467AQYDEC2731

Place: Bengaluru
Date: 30.08.2022

Annexure –"B" to the Independent Auditors' Report

(Referred to in Paragraph 2(f) under "Report on Other legal and regulatory requirements" section of my report to the members of **Karnataka Hybrid Micro Devices Limited** of even date).

Report on the Internal Financial Controls over Financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of **Karnataka Hybrid Micro Devices Limited** as of 31st March 2022 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my 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. Those Standards and the Guidance Note require that I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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 financial statements, whether due to fraud or error.

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

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.

Opinion

In my opinion, to the best of my information and according to the explanations given to me, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March 2022**, based on the internal control over financial reporting 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.

Place: Bengaluru
Date: 30.08.2022

For **MSB Rao & Co**
Chartered Accountant
Firms Registration
No.006072S

M S Babu Rao
Proprietor
Membership No.201467
UDIN:22201467AQYDEC2731

Balance Sheet as at 31st March 2022
CIN : U85110KA1992PLC012851

Particulars	Note No.	Rs. in Lakhs	
		31.03.2022	31.03.2021
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share capital	2.1	1,409.63	1,409.63
(b) Reserves and surplus	2.2	-660.05	-195.52
Share application money pending allotment			
		-	-
Non-current liabilities			
(a) Long-term borrowings	2.3	369.66	183.00
(b) Deferred tax liabilities (Net)		-	-
(c) Other long term liabilities		-	-
(d) Long-term provisions	2.4	133.50	95.82
Current liabilities			
(a) Short-term borrowings	2.5	800.74	469.08
(b) Trade payables	2.6		
-Total outstanding dues of micro enterprises and small enterprises; and		123.39	10.62
-Total outstanding dues of creditors other than micro enterprises and small enterprises.		157.38	231.74
(c) Other current liabilities	2.7	166.00	205.76
(d) Short term provisions	2.8	25.13	38.15
TOTAL		2,525.38	2,448.28
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Property, Plant and Equipment	2.9	1,011.59	1,050.29
(ii) Intangible assets	2.9	17.22	6.51
(iii) Capital work-in-progress		-	-
(b) Non-current investments	2.10	0.11	0.11
(c) Deferred tax assets (Net)	2.11	38.27	25.06
(d) Long-term loans and advances	2.12	62.63	51.34
(e) Other non-current assets	2.13	81.99	31.89
Current Assets			
(a) Current investments		-	-
(b) Inventories	2.14	556.49	443.39
(c) Trade receivables	2.15	527.53	453.78
(d) Cash and cash equivalents	2.16	30.60	325.93
(e) Short-term loans and advances	2.17	186.94	51.54
(f) Other current assets	2.18	12.00	8.44
TOTAL		2,525.38	2,448.28

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board of Directors of
M/s. Karnataka Hybrid Micro Devices Limited

Gopal P Das
Chairman & Managing Director
DIN : 06850671

S G Raghavan
Director
DIN : 06971823

As per my report of even date
MSB Rao & Co
Chartered Accountant
Firms Registration No. 006072S

K. Sivaram
Chief Financial Officer

MS Babu Rao
Proprietor
Membership No.201467
UDIN:22201467AQYDEC2731

Place : Bengaluru
Date : 30th August, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022
CIN : U85110KA1992PLC012851

Particulars	Note No.	Rs. in Lakhs (except earnings per share)	
		31.03.2022	31.03.2021
Revenue from operations	2.20	2,142.41	1,768.20
Other income	2.21	16.01	49.69
TOTAL REVENUE		<u>2,158.42</u>	<u>1,817.89</u>
Expenses:			
Cost of materials consumed	2.22	1,193.29	857.93
Changes in inventories of finished goods and work-in-progress	2.23	7.23	-11.69
Employee benefits expense	2.24	866.92	757.76
Finance costs	2.25	78.21	44.51
Depreciation and amortisation expense	2.26	133.26	145.63
Other expenses	2.27	370.38	220.81
TOTAL EXPENSES		<u>2,649.29</u>	<u>2,014.95</u>
Profit before exceptional and extra-ordinary items and Tax		-490.87	-197.06
Exceptional items		-	-
Profit before extra-ordinary items and tax		-490.87	-197.06
Extra-ordinary items		-	-
Profit before Tax		-490.87	-197.06
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-13.21	-53.69
(3) Income Tax relating to earlier years		-13.13	-
Profit/(Loss) for the Year		-464.53	-143.37
Earnings per Equity share (Nominal Value of Rs. 10 (Previous year Rs.10))			
(1) Basic		-3.30	-1.02
(2) Diluted		-3.30	-1.02

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board of Directors of
M/s. Karnataka Hybrid Micro Devices Limited

As per my report of even date
MSB Rao & Co
Chartered Accountant
Firms Registration No. 006072S

Gopal P Das
Chairman & Managing Director
DIN : 06850671

S G Raghavan
Director
DIN : 06971823

MS Babu Rao
Proprietor

K. Sivaram
Chief Financial Officer

Membership No.201467

Place : Bengaluru
Date : 30th August, 2022

UDIN:22201467AQYDEC2731

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022
CIN : U85110KA1992PLC012851

Particulars	Rs. in Lakhs	
	31.03.2022	31.03.2021
A) Cash flows from Operating Activities		
Profit before Taxation and extraordinary items	(490.87)	(197.06)
Adjustments for:		
Depreciation	133.26	145.63
Interest and Financial Charges	63.56	38.31
Loss on discarded assets	7.09	3.25
Rent received	(1.17)	0.72
Interest received	(8.78)	(26.57)
Unrealised Loss/(Gain) on foreign currency translation	(2.49)	(19.30)
Other non cash Items	15.27	0.47
Cash Flows Before Working Capital Changes	(284.13)	(54.55)
Adjustments For Working Capital Changes:		
Change in Inventories	(113.10)	(130.80)
Change in Trade Receivables	(75.88)	(116.19)
Change in Loans & Advances (Long Term and Short Term)	(156.14)	71.41
Change in Other Non-Current Assets	(50.10)	(2.41)
Change in Other Current Assets	(3.56)	10.77
Change in Trade Payables	38.41	37.67
Change in Long term provisions	37.68	(5.53)
Change in Short term provisions	(13.01)	3.97
Change in Liabilities (Long Term and Short Term)	(39.77)	16.18
	(659.61)	(169.49)
Less: Direct Taxes paid	11.93	-
Net Cash flow From Operating Activities	(647.68)	(169.49)
B) Cash flows from Investing Activities		
Acquisition of Fixed Assets/Capital work in progress	(113.25)	(95.08)
Sale of Fixed assets	0.90	-
Rent received	1.17	(0.72)
Interest received	8.78	26.57
Net Cash flows from Investing Activities	(102.41)	(69.23)
C) Cashflows from Financing Activities		
Availment/(Repayment) of Secured Loans	518.32	(68.91)
Interest paid	(63.56)	(38.31)
Net Cash flows from Financing Activities	454.77	(107.22)
Net Increase/(Decrease) in Cash or Cash Equivalents	(295.32)	(345.94)
Add: Opening Cash or Cash Equivalents	325.93	671.86
Closing Cash or Cash Equivalents	30.60	325.93

For and on behalf of the Board of Directors of
M/s. Karnataka Hybrid Micro Devices Limited

Gopal P Das
Chairman & Managing Director
DIN : 06850671

S G Raghavan
Director
DIN : 06971823

As per my report of even date
MSB Rao & Co
Chartered Accountant
Firms Registration No. 006072S

K. Sivaram
Chief Financial Officer

MS Babu Rao
Proprietor
Membership No.201467
UDIN:22201467AQYDEC2731

Place : Bengaluru
Date : 30th August, 2022



**NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2022**

1. Background:

M/s Karnataka Hybrid Micro Devices Limited (KHMDL) was incorporated in 1992 and is engaged in Thick Film Hybrid Micro Circuit Design and Fabrication, Electronic Manufacturing Services. KHMDL has started primarily to service ISRO in the development and manufacture of resistor networks, hermetically sealed hybrid microcircuits for operational spacecraft. KHMDL has emerged as a leading supplier of high reliability devices for a variety of applications in the aerospace and automotive sectors.

2. Basis of Preparation of Financial Statements:

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the results of the operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include work in progress, provisions for bad and doubtful debts, estimates of the useful life of the fixed assets.

Estimation uncertainty relating to COVID-19 outbreak:

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Revenue Recognition:

Sales are recognized when the significant risks attached to the goods are passed on to the buyer and are recorded net of duties, trade discounts, and rebates.

Sales as reported are exclusive of GST and freight charges.

Property, Plant & Equipment and Depreciation:

- a. Cost of Fixed Assets comprises of the purchase price, duties, levies and any attributable cost of bring-ing the assets to its working condition for its intended use.
- b. Interest on borrowing, till the date of commencement of usage of the asset is capitalized to the cost of the asset.
- c. Depreciation is provided on Straight Line method (SLM) at the rate and in the manner prescribed in Schedule II of the Companies Act, 2013.
- d. Software which is not integral part of the hardware is classified as Intangible asset and is stated at cost less accumulated depreciation. Software is being amortized over a period of three years.

Impairment of Assets:

The Company assesses at each Balance Sheet date, whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates

the recoverable amount of the asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Inventories:

Raw Materials, Stores and spares and Traded Goods are stated at lower of cost and net realizable value. Cost is determined based on first in first out basis and are net of provisions.

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 selling expenses.

Foreign Currency Transaction:

- a) Foreign Currency transactions are accounted at the exchange rates prevailing at the date of the transaction.
- b) Gains and Losses resulting from the settlement of Foreign Currency transaction and from the translation of monetary assets and liabilities denominated in Foreign Currencies are recognised in the Statement of Profit and Loss.

Taxes:

- a) Tax expense comprises of current and deferred tax. Current Income Tax is measured based on the tax liability computed after considering tax allowances and exemptions.
- b) Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- c) Deferred Tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Research and Development/Intangible Asset:

The Company recognises the intangible asset arising from Research and Development, only if it is certain about its technical feasibility, its intention to complete the development of the intangible asset and its ability to sell or use such intangible asset

- a) **Product Development-In house:** The Company through its own Research and Development activity, develops prototypes, products etc and the expenses incurred in connection with this activity is capitalised under Products developed and is reflected as one of the items of Intangible asset – Products developed. Wherever there is a reasonable certainty that such designs/prototypes/products being developed will result in commercial marketing of such products, expenses incurred for such development are shown under the head Intangible Asset- “Product under development.”
- b) The costs incurred on such self generated products are written off over a period of 5 years commencing from the successful launching of such products.
- c) If the Company is of the opinion that such expenses incurred on developing of prototypes/designs/ products are not going to be successful, the expenses incurred are written off in the same year.

Employee benefit:

Provident Fund: Eligible employees receive benefits from a Provident Fund, which is a defined Contribution Plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Government administered Provident Fund. The Company has no obligation beyond its contribution.

- a) **Gratuity:** A defined benefit retirement plan (the “Gratuity Plan”) is provided for all eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lumpsum



amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to the Karnataka Hybrid Micro Devices Employees' Gratuity Fund Trust (the "Trust"). Trustees administer contributions made to the Trust and the contributions are invested in the LIC Corporation of India administered Fund.

- b) Provision in respect of Leave Encashment is made, based on actuarial valuation.

Cash Flow Statement:

Cash Flows are reported using the indirect method, whereby Profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items income or expense associated with investing or financing cash flows. Cash and Cash Equivalents include Cash on hand and Balances with banks in current and deposit accounts, with necessary disclosure of cash and cash equivalent balances that are not available for use by the Company.

Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Contingent Liability:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Investments:

Investments are reflected at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Cash and Cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Provisions:

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL

Rs. in Lakhs

Particulars	As at 31.3.2022	As at 31.3.2021
Authorised Equity Share Capital:		
1,50,00,000 (31st March 2022 - 1,50,00,000) Equity Shares of Rs. 10/- each.	1,500.00	1,500.00
Issued and Subscribed and fully Paid-up		
1,40,96,288 (31st March 2021 - 1,40,96,288) Equity Shares of Rs.10/- each fully paid up (Out of the above, 57,09,703 shares were allotted at a discount of Rs. 2/- each per share during earlier year)	1,409.63	1,409.63
TOTAL	1,409.63	1,409.63

The Company has only one class of shares referred to as Equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share held.

There are no shares that have been issued, subscribed and not fully paid up.

There are no unpaid calls, forfeited shares.

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if approved by the Shareholders, is payable to the Shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Rs. in Lakhs

Reconciliation of number of Shares	As at 31st March, 2022		As at 31st March, 2021	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares of Rs 10/- each fully paid up				
Balance as at the beginning of the previous year	140.96	1,409.63	140.96	1,409.63
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	140.96	1,409.63	140.96	1,409.63

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

Shares in Lakhs

Name of the Shareholders	No. of shares	Percentage	No. of shares	Percentage
Kuntala P Das	85.12	60.38%	85.12	60.38%
Gopal P Das 3	30.46	21.61%	30.46	21.61%

No shares have been allotted by way of fully paid up bonus shares during 5 years immediately preceding March 31, 2022.

No shares have been allotted as fully paid up pursuant to contract(s) without payment received in cash during 5 years immediately preceding March 31, 2022.

No shares were bought back.

Details of Shares held by Promoters at the end of the year :

Equity shares of Rs. 10/- each

As at 31st March 2022						Shares in Lakhs
Name of the promoter	No. of shares at the beginning of	Change during the year	No. of shares at the end of year	% of Total share	% Change during the year	
Kuntala P Das	85.12	-	85.12	60.38%	-	
Gopal P Das	30.46	-	30.46	21.61%	-	

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

2.2 RESERVES AND SURPLUS	Rs. in Lakhs	
Particulars	As at 31.3.2022	As at 31.3.2021
(a) Surplus in Statement of Profit and Loss		
Opening balance	(195.52)	(52.15)
Add: Profit/(Loss) for the year	(464.53)	(143.37)
Amount available for appropriation	<u>(660.05)</u>	<u>(195.52)</u>
Appropriations:		
Proposed Dividend on Equity shares for the year	-	-
Dividend distribution tax on proposed dividend on Equity Shares	-	-
Transfer to General Reserve	-	-
Balance as at the end of the year	<u>(660.05)</u>	<u>(195.52)</u>
TOTAL	<u>(660.05)</u>	<u>(195.52)</u>
2.3 LONG-TERM BORROWINGS		
Secured Loans:		
Working Capital Term Loan		
- Canara Bank (Refer Note 2.3.1)	85.00	-
Unsecured Loans:		
- From Related Parties (Refer Note 2.3.2)	284.66	183.00
TOTAL	<u>369.66</u>	<u>183.00</u>
Notes on Long-term Borrowings:		
2.3.1 Working Capital Term loan (granted under Guaranteed Emergency Credit Line 1.0 (Extension) component of Guaranteed Emergency Credit Line (GECL) scheme) is primarily secured by assets created out of the credit facility to be extended and collateral security, shall rank second charge with the existing credit facilities in terms of cash flows (including repayments) having interest rate of RLLR (presently 6.90%) + 0.60% = 7.50% p.a. subject to a maximum of 9.25% p.a (during entire tenure of facility). The aforesaid loan is repayable in 60 months, including moratorium period of 24 months from the date of disbursement (February 2022) with maturity during February 2027.		
2.3.2 The loan availed from the related parties are in the nature of External Commercial Borrowing and repayable in the foreign currencies. Term loan availed from related parties are repayable in 6 equal bi-annual instalments with moratorium of 3 years starting from 30th June 2020 maturing on December 2022. Interest rate being Libor+3.5%. However, as per the addendum signed, aforesaid loan has been converted from Term loan to Loan repayable on demand w.e.f. 31st December 2021.		
2.4 LONG TERM PROVISIONS		
Employee Benefits:		
Gratuity obligation (Refer Note 2.33)	87.72	57.82
Leave encashment (Refer Note 2.33)	45.78	38.00
TOTAL	<u>133.50</u>	<u>95.82</u>
2.5 SHORT TERM BORROWINGS		
Secured:		
Working Capital facility from Canara Bank (Refer Note 2.6.1)	800.74	286.08
Unsecured:		
Current maturities of Long-term Debt - Term Loan from Director (Refer Note 2.6.3)	-	183.00
TOTAL	<u>800.74</u>	<u>469.08</u>

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022**Notes on Short-term Borrowings:****2.5.1 The Working Capital facility is primarily secured as follows:**

- Hypothecation/Exclusive charge on stocks and book debts as per the stock statement as on 31.12.2021,
- Further collaterally secured by MOTD and first charge of leased Industrial Land measuring 53,969 Sq.ft and building situated thereupon at Plot No.103, 4th Cross, Keonics City, Hosur Road, Electronic City Phase I, Sy. No. 12, Konappana Agrahara, Begur Hobli, Bengaluru - 560100, in the name of the Company measuring East to West 49.20 mtrs and North to South 82.25 mtrs by way of deposit of title deeds.
- Also by hypothecation/Exclusive charge of the Tandle assets of the company (excluding vehicle) i.e. Plant & Machinery, Furniture & Fixtures and Computers.

2.6 TRADE PAYABLES**Rs. in Lakhs**

Particulars	As at 31.03.2022	As at 31.03.2021
Dues of micro enterprises and small enterprises	123.39	10.62
Dues of creditors other than micro enterprises and small enterprises	157.38	231.74
TOTAL	<u>280.77</u>	<u>242.36</u>

2.6.1 Trade payable ageing schedule:**Rs. in Lakhs**

Particulars	Outstanding for following period from due date of payment				Total
	Less than 1 year	1-2 year	2-3 years	> 3 years	
As at March 31, 2022					
Total outstanding dues of micro enterprises and small enterprises	123.39	-	-	-	123.39
Total outstanding dues of creditors other than micro enterprises and small enterprises	157.38	-	-	-	157.38
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	280.77	-	-	-	280.77
As at March 31, 2021					
Total outstanding dues of micro enterprises and small enterprises	10.62	-	-	-	10.62
Total outstanding dues of creditors other than micro enterprises and small enterprises	231.74	-	-	-	231.74
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	242.36	-	-	-	242.36

2.7 OTHER CURRENT LIABILITIES**Rs. in Lakhs**

Particulars	As at 31.03.2022	As at 31.03.2021
Employee benefits payable	61.89	73.07
Statutory dues (including PF, withholding and other taxes payable)	20.82	31.50
Other payables	46.75	54.26
Interest accrued but not due on borrowings	2.74	1.87
Advance received from customers	33.79	45.05
TOTAL	<u>166.00</u>	<u>205.76</u>

2.8 SHORT TERM PROVISIONS

Leave encashment (Refer Note 2.33)	9.22	22.00
Gratuity obligation (Refer Note 2.33)	15.91	16.15
TOTAL	<u>25.13</u>	<u>38.15</u>



NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

Sl. No.	PARTICULARS	GROSS BLOCK						DEPRECIATION/AMORTISATION					NET BLOCK	
		As on 1st April 2021	Additions	Deletion/ Adjustments	As on 31st March 2022	As on 1st April 2021	For the year	Deletion/ Adjustments	As on 31st March 2022	As on 31st March 2022	As on 31st March 2021			
i	Land	38.94 (38.94)	-	-	38.94 (38.94)	-	-	-	-	-	-	38.94 (38.94)	38.94 (38.94)	
ii	Building	719.19 (719.19)	16.00	-	735.19 (719.19)	331.97 (309.22)	22.76 (22.76)	-	354.73 (331.97)	-	-	380.45 (387.21)	387.21 (409.97)	
iii	Plant & Machinery	1,817.63 (1,746.95)	65.09 (80.21)	95.52 (9.54)	1,787.20 (1,817.63)	1,297.99 (1,211.99)	81.01 (94.90)	88.03 (8.91)	1,290.98 (1,297.99)	-	-	496.22 (519.64)	519.64 (534.96)	
iv	Office Equipments	27.85 (33.56)	0.74 (1.09)	1.07 (6.80)	27.52 (27.85)	22.10 (24.57)	1.66 (3.99)	1.00 (6.46)	22.76 (22.10)	-	-	4.76 (5.75)	5.75 (8.99)	
v	Electrical installations	200.31 (204.07)	0.41 (6.51)	0.49 (10.27)	200.22 (200.31)	178.63 (186.52)	1.81 (1.87)	0.08 (9.76)	180.37 (178.63)	-	-	19.86 (21.67)	21.67 (17.55)	
vi	Computer	45.99 (66.76)	14.92 (3.57)	-	60.91 (45.99)	33.82 (54.35)	6.29 (2.60)	-	40.12 (33.82)	-	-	20.79 (12.16)	12.16 (12.41)	
vii	Vehicles	143.73 (143.73)	-	-	143.73 (143.73)	93.12 (76.12)	17.00 (17.00)	-	110.12 (93.12)	-	-	33.62 (50.61)	50.61 (67.61)	
viii	Furniture & Fixtures	114.24 (124.32)	4.46 (0.92)	-	118.71 (114.24)	99.95 (108.20)	1.82 (2.19)	-	101.77 (99.95)	-	-	16.94 (14.29)	14.29 (16.12)	
	INTANGIBLE ASSETS:													
	a) Computer software	7.47 (4.69)	11.62 (2.78)	-	19.09 (7.47)	0.96 (0.65)	0.90 (0.31)	-	1.87 (0.96)	-	-	17.22 (6.51)	6.51 (4.04)	
	b) Products developed	374.35 (374.35)	-	-	374.35 (374.35)	374.35 (374.35)	-	-	374.35 (374.35)	-	-	0.00 0.40	0.00 0.40	
	Total (CY)	3,489.70	113.25	97.09	3,505.86	2,432.90	133.26	89.10	2,477.05	1,028.81	1,056.80	1,028.81	1,056.80	
	Total (PY)	(3,456.57)	(95.08)	(61.95)	(3,489.70)	(2,345.97)	(145.63)	(58.70)	(2,432.90)	(1,056.40)	(1,110.20)	(1,056.40)	(1,110.20)	

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022**2.10 LONG TERM INVESTMENTS**

Rs. in Lakhs

Particulars	As at 31.03.2022	As at 31.03.2021
Long Term-Valued at Cost (Un-quoted):		
1,100 (31st March 2021 - 1,100) Shares of Each Rs. 10 in Elcia ESDM Cluster fully paid up	0.11	0.11
TOTAL	0.11	0.11

2.11 DEFERRED TAX ASSETS (NET)**Deferred Tax Asset:**

- on account of expenses allowable when paid	48.14	43.63
- on account of Losses	91.63	91.63

Deferred Tax Liability:

- on account of Depreciation	101.50	110.20
TOTAL	38.27	25.06

2.12 LONG-TERM LOANS AND ADVANCES

Unsecured, considered good:

Capital Advance:

Advance for purchase of Land	8.00	8.00
------------------------------	------	------

Other advances:

Advance Income Tax (Net of provisions)	54.63	43.34
TOTAL	62.63	51.34

2.13 OTHER NON-CURRENT ASSETS

Long Term Deposits with Banks with maturity period more than 12 months:

Term Deposit with Canara Bank	64.32	14.22
Security Deposits - Others	17.68	17.68
TOTAL	81.99	31.89

2.14 INVENTORIES

(a) Raw materials*	424.25	310.38
(b) Work-in-progress**	44.41	52.77
(c) Finished goods**	66.66	65.53
(d) Stores, spares and Loose Tools*	4.64	4.20
(e) Consumables*	16.53	10.51
TOTAL	556.49	443.39

Notes on Inventories:

* Raw Materials, Stores and spares and Traded Goods are stated at lower of cost and net realizable value. Cost is determined based on first in first out basis and are net of provisions.

** 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 selling expenses.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

2.15 TRADE RECEIVABLES

Rs. in Lakhs

Particulars	As at 31.03.2022	As at 31.03.2021
Unsecured, considered good:		
Unsecured, considered good	527.53	453.78
Unsecured, considered doubtful	-	-
Less: Allowances for credit loss	-	-
Total	<u>527.53</u>	<u>453.78</u>

2.15.1 Trade Receivable ageing schedule:

Rs. in Lakhs

Particulars	Outstanding for following period from due date of payment					Total
	<6Months	6 Months-1 year	1-2 years	2-3 years	> 3 years	
As at March 31, 2022						
Undisputed Trade receivables - considered good	527.25	0.28	-	-	-	527.53
Undisputed Trade receivables - considered doubtful	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables - considered doubtful	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Total	<u>527.25</u>	<u>0.28</u>	-	-	-	<u>527.53</u>
As at March 31, 2021						
Undisputed Trade receivables - considered good	449.42	0.45	2.01	-	1.90	453.78
Undisputed Trade receivables - considered doubtful	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables - considered doubtful	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Total	<u>449.42</u>	<u>0.45</u>	<u>2.01</u>	-	<u>1.90</u>	<u>453.78</u>

2.16 CASH AND CASH EQUIVALENTS

Rs. in Lakhs

Particulars	As at 31.03.2022	As at 31.03.2021
Cash and Cash equivalents:		
Cash on hand	0.26	0.33
Bank balances:		
in current Account	0.39	18.94
Fixed Deposit with Banks (with maturity period less than 3 months and less than 12 months)	29.95	306.66
TOTAL	<u>30.60</u>	<u>325.93</u>

2.17 SHORT TERM LOANS AND ADVANCES

Unsecured, considered good:

Advances to Vendors	163.29	31.89
MAT credit entitlement	3.29	3.29
Loans and advances to Employees	2.50	0.51
Prepaid expenses	17.86	15.86
TOTAL	<u>186.94</u>	<u>51.54</u>

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

2.18 OTHER CURRENT ASSETS

Particulars	As at 31.03.2022	As at 31.03.2021
Interest accrued on bank deposits	12.00	8.44
TOTAL	<u>12.00</u>	<u>8.44</u>

2.19 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for) Rs. in Lakhs

(a) Bank Guarantee extended by bankers	193.78	142.18
--	--------	--------

2.20 REVENUE FROM OPERATIONS

(a) Sale of Products

Finished goods	2,060.31	1,603.87
(b) Sale of services	82.10	164.34
TOTAL	<u>2,142.41</u>	<u>1,768.20</u>

Details of Sales (Finished Goods)

Hybrid Micro Circuits	470.12	247.67
Regulators	1,590.19	1,356.20
TOTAL	<u>2,060.31</u>	<u>1,603.87</u>

2.21 OTHER INCOME

(a) Interest received from Banks	8.03	25.65
(b) Interest received from Others	0.74	0.93
(c) Rent	1.17	0.72
(d) Profit on foreign currency transactions and translations	-	19.30
(e) Provision for Leave Encashment no longer required-written back	0.92	-
(e) Miscellaneous income	5.15	3.10
TOTAL	<u>16.01</u>	<u>49.69</u>

2.22 COST OF MATERIAL CONSUMED

Raw Material Consumed:

Opening inventory	310.38	197.08
Add: Purchase	1,283.45	957.25
Add: Material recovery	2.47	4.15
Less: Inventory at the end of the year	424.25	310.38
Cost of Raw Material consumed during the year	<u>1,172.05</u>	<u>848.10</u>

Consumables:

Opening Stock	10.51	4.99
Add: Purchases	27.25	15.34
Less: Closing Stock	16.53	10.51
Cost of Consumables consumed during the year	21.24	9.83

TOTAL	<u>1,193.29</u>	<u>857.93</u>
--------------	------------------------	----------------------

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

2.23 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

Rs. in Lakhs

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
<i>(Increase)/Decrease in Stocks</i>		
Stock at the end of the year:		
Finished Goods	66.66	65.53
Work-in-Progress	44.41	52.77
TOTAL (A)	111.07	118.30
Less: Stock at the beginning of the year		
Finished Goods	65.53	47.68
Work-in-Progress	52.77	58.93
TOTAL (B)	118.30	106.61
Increase/(Decrease) in Stocks (A-B)	(7.23)	11.69

2.24 EMPLOYEE BENEFIT EXPENSES

Salaries, Wages and Bonus	745.96	634.50
Directors - Remuneration	15.00	52.50
Contribution to Provident and other funds	42.96	35.83
Employees State Insurance	4.27	5.09
Gratuity	41.65	12.11
Leave encashment	-	5.09
Staff welfare expenses	17.08	12.63
TOTAL	866.92	757.76

(Refer Note: 2.34 on disclosure requirement as per Accounting Standard 15 on Employee benefits)

2.25 FINANCE COSTS

Interest on :

Long Term Borrowings paid to Related parties	14.29	12.91
Term Loan from Banks	48.99	25.32
Others	0.27	0.08
Bank Charges	14.65	6.20
TOTAL	78.21	44.51

2.26 DEPRECIATION AND AMORTISATION EXPENSES

Depreciation on Tangible assets	132.35	145.32
Amortisation on Intangible assets	0.90	0.31
TOTAL	133.26	145.63

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022**2.27 OTHER EXPENSES**

Particulars	Rs. in Lakhs	
	Year ended 31st March 2022	Year ended 31st March 2021
Power Charges	51.46	46.66
Labour charges	15.31	15.66
Packing Materials	12.06	4.32
Directors' Sitting Fees	1.35	1.20
Business Promotion and Marketing Expenses	3.44	1.02
Carriage outward	4.79	4.28
Repairs and Maintenance – Machinery	40.91	28.10
Repairs and Maintenance – Buildings	32.38	2.78
Repairs and Maintenance – Others	14.37	8.64
Insurance	15.32	15.71
Rates and taxes	11.37	5.65
Loss on foreign currency transactions and translations	9.24	-
Loss on discarding of Fixed Assets	5.01	3.25
Loss on sale of Fixed Assets	2.08	-
Travelling and conveyance	16.68	11.11
Audit Fees :		
- Statutory Audit	0.25	0.25
- Tax Audit	0.25	0.25
- Reimbursement of expenses	-	-
Professional charges	98.49	37.16
Bad Debts written off	2.14	0.47
Miscellaneous expenses	33.48	34.29
TOTAL	370.38	220.81

2.28 CIF VALUE OF IMPORTS

Raw materials	257.88	127.96
Capital Goods	15.70	2.71

2.29 EARNINGS IN FOREIGN CURRENCY

Earnings in foreign currency	-	-
------------------------------	---	---

2.29 EXPENDITURE IN FOREIGN CURRENCY

Expenditure In Foreign Currency	-	-
---------------------------------	---	---

2.30 a) DETAILS OF CONSUMPTION AND PURCHASES

Electronic Components	1,001.01	779.07
Pastes	145.80	68.90
Substrates	46.48	9.96
TOTAL	1,193.29	857.93

b) Details of value of imported and indiginous material consumed

Imported	130.03	82.48
Indigenous	1,063.25	775.45
TOTAL	1,193.29	857.93

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

2.31 EARNINGS PER SHARE

Rs. in Lakhs (except earnings per share)

Particulars	Year ended 31st March 2022		Year ended 31st March 2021	
	Basic extraordinary items	After extraordinary items	Basic extraordinary items	After extraordinary items
(a) Basic				
Profit/(loss) after tax	(464.53)	(464.53)	(143.37)	(143.37)
Weighted average number of shares outstanding	140.96	140.96	140.96	140.96
Basic EPS	(3.30)	(3.30)	(1.02)	(1.02)
(b) Diluted				
Profit/(loss) after tax	(464.53)	(464.53)	(143.37)	(143.37)
Adjusted net profit for the year	(464.53)	(464.53)	(143.37)	(143.37)
Weighted average number of shares outstanding	140.96	140.96	140.96	140.96
Add: Weighted average number of potential equity shares	-	-	-	-
Weighted average number of shares outstanding for diluted EPS	140.96	140.96	140.96	140.96
	(3.30)	(3.30)	(1.02)	(1.02)
Face value per share (in Rs.)	10.00	10.00	10.00	10.00

2.32 EMPLOYEE BENEFITS

The details required under AS 15 – Employee Benefits is as follows:

The Employees' Gratuity Fund Scheme managed by the Life Insurance Corporation of India is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated absence is recognised in the same manner as gratuity.

Particulars	Year ended 31st March 2022		Year ended 31st March 2021	
	Rs.	Rs.	Rs.	Rs.
	Gratuity	Compensated Absence	Gratuity	Compensated Absence
Obligations at Period beginning	0.00	0.00	169.13	55.68
Service cost	13.72	4.79	12.75	6.14
Interest cost	11.89	4.17	12.26	3.76
Actuarial (Gain) / Loss	22.22	(9.88)	(7.08)	(4.80)
Benefits paid	(24.81)	(4.08)	(3.62)	(0.77)
Obligations at Period at the end of the year	23.02	(5.00)	183.44	60.00
Change in Plan Assets				
Plan assets at period beginning at fair value	0.00	-	89.28	-
Expected return on plan assets	7.16	-	7.00	-
Actuarial (Gain) / Loss	(0.99)	-	-	-
Contributions	11.99	-	16.81	-
Benefits paid	(24.81)	-	(3.62)	-
Plan assets at period end at fair value	(6.65)	-	109.47	-
Reconciliation of present value of the obligation and fair value of the plan assets				
Fair value of plan assets at period end	(6.65)	-	109.47	-
Present value of the defined benefit obligations at the end of the period	23.02	(5.00)	183.44	60.00
	29.66	(5.00)	73.97	60.00

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

Particulars	Year ended 31st March 2022		Year ended 31st March 2021		
	Rs.	Rs.	Rs.	Rs.	
	Gratuity	Compensated Absence	Gratuity	Compensated Absence	
Cost of the period					
Service cost		13.72	4.79	12.75	6.14
Interest cost		11.89	4.17	12.26	3.76
Expected return on plan assets (7.16)	(9.88)	(7.00)	(4.80)
Actuarial (Gain) / Loss		23.21	-	(7.08)	-
Net cost		41.65	(0.92)	10.93	5.09

Assumptions

Discount rate	7.00%	6.95%	7.25%	7.00%
Estimated salary escalation rate	7.00%	7.00%	7.00%	7.00%

The funds have been invested in the LIC Group Gratuity (Cash Accumulation Policy), administered by the Life Insurance Corporation of India.

2.33 LIST OF RELATED PARTIES

Key Management Personnel

Prof. E.S.Dwarakadas
Gopal P Das
S G Raghavan

Direct Subsidiaries

There are no Holding/Subsidiary companies to the company.

2.34 RELATED PARTY TRANSACTIONS (as identified by the Company)

Particulars	Description of Relationship	Related party	Year ended 31st March 2022	Year ended 31st March 2021
Remuneration paid	Key Managerial Personnel	Prof. E.S.Dwarakadas	-	9.00
	Key Managerial Personnel	Gopal P Das	15.00	13.50
Reimbursement of Expenses (Medical and Leave Travel Concession expenses)	Key Managerial Personnel	Prof. E.S.Dwarakadas	-	2.00
	Key Managerial Personnel	Gopal P Das	1.00	0.50
Professional charges paid	Other Related parties	Mr Rajaram	3.60	3.60
	Other Related parties	Prograde Technologies LLP	24.00	3.00
Interest Paid	Key Managerial Personnel	The Estate of Eshwaralli Das	14.29	12.91
Rent Received	Other Related parties	Pipin Technologies	1.17	0.69
	Other Related parties	Prograde Technologies LLP	0.12	0.03
Balance payable at the end of year	Other Related parties	Prof. E.S.Dwarakadas	-	0.60
	Other Related parties	Mr. Rajaram	0.27	0.28
	Other Related parties	Prograde Technologies LLP	0.16	1.11
	Key Managerial Personnel	Gopal Purandar Das	2.25	0.72
	Key Managerial Personnel	The Estate of Eshwaralli Das	284.66	367.87

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

2.36 MANGERIAL REMUNERATION

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
Remuneration		
E.S.Dwarakadasa	-	9.00
Gopal P Das	15.00	13.50
Other Perquisites		
E.S.Dwarakadasa	-	2.00
Gopal P Das	1.00	0.50
TOTAL	16.00	25.00

As the future liability of Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertainable and therefore not included in above.

2.37 SEGMENT RESULTS

The Company is mainly engaged in the business of Hybrid electronic components and therefore segment reporting as defined in Accounting Standard 17 does not apply.

2.38 RESEARCH AND DEVELOPMENT EXPENSES

Salaries & Wages	40.94	26.49
Cost of Materials and services (Included under material purchase)	11.51	8.64
Overhead(included under various expense heads)	9.97	2.39
TOTAL	62.42	37.52

2.39 IMPAIRMENT OF ASSETS

Pursuant to Accounting Standard AS-28 Impairment of assets issued by the Companies Accounting Standards Rules, 2006, the Company assessed its fixed assets for impairment as at 31st March 2021 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

2.40 FOREIGN CURRENCY EXPOSURE

Particulars of derivative instruments and unhedged foreign currency exposure as at the reporting date.

Particulars	Purpose	As at 31.3.2022		As at 31.3.2021	
		Currency	Recognised	Currency	Recognised
Un-hedged foreign currency exposure Payable		-	-	-	-
	Payable	-	-	-	-
	Payable	-	-	-	-
	ECB Loan	USD 3,75,046	75.90	USD 5,02,563	73.20

2.41 Debtors and creditors balances are subject to confirmation.

2.42 Corporate Social Responsibility

The provisions for Corporate Social Responsibility is not applicable to the Company as none of the conditions specified under section 135(1) of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 made thereunder.

2.43 In the opinion of Board of Directors, all current assets, loans and advances, Investments have atleast the value as stated in the Balance Sheet,if realized in the ordinary course of business.

2.44 Disclosure required for Borrowing based on security of current Assets:

The Company has been sanctioned borrowings amounting to Rs. 1,000 lakhs, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with banks which are in agreement with books of account of the Company.

2.45 Disclosure of Struck off companies:

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

2.46 Other Statutory Information:

- a) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- b) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- c) The company is not declared as wilful defaulter by any bank of financial institution or other lenders.
- d) The Company does not have any approved schemes of arrangements during the year.
- e) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- f) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- g) Out of the amounts borrowed for working capital purposes an amount of Rs.112.20 Lakhs has been utilised for the purpose of purchase of fixed assets.

2.47 No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

- a) Crypto currency or Virtual Currency and
- b) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

The previous period/ year figures have been regrouped / reclassified, wherever necessary, to conform to the current quarter presentation in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013.

**For and on behalf of the Board of Directors of
M/s. Karnataka Hybrid Micro Devices Limited**

Gopal P Das
Chairman & Managing Director
DIN : 06850671

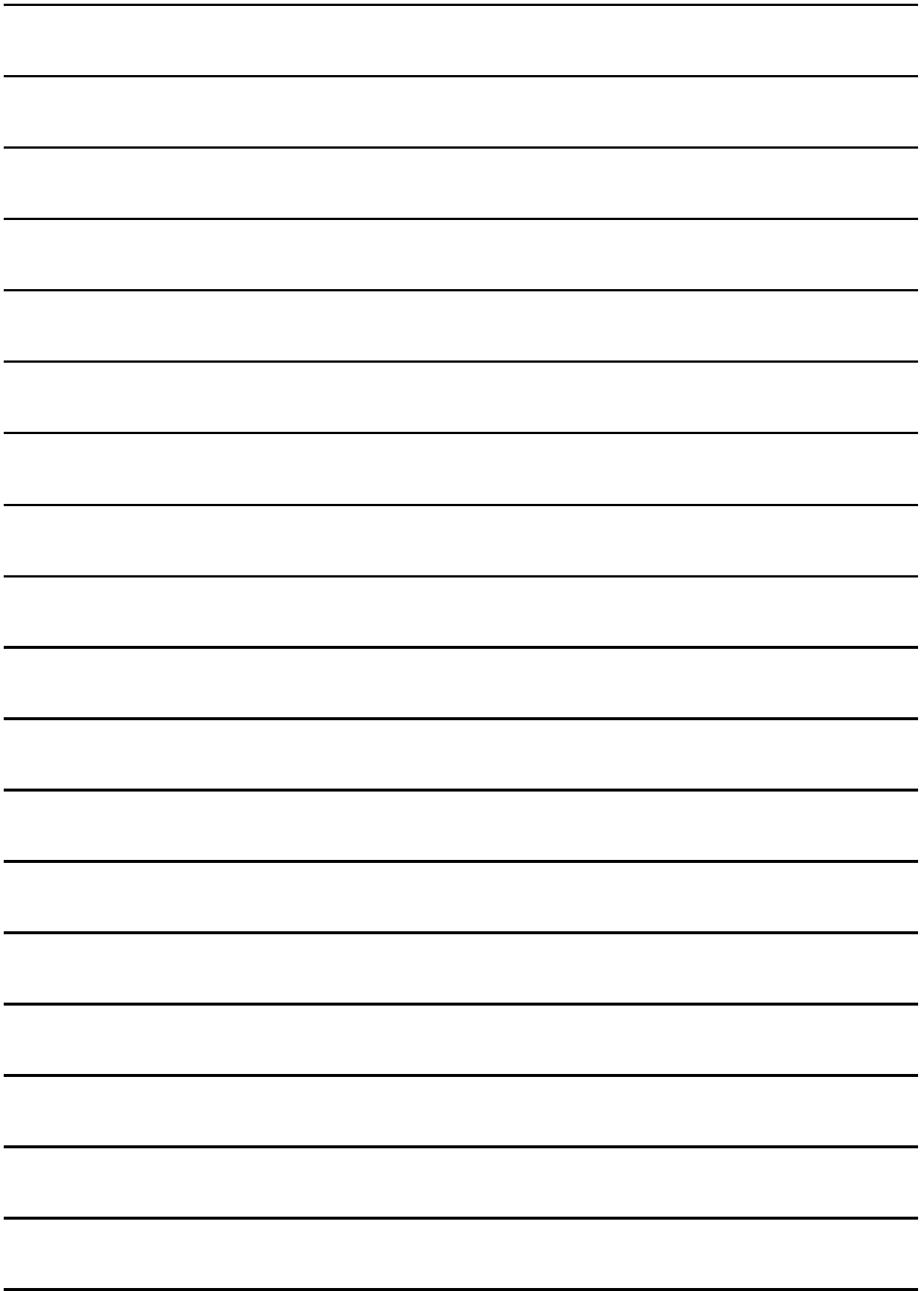
S G Raghavan
Director
DIN : 06971823

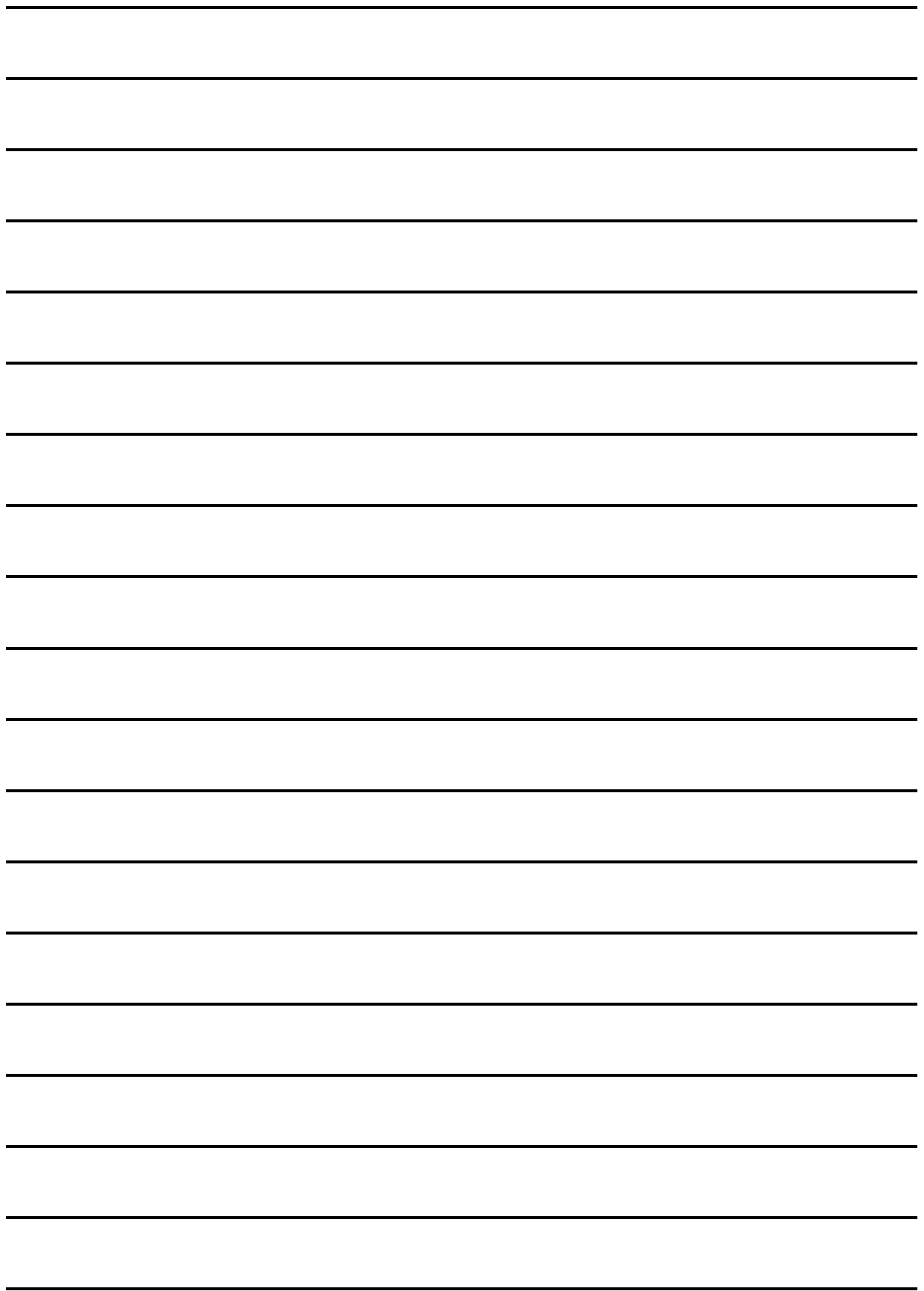
As per my report of even date
MSB Rao & Co
Chartered Accountant
Firms Registration No. 006072S

MS Babu Rao
Proprietor
Membership No.201467
UDIN:22201467AQYDEC2731

K. Sivaram
Chief Financial Officer

Place : Bengaluru
Date : 30th August, 2022





CERTIFICATE OF REGISTRATION

This is to certify that the management system of:

Karnataka Hybrid Micro Devices Ltd.

Plot No. 103, 4th Cross, KEONICS Electronics City, Hosur Road,
Bangalore 560100, Karnataka, India

has been registered by Intertek as conforming to the requirements of:

IATF 16949:2016

The management system is applicable to:

Design and Manufacture of Hybrid Micro Circuits and Manufacture of
Voltage Regulators

Permissible exclusions include: None

IATF Certificate Number:
0407560

Certificate Number:
2010D040

Certificate Issue Date:
28 June 2021

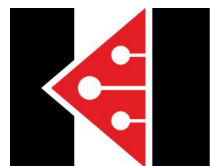
Certificate Expiry Date:
27 June 2024



Calin Moldoveanu
President, Business Assurance

Intertek – 4700 Broadmoor, Suite 200,
Kentwood MI 49512, USA





**KARNATAKA HYBRID
MICRO DEVICES LTD.**

CIN : U85110KA1992PLC012851

No. 103, 4th Cross, Electronics City, Phase - 1
Bengaluru - 560 100, Karnataka, India.

Tel : +91 80 28521506 / 1507

E-mail : info@khmdl.com Website : www.khmdl.com