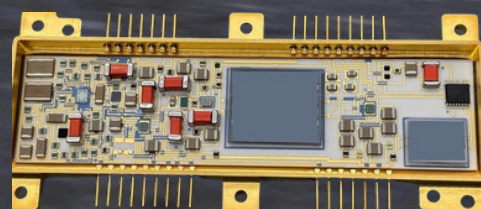
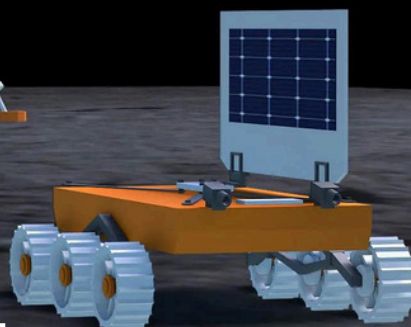
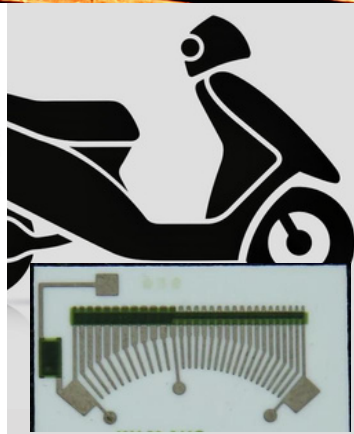
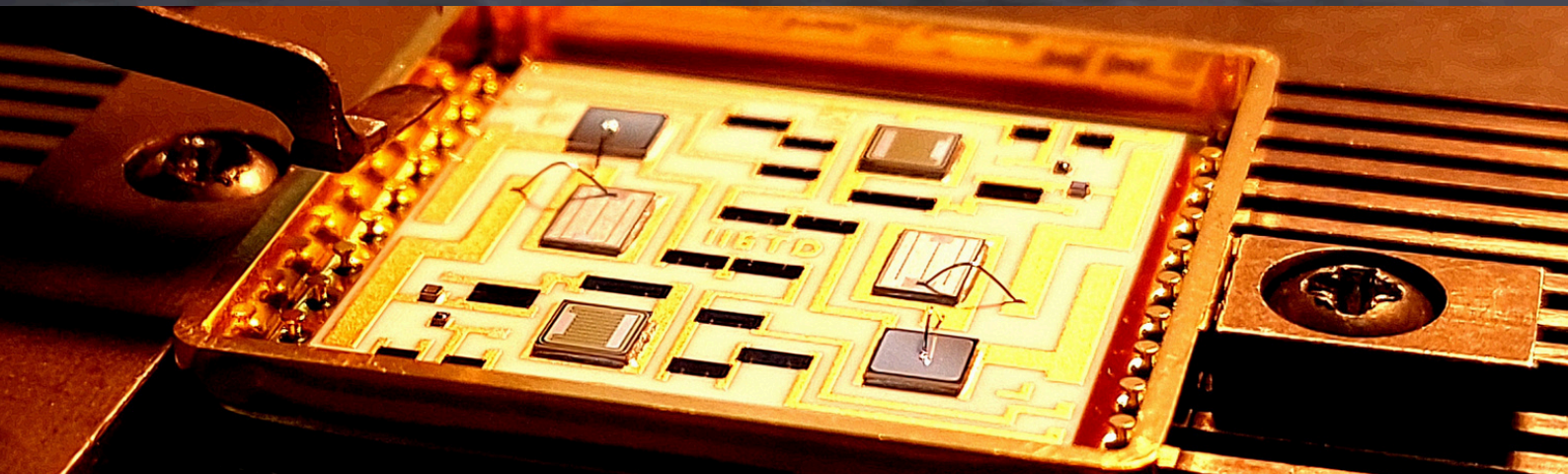


**KARNATAKA HYBRID
MICRO DEVICES LTD.**



Annual Report 2023-24



**Building a Better Tomorrow With Innovation
and Cutting-Edge Technology**

भारत सरकार
अन्तरिक्ष विभाग

यू.आर. राव उपग्रह केन्द्र

पोस्ट बॉक्स नं. १७९५, ओल्ड एयरपोर्ट रोड
विमानपुरा डाक, बेंगलूरु - ५६० ०१७, भारत

दूरभाष :

फैक्स :



Government of India
Department of Space

U.R. RAO Satellite Centre

Post Box No. 1795, Old Airport Road

Vimanapura Post, Bengaluru - 560 017, India

Telephone :

Fax :

एम . शंकरन/M. Sankaran
विशिष्ट वैज्ञानिक/Distinguished Scientist
निदेशक/Director

October 03, 2023

**Letter of Appreciation for Contribution Towards Chandrayaan-3
and Aditya-L1 Mission**

Dear sir/ma'am

It gives me immense pleasure to highlight the greatest feat ISRO has achieved this year with the **successful soft landing of Chandrayaan-3 and launch of Aditya-L1 missions**. These triumphs have brought our country at the forefront of space sector.

As a **valuable industry partner**, you have tirelessly worked towards these projects and significantly contributed in the realization of hardware and interface systems, supply of materials & services and testing of systems as per the schedule.

I sincerely thank you for your tremendous contributions that supported us in realizing our dreams. I wish this success builds a stronger collaboration for our future endeavours.

Yours sincerely,

[M Sankaran]

To,
M/s. Karnataka Hybrid Micro Devices Ltd,
Bengaluru, Karnataka



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 FINANCIAL OFFICER

Mr. K Sivaram

AUDITORS

Messrs. Ishwar and Gopal
Chartered Accountants
Bangalore

COMPANY SECRETARY

Ms. Sampada Inamdar
w.e.f. 20th December 2023

COMPANY SECRETARY CONSULTANT

Mr. Vijayakrishna K T
Company Secretary

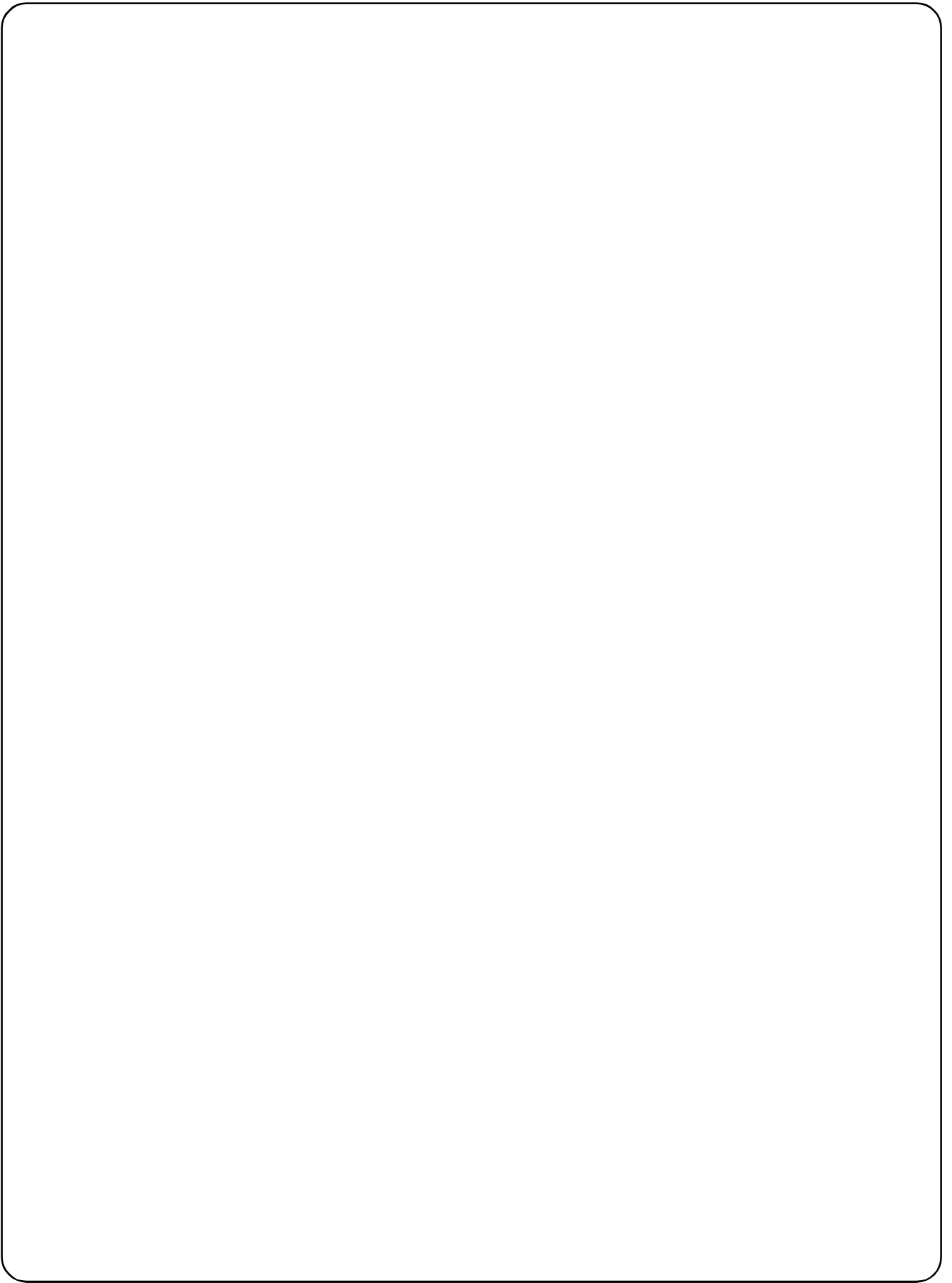
BANKERS

Canara Bank
Industrial Finance Branch,
Infantry Road
Bangalore – 560 001

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

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KARNATAKA HYBRID MICRO DEVICES LIMITED

CIN : U85110KA1992PLC012851

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

NOTICE

Notice is hereby given that the Thirty Second (32nd) Annual General Meeting ('AGM') of Karnataka Hybrid Micro Devices Limited (the "Company") will be held at 05.00 PM IST on Friday, 27th September, 2024 over Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") at the Registered Office of the Company, situated at No. 103, 4th Cross, Electronic City, Phase 1, Bengaluru – 560 100 (deemed venue of the Meeting) in compliance with the General Circular numbers 14/2020, 17/2020, 22/2020, 33/2020, 39/2020, 10/2021, 20/2021, 02/2022 and 10/2022 to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements for the financial year ended March 31, 2024.

To receive, consider and adopt the Audited Financial Statements including Balance Sheet of the Company as at 31st March, 2024 and the Statement of Profit and Loss for the year ended on that date together with the Board's Report and Independent Auditor's Report thereon.

2. Re-appointment of Mr. K G Raghavan, (holding DIN: 00359471), who retires by rotation.

To appoint a Director in place of Mr. K G Raghavan, (holding DIN: 00359471) who retires by rotation and, being eligible, offers himself for re-appointment.

3. Re-appointment of Ms. Kuntala P Das, (holding DIN: 08486071), who retires by rotation.

To appoint a Director in place of Ms. Kuntala P Das, (holding DIN: 08486071), who retires by rotation and, being eligible, offers herself for re-appointment.

By Order of the Board

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

Sd/-

Gopal Purandar Das

Chairman & Managing Director
DIN: 06850671

Place: Chunya, Tanzania

Date : 24th July, 2024



NOTES:

1. **AS THE AGM SHALL BE CONDUCTED THROUGH VC / OAVM, THE FACILITY FOR APPOINTMENT OF PROXY BY THE MEMBERS IS NOT AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP INCLUDING ROUTE MAP ARE NOT ANNEXED TO THIS NOTICE.**
2. The Company intends to convene the AGM in compliance with applicable provisions of the Act, read with **Circular No. 14/2020, dated 8th April, 2020, Circular No. 17/2020, dated 13th April, 2020, Circular No. 20/2020, dated 5th May, 2020, Circular No. 22/2020, dated 15th June, 2020 Circular No. 02/2021 dated 13th January, 2021, Circular No. 21/2021 dated 14th December, 2021, Circular No. 19/2021 dated 8th December, 2021 and Circular No. 02/2022 dated 5th May, 2022, Circular No. 10/2022 December 28, 2022 (collectively referred to as “MCA Circulars”)** through VC / OAVM, without the physical presence of the Members at a common venue.
3. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. On account of threat posed by COVID-19 and in terms of the MCA, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company.
5. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
6. All the documents referred to in the accompanying Notice and other statutory registers shall be available for inspection through electronic mode, based on any request received.
7. The detailed instructions are being attached herewith for attending AGM through video conference
8. Notification issued by the Ministry of Corporate Affairs (MCA) dated 10th September, 2018 mandates for issue and transfer of securities only in demat form by all the unlisted public companies. Members holding Shares in physical form are advised to dematerialize their Shares to avoid the risks associated with the physical holding of such Share Certificates.
9. The Registrar and Transfer Agent: NSDL Database Management Limited, 4th Floor, Trade World ‘A’ Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400013 is handling registry work in respect of Shares held both in physical form and in electronic/ demat form.
10. Members are requested to notify change of address, if any, immediately to the following address:

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

INSTRUCTIONS ON HOW TO ACCESS AND PARTICIPATE IN THE VIDEO CONFERENCE MEETING

Following are the instructions regarding access and participation in the aforesaid meeting:

1. The Members will be sent a link to their registered email IDs before the meeting to participate in the said meeting, which requires an electronic device such as computer or laptop or mobile phone with appropriate audio video facilities;
2. The Members shall click on the link, which would be shared and can join the said Meeting to participate;
3. The Members participating in the said Meeting shall ensure that no person other than the concerned shareholder is attending or has access to the proceedings of the said Meeting;
4. Every participant shall identify himself before speaking at the said Meeting.
5. The Members shall cast their votes on the proposed resolution only by sending emails through their registered email addresses only to the ksivaram@khmdl.com (Designated email id) after Chairman requests you to vote.
6. All the recordings of the proceedings at the said Meeting would be made by the Chairman;
7. Facility of video conference will be available 15 minutes before the time fixed for the Meeting and will be closed on expiry of 15 minutes after the Meeting.

Meeting Link :

Agenda : 32nd Annual General Meeting

Hosted by KHMDL

<https://khmdl.my.webex.com/khmdl.my/j.php?MTID=m8876249296264183351a47f7ba3a56e6>

Friday, September 27, 2024, 5:00 PM | 4 hours | (UTC+05:30) Chennai, Kolkata, Mumbai, New Delhi

Meeting number : 2644 877 2587

Password : AGM27sep (24627737 when dialling from a phone or video system)

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

Sd/-

Gopal Purandar Das

Chairman & Managing Director

DIN: 06850671

Place: Chunya, Tanzania

Date : 24th July, 2024



BOARD'S REPORT

To
The Members
KARNATAKA HYBRID MICRO DEVICES LIMITED

Your Directors have pleasure in presenting the Thirty Second (32nd) Annual Report and the Audited Financial Statements for the Financial Year ended 31st March, 2024.

1. FINANCIAL HIGHLIGHTS:

(INR in Lakhs)

Financial Results	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue	3351.02	3198.83
Profit before Depreciation and interest	236.39	(128.93)
Depreciation	104.90	121.47
Interest	156.60	129.52
Profit before tax	(25.12)	(379.92)
Profit after tax	(22.06)	(345.90)

Operations Review Summary for the Financial Year Ended 31st March 2024

Your company reported a revenue of INR 3351 lakhs, reflecting a 5% growth compared to INR 3199 lakhs in the previous year. This steady increase in revenue underscores our robust market strategy and consistent performance across our key sectors.

Significantly, we achieved a substantial reduction in net losses, decreasing from INR 380 lakhs in the previous fiscal year to INR 25 lakhs. This notable improvement highlights successful efforts in cost management, operational efficiencies, and strategic financial planning.

Overall, your company's financial health has shown marked progress, with enhanced revenue figures and a dramatic reduction in net losses. These results are indicative of our ongoing commitment to financial stability and growth.

PERFORMANCE HIGHLIGHTS:

- Successful development and delivery of the Complex Seismometer Hybrid Microelectronics Module which was incorporated in the Instrument for Lunar Seismic Activity (ILSA) was flown in the historic Chandrayaan-3 Moon Mission, fully meeting the functional specifications. This was a highly challenging Project and it is a significant achievement. Karnataka Hybrid Micro Devices Limited (KHMDL) has received a Letter of Appreciation for our role in Chandrayaan-3 and Aditya Solar Missions.
- Your Company, having completed the Indigenisation of Fuel Sensor Microelectronics for Two-wheelers, has emerged as the largest manufacturer of these devices in India within 15 months. We are increasing our TFR Fuel Sensor production capacity and this expansion is supported by substantial investment in capital expenditure (capex) to upgrade old machinery and enhance productivity.
- Your Company has developed a Soil Moisture Sensor for deploying in agricultural fields and will help the usage of optimal quantum of water for the plants. The pilot batch has been delivered and field trials are in progress. Following this, a 4 in 1 Sensor development has been completed. These sensors monitor many vital parameters which will help boost the agricultural output. The pilot batch of these sensors has also been delivered.
- KHMD has started developing high-wattage DC-DC Converters for URSC which will be used in future Missions. The qualification is envisaged to be completed by Dec 2024 and Production orders are expected by Q4 of the current fiscal year.

- In summary, our strategic focus and operational efficiencies have solidified our market position, driving growth and enabling us to achieve significant milestones in our business segments.

2. 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.

3. 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.

4. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no other material changes after 31st March, 2024 till the signing of this Report.

5. DIVIDEND:

Your Directors have not recommended any dividend for the year.

6. AMOUNTS TRANSFERRED TO RESERVES:

Since there is a net loss incurred during the year, the Board has not proposed to transfer any amount to its reserves.

7. CHANGES IN SHARE CAPITAL:

7.1. Capital Structure of the Company

The Authorized Capital of the Company as of 31st March, 2024 is Rs. 15,00,00,000/- (Rupees Fifteen crores only) divided into 1,50,00,000 (One Crore and Fifty Lakhs only) Equity Shares of Rs. 10/- (Rupees Ten only) each.

The issued, subscribed and paid up Equity Share capital of the Company as on 31st March 2024 is Rs. 14,09,62,880 (Rupees Fourteen Crores Nine Lakhs Sixty Two Thousand Eight Hundred and Eighty only) divided into 1,40,96,288 (One Crore Forty Lakh Ninety Six Thousand Two Hundred and Eighty Eight) Equity Shares of Rs. 10/- (Ten only) each.

During the Financial Year 2023-24, the Share Capital of the Company has not been altered.

7.2. Issue of Sweat Equity Share

The Company has not issued any Sweat Equity Shares during the year under review.

7.3. Issue of Shares with Differential Rights

The Company has not issued any Shares with differential rights during the year under review.

7.4. Issue of Shares under Employees Stock Option Scheme

The Company has not provided any Stock Option Scheme to the employees.

7.5. Buy back of Shares

The Company has not bought back any of its securities during the year under review.

7.6. Share Registrar & Transfer Agent

NSDL Database Management Limited is the Registrar and Transfer Agent of the Company.

8. 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.

9. 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 2023 to 31st March 2024 on the following dates: 24.04.2023, 18.08.2023, 14.12.2023, 28.03.2024.

SI No.	Date of Board Meeting	Number of Directors entitled to attend the Meeting	Number of Directors attended the Meeting
1.	24.04.2023	8	6
2.	18.08.2023	8	7
3.	14.12.2023	8	6
4.	28.03.2024	8	7

The Agenda and notes there on 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.

The Board has evaluated the Independent Directors and confirms that all the Independent Directors of the Company fulfils the criteria of independence as required under the Companies Act, 2013.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Directors and Key Managerial Personnel as on 31.03.2024 are as follows:

SI. No.	Name of Director	DIN	Designation
1.	Mr. Gopal Purandar Das	06850671	Chairman & Managing Director
2.	Mr. Sundararaman Govindaraghavan	06971823	Director
3.	Mr. Eswarahalli Sundararajan Dwarakadasa	00233589	Director
4.	Mr. Raghavan Kadaba Gopivallabh Iyengar	02021276	Director
5.	Mr. Gundu Hirisave Rama Rao	01837897	Independent Director
6.	Mr. Madhusudan Coimbatore Narasimhamurthy	02341987	Independent Director
7.	Mr. Mavanur Venkatachala Sampath Kumar Iyengar	07613043	Independent Director
8.	Mrs. Kuntala Purandar Das	08486071	Director
9.	Mr. Krishnamurthy Sivaram	ARIPS9239G	Chief Financial Officer
10.	Ms. Sampada Inamdar*	AMPFI4817A	Company Secretary

* Appointed with effect from December 20, 2023.

During the year under review following changes took place in the composition of the Board of Directors and Key Managerial Personnel of your Company :

1. Resignation of Company Secretary:

Ms. Swetha Sivasankaran, (ACS: 71620) who was appointed as Company Secretary and Key Managerial Personnel of the Company at the Board Meeting held on 24th April, 2023 resigned from the office w.e.f. 20th November 2023. The Board accepted her resignation in its Meeting held on 14th December 2023.

2. Appointment of Company Secretary:

The Board appointed Ms. Sampada Inamdar, as Company Secretary and Key Managerial Personnel of the Company at its Meeting held on 14th December, 2023 w.e.f. December 20, 2023.

3. Retirement by rotation and subsequent re-appointment

Pursuant to Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mrs Kuntala Purandar Das, Director and Raghavan Kadaba Gopivallabh Iyengar, Director retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

11. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received necessary declarations from each Independent Director 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**).

None of the Directors of the Company is disqualified for being appointed as Directors as specified in Section 164(2) of the Act and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

12. 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 2023-24, 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.

13. 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 the General Meeting.
- III. Remuneration of Senior Management Employees: The remuneration including annual increments and performance incentives 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;

14. MEETING OF INDEPENDENT DIRECTORS:

Pursuant to Clause VII (1) of Schedule IV of the Companies Act, 2013, the Independent Directors held a separate Meeting on 27th March, 2024 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.



Details on terms of appointment of Independent Directors and the familiarization program have been displayed on website of the Company at www.khmdl.com.

15. 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, and 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 and effectiveness of Committee Meetings.

Independent Directors of the Company provided their views on the 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.

16. STATUTORY AUDITORS:

Messrs. Ishwar and Gopal, Chartered Accountants, Bangalore having Firm Registration Number - 001154S were appointed as Statutory Auditors of the Company to hold office for the first term of five consecutive years from the conclusion of the 30th Annual General Meeting held 30th September 2022 till the conclusion of 35th Annual General Meeting, to be held in the year 2027, as required under Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

17. QUALIFICATIONS IN THE AUDIT REPORT:

There were no qualifications or observations by the Auditors in their Audit Report for the Financial Year 2023-24.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013, the Board hereby submits its responsibility statement: —

- a. In the preparation of the annual accounts, 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 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 annual accounts 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.

19. 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

20. COMPOSITION OF THE COMMITTEES:

Following is 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

21. 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.

22. 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, 2024.

23. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

24. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company had, in all material respects, an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls as of March 31, 2024 in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing issued by the ICAI and as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting.

25. QUALIFICATIONS IN THE AUDIT REPORT:

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

26. 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.

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

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

28. 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 2023-24									

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 2023-24.							

29. RISK MANAGEMENT POLICY:

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

30. VIGILANCE MECHANISM / WHISTLE BLOWER POLICY:

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

31. 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.

32. 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 will introduce new technologies and products both in processes and production.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Exchange used	As of 31 st March, 2024: Rs. 30.28 Lakhs As of 31 st March, 2023: Rs. 23.91 Lakhs
Total Foreign Exchange Earned (Accrual Basis)	As of 31 st March, 2024: NIL As of 31 st March, 2023: NIL

33. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES :

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.

34. RELATED PARTY TRANSACTIONS:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and at arm's length basis.

No Material Related Party Transactions, i.e. transactions exceeding rupees one thousand crores or exceeding 10% of the annual consolidated turnover as per the last audited financial statements, whichever is lower, were entered into during the year by your Company. The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in (**Annexure- A**) in Form No. AOC-2 and the same forms part of this report.

Details of contracts / arrangements / transactions with related parties are also given in the notes to the financial statements.

35. 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 the 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.

The following is a summary of sexual harassment complaints received and disposed of during FY 2023-24:

1. No. of Complaints received: NIL
2. No. of Complaints disposed of: NIL

36. 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.

37. FORMAL ANNUAL EVALUATION:

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

38. DISCLOSURE ABOUT COST RECORDS AND COST AUDIT:

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable to the business activities carried out by the Company.

39. EVENT BASED DISCLOSURES:

There were no events required to be mentioned during the Financial Year 2023-24.

40. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:

Not Applicable as no application was made nor are any procedures pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

41. 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 co-operation.

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

Sd/-

Gopal Purandar Das
Chairman & Managing Director
DIN: 06850671

Place: Chunya, Tanzania
Date : 24th July, 2024

**Annexure - A
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)	5,00,000/-	25,00,000/-	10,00,000/-
(e)	Date(s) of approval by the Board, if any:	24.04.2023	24.04.2023	24.04.2023
(f)	Amount paid as advances, if any:	NA	NA	NA

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

Sd/-

Gopal Purandar Das
Chairman & Managing Director
DIN: 06850671

Place: Chunya, Tanzania
Date : 24-07-2024

DECLARATION OF INDEPENDENCE

Date: 01.04.2024

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, Madhusudan Coimbatore Narasimhamurthy, son of Mr. Coimbatore Narasimhamurthy Narayana Iyengar hereby certify that I am an Independent Director of Karnataka Hybrid Micro Devices Limited. having its registered office at Plot No. Part 103, 4th cross, Electronics City, Bangalore-560100 and hereby declare that 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;
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, its holding, subsidiary or associate 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 non-profit 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. possess such other qualifications as prescribed under Rules 5 of (Companies Appointment and Qualification Rules), 2014.
 9. I am not a material supplier, service provider or customer or a lessor or lessee of the Company;
 10. I am not less than 21 years of age.
 11. I have registered on the <https://www.independentdirectorsdatabank.in>
 12. 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.

Declaration

I do hereby declare and confirm that the above said information is 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 is found to be 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

Sd/-

Madhusudan Coimbatore Narasimhamurthy

Director

DIN: 02341987

Date: 1st April, 2024

Place: Atlanta, USA

DECLARATION OF INDEPENDENCE

Date: 01.04.2024

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 an Independent Director of Karnataka Hybrid Micro Devices Limited having its registered office at Plot No. Part 103, 4th Cross, Electronics City, Bangalore – 560100 and hereby declare that 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;
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, its holding, subsidiary or associate 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 non-profit 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. possess such other qualifications as prescribed under Rules 5 of (Companies Appointment and Qualification Rules), 2014.
 9. I am not a material supplier, service provider or customer or a lessor or lessee of the Company;
 10. I am not less than 21 years of age.
 11. I have registered on the <https://www.independentdirectorsdatabank.in>
 12. 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.

Declaration

I do hereby declare and confirm that the above said information is 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 is found to be 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

Sd/-

M V Sampath Kumar Iyengar

Director

DIN: 07613043

Date: 1st April, 2024

Place: Bangalore

DECLARATION OF INDEPENDENCE

Date: 01.04.2023

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 an Independent Director of Karnataka Hybrid Micro Devices Limited having its registered office at Plot No. Part 103, 4th cross, Electronics City, Bangalore-560100 and hereby declare that 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;
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, its holding, subsidiary or associate 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 non-profit 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. possess such other qualifications as prescribed under Rules 5 of (Companies Appointment and Qualification Rules), 2014.
 9. I am not a material supplier, service provider or customer or a lessor or lessee of the Company;
 10. I am not less than 21 years of age.
 11. I have registered on the <https://www.independentdirectorsdatabank.in>
 12. 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.

Declaration

I do hereby declare and confirm that the above said information is 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 is found to be 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

Sd/-

Gundu Hirisave Rama Rao
Director
DIN: 01837897

Date: 1st April, 2024
Place: Maryland, USA

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Karnataka Hybrid Micro Devices Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2024, and the Statement of Profit and Loss, and Statement of Cash Flows for the year ended, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and loss for the year, and its cash flows for the year ended on that date.

Basis of Opinion

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

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

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibility of Management for Standalone 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting

records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

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

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

We also :

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of accounts;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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, to the best of our knowledge and explanations given to us, the company has not paid/ provided remuneration to its directors in excess of the limits prescribed under the section 197(11).
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long – term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund during the year under review.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in notes to accounts, 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 our attention that has caused us 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. Based on the information and explanation provided to us, the accounting software used by the Company for maintaining its books of account is not having a feature of recording audit trail (edit log) facility.
- vi. The Company has not declared or paid dividend during the year.

For **Ishwar and Gopal**
Chartered Accountants
Firm Registration No. 001154S

Sd/-

K.V.Gopalakrishnaya
Partner

M. No : 021748
UDIN : 24021748BJZZNE3745

Place: Bengaluru
Date : 24-07-2024

Annexure – “A” to the Independent Auditors’ Report

In terms of the Companies (Auditor’s Report) Order 2020, issued by the Central Government of India, in terms of section 143(11) of The Companies Act, 2013, we further report, on the matters specified in paragraph 3 and 4 of the said order, that -

- i. (a) (A) The Company has maintained records showing full particulars including quantitative details and situation of property, plant and equipment.
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) Based on the information and explanations given to us, the management has physically verified Property, Plant and Equipment at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) Based on the information and explanations given to us, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) Based on the information and explanations given to us, the Company has not revalued its Property, Plant & Equipment (including Right of use Assets) or intangibles during the year. Hence the requirement of clause 3 (i) (d) of the order is not applicable to the Company for the year under review.
- (e) Based on the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder at any point of time during the year under review.
- ii. (a) Based on the information and explanations given to us, the management has physically verified the inventory at reasonable intervals and in our opinion the coverage and procedure of such verification by the management is appropriate. No material discrepancies of 10% or more in aggregate for each class of inventory were noticed.
- (b) The company has been sanctioned working capital limits in excess of Rs. 5 Crores in aggregate from banks during the year on the basis of current assets of the company. As per the information’s furnished to us, the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of accounts of the company except for trade payable details as detailed below. (Refer Note 2.43 to the financial statements)

Quarter ending	As per Bank Statement	As per books	Difference
30 th June 2023	319.23	374.36	-55.13
30 th September 2023	364.68	398.69	-34.01
31 st December 2023	370.79	416.95	-46.16
31 st March 2024	292.05	342.25	-53.20

- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, the Company has not made 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 any other parties, and hence the requirement of clause 3 (iii) (a) to (f) of the order is not applicable to the Company for the year under review.

- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees, and securities to parties covered under Section 185 and 186 of the Companies Act, 2013.
- v. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits or amounts which are deemed to be deposits and hence the requirement of clause 3 (v) of the order is not applicable to the Company during the year under review.
- vi. We have been informed that maintenance of books of accounts pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for maintenance of Cost records in respect of products of the Company are not applicable to the Company for the year under review and hence the requirement of clause 3 (vi) of the order is not applicable to the Company during the year under review.
- vii. (a) Undisputed statutory dues including Goods and Service tax, Provident fund, employee's state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess have generally been deposited by the company with the appropriate authorities. There are no arrears of outstanding statutory dues mentioned above as on the last day of the financial year concerned for a period of more than six months from the date, they became payable.

(b) According to the information and explanation given to us, there are no amounts of statutory dues as referred to in clause 3 (vii) (a) above which have not been deposited on account of any dispute.
- viii. According to the information and explanation given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), hence the requirement of clause 3 (viii) of the order is not applicable to the Company for the year under review.
- ix. (a) As per the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) As per the information and explanations given to us, the Company is not declared as willful defaulter by any bank or financial institution or any lender at any point of time during the financial year under review.

(c) According to the information and explanations given to us, the Company has not raised any funds by way of term loans during the year.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures and hence the requirement of clause 3 (ix) (e) of the order is not applicable to the Company during the year under review.

(f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate Companies and hence the requirement of clause 3 (ix) (f) of the order is not applicable to the Company for the year under review.
- x. (a) During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and hence clause 3 (x) (a) of the Order is not applicable to the Company for the year under review.

- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence clause 3 (x) (b) of the Order is not applicable to the Company for the year under review.
- xi. (a) According to the information and explanations given to us, no material frauds by the Company or on the Company have been noticed or reported during the course of the audit.
- (b). According to the information and explanations given to us, 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.
- (c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year under review.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) (a) to (c) of the Order is not applicable to the Company for the year under review.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.(a) In our opinion and based on the examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its Directors or persons connected with its Directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company for the financial year under review.
- xvi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company is not required to be registered under Ssection 45-IA of the Reserve Bank of India Act 1934 and hence clause 3 (xvi) (a) to (d) of the Order is not applicable to the Company for the year under review.
- xvii. Based on our examination of the records of the Company, the Company has not incurred cash loss during the current year and incurred cash loss of Rs. 224.43 Lakhs during the previous year.
- xviii. There has been no resignation of the statutory auditors during the year under review and hence clause 3 (xviii) of the Order is not applicable to the Company for the year under review.
- xix. According to information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing on the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts upto the date of the audit report and we 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. According to the information and explanation given to us and based on our examination of the records of the Company, the Company does not have any unspent amount, pursuant to sub-section (5) and (6) of Section 135 of the Companies Act, 2013. Hence, the requirements of clause 3 (xx) (a) and 3 (xx) (b) is not applicable to the Company for the year under review.

xxi. The Company is not required to prepare consolidated financial statements and hence clause 3 (xxi) of the Order is not applicable to the Company for the year under review.

For Ishwar and Gopal
Chartered Accountants
Firm Registration No. 001154S

Sd/-

K.V.Gopalakrishnayya
Partner

M. No : 021748
UDIN : 24021748BJZZNE3745

Place: Bengaluru
Date : 24-07-2024

Annexure – "B" to the Independent Auditors' Report

[Referred to in paragraph 2 (f) under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date to the Members of Karnataka Hybrid Micro Devices Limited for the year ended March 31st, 2024]

Report on the Internal Financial Controls with reference to Financial Statements under paragraph (i) of Sub Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Controls with reference to the Financial Statements of Karnataka Hybrid Micro Devices Limited ("the Company") as of March 31st, 2024 in conjunction with our audit of the financial statements of the company for the year ended on the date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls with reference to financial statements (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to Financial Statements, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to 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 authorizations of management and Directors of the Company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with Reference to Financial Statements

Because of the inherent limitations of Internal Financial Controls with reference to Financial Statements, 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 with reference to financial statements 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 our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such Internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls with reference to financial statements issued by the ICAI.

For **Ishwar and Gopal**
Chartered Accountants
Firm Registration No. 001154S

Sd/-
K.V.Gopalakrishnayya
Partner
M. No : 021748
UDIN : 24021748BJZZNE3745

Place: Bengaluru
Date : 24-07-2024

Balance Sheet as at 31st March 2024
CIN : U85110KA1992PLC012851

Particulars	Note No.	Rs. in Lakhs	
		31.03.2024	31.03.2023
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share capital	2.1	1,409.63	1,409.63
(b) Reserves and surplus	2.2	-1,028.01	-1,005.94
Non-current liabilities			
(a) Long-term borrowings	2.3	381.11	386.23
(b) Other long term liabilities			
(c) Long-term provisions	2.4	126.73	131.54
Current liabilities			
(a) Short-term borrowings	2.5	949.14	1,041.17
(b) Trade payables	2.6		
-Total outstanding dues of micro enterprises and small enterprises; and		270.40	162.64
-Total outstanding dues of creditors other than micro enterprises and small enterprises.		74.85	240.20
(c) Other current liabilities	2.7	118.46	180.90
(d) Short term provisions	2.8	23.52	16.76
TOTAL		2,325.83	2,563.13
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment			
(i) Tangible	2.9	853.00	921.75
(ii) Intangible assets	2.9	66.07	13.53
(b) Non-current investments	2.10	0.11	0.11
(c) Deferred tax assets (Net)	2.11	75.55	72.30
(d) Long-term loans and advances	2.12	51.54	50.71
(e) Other non-current assets	2.13	20.06	18.10
Current Assets			
(a) Inventories	2.14	548.69	494.01
(b) Trade receivables	2.15	530.06	838.29
(c) Cash and cash equivalents	2.16	46.84	43.92
(d) Short-term loans and advances	2.17	130.98	107.74
(e) Other current assets	2.18	2.93	2.67
TOTAL		2,325.83	2,563.13

Significant Accounting Policies 1

Contingent Liabilities and Commitments 2.19

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

As per our report of even date
For Ishwar and Gopal
Chartered Accountants
Firms Registration No. 001154S

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

Sd/-
K.V.Gopalakrishnaya
Partner
M. No.: 021748
UDIN : 24021748BJZNE3745

Sd/-
Gopal P Das
Managing Director
DIN : 06850671
Chunya, Tanzania

Sd/-
S G Raghavan
Director
DIN : 06971823

Place : Bengaluru
Date : 24-07-2024

Sd/-
K. Sivaram
Chief Financial Officer

Sd/-
Sampada Inamdar
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2024
CIN : U85110KA1992PLC012851

INR in Lakhs			
Particulars	Note No.	31.03.2024	31.03.2023
Revenue from operations	2.20	3,335.97	3,186.57
Other income	2.21	15.05	12.26
TOTAL INCOME		<u>3,351.02</u>	<u>3,198.83</u>
Expenses:			
Cost of materials consumed	2.22	1,989.97	2,105.06
Changes in inventories of finished goods and work-in-progress	2.23	-35.65	-21.30
Employee benefits expense	2.24	823.84	879.58
Finance costs	2.25	156.60	129.52
Depreciation and amortisation expense	2.26	104.90	121.47
Other expenses	2.27	336.47	364.43
TOTAL EXPENSES		<u>3,376.14</u>	<u>3,578.76</u>
Profit before exceptional and extra-ordinary items and Tax		-25.12	-379.93
Exceptional items		-	-
Profit before extra-ordinary items and tax		-25.12	-379.93
Extra-ordinary items		-	-
Profit before Tax		-25.12	-379.93
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-3.25	-34.03
(3) MAT credit reversal		0.08	-
(3) Income Tax relating to earlier years		0.12	-
Profit/(Loss) for the Year		-22.07	-345.90
Earnings per Equity share (Nominal Value of Rs. 10 (Previous year Rs.10))			
(1) Basic		-0.16	-2.45
(2) Diluted		-0.16	-2.45

Significant Accounting Policies

1

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

As per our report of even date
For Ishwar and Gopal
Chartered Accountants
Firms Registration No. 001154S

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

Sd/-
K.V.Gopalakrishnayya
Partner
M. No.: 021748
UDIN : 24021748BJZZNE3745

Sd/-
Gopal P Das
Managing Director
DIN : 06850671
Chunya, Tanzania

Sd/-
S G Raghavan
Director
DIN : 06971823

Place : Bengaluru
Date : 24-07-2024

Sd/-
K. Sivaram
Chief Financial Officer

Sd/-
Sampada Inamdar
Company Secretary

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2024
CIN : U85110KA1992PLC012851

Particulars	INR in Lakhs	
	31.03.2024	31.03.2023
A) Cash flows from Operating Activities		
Profit before Taxation and extraordinary items	-25.12	-379.92
Adjustments for:		
Depreciation	104.90	121.47
Interest and Financial Charges	43.99	117.51
Loss on discarded assets		
Rent received	-6.12	-6.12
Interest received	-3.72	-1.99
Unrealised Loss/(Gain) on foreign currency translation		
Other non cash Items		
Cash Flows Before Working Capital Changes	113.94	-149.05
Adjustments For Working Capital Changes:		
Change in Inventories	-54.67	62.47
Change in Trade Receivables	308.23	-337.93
Change in Loans & Advances	-21.50	94.91
Change in Other Current Assets	-0.31	-0.23
Change in Trade Payables	-57.59	89.77
Change in Long term provisions	-4.82	-1.96
Change in Short term provisions	6.76	-8.37
Change in other current liabilities	-55.83	70.51
	234.19	-179.89
Less: Direct Taxes paid	2.77	3.77
Net Cash flow From Operating Activities	231.42	-183.66
B) Cash flows from Investing Activities		
Acquisition of Fixed Assets/Capital work in progress	-88.69	-27.95
Sale of Fixed assets	-	-
Rent received	6.12	6.12
Interest received	3.78	11.55
Increase in Deposits	-1.96	63.90
Net Cash flows from Investing Activities	-80.75	53.62
C) Cashflows from Financing Activities		
Availment/(Repayment) of Term Loans	16.13	23.65
Increase/(Reduce) in short term borrowings	-113.28	233.35
Interest paid	-50.60	-113.64
Net Cash flows from Financing Activities	-147.75	143.36
Net Increase/(Decrease) in Cash or Cash Equivalents	2.92	13.32
Add: Opening Cash or Cash Equivalents	43.92	30.60
Closing Cash or Cash Equivalents	46.84	43.92

As per our report of even date
For Ishwar and Gopal
Chartered Accountants
Firms Registration No. 001154S

Sd/-
K.V.Gopalakrishnayya
Partner
M. No.: 021748
UDIN : 24021748BJZZNE3745

Place : Bengaluru
Date : 24-07-2024

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

Sd/-
Gopal P Das
Managing Director
DIN : 06850671
Chunya, Tanzania

Sd/-
K. Sivaram
Chief Financial Officer

Sd/-
S G Raghavan
Director
DIN : 06971823

Sd/-
Sampada Inamdar
Company Secretary

**NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2024**

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.

Revenue from service transactions is recognised as the service is performed, either by the proportionate completion method or by the completed service contract method.

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 five 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.

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 of India administered Fund.

Leave Encashment: 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 twelve 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, 2024

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

2.1 SHARE CAPITAL (All amounts are INR in Lakhs unless specifically disclosed otherwise)

Particulars	As at 31.3.2024	As at 31.3.2023
Authorised Equity Share Capital:		
1,50,00,000 (31st March 2023 - 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 2023 - 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.

Reconciliation of number of Shares	As at 31st March, 2024		As at 31st March, 2023	
	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	1,40,96,288	1,409.63	1,40,96,288	1,409.63
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	1,40,96,288	1,409.63	1,40,96,288	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.

Name of the Shareholders	No. of shares	Percentage	No. of shares	Percentage
Kuntala P Das	86,18,903	61.14%	85,11,703	60.38%
Gopal P Das	30,52,910	21.66%	30,46,910	21.61%

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

Equity shares of Rs. 10/- each

As at 31st March 2024

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	86,18,903	61.14%	85,11,703	60.38%	0.76%
Gopal P Das	30,52,910	21.66%	30,46,910	21.61%	0.04%

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

As at 31st March 2023	INR in Lakhs				
	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	85,11,703	60.38%	85,11,704	60.38%	0.00%
Gopal P Das	30,46,910	21.61%	30,46,910	21.61%	0.00%

2.2 RESERVES AND SURPLUS		INR in Lakhs	
Particulars	As at 31.3.2024	As at 31.3.2023	
(a) Surplus in Statement of Profit and Loss			
Opening balance	-1,005.94	-660.04	
Add: Profit/(Loss) for the year	-22.07	-345.90	
Amount available for appropriation	-1,028.01	-1,005.94	
Appropriations:	-	-	
Balance as at the end of the year	-1,028.01	-1,005.94	

2.3 LONG-TERM BORROWINGS		
Secured Loans:		
Working Capital Term Loan		
- Canara Bank (Refer Note 2.3.1)	49.58	77.92
Unsecured Loans:		
- From Related Parties (Refer Note 2.3.2)	331.53	308.31
TOTAL	381.11	386.23

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 (January 2022) with maturity during January 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 Loan Extension Agreement signed, both the parties are mutually agreed to extend the maturity date for 3 years upto 31/12/2025 with the terms and conditions of the original loan agreement.

2.4 LONG TERM PROVISIONS		
Particulars	As at 31.3.2024	As at 31.3.2023
Employee Benefits:		
Gratuity obligation (Refer Note 2.33)	86.24	85.50
Leave encashment (Refer Note 2.33)	40.49	46.04
TOTAL	126.73	131.54

2.5 SHORT TERM BORROWINGS		
Particulars	As at 31.3.2024	As at 31.3.2023
Secured:		
Working Capital facility from Canara Bank (Refer Note 2.5.1)	920.81	963.81
Loan from ICICI Bank (Refer Note 2.5.2)	-	70.28
Current maturities of Long-term Debt :		
Secured: Canara Bank (Refer Note 2.3.1)	28.33	7.08
TOTAL	949.14	1041.17

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

Notes on Short-term Borrowings:

2.5.1 The Working Capital facility is primarily secured as follows:

2.5.2 The loan from ICICI Bank is in nature of Bank Overdraft facility for the purposes of working capital requirements and is repayable on demand. The facilities are available for a period of 12 months from the date of sanction subject to review at periodical intervals. The security provided are with Unconditional and irrevocable Stand by Letter of Credit (SBLC) from Bank of American (USA) for an amount equivalent to 110% of the facility amount in favour of ICICI Bank Ltd.

2.6 TRADE PAYABLES

INR in Lakhs

Particulars	As at 31.03.2024	As at 31.03.2023
Dues of micro enterprises and small enterprises	270.40	162.65
Dues of creditors other than micro enterprises and small enterprises	74.85	240.20
TOTAL	345.25	402.85

2.6.1 Trade payable ageing schedule:

Particulars	Outstanding for following period from due date of payment					Total
	Not Due	Less than 1 year	1-2 year	2-3 years	> 3 years	
As at March 31, 2024						
Undisputed dues of micro enterprises and small enterprises	133.57	135.47	1.35	-	-	270.40
Undisputed dues of creditors other than micro enterprises and small enterprises	53.82	20.33	0.70	-	-	74.85
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	0.00
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	0.00
Total	187.40	155.80	2.05	-	-	345.25
As at March 31, 2023						
Total outstanding dues of micro enterprises and small enterprises	90.99	71.65	-	-	-	162.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	124.92	113.95	1.33	-	-	240.20
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	215.91	185.60	1.33	-	-	402.84

2.7 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2024	As at 31.03.2023
Employee benefits payable	63.54	63.40
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	32.22	68.19
Interest accrued but not due on borrowings	-	6.61
Advance received from customers	6.61	7.14
Other payables	16.09	35.56
TOTAL	118.46	180.91

2.8 SHORT TERM PROVISIONS

Leave encashment (Refer Note 2.33)	8.98	2.60
Gratuity obligation (Refer Note 2.33)	14.54	14.16
TOTAL	23.52	16.76

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.9 STATEMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS												
Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK		
		As on 1st April 2023	Additions	Deletion/ Adjustments	As on 31st March 2024	As on 1st April 2023	For the year	Deletion/ Adjustments	As on 31st March 2024	As on 31st March 2024	As on 31st March 2023	
i	Land	38.94	-	-	38.94	-	-	-	-	-	38.94	38.94
ii	Building	735.19	-	-	735.19	23.28	-	-	401.29	333.89	357.17	380.45
iii	Plant & Machinery	1805.37	19.47	-	1824.85	54.22	-	-	1411.21	413.63	448.37	496.30
iv	Office Equipments	31.15	1.23	-	32.39	1.71	-	-	25.84	6.54	7.02	7.02
v	Electrical installations	202.14	0.79	-	202.93	1.77	-	-	184.16	18.77	19.75	19.86
vi	Computer	64.59	2.86	-	67.45	8.00	-	-	57.52	9.93	15.06	20.79
vii	Vehicles	143.73	-	-	143.73	10.31	-	-	134.09	9.65	19.96	33.62
viii	Furniture & Fixtures	119.25	8.15	-	127.40	1.98	-	-	105.76	21.64	15.47	16.94
	Sub Total (CY)	3140.37	32.52	0.00	3172.88	101.27	0.00	0.00	2319.88	853.00	921.75	
	Sub Total (PY)	3112.42	27.95	0.00	3140.37	117.77	0.00	0.00	2218.61	921.76	1011.59	
	INTANGIBLE ASSETS:											
	a) Computer software	19.09	-	-	19.09	3.60	-	-	9.16	9.93	13.53	17.22
	b) Products developed	374.35	56.17	374.35	374.35	0.03	374.35	-	0.03	56.14	-	-
	Sub Total (CY)	393.44	56.17	374.35	75.26	3.63	374.35	374.35	9.19	66.07	13.53	
	Sub Total (PY)	393.44	-	-	393.44	3.69	0.00	0.00	379.91	13.53	17.22	
	Total (CY)	3533.81	88.69	374.35	3248.15	104.90	374.35	374.35	2329.07	919.07	935.29	
	Total (PY)	3505.86	27.95	-	3533.81	121.47	-	-	2598.52	935.29	1028.81	

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.10 NON CURRENT INVESTMENTS		INR in Lakhs	
Particulars	As at 31.03.2024	As at 31.03.2023	
<u>Long Term-Valued at Cost (Un-quoted):</u>			
1,100 (31st March 2024 - 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 temporary disallowances	42.62	42.45	
- on account of Losses	116.68	113.05	
Deferred Tax Liability:			
- on account of Depreciation	83.75	83.20	
TOTAL	75.55	72.30	
2.12 LONG-TERM LOANS AND ADVANCES			
<u>Unsecured, considered good:</u>			
Capital Advance:			
Advance for purchase of Land	8.00	8.00	
Advance Income Tax (Net of provisions)	43.54	42.71	
TOTAL	51.54	50.71	
2.13 OTHER NON-CURRENT ASSETS			
<u>Long Term Deposits with Banks with maturity period more than 12 months:</u>			
Term Deposit with Canara Bank (Pledged as margin money against bank guarantees)	2.00	0.42	
Security Deposits - Others	18.06	17.68	
TOTAL	20.06	18.10	
2.14 INVENTORIES			
(a) Raw materials	333.85	334.04	
(b) Work-in-progress	114.73	91.01	
(c) Finished goods	53.28	41.36	
(d) Stores, spares and Loose Tools	5.61	5.79	
(e) Consumables	41.21	21.81	
TOTAL	548.69	494.01	
2.15 TRADE RECEIVABLES			
<u>Unsecured, considered good:</u>			
Unsecured, considered good	530.06	838.29	
Unsecured, considered doubtful	-	-	
Less: Allowances for credit loss	-	-	
TOTAL	530.06	838.29	

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024**2.15.1 Trade Receivable ageing schedule:****INR in Lakhs**

Particulars	Outstanding for following period from due date of payment						Total
	Not Due	Less than 6 Months	6 Months-1 year	1-2 years	2-3 years	> 3 years	
As at March 31, 2024							
Undisputed Trade receivables - considered good	386.50	141.77	1.29	0.50	-	-	530.06
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	386.50	141.77	1.29	0.50	-	-	530.06
As at March 31, 2023							
Undisputed Trade receivables - considered good	534.53	281.76	9.41	12.58	-	-	838.29
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	534.53	281.76	9.41	12.58	-	-	838.29

2.16 CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2024	As at 31.03.2023
Cash and Cash equivalents:		
Cash on hand	0.14	0.26
Bank balances:		
in current Account	1.86	0.48
Fixed Deposit with Banks with maturity of less than 12 months (Pledged as security against bank guarantee facilities)	44.84	43.18
TOTAL	46.84	43.92

2.17 SHORT TERM LOANS AND ADVANCES**Unsecured, considered good:**

Advances to Vendors	59.58	65.18
MAT credit entitlement	3.21	3.29
IT Refund Receivables	17.52	15.70
Loans and advances to Employees	1.43	1.38
Prepaid Expense	49.24	22.19
TOTAL	130.98	107.74

2.18 OTHER CURRENT ASSETS

Interest accrued on bank deposits	2.38	2.44
Others	0.55	0.23
TOTAL	2.93	2.67

2.19 CONTINGENT LIABILITIES AND COMMITMENTS**(to the extent not provided for)**

Bank Guarantee extended by bankers	90.30	144.38
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NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.20 REVENUE FROM OPERATIONS

INR in Lakhs

Particulars	Year Ended	Year Ended
	31st March 2024	31st March 2023
(a) Sale of Products	3181.92	3038.12
(b) Sale of services	154.05	148.45
TOTAL	3335.97	3186.57

Details of Sales (Finished Goods)

Hybrid Micro Circuits	661.49	499.51
Regulator	1772.61	1617.79
Thick Film Resistor	737.13	496.13
Electronics And Radar Development Establishment	-	421.00
Others	10.69	3.69
TOTAL	3181.92	3038.12

2.21 OTHER INCOME

(a) Interest received from Banks	3.13	1.40
(b) Interest received on Income Tax Refund	0.59	0.55
(c) Interest received from Others	0.68	-
(d) Rent	6.12	6.12
(e) Provision for Leave Encashment no longer required-written back	-	2.59
(f) Miscellaneous income	2.48	1.59
(g) Withdrawal of earlier year provision	2.05	-
TOTAL	15.05	12.26

2.22 COST OF MATERIAL CONSUMED

Opening inventory	334.04	424.25
Add: Purchase	1969.60	1975.48
Less: Inventory at the end of the year	333.85	334.04
Cost of Raw Material consumed during the year	1,969.79	2065.69
Other Materials		
Opening inventory	21.81	16.53
Add: Purchase	39.58	44.65
Less: Inventory at the end of the year	41.21	21.81
Cost of Other Material consumed during the year	20.18	39.37
TOTAL	1989.97	2105.06

2.23 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

(Increase)/Decrease in Stocks		
Stock at the end of the year:		
Finished Goods	53.28	41.36
Work-in-Progress	114.74	91.01
TOTAL (A)	168.02	132.37
Less: Stock at the beginning of the year		
Finished Goods	41.36	66.66
Work-in-Progress	91.01	44.41
TOTAL (B)	132.37	111.07
Increase/(Decrease) in Stocks (A-B)	35.65	21.30

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024**2.24 EMPLOYEE BENEFIT EXPENSES** INR in Lakhs

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Salaries and Wages	730.67	794.98
Contribution to Provident and other funds	41.90	46.58
Gratuity	7.61	6.04
Leave Encashment	7.69	-
Staff welfare expenses	35.97	31.98
TOTAL	823.84	879.58

(Refer Note: 2.33 on disclosure requirement as per Accounting Standard 15 on Employee benefits)

2.25 FINANCE COSTS**Interest on :**

Long Term Borrowings paid to Related parties	27.67	23.45
Term Loan from Banks	16.32	10.72
Working Capital	103.01	83.34
Others	1.05	1.95
Bank Charges	8.55	10.06
TOTAL	156.60	129.52

2.26 DEPRECIATION AND AMORTISATION EXPENSES

Depreciation on Tangible assets	101.27	117.78
Amortisation on Intangible assets	3.63	3.69
TOTAL	104.90	121.47

2.27 OTHER EXPENSES

Power Charges	74.01	69.38
Labour charges	15.45	22.44
Packing Materials	18.02	8.19
Director's Sitting Fees	1.45	1.25
Business Promotion and Marketing Expenses	2.86	2.67
Carriage outward	8.43	7.02
Repairs and Maintenance – Machinery	41.40	33.93
Repairs and Maintenance – Buildings	2.56	2.51
Repairs and Maintenance – Others	17.11	15.15
Communication Expense	7.20	9.65
Printing and Stationery	2.76	2.54
Insurance	8.17	7.56
Rates and taxes	10.92	10.96
Loss on foreign currency transactions and translations	0.81	14.08
Security Charges	16.33	17.19
Travelling and conveyance	23.12	28.85
Audit Fees :		
- Statutory Audit	1.50	1.25
- Tax Audit	0.25	0.25
- Reimbursement of expenses	0.18	0.12
Professional charges	77.62	106.34
Bad Debts written off	2.21	0.04
Miscellaneous expenses	4.11	3.06
TOTAL	336.47	364.43

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.28 CIF VALUE OF IMPORTS

INR in Lakhs

Particulars	Year ended	
	31st March 2024	31st March 2023
Raw materials	288.14	248.83
Capital Goods	1.27	8.25

2.29 EARNINGS IN FOREIGN CURRENCY

Earnings in foreign currency	-	-
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2.30 EXPENDITURE IN FOREIGN CURRENCY

Expenditure In Foreign Currency		
Remittance made during the year	11.40	16.13
Accrued but not paid during the year	18.88	7.78

2.31 a) DETAILS OF CONSUMPTION AND PURCHASES

Electronic Components	1325.97	1541.06
Pastes	475.76	450.92
Substrates	188.24	113.08

TOTAL 1989.97 2105.06

b) Details of value of imported and indigenous material consumed

Particulars	Year ended 31st March 2024		Year ended 31st March 2023	
	Amount	Percentage	Amount	Percentage
Imported	247.42	12%	535.30	25%
Indigenous	1742.55	88%	1569.76	75%
TOTAL	1989.97		2105.06	

2.32 EARNINGS PER SHARE

Particulars	Year ended	
	31st March 2024	31st March 2023
(a) Basic		
Profit/(loss) after tax	-22.06	-345.90
Weighted average number of shares outstanding	140.96	140.96
Basic EPS	-0.16	-2.45
(b) Diluted		
Profit/(loss) after tax	-22.06	-345.90
Adjusted net profit for the year	-22.06	-345.90
Weighted average number of shares outstanding	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
Diluted EPS	-0.16	-2.45
Face value per share (in Rs.)	10.00	10.00

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.33 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.

INR in Lakhs

Particulars	Year ended 31st March 2024		Year ended 31st March 2023	
	Gratuity	Compensated Absence	Gratuity	Compensated Absence
Obligations at Period beginning	211.74	48.64	206.46	55.00
Service cost	14.16	4.86	15.91	5.65
Interest cost	15.39	3.53	13.54	3.50
Actuarial (Gain) / Loss	-15.38	-4.53	-17.47	-11.74
Benefits paid	-14.19	-3.02	-6.71	-3.77
Obligations at Period at the end of the year	211.72	49.47	211.74	48.64
Change in Plan Assets				
Plan assets at period beginning at fair value	112.07	-	102.83	-
Expected return on plan assets	8.49	-	6.89	-
Actuarial (Gain) / Loss	-1.93	-	-0.93	-
Contributions	2.00	-	9.99	-
Benefits paid	-14.19	-	-6.71	-
Plan assets at period end at fair value	106.44	-	112.07	-
Reconciliation of present value of the obligation and fair value of the plan assets				
Fair value of plan assets at period end	106.44	-	112.07	-
Present value of the defined benefit obligations at the end of the period	211.72	49.47	211.74	48.64
	105.27	49.47	99.67	48.64
Cost of the period				
Service cost	14.16	4.86	15.91	5.65
Interest cost	15.39	3.53	13.54	3.50
Expected return on plan assets	-8.49	-	-6.89	-
Actuarial (Gain) / Loss	-13.45	-4.53	-16.54	-11.74
Net cost	7.61	3.85	6.02	-2.59
Assumptions				
Discount rate	7.20%	7.20%	7.45%	7.45%
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.



NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.34 LIST OF RELATED PARTIES

INR in Lakhs

Key Management	Personnel Nature of Relationship
Prof.E.S.Dwarakadas	Chairman Emeritus
Gopal P Das	Chairman and Managing Director
Kuntala P Das	Director
K G Raghavan	Director
S G Raghavan	Director
Rajaram	Other Related Party

The company does not have any subsidiaries.

2.35 RELATED PARTY TRANSACTIONS (as identified by the Company)

Particulars	Relationship		Year Ended 31st March 2024	Year Ended 31st March 2023
Remuneration paid	Key Managerial Personnel	Gopal P Das	15.00	15.00
Reimbursement of Expenses (Medical and Leave Travel Concession expenses)	Key Managerial Personnel	Gopal P Das	1.00	1.00
Reimbursement of Expenses	Other Related parties	Pipin Technologies (Receivable)	0.79	-
	Other Related parties	Prograde Technologies LLP (Payable)	0.18	-
	Other Related parties	Prograde Technologies LLP (Receivable)	0.13	-
Leave Encashment Paid	Director	S G Raghavan	4.35	-
Professional charges paid	Other Related parties	Mr Rajaram	2.40	3.60
	Other Related parties	Prograde Technologies LLP	16.00	25.05
	Director	S G Raghavan	19.20	13.70
Interest Paid	Key Managerial Personnel	The Estate of Eshwaralli Das	27.67	23.45
Rent Received	Other Related parties	Pipin Technologies	6.00	6.00
	Other Related parties	Prograde Technologies LLP	0.12	0.12
Balance payable at the end of year	Other Related parties	Prof. E.S.Dwarakadas	2.74	1.86
	Other Related parties	Mr. Rajaram	0.14	0.27
	Director	S G Raghavan	1.44	1.17
	Other Related parties	Prograde Technologies LLP	0.18	-
	Other Related parties	Pipin Technologies	-	-
	Key Managerial Personnel	Gopal Purandar Das	1.15	2.00
	Key Managerial Personnel	The Estate of Eshwaralli Das	331.53	314.92

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.36 DUES TO MICRO AND SMALL ENTERPRISES

Particulars	As at 31.3.2024	As at 31.3.2023
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	270.40	162.65
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.97	2.05
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further interest remaining due and payable for earlier years.	Nil	Nil

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

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
i. Considered as revenue expenses :		
Salaries & Wages	-	43.98
Cost of Materials and services (Included under material consumption)	-	42.98
Overhead (included under various expense heads)		3.68
TOTAL	-	90.64
ii. Capitalised as Product Development expenses -		
Cost of Materials and services (Not Included under material consumption)	4.73	-
Overhead (Not included under various expense heads)	51.44	-
TOTAL	56.17	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.39 FOREIGN CURRENCY EXPOSURE

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

Particulars	As at 31.3.2024		As at 31.3.2023	
	Purpose	Currency	Currency	Recognised
				@Rs.
Un-hedged foreign currency exposure	ECB Loan	375000 USD	375000 USD	82.22
				@Rs.
			83.37	

2.40 Debtors and creditors balances are subject to confirmation.

2.41 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.

2.42 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.

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

Quarterly return filed with the bank towards secured working capital facilities

INR in Lakhs

Particulars	Year 2023-24		Year 2022-23		Difference in FY2023-24	Difference in FY2024-25
	As per Bank Statements	As per Books of accounts	As per Bank Statements	As per Books of accounts		
Stock -						
Q1 ending 30th June	448.71	448.71	571.87	571.87	-	-
Q2 ending 30th September	521.47	521.47	680.86	680.86	-	-
Q3 ending 31st December	543.10	543.10	612.28	612.28	-	-
Q4 ending 31st March	549.72	549.72	491.51	491.51	-	-
Trade Receivable -						
Q1 ending 30th June	554.56	559.39	620.91	620.88	-4.83	0.03
Q2 ending 30th September	542.62	542.22	513.39	513.38	0.40	0.01
Q3 ending 31st December	590.21	590.84	516.14	516.06	-0.63	0.08
Q4 ending 31st March	530.17	530.06	838.03	838.29	0.11	-0.26
Trade Payable -						
Q1 ending 30th June	319.23	374.36	299.92	377.12	-55.13	-77.20
Q2 ending 30th September	364.68	398.69	309.53	411.13	-34.01	-101.60
Q3 ending 31st December	370.79	416.95	289.39	334.02	-46.16	-44.63
Q4 ending 31st March	292.05	345.25	347.39	405.84	-53.20	-58.45

Reasons for differences in trade payables : Company has considered only payables relating to materials while furnishing bank statements whereas in books paybles include dues relating to expenses also.

2.44 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.

2.45 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

- 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 or 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.

2.46 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.



NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

2.47 Ratio Analysis		INR in Lakhs						
Ratios	Numerator	Denominator	As at 31.03.2024	Numerator	Denominator	As at 31.03.2023	% of Change	Explanation for change in ratio for more than 25%
Liquidity ratio Current ratio	Current Assets	Current Liabilities	0.88	1486.63	1641.68	0.91	(3%)	NA
Solvency ratio Debt-Equity ratio	Total Debt	Shareholder's Equity	3.49	1,427.40	403.68	3.54	(1%)	Increase in the short term borrowings and reduction in equity on account of losses
Debt Service Coverage ratio	Net profit before taxes + Non-cash operating expenses + interest & Lease Payments	Interest & Lease Payments + Principal Repayments	2.81	(224.29)	34.17	(6.56)	(143%)	Reduction of losses compared to the previous year
Profitability ratio Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	(6%)	(345.90)	403.68	(0.86)	(93%)	Reduction of losses previous compared to the year
Net Profit ratio	Net Profit	Net sales	(1%)	(345.90)	3,186.57	(11%)	(94%)	Increase in turnover resulting in reduction of loss
Return on Capital Employed	Earnings before interest and taxes	Capital Employed	1%	(345.75)	1,831.08	(19%)	(106%)	Increase in turnover resulting in reduction of loss
Return on Investment	Interest	Investment	NA	NA	NA	NA	NA	NA
Utilization ratio Trade Receivable Turnover Ratio	Net credit sales	Average Trade Receivable	4.88	3,186.57	490.87	6.50	(25%)	NA
Inventory Turnover ratio	Net sales	Average Inventory	6.40	3,186.57	499.94	6.37	0%	Better inventory management
Trade Payable Turnover Ratio	Net purchases	Average Trade Payables	5.37	2,020.12	223.53	9.04	(41%)	NA
Net Capital Turnover Ratio	Net sales	Working capital	(18.86)	3,186.57	(1,55.04)	(20.55)	8%	Increase in short term borrowings

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2024

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

**As per our report of even date
For Ishwar and Gopal
Chartered Accountants
Firms Registration No. 001154S**

Sd/-
**K.V.Gopalakrishnayya
Partner
M. No.: 021748
UDIN : 24021748BJZZNE3745**

**Place : Bengaluru
Date : 24-07-2024**

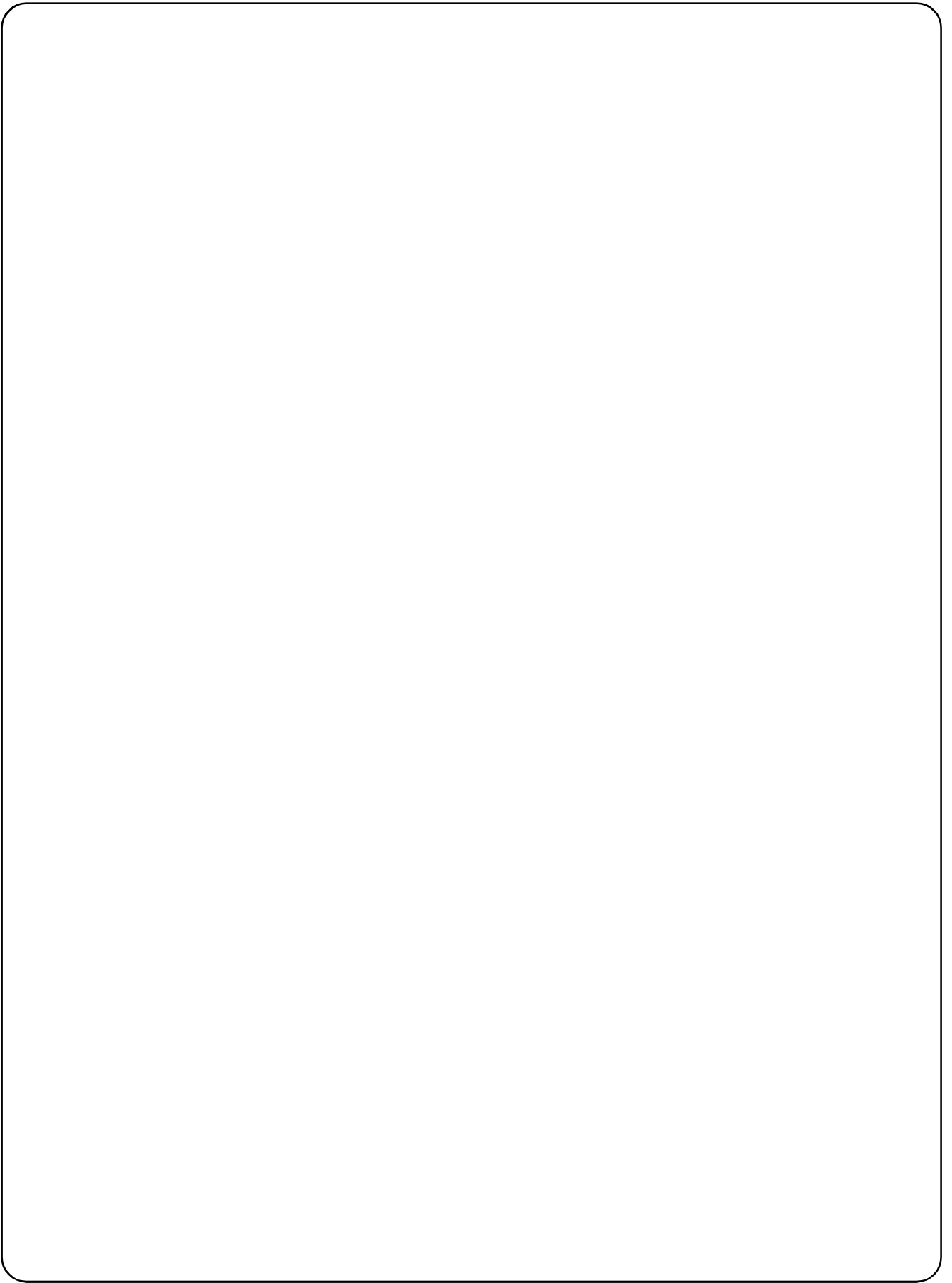
**For and on behalf of the Board of Directors of
M/s. Karnataka Hybrid Micro Devices Limited**

Sd/-
**Gopal P Das
Managing Director
DIN : 06850671
Chunya, Tanzania**

Sd/-
**K. Sivaram
Chief Financial Officer**

Sd/-
**S G Raghavan
Director
DIN : 06971823**

Sd/-
**Sampada Inamdar
Company Secretary**



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 March 2023

Issuing Date:

10 March 2023

Valid Until:

12 April 2026



intertek



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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.



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
IATF USI Number: TW632A

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:

0525202

Certificate Number:

2010-0040

Certificate Issue Date:

21 June 2024

Certificate Expiry Date:

20 June 2027

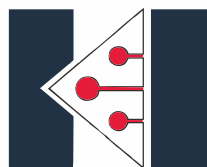


A handwritten signature in black ink, appearing to read "Calin Moldovean".

Calin Moldovean
President, Business Assurance

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





**KARNATAKA HYBRID
MICRO DEVICES LTD**

CIN : U85110KA1992PLC012851

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