

# B S R & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

**To the Members of 3M Electro and Communication India Private Limited**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of 3M Electro and Communication India Private Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then 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 Companies Act, 2013 ("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 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 Act and the Rules thereunder, 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 on the financial statements.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Directors' 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 do 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 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.

The Directors' report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

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### **Management's and Board of Directors' Responsibilities for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

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**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, 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. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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**Report on Other Legal and Regulatory Requirements (continued)**

- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 14, 33 and 35 to the financial statements.
  - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in note 41 to the financial statements, no funds 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
    - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
  - (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 41 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
    - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
    - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
  - (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
  - e) The Company has neither declared nor paid any dividend during the year.

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**Report on Other Legal and Regulatory Requirements (continued)**

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

*for B S R & Co. LLP*  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022



**Vikash Gupta**  
*Partner*

Membership No. 064597  
UDIN: 22064597AJRUZQ8176

Place: Bengaluru  
Date: 26 May 2022

**Annexure A to the Independent Auditor's Report on the financial statements for the year ended 31 March 2022**

(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper 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) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) 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 revalued its property, plant and equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit has been physically verified by the management during the year. For goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by Management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) 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 been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

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**Annexure A to the Independent Auditor's Report**

- (iii) 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 made any investments, provided 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 during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. The Company does not have liability in respect of Service Tax, Duty of Excise, Sales Tax and Value Added Tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.  
  
According to the information and explanations given to us, and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, and on the basis of our examination of the records, statutory dues relating to Income-tax, Sales-tax, Service-tax, Duty of excise and Value added tax which have not been deposited on account of any dispute are mentioned in Appendix-1.
- (viii) 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 surrendered or disclosed any transactions, previously unrecorded as income in the books of accounts, in the tax assessments under the Income-tax Act, 1961 as income during the year.

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**Annexure A to the Independent Auditor's Report**

- (ix)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) 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 been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company.
- (b) 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 made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) Based on examination of the books and records of the Company and according to the information and explanation given to us, no fraud by the Company or on the Company or has been noticed or reported during the course of our audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the 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) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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**Annexure A to the Independent Auditor's Report**

- (xiv) (a) Based on the information and explanations provided to us and our audit procedures, in our opinion, 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) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act, are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the 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 the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. 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 up to 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.

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**Annexure A to the Independent Auditor's Report**

- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

*for B S R & Co. LLP*  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022



**Vikash Gupta**  
*Partner*

Place: Bengaluru  
Date: 26 May 2022

Membership No. 064597  
UDIN: 22064597AJRUZQ8176

## Appendix – 1 to the Annexure A to the Independent Auditors' Report

Statute / Nature of dues	Demand amount (Rs. in lakhs)	Payment under protest	Net amount (Rs. in lakhs)	Period to which it pertains	Forum where the dispute is Pending
Income tax	357.95	15.57	342.38	AY 2010-11 and AY 2014-15	Commissioner of Income Tax (Appeals)
	118.95	17.84	101.11	AY 2012-2013	Income Tax Appellate Tribunal
	8.81	-	8.81	AY 2018-19	Assessing Officer
Sales tax/ Value added tax /Central Sales tax	609.04	170.33	438.71	2013-18	Joint commissioner of Sales tax (Appeals)
Excise (including service tax)	56.90	3.89	53	2012-2014	Commissioner- Appeals
	2,803.18	98.08	2,705.17	2007-17	Customs, Excise and service tax appellate tribunal

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**Annexure B to the Independent Auditors' report on the financial statements of 3M Electro and Communication India Private Limited for the period ended 31 March 2022.**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

We have audited the internal financial controls with reference to financial statements of 3M Electro and Communication India Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, 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 Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are 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. 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 (hereinafter referred to as "the Act").

**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 and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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.

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**Auditors' Responsibility(continued)**

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 with reference to financial statements.

**Meaning of Internal Financial controls with Reference to Financial Statements**

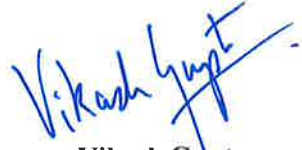
A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.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

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

**Inherent Limitations of Internal Financial controls 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 controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*for B S R & Co. LLP*  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022



**Vikash Gupta**  
*Partner*

Place: Bengaluru  
Date: 26 May 2022

Membership No. 064597  
UDIN: 22064597AJRUZQ8176


**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Balance sheet**

		(Rs. in lakhs)	
As at	Note	31 March 2022	31 March 2021
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	1,649.39	1,774.56
(b) Capital work-in-progress	4	35.02	2.23
(c) Right - of - use assets	38	14.56	26.07
(d) Intangible assets	5	-	-
(e) Financial assets			
(i) Loans receivable	7	0.61	2.90
(ii) Other financial assets	11	25.69	26.93
(f) Deferred tax assets (net)	34	549.71	518.67
(g) Income tax assets (net)	34	1,164.83	1,229.44
(h) Other non-current assets	8	552.42	671.20
<b>Total non-current assets</b>		<b>3,992.23</b>	<b>4,252.00</b>
<b>(2) Current assets</b>			
(a) Inventories	9	3,610.17	2,627.72
(b) Financial assets			
(i) Trade receivables	6	4,131.00	2,938.35
(ii) Cash and cash equivalents	10	12,132.49	12,526.90
(iii) Loans receivable	7	2.47	1.17
(iv) Other financial assets	11	324.37	858.17
(c) Other current assets	8	1,437.77	902.55
<b>Total current assets</b>		<b>21,638.27</b>	<b>19,854.86</b>
<b>Total assets</b>		<b>25,630.50</b>	<b>24,106.86</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	12	50.00	50.00
(b) Other equity	13	19,909.16	19,312.17
<b>Total equity</b>		<b>19,959.16</b>	<b>19,362.17</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	38	1.74	12.12
(b) Provisions	14	501.26	383.08
<b>Total non-current liabilities</b>		<b>503.00</b>	<b>395.20</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	38	11.69	12.95
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	15	154.89	217.65
- Total outstanding dues of creditors other than micro and small enterprises	15	3,794.31	3,154.52
(iii) Other financial liabilities	16	352.87	382.77
(b) Other current liabilities	17	371.08	259.10
(c) Provisions	14	337.35	322.50
(d) Current tax liabilities (net)	34	146.15	-
<b>Total current liabilities</b>		<b>5,168.34</b>	<b>4,349.49</b>
<b>Total liabilities</b>		<b>5,671.34</b>	<b>4,744.69</b>
<b>Total equity and liabilities</b>		<b>25,630.50</b>	<b>24,106.86</b>
Significant accounting policies	3		

See accompanying notes to the financial statements

As per our report of even date attached

for **BSR & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W/W 100022

  
**Vikash Gupta**  
Partner  
Membership number : 064597

Place: Bengaluru  
Date: 26 May 2022

for and on behalf of the Board of Directors

  
**Rajiv Gupta**  
Director  
[DIN: 08672176]

Place: Bengaluru  
Date: 26 May 2022

  
**Kuppanda Ayappa Appiah**  
Director  
[DIN: 07939378]




**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Statement of profit and loss**

		(Rs. in lakhs)	
For the year ended	Note	31 March 2022	31 March 2021
<b>I. Income</b>			
Revenue from operations	18	26,313.50	18,451.93
Other income	19	326.88	497.47
<b>Total income</b>		<b>26,640.38</b>	<b>18,949.40</b>
<b>II. Expenses</b>			
Cost of materials consumed	20	10,689.85	5,620.08
Purchases of stock-in-trade	21	8,343.02	4,835.71
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(829.79)	14.85
Employee benefit expenses	23	3,878.70	3,313.38
Finance costs	24	8.48	2.19
Depreciation and amortisation	4, 5 and 38	184.10	217.05
Other expenses	25	3,583.81	3,198.06
<b>Total expenses</b>		<b>25,858.17</b>	<b>17,201.32</b>
<b>III. Profit before tax</b>		<b>782.21</b>	<b>1,748.08</b>
<b>IV. Tax expense :</b>			
(i) Current tax	34	239.50	376.07
(ii) Deferred tax	34	(36.89)	64.45
<b>Total tax expenses</b>		<b>202.61</b>	<b>440.52</b>
<b>V Profit for the year</b>		<b>579.60</b>	<b>1,307.56</b>
<b>VI. Other comprehensive income</b>			
Items that will not be reclassified subsequently to statement of profit or loss			
Remeasurements of net defined benefit liability / asset	29	23.24	(48.92)
Income tax relating to items that will not be reclassified subsequently to profit or loss	34	(5.85)	12.31
<b>Other comprehensive income, net of tax</b>		<b>17.39</b>	<b>(36.61)</b>
<b>VII. Total comprehensive income for the year</b>		<b>596.99</b>	<b>1,270.95</b>
<b>VIII. Earnings per share (Nominal value of Rs. 10 each)</b>	26		
- Basic (in Rs.)		115.92	261.51
- Diluted (in Rs.)		115.92	261.51
<b>Significant accounting policies</b>	3		


See accompanying notes to the financial statements

As per our report of even date attached

for **B S R & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W/W-100022

  
**Vikash Gupta**  
Partner  
Membership number : 064597

for and on behalf of the Board of Directors

  
**Rajiv Gupta**  
Director  
[DIN: 08672176]

  
**Kuppanda Ayappa Appiah**  
Director  
[DIN: 07939378]



Place: Bengaluru  
Date: 26 May 2022

Place: Bengaluru  
Date: 26 May 2022

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED  
Statement of changes in equity

A. Equity share capital

For the year ended 31 March 2022	
Equity shares of Rs. 10 each issued, subscribed and fully paid up	
(Rs in lakhs, except for number of shares)	Number of shares
Amount	Amount
At 1 April 2021	50,000
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 1 April 2021	50,000
Issue of share capital	-
At 31 March 2022	50,000

For the year ended 31 March 2021	
Equity shares of Rs. 10 each issued, subscribed and fully paid up	
(Rs in lakhs, except for number of shares)	Number of shares
Amount	Amount
At 1 April 2020	50,000
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 1 April 2020	50,000
Issue of share capital	-
At 31 March 2021	50,000

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3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED  
Statement of changes in equity (continued)

B. Other equity

Particulars	(Rs. in lakhs)					
	Equity share capital	Other equity		Total Other Equity		
		General reserve	Surplus Retained earnings		Other comprehensive income Remeasurements of net defined benefits Liability/( asset), net of tax	
Balance as at 1 April 2020	50.00	271.73	17,826.19	(56.70)	18,041.22	18,091.22
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at 1 April 2020	50.00	271.73	17,826.19	(56.70)	18,041.22	18,091.22
Changes in equity for the year ended 31 March 2021						
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	(36.61)	(36.61)	(36.61)
Profit for the year	-	-	1,307.56	-	1,307.56	1,307.56
Balance as at 31 March 2021	50.00	271.73	19,133.75	(93.31)	19,312.17	19,362.17
Balance as at 1 April 2021	50.00	271.73	19,133.75	(93.31)	19,312.17	19,362.17
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at 1 April 2021	50.00	271.73	19,133.75	(93.31)	19,312.17	19,362.17
Changes in equity for the year ended 31 March 2022						
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	17.39	17.39	17.39
Profit for the year	-	-	579.60	-	579.60	579.60
Balance as at 31 March 2022	50.00	271.73	19,713.35	(75.92)	19,909.16	19,959.16

(Significant Accounting policies Note - 3)

As per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/N-100022

  
Vikash Gupta  
Partner

Membership number : 064597

for and on behalf of the Board of Directors

  
Rajiv Gupta  
Director

[DIN: 08672176]

  
Kuppusadia Ayappa Appiah  
Director

[DIN: 07939378]



Place: Bengaluru  
Date: 26 May 2022

Place: Bengaluru  
Date: 26 May 2022



**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**

**Cash flow statement**

(Rs. in lakhs)

For the year ended	31 March 2022	31 March 2021
<b>Cash flow from operating activities</b>		
Profit before tax	782.21	1,748.08
Adjustment for:		
Depreciation and amortisation expense	184.10	217.05
Bad debts and allowance for doubtful trade receivables (net)	(29.13)	(235.26)
Liabilities no longer required written back (net)	(7.06)	(1.55)
Unrealised exchange loss on foreign currency transactions (net)	(3.78)	10.68
Interest income	(290.69)	(260.66)
Finance costs	8.48	2.19
	<b>644.13</b>	<b>1,480.53</b>
Movements in working capital:		
Increase in trade payables	587.87	240.10
Increase in provisions	156.27	75.94
Increase in other financial and current liabilities	76.23	185.48
Decrease / (increase) in trade receivables	(1,163.51)	64.70
Decrease/ (increase) in inventories	(982.45)	133.85
Decrease/ (increase) in loans, other financial assets and non-current assets	87.19	(781.14)
<b>Cash generated from operations activities</b>	<b>(594.27)</b>	<b>1,399.46</b>
Income taxes paid, (net of refund)	(33.59)	(497.40)
<b>Net cash (used in) / from operating activities (A)</b>	<b>(627.86)</b>	<b>902.06</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(31.49)	(109.94)
Proceeds from sale of property, plant and equipment	-	9.60
Interest received	278.26	271.93
<b>Net cash from investing activities (B)</b>	<b>246.77</b>	<b>171.59</b>
<b>Cash flow from financing activities</b>		
Payment of lease liability (including interest thereon)	(13.32)	(27.20)
<b>Net cash used in financing activities (C)</b>	<b>(13.32)</b>	<b>(27.20)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>(394.41)</b>	<b>1,046.45</b>
Cash and cash equivalents at the beginning of the year	12,526.90	11,480.45
<b>Cash and cash equivalents at the end of the year</b>	<b>12,132.49</b>	<b>12,526.90</b>
<b>Cash and cash equivalents comprises of (refer note 10):</b>		
Balances with banks:		
- In current accounts	2,132.49	2,026.90
- Deposit accounts (original maturity of less than three months)	10,000.00	10,500.00
	<b>12,132.49</b>	<b>12,526.90</b>

**Debt reconciliation statement in accordance with Ind AS 7**

**Reconciliation of lease liability (Non-current and Current)**

	31 March 2022	31 March 2021
Opening balance	25.07	35.76
Addition to lease liability	-	14.97
Interest cost	1.68	1.54
Payment of lease liability (including interest thereon)	(13.32)	(27.20)
<b>Closing balance</b>	<b>13.43</b>	<b>25.07</b>

**Significant accounting policies (refer note 3)**

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022



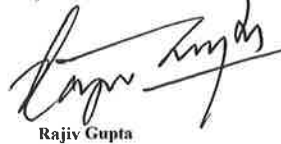
**Vikash Gupta**

Partner

Membership number: 064597

Place: Bengaluru  
Date: 26 May 2022

for and on behalf of the Board of Directors



**Rajiv Gupta**

Director

[DIN: 08672176]



**Kuppanda Ayappa Appiah**

Director

[DIN: 7939378]

Place: Bengaluru  
Date: 26 May 2022



## 3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

### Notes to the financial statements

#### 1. Reporting entity

3M Electro & Communication India Private Limited (the Company) is a subsidiary of 3M India Limited, India. The Company is a private limited company domiciled in India with its registered office at Plot No. 95-97, Sanniyasikuppam, Udhaya Nagar, Thirubhuvanai main road, Thirubhuvanai Post, Pondicherry - 605107. The Company offers a complete range of products that include the Cable jointing kits ranging from 1.1 KV to 132 KV, Heatshrinks, Coldshrinks, Kastex, Electrical Insulation Tapes, Busbar tubes, DIY Electrical kits, various kinds of water filters, water softners, Hi flo filters, Wholehouse filters, Zeta +. In India, the Company has manufacturing facilities at Pune.

The Company with effect from April 2022, has entered into an agreement with 3M India Limited under purchase finish goods model wherein 3M India Limited would manufacture certain products on behalf of the Company.

#### 2. Basis of preparation

##### A. Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 26 May 2022.

Details of the Company's significant accounting policies are included in Note 3.

##### B. Functional & presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

##### C. Basis of measurement

The financial statements have been prepared on the historical cost basis.

##### D. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

##### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 38 - leases: whether an arrangement contains a lease and lease classification.

##### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2023 is included in the following notes:

- Note 3(b), 4 and 5 - useful life of property, plant and equipment and intangible assets;

- Note 6, 7, 11 and 37 - impairment of financial assets;

- Note 29 - measurement of defined benefit obligations: key actuarial assumptions;

- Note 34 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

- Note 3(d) and 9 - provision for inventories; and

- Note 14 and 33 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

##### E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 28 - share-based payment arrangements and

- Note 37 - financial instruments

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**3. Significant accounting policies**

**(a) Financial instruments**

**i. Recognition and initial measurement**

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

**ii. Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at-

*Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**iii. Derecognition of financial instruments**

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**3. Significant accounting policies (continued)**

**(b) (i) Property, plant and equipment**

*i. Recognition and measurement*

Items of property, plant and equipment, are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

*ii. Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

*iii. Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful lives
Buildings	30 years
Plant and machinery	2 - 15 years
Electrical installations	10 years
Office equipment	5 years
Furniture and fixtures	5 - 10 years
Data processing equipment	3 years
Vehicles	5 years

Depreciation/amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that the estimates of useful lives as given above best represent the period over which management expects to use these assets and are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 for some assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

**(b) (ii) Intangible assets**

*Internally generated : Research and development*

Expenditure on research activities is recognised in the statement of profit or loss as incurred

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

*Others*

Other intangible assets are stated at acquisition cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of profit and loss.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss. The amortisation rates used are:

Asset	Useful life
Computer software	3 years

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*[Handwritten Signature]*



### 3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

Notes to the financial statements (continued)

#### 3. Significant accounting policies (continued)

##### (c) Impairment

###### (i) Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the Statement of profit and loss.

The Company at end of each reporting period evaluates, if any indicators are present which might require Company to impair its financial assets.

###### (ii) Non -financial assets

###### (a) Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units (CGUs) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the assets. An impairment loss is reversed in the Statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

##### (d) Inventories

Inventories are valued at the lower of cost and estimated net realisable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. The costs of raw materials and traded goods are ascertained on First-In-First-Out basis, whereas manufactured work-in-progress and finished goods are ascertained on weighted average method.

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for inventory obsolescence is ascertained regularly based on estimated usage of the products.

##### (e) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the balance sheet date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

##### (f) Revenue recognition

- Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Customers have the contractual right to return goods. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Company has determined that the revenues as disclosed in Note 18 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

- Interest income is recognized using the effective interest rate (EIR) method.

- Dividend income on investments is recognised when the right to receive dividend is established.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**3. Significant accounting policies (continued)**

**(g) Employee benefits**

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of profit and loss in the periods during which the related services are rendered by employees.

*Provident fund*

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

*Superannuation*

The Company makes contribution to the Superannuation Scheme for certain employees participating in the scheme, a defined contribution scheme, administered by fund manager, based on a specified percentage of eligible employees' salary. The Company's obligation to the scheme is restricted to the contributions to the scheme.

*Defined benefit plans*

*Gratuity*

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Company accounts for the liability of Gratuity Benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in Statement of profit and loss under 'Other Comprehensive Income' in the year in which they arise.

*Compensated absences*

The Company provides for the encashment/ availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses / gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

**(h) Share-based payments**

The fair value of the amount payable to employees in respect of share appreciation rights (SARs) and restricted stock units (RSUs) which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The Company measures compensation expense for SARs at their fair value determined using Black-Scholes Model and RSUs based on fair market value of shares of 3M Company, USA as on the date of the reporting. Any change in the fair value of the liability are recognised in the Statement of profit and loss.

**(i) Income taxes**

*i. Current tax*

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

*ii. Deferred tax*

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**(j) Borrowing costs**

Borrowing costs attributable to the assets acquired on lease are expensed in the period in which they incur in the statement of profit and loss.

**(k) Provisions and contingent liabilities**

*i. General*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*ii. Contingent liabilities*

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

*iii. Onerous contracts*

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

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### 3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

#### Notes to the financial statements (continued)

#### 3. Significant accounting policies (continued)

##### (l) Leases

The company has applied Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, in statement of profit or loss and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (m) Segment reporting

##### Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. Refer note 31 for segment information presented.

##### (n) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

##### (o) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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

##### (p) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**(q) Recent Indian Accounting Standards :**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

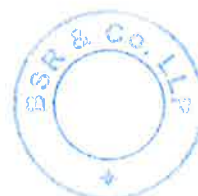
**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 116 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED  
Notes to the financial statements (continued)

4 Property, plant and equipment and capital work-in-progress

Particulars	(Rs. in lakhs)							Total
	Freehold land*	Building	Plant and machinery	Electrical installations	Office equipment	Furnitures & fixtures	Data processing equipment	
Balance as at 01 April 2020	760.77	448.39	1,383.37	9.97	26.64	93.05	0.01	2,722.20
Additions	-	-	78.50	-	-	-	-	78.50
Disposals	-	-	(14.75)	-	(2.76)	-	-	(17.51)
Balance as at 31 March 2021	760.77	448.39	1,447.12	9.97	23.88	93.05	0.01	2,783.19
Additions	-	-	47.42	-	-	-	-	47.42
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	760.77	448.39	1,494.54	9.97	23.88	93.05	0.01	2,830.61
<b>Accumulated depreciation</b>								
Balance as at 01 April 2020	-	189.90	568.56	9.57	18.55	38.51	0.01	825.10
Depreciation for the year	-	32.02	147.87	-	3.19	8.37	-	191.45
Disposals	-	-	(5.16)	-	(2.76)	-	-	(7.92)
Balance as at 31 March 2021	-	221.92	711.27	9.57	18.98	46.88	0.01	1,008.63
Depreciation for the year	-	19.19	142.84	-	1.33	9.23	-	172.59
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	241.11	854.11	9.57	20.31	56.11	0.01	1,181.22

Carrying value (net)

As at 31 March 2021	760.77	226.47	735.85	0.40	4.90	46.17	-	1,774.56
As at 31 March 2022	760.77	207.28	640.43	0.40	3.56	36.94	-	1,649.39

\*Title deeds of the freehold land is in the name of the Company



*[Handwritten Signature]*



3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED  
Notes to the financial statements (continued)

4 Property, plant and equipment and capital work-in-progress (continued)

Capital work-in-progress	(Rs. in lakhs)
Balance at 01 April 2020	27.06
Additions during the year	53.67
Capitalised during the year	78.50
<b>Balance at 31 March 2021</b>	<b>2.23</b>
Additions during the year	80.21
Capitalised during the year	47.42
<b>Balance at 31 March 2022</b>	<b>35.02</b>

Capital work-in-progress aging schedule

31 March 2022	(Rs. in lakhs)		
	Amount in capital work-in-progress for a period of		
	Less than 1 year	1-2 years	2-3 years
Total			
Projects in progress	35.02	-	-
Projects temporarily suspended	-	-	-
	<b>35.02</b>	-	-
<b>Total</b>	<b>35.02</b>	-	-

31 March 2021	(Rs. in lakhs)		
	Amount in capital work-in-progress for a period of		
	Less than 1 year	1-2 years	2-3 years
Total			
Projects in progress	2.23	-	-
Projects temporarily suspended	-	-	-
	<b>2.23</b>	-	-
<b>Total</b>	<b>2.23</b>	-	-

There are no capital work in progress whose completion is overdue or exceeded its cost compared to its original plan.



**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**5 Intangible assets**

Particulars	(Rs. in lakhs)	
	Computer Software	
<b>Balance at 31 March 2020</b>		14.28
Additions		-
Disposals		-
<b>Balance at 31 March 2021</b>		14.28
Additions		-
Disposals		-
<b>Balance at 31 March 2022</b>		14.28
<b>Amortisation</b>		
<b>Balance at 31 March 2020</b>		14.28
Amortisation for the year		-
Disposals		-
<b>Balance at 31 March 2021</b>		14.28
Amortisation for the year		-
Disposals		-
<b>Balance at 31 March 2022</b>		14.28
<b>Carrying value (net)</b>		
<b>As at 31 March 2021</b>		-
<b>As at 31 March 2022</b>		-

**6 Trade receivables**

As at	(Rs. in lakhs)	
	31 March 2022	31 March 2021
<b>Considered good</b>		
Trade receivables - secured*	37.62	14.24
Trade receivables - unsecured	4,124.30	2,959.76
Less: Provision for impairment	(30.92)	(35.65)
	<u>4,131.00</u>	<u>2,938.35</u>
<b>Credit impaired</b>		
Less: Provision for impairment	111.08	144.18
	<u>(111.08)</u>	<u>(144.18)</u>
	<u>-</u>	<u>-</u>
	<u>4,131.00</u>	<u>2,938.35</u>

Of the above, trade receivables from related parties are as below (also refer note 30):

Total trade receivables from related parties	270.41	39.03
Loss allowance	-	-
<b>Net trade receivables</b>	<u>270.41</u>	<u>39.03</u>

\*These are secured against deposits taken from customers.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 37.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**Trade receivables Ageing Schedule**

(Rs. in lakhs)

As at 31 March 2022

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	3,300.92	850.12	10.88	-	-	-	4,161.92
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	4.93	21.83	26.63	53.39
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	12.50	45.19	57.69
<b>Total</b>	<b>3,300.92</b>	<b>850.12</b>	<b>10.88</b>	<b>4.93</b>	<b>34.33</b>	<b>71.82</b>	<b>4,273.00</b>

(Rs. in lakhs)

As at 31 March 2021

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	859.74	2,094.52	3.21	16.53	-	-	2,974.00
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	1.59	-	32.97	42.02	9.91	86.49
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	12.50	45.19	-	57.69
<b>Total</b>	<b>859.74</b>	<b>2,096.11</b>	<b>3.22</b>	<b>61.99</b>	<b>87.21</b>	<b>9.91</b>	<b>3,118.18</b>

**7 Loans receivable**

(Rs. in lakhs)

As at	31 March 2022	31 March 2021
<b>Non current</b>		
Unsecured, considered good		
Loans to employees	0.61	2.90
	<b>0.61</b>	<b>2.90</b>
<b>Current</b>		
Unsecured, considered good		
Loans to employees	2.47	1.17
	<b>2.47</b>	<b>1.17</b>
	<b>3.08</b>	<b>4.07</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**8 Other assets**

	(Rs. in lakhs)	
As at	31 March 2022	31 March 2021
<b>Non current</b>		
Unsecured, considered good		
Capital advances	-	44.83
Payments under protest <sup>#</sup>	552.42	626.37
Unsecured, considered doubtful		
Payments under protest <sup>#</sup>	49.86	49.86
Less: Allowance for doubtful advances	(49.86)	(49.86)
	<u>552.42</u>	<u>671.20</u>
<b>Current</b>		
Unsecured, considered good		
Prepayments	37.11	68.68
Statutory advances	1,289.72	749.82
Advance for supply of goods	107.69	83.44
Others	3.25	0.61
	<u>1,437.77</u>	<u>902.55</u>
	<u>1,990.19</u>	<u>1,573.75</u>

<sup>#</sup>These payments represents deposits given to government authorities against the ongoing litigations.

**9 Inventories\***

	(Rs. in lakhs)	
As at	31 March 2022	31 March 2021
Raw materials	967.83	804.82
[including in-transit Rs. 19.82 lakhs (2021: Rs. 78.85 lakhs)]		
Packing materials	34.25	44.60
Work-in-progress	123.13	157.61
Finished goods	977.42	565.52
Stock-in-trade	1,507.54	1,055.17
[including in-transit Rs. 917.85 lakhs (2021: Rs. 358.14 lakhs)]		
	<u>3,610.17</u>	<u>2,627.72</u>

\* Refer note 3(d) for mode of valuation of inventories

The write down of inventories to net realisable value during the year amounted to Rs. 56.98 lakhs (31 March 2021 : Rs. 51.03 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 158.82 lakhs (31 March 2021 : Rs. 121.36 lakhs). The write down, reversal and provision for obsolete stock are included in the costs of materials consumed or changes in inventories of finished goods and work-in-progress.

**10 Cash and cash equivalents**

	(Rs. in lakhs)	
As at	31 March 2022	31 March 2021
<i>Balances with banks</i>		
- In current accounts	2,132.49	2,026.90
- Deposit accounts (original maturity of less than three months)	10,000.00	10,500.00
	<u>12,132.49</u>	<u>12,526.90</u>

**11 Other financial assets**

	(Rs. in lakhs)	
As at	31 March 2022	31 March 2021
<b>Non current</b>		
Unsecured, considered good		
Security deposits	25.69	26.93
	<u>25.69</u>	<u>26.93</u>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Interest accrued but not due	59.96	47.53
Security deposits	-	3.55
Receivables from related parties (refer note 30)	264.41	807.09
	<u>324.37</u>	<u>858.17</u>
<b>Unsecured, considered doubtful</b>		
Security deposits	15.40	15.40
Less : Provision for impairment	(15.40)	(15.40)
	<u>-</u>	<u>-</u>
	<u>324.37</u>	<u>858.17</u>
	<u>350.06</u>	<u>885.10</u>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**12 Share capital**

As at	<i>(Rs. in lakhs except for number of shares)</i>	
	31 March 2022	31 March 2021
<b>Authorised :</b>		
Equity shares	50.00	50.00
[500,000 equity shares of Rs. 10/- each (31 March 2021: 500,000 shares)]	<u>50.00</u>	<u>50.00</u>
<b>Issued, subscribed and paid up</b>		
Equity shares fully paid up	50.00	50.00
[500,000 equity shares of Rs. 10/- each (31 March 2021: 500,000 shares)]	<u>50.00</u>	<u>50.00</u>

**(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	31 March 2022		31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the year	500,000	50.00	500,000	50.00
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	<u>500,000</u>	<u>50.00</u>	<u>500,000</u>	<u>50.00</u>

**(b) Rights, preferences and restrictions attached to the equity shares**

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. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Shares held by holding company and ultimate holding company**

	31 March 2022		31 March 2021	
	Number of Shares	Amount	Number of Shares	Amount
3M India Limited, (Holding company)	500,000	50.00	500,000	50.00

**(d) Details of shareholders holding more than 5% of total number of equity shares**

	31 March 2022		31 March 2021	
	Number of shares	% holding	Number of shares	% holding
3M India Limited, (Holding company)	500,000	100%	500,000	100%

(e) There has been no buyback of shares, issues of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

**(f) Shares held by promoters at the end of the year**

Promoter Name	31 March 2022		
	No of Shares	% total of shares	% Change during the year
3M India Limited (Holding company)	500,000	100%	-
Promoter Name	31 March 2021		
	No of Shares	% total of shares	% Change during the year
3M India Limited (Holding company)	500,000	100%	-

**13 Other equity**

As at	<i>(Rs. in lakhs)</i>	
	31 March 2022	31 March 2021
General reserve	271.73	271.73
Retained earnings	19,713.35	19,133.75
Remeasurement of defined benefit plans, net of tax	(75.92)	(93.31)
	<u>19,909.16</u>	<u>19,312.17</u>

**Nature and purpose of other equity**

**(i) General reserve**

General reserve comprises of the reserve generally available to the shareholders of the Company

**(ii) Retained earnings:**

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Statement of profit and loss to retained earnings

**(iii) Other comprehensive income:**

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' and subsequently not reclassified to the Statement of profit and loss and will be reclassified to retained earnings.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**14 Provisions**

As at	(Rs. in lakhs)			
	31 March 2022		31 March 2021	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 29(b))	-	373.93	-	322.12
Compensated absences	14.08	127.33	6.52	60.96
Others (refer note 35)				
Sales tax, service tax and other litigations	153.71	-	234.81	-
Provision for sales return and volume rebate	169.56	-	81.17	-
	<b>337.35</b>	<b>501.26</b>	<b>322.50</b>	<b>383.08</b>

**15 Trade payables**

As at	(Rs. in lakhs)	
	31 March 2022	31 March 2021
Total outstanding dues to micro and small enterprises (Refer note (a) below)	154.89	217.65
Total outstanding dues to creditors other than micro and small enterprises*	3,794.31	3,154.52
	<b>3,949.20</b>	<b>3,372.17</b>

**Note (a)**

1. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:

- Principal	154.89	217.65
- Interest	0.29	0.03

2. The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during the year

- Interest	2.01	1.01
- Principal	6,595.18	980.70

3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.

	0.29	0.03
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4. The amount of interest accrued and remaining unpaid at the end of each accounting year

	0.32	2.04
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5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

\* Includes due to related party (refer note 30)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 37.

**31 March 22**

Particulars	(Rs. in lakhs)				
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro and small enterprises	154.89	-	-	-	154.89
(ii) Others	3,750.12	10.21	16.54	17.44	3,794.31
(iii) Disputed dues – Micro and small enterprises	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
<b>Total</b>	<b>3,905.01</b>	<b>10.21</b>	<b>16.54</b>	<b>17.44</b>	<b>3,949.20</b>

**31 March 21**

Particulars	(Rs. in lakhs)				
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro and small enterprises	217.65	-	-	-	217.65
(ii) Others	3,114.08	10.00	13.00	17.44	3,154.52
(iii) Disputed dues – Micro and small enterprises	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
<b>Total</b>	<b>3,331.73</b>	<b>10.00</b>	<b>13.00</b>	<b>17.44</b>	<b>3,372.17</b>

**16 Other financial liabilities**

As at	(Rs. in lakhs)	
	31 March 2022	31 March 2021
Deposits from customers	47.93	22.04
Employee benefit obligation	202.31	258.71
Creditor for capital goods	8.08	2.23
Other payables	94.55	99.79
	<b>352.87</b>	<b>382.77</b>

The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 37.

**17 Other current liabilities**

As at	(Rs. in lakhs)	
	31 March 2022	31 March 2021
Statutory liabilities	357.72	235.44
Advance from customers	13.36	23.66
	<b>371.08</b>	<b>259.10</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**18 Revenue from operations**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Sale of products		
Finished goods	13,354.85	9,431.18
Traded goods	12,034.60	7,747.66
Sale of services*	924.05	1,273.09
<b>Total</b>	<b>26,313.50</b>	<b>18,451.93</b>

\* Sale of services includes income from contract research Rs. 84.97 lakhs (31 March 2021 : Rs. 67.88 lakhs) and management support service fee of Rs. 839.08 lakhs (31 March 2021 : Rs. 1,205.21 lakhs). Refer note 27 (c) and note 30.

**Disaggregation of revenue from operations**

<b>Business Segments</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
a) Safety & Industrial	14,247.57	11,004.15
b) Transportation & Electronics	1,476.32	1,391.18
c) Health Care	9,931.13	5,891.22
d) Others	658.48	165.38
<b>Total</b>	<b>26,313.50</b>	<b>18,451.93</b>

The Company operates mainly to the needs of domestic market and export turnover is not significant in context of total turnover. Accordingly, there are no reportable geographical segments.

**Reconciliation of revenue from sale of products with the Contracted Price**

<b>Contracted Price</b>	<b>26,378.33</b>	<b>18,731.96</b>
Less: Reduction towards variable consideration components	(64.83)	(280.03)
<b>Revenue recognised</b>	<b>26,313.50</b>	<b>18,451.93</b>

The reduction towards variable consideration comprises of scheme discounts, incentives etc.

No entity individually accounted for more than 10% of the revenues during the years ended 31 March 2022 and 31 March 2021.

**19 Other income**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Interest income from financial assets carried at amortised cost	290.69	260.66
Bad debts and allowance for doubtful trade receivables (net)	29.13	235.26
Liabilities no longer required written back, net	7.06	1.55
<b>Total</b>	<b>326.88</b>	<b>497.47</b>

**20 Cost of materials consumed**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Inventory of materials at the beginning of the year (refer note 9)	849.42	968.42
Add: Purchases (also refer note 30)	10,842.51	5,501.08
Less: Inventory of materials at the end of the year (refer note 9)	(1,002.08)	(849.42)
<b>Total</b>	<b>10,689.85</b>	<b>5,620.08</b>

**21 Purchases of stock-in-trade**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Filters	5,565.15	3,125.95
Electrical Insulators	1,920.76	1,689.52
Others	857.11	20.24
<b>Total</b>	<b>8,343.02</b>	<b>4,835.71</b>

Also refer note 30.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**22 Changes in inventories of finished goods, stock-in-trade and work-in-progress**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Opening inventory		
- Finished goods	565.52	705.41
- Stock-in-trade	1,055.17	891.86
- Work-in-progress	157.61	195.88
	<b>1,778.30</b>	<b>1,793.15</b>
Closing inventory		
- Finished goods	977.42	565.52
- Stock-in-trade	1,507.54	1,055.17
- Work-in-progress	123.13	157.61
	<b>2,608.09</b>	<b>1,778.30</b>
<b>(Increase) / decrease in inventory</b>	<b>(829.79)</b>	<b>14.85</b>

**23 Employee benefit expenses**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Salaries, wages and bonus	3,429.79	2,971.29
Contribution to provident and other funds (refer note 29(a) and 29(b))	215.03	199.86
Share based payment expenses (refer note 28)	14.28	26.77
Staff welfare expenses	219.60	115.46
<b>Total</b>	<b>3,878.70</b>	<b>3,313.38</b>

**24 Finance costs**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Interest expenses	3.64	1.54
Interest on income tax matters	4.84	0.65
	<b>8.48</b>	<b>2.19</b>

**25 Other expenses**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Consumption of stores and spares	146.44	57.19
Power and fuel	173.66	189.41
Rent (refer note 38)	69.27	510.11
Repairs and maintenance		
- Plant and machinery	173.51	51.86
- Building	41.10	53.35
- Others	22.31	28.10
Insurance	14.50	17.07
Rates and taxes	75.36	311.41
Communication expenses	17.22	17.14
Travel and conveyance	48.66	18.08
Legal and professional charges (refer note (a) below)	124.75	149.20
Sub-contracting charges	679.01	597.89
Selling, distribution and advertisement expenses	148.42	159.10
Freight outward	279.58	186.97
Royalty (refer note 27 (a))	324.50	203.48
Corporate management fees (refer note 27 (b))	824.78	317.58
Expenditure towards corporate social responsibility activities (refer note 32)	53.22	80.50
Exchange loss on foreign currency transactions (net)	46.38	15.82
Miscellaneous expenses	321.14	233.80
<b>Total</b>	<b>3,583.81</b>	<b>3,198.06</b>

**(a) Payment to auditors #**

	<i>(Rs. in lakhs)</i>	
<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
As auditors:		
Audit fee	16.00	15.00
Tax audit fee	3.00	3.00
Others	4.89	5.75
Reimbursement of out-of-pocket expenses	0.97	0.69
<b>Total</b>	<b>24.86</b>	<b>24.44</b>

# Excluding goods and service tax.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**26 Earnings per share**

For the year ended	(Rs. in lakhs except for number of shares)	
	31 March 2022	31 March 2021
Net profit attributable to equity shareholders	579.60	1,307.56
Weighted average number of equity shares outstanding during the year	500,000	500,000
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	115.92	261.51
Diluted earnings per share (Rs.)	115.92*	261.51

**27 Inter Company agreements and arrangements**

*a) Intellectual property agreement* – The Company had entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 April 2009 for the payment of license fees in the form of royalties. Accordingly, the Company has incurred an expenditure of Rs. 324.50 lakhs for the year ended 31 March 2022 (2021: Rs.203.48 lakhs) and disclosed as Royalty under other expenses (refer note 25).

*b) Support services and corporate management fees* – In order to avail economies of scale, the Company has entered into inter-company services support services agreement with 3M Global Service Center Management Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from 1 April 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company for the services received from all the 3M group companies in the areas of Laboratory, Technical assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009, 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Company has incurred the following expenditure:

Particulars	31 March 2022	31 March 2021
Corporate management fee	824.78	317.58

The Company has accrued an amount of Rs. 123.34 lakhs (31 March 2021 : Rs. 104.18 lakhs) in respect of estimated liability for the above services during period 1 January 2022 to 31 March 2022, the actual liability would be ascertained by December 2022.

The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of Rs. 839.08 lakhs (31 March 2021 : Rs. 1,205.21 lakhs).

*c) Contract research agreement* – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 April 2009 for carrying out contract research activities. During the year, Company has recognised an income of Rs. 84.97 lakhs (31 March 2021 : Rs. 67.88 lakhs).

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**28 Employee stock option plan**

**A. Description of share based payment arrangements**

**i) Share purchase plan (equity-settled)**

3M Company, USA, the ultimate holding Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Company, under which the employees of the Company are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Company deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Company during the year has deducted for remittance a sum of Rs. 30.97 lakhs (2021: Rs. 29.21 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 7.58 lakhs (2021: Rs. 9.83 lakhs) is pending remittance to the Ultimate holding Company and the same is included under 'Other financial liabilities'.

**ii) Stock appreciation rights and Restricted stock units (cash-settled)**

3M Company, USA, the ultimate holding Company has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Company are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock appreciation rights (SARs)/ restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan. Exercise price of SARs and RSUs will be Nil. As of the year end a sum of Rs. 29.40 lakhs (2021: Rs. 46.49 lakhs) is liability and the same is included under 'Other financial liabilities' (refer note 16).

**B. Measurement of fair values**

The Company measures compensation expense for stock appreciation rights (SARs) at their fair value determined using Black - Scholes Model and restricted stock units (RSUs) based on fair market value of shares of 3M Company, USA on 31 March 2022.

The fair value of the cash settled SARs and the inputs used in the measurement of fair value at grant date and measurement date of the SARs are as follows:

	31 March 2022	31 March 2021
Fair value (in \$)	-	20.52
Share price (in \$)	148.88	192.68
Expected volatility (%)	21.84%	22.57%
Expected life (years)	6.92 years	6.90 years
Expected dividends (%)	2.94%	2.84%
Risk free interest rate (%)	1.92%	0.77%

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behaviour of the employee who receives the SAR. Expected volatility during the expected term is based on historical volatility of the observed market prices of the 3M Company USA's publicly traded equity shares particularly over the historical period commensurate with the expected term.

**C. Reconciliation of outstanding share options**

The activity in the cash-settled share based payment transactions during the year ended 31 March 2022 is set out below:

	31 March 2022		31 March 2021	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
<b>Stock appreciation right</b>				
Outstanding at the beginning	1,469	-	1,216	-
Granted	601	-	253	-
Forfeited and expired	-	-	-	-
Outstanding at the end	<b>2,070</b>		<b>1,469</b>	
<b>Exercisable at the end</b>	<b>1,354</b>		<b>1,001</b>	
<b>Restricted stock unit</b>				
Outstanding at the beginning	109	-	246	-
Granted	-	-	37	-
Exercised	-	-	174	-
Outstanding at the end	<b>109</b>		<b>109</b>	
<b>Exercisable at the end</b>	<b>65</b>		<b>29</b>	

**D. Expense recognised in Statement of profit and loss**

An amount of Rs. 14.28 lakhs (31 March 2021: Rs. 26.77 lakhs) has been debited to the Statement of profit and loss for the year and included under Employee benefit expenses.

**E.** The weighted average share price at the date of exercise with regards to RSUs exercised during the year is Nil (31 March 2021: USD 179.01)  
The above disclosures have been made to the extent information is available with the Company.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**

Notes to the financial statements (continued)

**29 Employee benefits**

**(a) Defined contribution plan**

The Company offers its employees defined contribution plans in the form of Provident Fund (PF), Superannuation Fund (SF), Employees' State Insurance (ESI). Contribution to SF is made to 3M Electro & Communication India Superannuation Fund. Other contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has recognised the following amounts in the Statement of profit and loss, which are included in contribution to provident and other funds:

	(Rs. in lakhs)	
Benefits (contribution to)	31 March 2022	31 March 2021
Provident fund	128.38	129.58
Superannuation fund	11.51	12.18
Employee State Insurance Corporation	0.09	0.07
	<b>139.98</b>	<b>141.83</b>

**(b) Defined benefit plan**

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company contributes all ascertained liabilities towards gratuity to the 3M Electro & Communication India Private Limited Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2022 and 31 March 2021, the plan assets have been primarily invested in insurer managed funds.

	(Rs. in lakhs)	
A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2022	31 March 2021
Obligation at the beginning of the year	562.37	442.22
Current service cost	53.15	43.62
Interest cost	36.76	29.09
Actuarial loss / (gains) - experience	(7.37)	13.65
Actuarial (gain) / loss - demographic assumptions	-	(1.14)
Actuarial loss / (gains) - financial assumptions	(19.10)	50.65
Benefits paid	(43.42)	(15.72)
<b>Obligation at the end of the year</b>	<b>582.39</b>	<b>562.37</b>

	(Rs. in lakhs)	
B. Reconciliation of opening and closing balances of the fair value of plan assets	31 March 2022	31 March 2021
Plan assets at the beginning of the year	240.25	227.05
Interest income on plan assets	14.86	14.69
Contribution by the Company	-	-
Remeasurements- Return on plan assets excluding amounts included in interest income	(3.23)	14.23
Benefits paid	(43.42)	(15.72)
<b>Plan assets at the end of the year</b>	<b>208.46</b>	<b>240.25</b>

	(Rs. in lakhs)	
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet	31 March 2022	31 March 2021
Present value of obligation at the end of the year	582.39	562.37
Fair value of plan assets at the end of the year	208.46	240.25
<b>Net defined benefit obligation</b>	<b>373.93</b>	<b>322.11</b>

	(Rs. in lakhs)	
D. Expenses recognized in the Statement of profit and loss	31 March 2022	31 March 2021
Current service cost	53.15	43.62
Interest cost	36.76	29.09
Interest income on plan assets	(14.86)	(14.69)
	<b>75.05</b>	<b>58.02</b>

	(Rs. in lakhs)	
E. Remeasurements recognized in Other comprehensive income	31 March 2022	31 March 2021
Actuarial losses on defined benefit obligation	(26.47)	63.15
Actuarial losses / (gains) on plan assets	3.23	(14.23)
	<b>(23.24)</b>	<b>48.92</b>

	(Rs. in lakhs)	
F. Investment details of plan assets	31 March 2022	31 March 2021
Government securities	0.00%	0.00%
High quality corporate bonds (including public sector bonds)	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Cash (including Special deposits)	16.25%	13.68%
Fund balance with Insurance companies	83.75%	86.32%
	<b>100.00%</b>	<b>100.00%</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**29 Employee benefits (continued)**

<b>G. Assumptions</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Discount rate (per annum)	7.10%	6.80%
Rate of escalation in salary (per annum)	Production - 10% Others - 6%	Production - 10% Others - 6%
Retirement age (in years)	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates		
Under 30 years	Staff - 20% Production - 1%	Staff - 20% Production - 1%
31-34 years	Staff - 10% Production - 1%	Staff - 10% Production - 1%
31-50 years	Staff - 5% Production - 0.5%	Staff - 5% Production - 0.5%
51-54 years	Staff - 1%	Staff - 1%
55-60 years	Production - 0%	Production - 0%

<b>H. Sensitivity analysis</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
<b>A. Discount rate</b>		
Effect on defined benefit obligation due to 1% increase in discount rate	(57.44)	(58.30)
Effect on defined benefit obligation due to 1% decrease in discount rate	67.47	68.85
<b>B. Salary escalation rate</b>		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate of production and others	66.64	67.80
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate of production and others	(57.90)	(58.62)

<b>I. Maturity profile of defined benefit obligation</b>	<b>(Rs. in lakhs)</b>
	<b>Amounts</b>
1. March 31, 2023	30.71
2. March 31, 2024	24.99
3. March 31, 2025	27.32
4. March 31, 2026	28.52
5. March 31, 2027	63.88
6. March 31, 2028 to March 31, 2032	375.81

**Notes :**

- The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- As per the best estimate of the management, contribution of Rs. Nil (31 March 2022 : Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2023.

The Compensated absences are unfunded defined benefit obligation. Refer note-14 of the financial statements for the current and non current obligations.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**

Notes to the financial statements (continued)

**30 Related party transaction**

Names of related parties and nature of relationship:

i) Ultimate holding company	3M Company, USA	
ii) Holding company	3M India Limited	
iii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M APAC RDC Pte Limited 3M Australia Pty. Limited 3M China Limited 3M Do Brasil Limitada 3M EMEA, GmbH 3M France S A 3M Gulf Limited 3M Hellas Limited Cuno Pacific Pty Ltd Australia 3M Innovation Singapore Pte Ltd 3M Health Care Ltd, Japan 3M Malaysia Sdn.Bhd 3M Material Tech(Guangzhou) Co., Limited 3M Japan Limited 3M Global Service Management Company 3M Technologies (S) Pte Ltd	3M Panama Pacifico S Der L. 3M Poland Sp. Z O O Sumitomo 3M Limited 3M Taiwan Ltd 3M United Kingdom Plc 3M Vietnam Limited Cuno Europe (France) Cuno Inc (USA) Cuno K K (Japan) 3M Italia S.P.A. 3M Korea Hightech Limited 3M Korea Limited Cuno 3M Germany Cuno 3M Poland 3M Thailand Limited Cuno Pacific Pty Ltd Australia
iv) Post employment-benefit plan entities	3M E&C Employees Gratuity Fund Trust 3M E&C Employees Superannuation Fund Trust	
v) Key management personnel	Lala Chandrashekar Das, Managing Director (Resigned effective 30-Sep-2020) Vijay Krishanan V, Director (Resigned effective 01-Aug-2020) Rajiv Gupta, Director Kuppanda Ayappa Appiah, Director	

The details of the amounts due to or due from related parties are as follows:

Name of related party	(Rs. in lakhs)	
	31 March 2022	31 March 2021
<b>Trade payables</b>		
3M Company, USA	1,757.54	783.72
3M APAC RDC Pte Limited	47.68	45.63
3M Australia Pty. Limited	-	83.66
3M China Limited	31.10	24.85
3M Do Brasil Limitada	15.67	39.47
3M EMEA, GmbH	457.63	402.68
3M Innovation Singapore Pte Ltd	88.78	80.25
3M Material Tech(Guangzhou) Co Limited	21.41	9.16
3M Poland Sp. Z O O	19.80	19.80
Sumitomo 3M Limited	-	0.05
3M India Limited	93.79	136.60
3M Taiwan Limited	23.25	9.86
3M Korea Limited	7.75	27.71
3M Panama Pacifico S Der L.	40.54	15.77
3M Health Care Ltd, Japan	9.09	0.46
Cuno Pacific Pty Ltd Australia	15.56	70.03
	<b>2,629.60</b>	<b>1,749.70</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**

Notes to the financial statements (continued)

**30 Related party transactions (continued)**

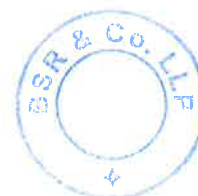
The details of the amounts due to or due from related parties are as follows (continued):

Name of related party	31 March 2022	31 March 2021
<b>Trade receivables</b>		
3M India Limited	246.59	-
3M Vietnam Limited	23.82	39.01
3M Technologies (S) Pte Ltd	-	0.02
	<b>270.41</b>	<b>39.03</b>
<b>Other financial assets</b>		
3M Company, USA	187.90	751.30
3M Global Service Management Company	76.51	55.79
	<b>264.41</b>	<b>807.09</b>

Details of the related party transactions entered into by the company are as follows:

Name of related party	31 March 2022	31 March 2021
<b>Sales of products (net of returns)</b>		
3M Company, USA	37.89	-
3M India Limited	546.13	2.12
3M Australia Pty Limited	2.92	0.88
3M Gulf Limited	-	4.29
3M Technologies (S) Pte Ltd	-	0.13
3M Malaysia Sdn Bhd	-	35.38
3M Thailand Limited	0.19	0.10
3M Vietnam Limited	68.07	122.47
	<b>655.20</b>	<b>165.37</b>
<b>Contributions during the year</b>		
3M E&C Employees Superannuation Fund Trust	11.51	12.18
	<b>11.51</b>	<b>12.18</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**

Notes to the financial statements (continued)

**30 Related party transactions (continued)**

Details of the related party transactions entered into by the company are as follows (continued):

Name of related party	31 March 2022	31 March 2021
<b>Income from contract research</b>		
3M Company, USA	84.97	67.88
	<b>84.97</b>	<b>67.88</b>
<b>Income from management support services</b>		
3M Company, USA	636.48	1,113.91
3M Global Service Management Company	202.60	91.30
	<b>839.08</b>	<b>1,205.21</b>
<b>Purchase of materials (net of returns)</b>		
3M Company, USA	1,063.20	704.40
3M India Limited	3.52	3.05
3M Japan Limited	4.68	-
3M APAC RDC Pte Limited	268.31	94.17
3M Australia Pty. Limited	130.09	87.88
3M China Limited	392.42	188.12
3M Do Brasil Limitada	312.42	198.19
3M EMEA, GmbH	1.02	-
3M France S.A	251.65	0.27
3M Innovation Singapore Pte Limited	605.77	543.10
3M Italia S.P.A.	465.26	185.56
3M Korea Hightech Limited	-	40.82
3M Korea Limited	97.46	22.12
3M Malaysia Sdn Bhd	-	2.00
3M Material Tech(Guangzhou) Co., Limited	175.58	142.76
3M Panama Pacifico S Der L.	137.49	67.62
Sumitomo 3M Limited	-	3.44
3M Taiwan Limited	129.32	75.03
3M United Kingdom Plc	1.39	1.61
Cuno 3M Germany	42.02	213.10
Cuno 3M Poland	1,083.29	214.19
Cuno Europe (France )	65.89	76.31
Cuno Inc (USA)	3,784.10	2,149.70
Cuno K K (Japan)	55.18	39.92
Cuno Pacific Pty Ltd Australia	1.23	187.61
	<b>9,071.29</b>	<b>5,240.97</b>
<b>Corporate management fees</b>		
3M Global Service Management Company	824.78	317.58
	<b>824.78</b>	<b>317.58</b>
<b>Royalty</b>		
3M Company, USA	324.50	203.48
	<b>324.50</b>	<b>203.48</b>
<b>Recharges of expenses received</b>		
3M Global Service Management Company	-	126.47
	<b>-</b>	<b>126.47</b>
<b>Recharges of expenses paid</b>		
3M India Limited	289.27	677.31
	<b>289.27</b>	<b>677.31</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**31 Segment Reporting**

**A. Basis for segmentation**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

The Company operates mainly to the needs of domestic market and export turnover is not significant in context of total turnover. Accordingly, there are no reportable geographical segments. The Company has 3 reportable segments, as described below. For each of the segments, the Company's Director, who is the CODM, reviews internal management reports on at least a quarterly basis.

Segment revenue, results, assets and liabilities figures include the respective amounts identifiable to each of the segments. Other unallocable income net of unallocable expenditure are towards common services to the segments which are not directly identifiable to the individual segments as well as those at a corporate level which relate to the Company as a whole.

The following summary describes the products included in each of the Company's reportable segment:

Reportable segments	Products
Safety & Industrial	Major products in this segment includes the Cable jointing kits ranging from 1.1Kv to 132 KV, Heatshrink, Coldshrink, Kastex, Busbar tubes, DIY Electrical kits, Main distribution frames, Digital distribution frames, Fibre management systems, Structural cabling solutions, Weather proofing solutions and related services (contract research and management support service fee).
Transportation & Electronics	Electrical Insulation Tapes
Health Care	Major products include various kinds of water filters, water softners, Hi flo filters, Wholehouse filters, Zeta +, related products and related services (contract research and management support service fee).

**B. Information about reportable segments**

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	<i>(Rs. in lakhs)</i>	
	31 March 2022	31 March 2021
<b>Segment revenue (revenue from operations)</b>		
a) Safety & Industrial	14,247.57	11,004.15
b) Transportation & Electronics	1,476.32	1,391.18
c) Health Care	9,931.13	5,891.22
d) Others	658.48	165.38
<b>Revenue from operations</b>	<b>26,313.50</b>	<b>18,451.93</b>
<b>Segment results</b>		
a) Safety & Industrial	(177.86)	508.29
b) Transportation & Electronics	(123.35)	(187.63)
c) Health Care	610.56	897.62
d) Others	154.46	34.52
<b>Total results</b>	<b>463.81</b>	<b>1,252.80</b>
Less : Interest expense	8.48	2.19
Add: Other un-allocable income	326.88	497.47
<b>Profit before tax</b>	<b>782.21</b>	<b>1,748.08</b>
Tax expense	202.61	440.52
<b>Profit after tax</b>	<b>579.60</b>	<b>1,307.56</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**31 Segment Reporting (continued)**

	(Rs. in lakhs)	
	31 March 2022	31 March 2021
<b>Segment assets</b>		
a) Safety & Industrial	6,331.40	5,363.56
b) Transportation & Electronics	490.08	267.66
c) Health Care	2,579.68	1,672.04
d) Unallocated corporate assets	16,229.34	16,803.60
<b>Total Assets</b>	<b>25,630.50</b>	<b>24,106.86</b>
<b>Segment liability</b>		
a) Safety & Industrial	2,225.97	1,952.58
b) Transportation & Electronics	227.12	292.75
c) Health Care	1,496.11	1,126.83
e) Unallocated corporate assets	1,722.15	1,372.53
<b>Total liabilities</b>	<b>5,671.34</b>	<b>4,744.69</b>
<b>Capital expenditure</b>		
a) Safety & Industrial	31.49	109.94
<b>Total capital expenditure</b>	<b>31.49</b>	<b>109.94</b>
<b>Depreciation and amortisation expenses</b>		
a) Safety & Industrial	172.59	190.75
c) Health Care	11.51	26.30
<b>Total Depreciation / amortisation expenses</b>	<b>184.10</b>	<b>217.05</b>
<b>Non cash expenses other than depreciation and amortisation expense</b>		
a) Safety & Industrial	-	6.43
b) Transportation & Electronics	-	0.81
c) Health Care	-	3.44
<b>Total non cash expenses</b>	<b>-</b>	<b>10.68</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**32 Corporate social responsibility**

Details of CSR expenditure in accordance with Section 135 of the Companies Act, 2013.

<b>For the year ended</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
a) amount required to be spent by the company during the year	53.22	80.50
b) amount of expenditure incurred,	53.22	80.50
c) shortfall at the end of the year,	-	-
d) total of previous years shortfall	-	-
e) reason for shortfall	-	-
f) nature of CSR activities	Education and Community	Education and Community
g) details of related party transactions	-	-

**33 Contingent liabilities and commitments**

<b>As at</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
a) Guarantees:		
- Issued by Company's bankers	1,568.07	1,783.34
b) Claims against the Company not acknowledged as debts:		
- Income tax demand (including interest) (refer note (i) below)	485.71	485.71
- Sales tax matters (refer note (ii) below)	557.55	-
- Central excise duty matters (refer note (iii) below)	1,011.09	1,011.09

**Notes:**

(i) Income tax matters mainly relates to intercompany charges.

(ii) Sales tax cases primarily pertains to Maharashtra Value Added Tax Act, 2002. These are pertaining to the years from 2013-14 to 2017-18. These cases are with respect to the matters pertaining to declaration forms.

(iii) Excise matters relates to valuation and allowability of CENVAT credit under the Central Excise Act.

(iv) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement in the previous year. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

<b>Capital commitments</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Estimated value of contracts in capital account remaining to be executed	18.13	4.88

During the year ended 31 March 2022 no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

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3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED  
Notes to the financial statements (continued)

34 Tax expenses

(a) Amount recognised in Statement of profit and loss

	31 March 2022	31 March 2021
Current tax	239.50	376.07
Deferred tax expense related to: Origination and reversal of temporary differences	(36.89)	64.45
<b>Tax expense for the year</b>	<b>202.61</b>	<b>440.52</b>

(b) Reconciliation of effective tax rate

	31 March 2022	31 March 2021
Profit before tax	782.21	1,748.08
Tax at statutory income tax rate 25.17% (31 March 2021 - 25.17%)	196.87	439.96
	25.168%	25.168%
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>		
Non deductible Expenses	5.74	0.56
<b>Income tax expense</b>	<b>202.61</b>	<b>440.52</b>
	25.90%	25.20%

(c) Deferred tax assets and liabilities are attributable to the following:

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax assets, net	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Property, plant and equipment	272.91	237.78	-	-	(272.91)	(237.78)
Employee benefits expense	164.32	138.45	-	-	(164.32)	(138.45)
Provisions	112.48	142.44	-	-	(112.48)	(142.44)
	<b>549.71</b>	<b>518.67</b>	-	-	<b>(549.71)</b>	<b>(518.67)</b>

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3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

Notes to the financial statements (continued)

34 Tax expenses (continued)

(d) Movement in temporary differences

Particulars	Balance as at 1 April 2020	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2021
Property, plant and equipment	(208.76)	(29.02)		(237.78)
Employee benefits expense	(82.99)	(43.15)	(12.31)	(138.45)
Provisions	(279.06)	136.62		(142.44)
	<b>(570.81)</b>	<b>64.45</b>	<b>(12.31)</b>	<b>(518.67)</b>
Particulars	Balance as at 1 April 2021	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2022
Property, plant and equipment	(237.78)	(35.13)		(272.91)
Employee benefits expense	(138.45)	(31.72)	5.85	(164.32)
Provisions	(142.44)	29.96		(112.48)
	<b>(518.67)</b>	<b>(36.89)</b>	<b>5.85</b>	<b>(549.71)</b>

e) Details of income tax assets and income tax liabilities

	31 March 2022	31 March 2021
Income tax assets (net)	1,164.83	1,229.44
Current tax liabilities (net)	(146.15)	-
<b>Net current income tax asset at the end of the year</b>	<b>1,018.68</b>	<b>1,229.44</b>

f) The gross movement in the current income tax asset / (liability)

	31 March 2022	31 March 2021
Net current income tax asset at the beginning of the year	1,229.44	1,108.11
Income tax paid	33.59	497.40
Interest on income tax matters	(4.84)	-
Current income tax expense	(239.50)	(376.07)
<b>Net current income tax asset at the end of the year</b>	<b>1,018.68</b>	<b>1,229.44</b>

35 Movement in provisions

	1 April 2021	Addition	Utilisation/ reversals	31 March 2022
a) Sales tax, service tax and other litigations	234.81	4.05	85.15	153.71
b) Provision for sales return and volume rebate	81.17	169.56	81.17	169.56
	<b>315.98</b>	<b>173.61</b>	<b>166.32</b>	<b>323.27</b>
	1 April 2020	Addition	Utilisation/ reversals	31 March 2021
a) Sales tax, service tax and other litigations	249.45	16.43	31.07	234.81
b) Provision for sales return and volume rebate	58.27	81.17	58.27	81.17
	<b>307.72</b>	<b>97.60</b>	<b>89.34</b>	<b>315.98</b>



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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**36 Capital management**

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt is debt as considered under long-term, short-term borrowings and lease liabilities. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2022 and 31 March 2021 was as follows -

Particulars	<i>(Rs. in lakhs, unless otherwise stated)</i>	
	31 March 2022	31 March 2021
Debt	13.43	25.07
Total equity	19,959.16	19,362.17
<b>Debt to total equity ratio (%)</b>	<b>0.07%</b>	<b>0.13%</b>

**37 Financial Instruments - Fair values and risk management**

**A. Accounting classification and fair values**

a) Fair value through other comprehensive income (FVTOCI) - Where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income

b) Fair value through profit or loss (FVTPL) - Where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

c) Amortised cost - Where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2022

	Note	<i>(Rs. in lakhs)</i>				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
<b>Carrying amount</b>						
<b>Financial assets not measured at fair value</b>						
Trade receivables	6	-	-	-	4,131.00	4,131.00
Loans receivable	7	-	-	-	3.08	3.08
Cash and cash equivalents	10	-	-	-	12,132.49	12,132.49
Other financial assets	11	-	-	-	350.06	350.06
		-	-	-	<b>16,616.63</b>	<b>16,616.63</b>
<b>Financial liabilities not measured at fair value</b>						
Lease liabilities	38	-	-	-	13.43	13.43
Trade payables	15	-	-	-	3,949.20	3,949.20
Other financial liabilities	16	-	-	-	352.87	352.87
		-	-	-	<b>4,315.50</b>	<b>4,315.50</b>

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2021

	Note	<i>(Rs. in lakhs)</i>				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
<b>Carrying amount</b>						
<b>Financial assets not measured at fair value</b>						
Trade receivables	6	-	-	-	2,938.35	2,938.35
Loans receivable	7	-	-	-	4.07	4.07
Cash and cash equivalents	10	-	-	-	12,526.90	12,526.90
Other financial assets	11	-	-	-	885.10	885.10
		-	-	-	<b>16,354.42</b>	<b>16,354.42</b>
<b>Financial liabilities not measured at fair value</b>						
Lease liabilities	38	-	-	-	25.07	25.07
Trade payables	15	-	-	-	3,372.17	3,372.17
Other financial liabilities	16	-	-	-	382.77	382.77
		-	-	-	<b>3,780.01</b>	<b>3,780.01</b>

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

**37 Financial Instruments - Fair values and risk management (continued)**

**B. Financial Risk Management**

The company has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**i. Risk management framework**

The Company's principal financial liabilities comprise finance lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that are derived directly from its operations.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

**(a) Financial assets that are not credit impaired**

The Company has financial assets which are in the nature of cash and cash equivalents, loans to employees, security deposits, interest accrued on fixed deposits and receivables from related parties which are not credit impaired. These are contractually agreed with either banks, related parties or employees where the probability of default is negligible.

**(b) Financial assets that are credit impaired**

**Trade receivables**

The Credit services team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available. Sale limits are established for each customer and reviewed yearly.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

The maximum exposure to credit risk for trade receivables by geographic region is as follows -

	(Rs. in lakhs)	
	Carrying amount	
	31 March 2022	31 March 2021
India	4,249.18	3,079.15
Other regions	23.82	39.03
	<b>4,273.00</b>	<b>3,118.18</b>

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows -

	Carrying amount	
	31 March 2022	31 March 2021
Distributors	2,566.99	1,633.86
Other	1,706.01	1,484.32
	<b>4,273.00</b>	<b>3,118.18</b>
Less: Receivables from related party, secured receivables and receivables not considered for credit risk	548.25	145.36
Net Receivables	<b>3,724.75</b>	<b>2,972.82</b>

Expected credit loss assessment for the Company as at 31 March 2022 and 31 March 2021.

The Company has divided all the debtors outstanding for the last twelve quarters into age brackets of not due, 0-90 days, 91-180 days, 181-270 days, 271-365 days and amounts outstanding for more than one year.

The Company has calculated the impairment loss arising on account of past trends in the default rate for time bucket.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Out of the total trade receivables of Rs. 4,273.00 lakhs (31 March 2021: Rs. 3,118.18 lakhs), the exposure considered for expected credit loss is Rs. 3,724.75 lakhs (31 March 2021 : Rs. 2,972.82 lakhs). The balance which is not considered for impairment primarily pertains to intercompany receivables and secured debtors.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables -

31 March 2022	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	3,140.22	0.40%	12.54
0-90 days	454.14	1.44%	6.55
91-180 days	8.97	19.36%	1.74
181-270 days	0.69	84.43%	0.58
271-360 days	9.65	98.54%	9.51
> 360 days	111.08	100.00%	111.08
	<b>3,724.75</b>		<b>142.00</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**37 Financial Instruments - Fair values and risk management (continued)**

**B. Financial Risk Management (continued)**

**31 March 2021**

	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	2,528.53	0.98%	24.80
0-90 days	296.21	2.81%	8.32
91-180 days	1.46	25.77%	0.38
181-270 days	0.64	69.10%	0.44
271-360 days	1.80	94.93%	1.71
> 360 days	144.18	100.00%	144.18
	<b>2,972.82</b>		<b>179.83</b>

Movements in the allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables is as follows:

	31 March 2022	31 March 2021
Balance as at 1 April	179.83	708.00
Unrealised during the year	(8.70)	(292.91)
Impairment loss recognised	(29.13)	(235.26)
Balance as at 31 March	<b>142.00</b>	<b>179.83</b>

**iii. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities -

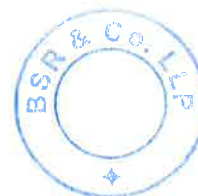
**31 March 2022**

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>					
Lease liabilities	11.69	1.74	-	-	13.43
Trade payables	3,949.20	-	-	-	3,949.20
Other financial liabilities	352.87	-	-	-	352.87
	<b>4,313.76</b>	<b>1.74</b>	<b>-</b>	<b>-</b>	<b>4,315.50</b>

**31 March 2021**

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>					
Lease liabilities	12.95	12.12	-	-	25.07
Trade payables	3,372.17	-	-	-	3,754.94
Other financial liabilities	382.77	-	-	-	382.77
	<b>3,767.89</b>	<b>12.12</b>	<b>-</b>	<b>-</b>	<b>4,162.78</b>

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**37 Financial Instruments - Fair values and risk management (continued)**  
**B. Financial Risk Management (continued)**

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows.

	31 March 2022				31 March 2021			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	1,897.26	451.45	88.78	44.45	971.34	446.55	125.88	174.01
Trade and other receivables	288.22	-	-	-	536.61	-	-	-
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>1,609.04</b>	<b>451.45</b>	<b>88.78</b>	<b>44.45</b>	<b>434.73</b>	<b>446.55</b>	<b>125.88</b>	<b>174.01</b>

(Rs. in lakhs)

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

**31 March 2022**

USD (for 1% movement)  
EURO (for 1% movement)  
SGD (for 1% movement)  
Others (for 1% movement)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
USD (for 1% movement)	16.09	(16.09)	12.04	(12.04)
EURO (for 1% movement)	4.51	(4.51)	3.38	(3.38)
SGD (for 1% movement)	0.89	(0.89)	0.66	(0.66)
Others (for 1% movement)	0.44	(0.44)	0.33	(0.33)
	<b>21.94</b>	<b>(21.94)</b>	<b>16.41</b>	<b>(16.41)</b>

**31 March 2021**

USD (for 1% movement)  
EURO (for 1% movement)  
SGD (for 1% movement)  
Others (for 1% movement)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
USD (for 1% movement)	4.35	(4.35)	3.25	(3.25)
EURO (for 1% movement)	4.47	(4.47)	3.34	(3.34)
SGD (for 1% movement)	1.26	(1.26)	0.94	(0.94)
Others (for 1% movement)	1.74	(1.74)	1.30	(1.30)
	<b>11.82</b>	<b>(11.82)</b>	<b>8.83</b>	<b>(8.83)</b>

**Impact of Covid 19 pandemic:**

The Company has considered internal and external sources of information as of the date of approval of the financial statement in determining the possible impact, if any, of the resurgence of the COVID-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. The Company has used the principle of prudence in applying judgements and making estimates. Based on this evaluation, the Company does not expect any material impact on its financial statement. However, the eventual outcome of impact of Covid-19 pandemic may be different from those estimated as on the date of approval of these financial statement.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
Notes to the financial statements (continued)

**38. Leases**

The Company has taken vehicles on leases for employees. These leases typically run for a period of 4 year. Information about leases for which the Company is a lessee is presented below.

		(Rs in lakhs)
I. Right-of-use assets		Vehicles
<b>Balance as at 31 March 2020</b>		<b>36.69</b>
Additions during the year		14.97
Depreciation charge for the year		25.59
De-recognition during the year		-
<b>Balance as at 31 March 2021</b>		<b>26.07</b>
Additions during the year		-
Depreciation charge for the year		11.51
De-recognition during the year		-
<b>Balance as at 31 March 2022</b>		<b>14.56</b>

**II. Lease liabilities**

		(Rs in lakhs)	
		31 March 2022	31 March 2021
Non current		1.74	12.12
Current		11.69	12.95
<b>Total</b>		<b>13.43</b>	<b>25.07</b>

The Company incurred Rs 69.27 lakhs (31 March 2021: Rs. 510.11) for the year towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases is 13.32 lakhs (including interest of Rs. 1.68 lakhs) [31 March 2021: Rs. 27.20 lakhs (including interest of Rs. 1.54 lakhs)] for the year. The Company has lease term extension options that are not reflected in the measurement of lease liabilities

39. The Board of Directors of the Company and its Holding Company 3M India Limited, at their Meetings held on 17 September 2021 had approved the Scheme of Amalgamation ('the Scheme') of the Company ('Transferor Company') with the Holding Company under Section 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Appointed Date fixed under the Scheme was 1 April 2021. The Scheme of Amalgamation of 3M E&C with the Company has been filed with National Company Law Tribunal (NCLT) to amalgamate the wholly owned subsidiary. NCLT Chennai vide its order dated May 25, 2022 has dispensed with convening of the meeting of Equity Shareholders and the Creditors of 3M E&C. The Company will now be initiating next steps and filing necessary applications in accordance with the directions of the NCLT. As on the date of approval of these financial statements, the matter is pending with NCLT. Accordingly, no effect has been given to the aforesaid scheme as at 31 March 2022.

**40. Ratio Analysis and its elements**

Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reasons for Variance
Current ratio	Current Assets	Current Liabilities	4.19	4.56	-8.28%	
Debt- Equity Ratio*	Total Debt	Shareholder's Equity	0.00	0.00	0.00%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	57.33	56.05	2.29%	
Return on Equity ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	0.03	0.07	-57.78%	Higher input cost due to volatility in commodity prices and constraints in customer pricing
Inventory Turnover ratio	Cost of goods sold	Average Inventory	5.84	3.89	50.20%	Increase in revenue from operations
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	7.18	6.01	19.47%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	5.24	3.68	42.60%	Increase in revenue from operations
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	1.60	1.19	34.25%	Increase in revenue from operations
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.02	0.07	-68.92%	Higher input cost due to volatility in commodity prices and constraints in customer pricing
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.04	0.09	-56.15%	Higher input cost due to volatility in commodity prices and constraints in customer pricing
Return on Investment	Interest (Finance Income)	Investment	-	-	0.00%	

\* The values are zero due to the rounding off.

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**3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED**  
**Notes to the financial statements (continued)**

41. No funds 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(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**42. Other statutory information:**

- i) The Company does not have any Benami property or any proceeding is pending against the Company for holding any Benami property.
- ii) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- iii) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- iv) The Company is not classified as wilful defaulter.
- v) The Company doesn't have any 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.
- vi) The Company has no transactions with the struck off companies.

As per our report of even date attached

for **B S R & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W/W-100022

  
**Vikash Gupta**  
Partner  
Membership number : 064597

Place: Bengaluru  
Date: 26 May 2022

for and on behalf of the Board of Directors

  
**Rajiv Gupta**  
Director  
[DIN: 08672176]

  
**Kuppanda Ayappa Appiah**  
Director  
[DIN: 07939378]

Place: Bengaluru  
Date: 26 May 2022

