

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 2023, 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 2023, and its profit and other comprehensive loss, 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.

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

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Independent Auditor's Report (*Continued*)

3M Electro and Communication India Private Limited

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.
- 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.

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Independent Auditor's Report (Continued)

3M Electro and Communication India Private Limited

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, except that the back-up of the books of account and other relevant books and papers in electronic mode has not been kept on servers physically located in India on a daily basis. However, the back-up is kept in a servers located outside India on a daily basis.
- 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 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f. The remarks relating to the maintenance of back up of books and accounts in servers physically located in India on a daily basis, therewith are as stated in the paragraph 2(A)(b) above.
- g. 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".

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 Auditors) 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 2023 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 the 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 person(s) or entity(ies), 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 by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 41 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), 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 by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above,

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Independent Auditor's Report (Continued)

3M Electro and Communication India Private Limited

contain any material misstatement.

- e. The Company has neither declared nor paid any dividend during the year.
 - f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- 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 Company has not paid any remuneration to its directors during the year. 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

Place: Bangalore

Date: 29 May 2023

Membership No.: 064597

ICAI UDIN:23064597BGYQPV3859

Annexure A to the Independent Auditor's Report on the Financial Statements of 3M Electro and Communication India Private Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of 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.
- (i) (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 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 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.
- (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 advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has granted loans to other parties during the year in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured, to Companies, firms or limited liability partnership during the year.
- (a) A. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not granted any loans to its subsidiary
- B. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted interest free loans to other parties as below:

Particulars	Amount (INR in lakhs)
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Annexure A to the Independent Auditor's Report on the Financial Statements of 3M Electro and Communication India Private Limited for the year ended 31 March 2023 (Continued)

Aggregate amount during the year- Others	4.55
Balance outstanding as at balance sheet date- Others	4.53

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the interest free loans given are, prima facie, not prejudicial to the interest of the Company
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of interest free loans given, in our opinion the repayment of principal has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party 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 is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) 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 given any loans either repayable on demand or without specifying any terms or period of repayment
- (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) 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, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

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 Service

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Annexure A to the Independent Auditor's Report on the Financial Statements of 3M Electro and Communication India Private Limited for the year ended 31 March 2023 (Continued)

Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 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 of the Company, statutory dues relating to Income-Tax, Sales-tax, Service-tax, Duty of excise, value added tax which have not been deposited on account of any dispute are as follows:

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	2010-11 and 2014-15	Commissioner of Income Tax (Appeals)
	8.81	-	8.81	2018-19	Assessing Officer
	118.95	17.84	101.10	2012-13	Income Tax Appellate Tribunal
Sales tax / Value added tax/ Central Sales tax	591.90	169.81	422.09	2013-15 and 2016-17	Joint Commissioner of Sales Tax (Appeals)
Excise (including service tax)	56.90	3.89	53	2012-14	Commissioner Appeals
	2803.18	98.01	2705.17	2007-17	Customs, Excise & Service Tax Appellate Tribunal

- (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 account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (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

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Annexure A to the Independent Auditor's Report on the Financial Statements of 3M Electro and Communication India Private Limited for the year ended 31 March 2023 (Continued)

- 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 subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. 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 2023. Accordingly, clause 3(ix)(f) is not applicable.
 - (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
(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, clause 3(x)(b) of the Order is not applicable.
 - (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the 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, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
 - (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
 - (xiv) (a) Based on 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, clause 3(xvi)(a) of the Order is not applicable.
(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.

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Annexure A to the Independent Auditor's Report on the Financial Statements of 3M Electro and Communication India Private Limited for the year ended 31 March 2023 (Continued)

- (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) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses in the current 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.
- (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, 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.
- (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

Membership No.: 064597

ICAI UDIN:23064597BGYQPV3859

Place: Bangalore

Date: 29 May 2023

Annexure B to the Independent Auditor's Report on the financial statements of 3M Electro and Communication India Private Limited for the year ended 31 March 2023

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 Act

(Referred to in paragraph 2(A)(g) 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 2023 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 2023, 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 and Board of Directors' Responsibilities 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 Act.

Auditor's 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 if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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Annexure B to the Independent Auditor's Report on the financial statements of 3M Electro and Communication India Private Limited for the year ended 31 March 2023 (Continued)

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: Bangalore

Date: 29 May 2023

Membership No.: 064597

ICAI UDIN:23064597BGYQPV3859

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Balance sheet

		(Rs. in lakhs)	
		As at	As at
		31 March 2023	31 March 2022
	Note		
I. Assets			
(1) Non-current assets			
(a) Property, plant and equipment	4	1,552.04	1,649.39
(b) Capital work-in-progress	4	-	35.02
(c) Right - of - use assets	38	3.63	14.56
(d) Intangible assets	5	-	-
(e) Financial assets			
(i) Loans receivable	7	2.90	0.61
(ii) Other financial assets	11	19.73	25.69
(f) Deferred tax assets (net)	34	506.02	549.71
(g) Income tax assets (net)	34	1,207.60	1,164.83
(h) Other non-current assets	8	551.19	552.42
Total non-current assets		3,843.11	3,992.23
(2) Current assets			
(a) Inventories	9	4,331.90	3,610.17
(b) Financial assets			
(i) Trade receivables	6	4,330.56	4,131.00
(ii) Cash and cash equivalents	10	16,622.48	12,132.49
(iii) Loans receivable	7	2.40	2.47
(iv) Other financial assets	11	156.83	324.37
(c) Other current assets	8	1,548.72	1,437.77
Total current assets		26,992.89	21,638.27
Total assets		30,836.00	25,630.50
II. Equity and liabilities			
Equity			
(a) Equity share capital	12	50.00	50.00
(b) Other equity	13	23,411.36	19,909.16
Total equity		23,461.36	19,959.16
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	38	-	1.74
(b) Provisions	14	399.49	501.26
Total non-current liabilities		399.49	503.00
(2) Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	38	1.74	11.69
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises; and	15	84.28	154.89
- Total outstanding dues of creditors other than micro and small enterprises	15	5,530.49	3,794.31
(iii) Other financial liabilities	16	477.49	352.87
(b) Other current liabilities	17	305.09	371.08
(c) Provisions	14	456.23	337.35
(d) Current tax liabilities (net)	34	119.83	146.15
Total current liabilities		6,975.15	5,168.34
Total liabilities		7,374.64	5,671.34
Total equity and liabilities		30,836.00	25,630.50
Significant accounting policies	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

Place: Bengaluru
Date: 29 May 2023

for and on behalf of the Board of Directors


Rajiv Gupta
Director
[DIN: 08672176]


Kuppanda Ayappa Appiah
Director
[DIN: 07939378]

Place: Bengaluru
Date: 29 May 2023

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

		(Rs. in lakhs)	
	Note	Year ended 31 March 2023	Year ended 31 March 2022
I. Income			
Revenue from operations	18	28,525.29	26,313.50
Other income	19	554.37	326.88
Total income		29,079.66	26,640.38
II. Expenses			
Cost of materials consumed	20	6,898.79	10,689.85
Purchases of stock-in-trade	21	12,479.14	8,343.02
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(1,409.23)	(829.79)
Employee benefits expense	23	3,480.74	3,878.70
Finance costs	24	17.07	8.48
Depreciation and amortisation	4,5 and 38	156.19	184.10
Other expenses	25	2,774.63	3,583.81
Total expenses		24,397.33	25,858.17
III. Profit before tax		4,682.33	782.21
IV. Tax expense :			
(i) Current tax	34	1,131.81	239.50
(ii) Deferred tax	34	44.86	(36.89)
Total tax expenses		1,176.67	202.61
V Profit for the year		3,505.66	579.60
VI. Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Remeasurements of net defined benefit liability / asset	29	(4.63)	23.24
Income tax relating to items that will not be reclassified subsequently to profit or loss	34	1.17	(5.85)
Other comprehensive income, net of tax		(3.46)	17.39
VII. Total comprehensive income for the year		3,502.20	596.99
VIII. Earnings per share (Nominal value of Rs. 10 each)			
- Basic (in Rs.)	26	701.13	115.92
- Diluted (in Rs.)		701.13	115.92
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: 29 May 2023

for and on behalf of the Board of Directors



Rajiv Gupta

Director

[DIN: 08672176]



Kuppanda Ayappa Appiah

Director

[DIN: 07939378]

Place: Bengaluru

Date: 29 May 2023

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

A. Equity share capital

	<i>(Rs in lakhs, except for number of shares)</i>	
	Number of shares	Amount
For the year ended 31 March 2023		
Equity shares of Rs. 10 each issued, subscribed and fully paid up		
Balance as at 01 April 2022	500,000	50.00
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
Balance as at 31 March 2023	500,000	50.00

	<i>(Rs in lakhs, except for number of shares)</i>	
	Number of shares	Amount
For the year ended 31 March 2022		
Equity shares of Rs. 10 each issued, subscribed and fully paid up		
Balance as at 01 April 2021	500,000	50.00
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
Balance as at 31 March 2022	500,000	50.00

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

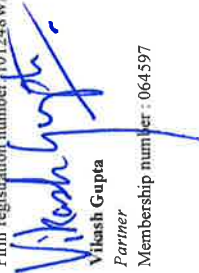
B. Other equity

Particulars	(Rs. in lakhs)				
	Equity share capital	Other equity		Total Other Equity	Total equity
		General reserve	Surplus		
Balance as at 1 April 2021	50.00	271.73	19,133.75	(93.31)	19,312.17
Changes in accounting policy or prior period errors	-	-	-	-	-
Changes in equity for the year ended 31 March 2022	-	-	-	17.39	17.39
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	579.60	-	579.60
Profit for the year	-	-	-	-	-
Balance as at 31 March 2022	50.00	271.73	19,713.35	(75.92)	19,909.16
Balance as at 1 April 2022	50.00	271.73	19,713.35	(75.92)	19,909.16
Changes in accounting policy or prior period errors	-	-	-	-	-
Changes in equity for the year ended 31 March 2023	-	-	-	(3.46)	(3.46)
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	3,505.66	-	3,505.66
Profit for the year	-	-	-	-	-
Balance as at 31 March 2023	50.00	271.73	23,219.01	(79.38)	23,411.36

(Significant Accounting policies Note - 3)

As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248/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: 29 May 2023

Place: Bengaluru
Date: 29 May 2023

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Cash flow statement

(Rs. in lakhs)

	Year ended 31 March 2023	Year ended 31 March 2022
Cash flow from operating activities		
Profit before tax	4,682.33	782.21
Adjustment for:		
Depreciation and amortisation expense	156.19	184.10
Bad debts and allowance for doubtful trade receivables (net)	(3.42)	(29.13)
Liabilities no longer required written back (net)	(19.77)	(7.06)
Unrealised exchange loss/ (gain) on foreign currency transactions (net)	5.33	(3.78)
Interest income	(531.18)	(290.69)
Finance costs	17.07	8.48
	4,306.55	644.13
Working capital adjustments:		
Increase in trade payables	1,680.01	587.87
Increase in provisions	12.48	156.27
Increase in other financial and current liabilities	58.62	76.23
Increase in trade receivables	(196.14)	(1,163.51)
Increase in inventories	(721.73)	(982.45)
Decrease in loans, other financial assets and non-current assets	158.43	87.19
Cash generated from operations activities	5,298.22	(594.27)
Income taxes paid, (net of refund)	(1,215.42)	(33.59)
Net cash (used in) / from operating activities (A)	4,082.80	(627.86)
Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	(12.89)	(31.49)
Proceeds from sale of property, plant and equipment	-	-
Interest received	434.31	278.26
Net cash from investing activities (B)	421.42	246.77
Cash flow from financing activities		
Payment of lease liability (including interest thereon)	(14.23)	(13.32)
Net cash used in financing activities (C)	(14.23)	(13.32)
Net Increase in cash and cash equivalents (A+B+C)	4,489.99	(394.41)
Cash and cash equivalents at the beginning of the year	12,132.49	12,526.90
Cash and cash equivalents at the end of the year	16,622.48	12,132.49
Cash and cash equivalents comprises of (refer note 10):		
Balances with banks:		
- In current accounts	1,122.48	2,132.49
- Deposit accounts (original maturity of less than three months)	15,500.00	10,000.00
	16,622.48	12,132.49

Debt reconciliation statement in accordance with Ind AS 7

Reconciliation of lease liability (Non-current and Current) (Refer note 38)

	31 March 2023	31 March 2022
Opening balance	13.43	25.07
Addition to lease liability	-	-
Interest cost	2.54	1.68
Payment of lease liability (including interest thereon)	(14.23)	(13.32)
Closing balance	1.74	13.43

Significant accounting policies (refer note 3)

As per our report of even date attached

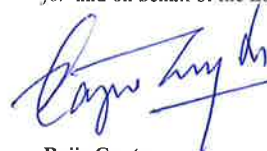
for BSR & Co. LLP

Chartered Accountants

Firm registration number, 101248W/W-100022


Vikash Gupta
 Partner
 Membership number : 064597

for and on behalf of the Board of Directors



Rajiv Gupta
 Director
 [DIN: 08672176]



Kuppamma Ayappa Appiah
 Director
 [DIN: 7939378]

Place: Bengaluru
 Date: 29 May 2023

Place: Bengaluru
 Date: 29 May 2023

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

Notes to the financial statements

I. 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 softeners, 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 27 May 2023.

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

These financial statements have been prepared under the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- Note 28 - share-based payment arrangements and
- Note 37 - financial instruments

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, lease classification and lease term.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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)

F. Current/ Non-current classification

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

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

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably

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.

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.

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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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.

Write off:

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(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. All the revenue is point in time.

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

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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/ availing of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availing. 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.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(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.

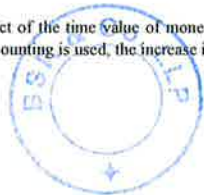
(k) Provisions and contingent liabilities

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.

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3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

Notes to the financial statements (continued)

3. Significant accounting policies (continued)

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.

(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.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Company presents right-of-use assets that do not meet the definition of investment property separately in the balance sheet and lease liabilities separately within 'Financial Liabilities'.

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)

3. Significant accounting policies (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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements: The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes: The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this 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)							
	Freehold land*	Building	Plant and machinery	Electrical installations	Office equipment	Furniture & fixtures	Data processing equipment	Total
Balance as at 01 April 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
Balance as at 01 April 2022	760.77	448.39	1,494.54	9.97	23.88	93.05	0.01	2,830.61
Additions	-	-	47.91	-	-	-	-	47.91
Disposals	-	(103.07)	(28.89)	-	(15.95)	(0.06)	-	(147.97)
Balance as at 31 March 2022	760.77	345.32	1,513.56	9.97	7.93	92.99	0.01	2,730.55
Accumulated depreciation								
Balance as at 01 April 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
Balance as at 01 April 2022	-	241.11	854.11	9.57	20.31	56.11	0.01	1,181.22
Depreciation for the year	-	10.23	126.50	-	-	8.53	-	145.26
Disposals	-	(103.07)	(28.89)	-	(15.95)	(0.06)	-	(147.97)
Balance as at 31 March 2022	-	148.27	951.72	9.57	4.36	64.58	0.01	1,178.51
Carrying value (net)								
As at 31 March 2022	760.77	207.28	640.43	0.40	3.56	36.94	-	1,649.39
As at 31 March 2023	760.77	197.05	561.84	0.40	3.57	28.41	-	1,552.04

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



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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 (continued)

Capital work-in-progress	(Rs. in lakhs)
Balance at 01 April 2021	2.23
Additions during the year	80.21
Capitalised during the year	47.42
Balance at 31 March 2022	35.02
Balance at 01 April 2022	35.02
Additions during the year	12.89
Capitalised during the year	47.91
Balance at 31 March 2023	-

Capital work-in-progress aging schedule

31 March 2023	(Rs. in lakhs)		
	Amount in capital work-in-progress for a period of		
	Less than 1 year	1-2 years	2-3 years
Total	Total		
Projects in progress	-	-	-
Projects temporarily suspended	-	-	-
	-	-	-

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	Total		
Projects in progress	35.02	-	-
Projects temporarily suspended	-	-	-
	35.02	-	-

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

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

5 Intangible assets

Particulars	(Rs. in lakhs)	
	Computer Software	
Balance at 01 April 2021		14.28
Additions		-
Disposals		-
Balance at 31 March 2022		14.28
Balance at 01 April 2022		14.28
Additions		-
Disposals		-
Balance at 31 March 2023		14.28
Amortisation		
Balance at 01 April 2021		14.28
Amortisation for the year		-
Disposals		-
Balance at 31 March 2022		14.28
Balance at 01 April 2021		14.28
Amortisation for the year		-
Disposals		-
Balance at 31 March 2023		14.28
Carrying value (net)		
As at 31 March 2022		-
As at 31 March 2023		-

6 Trade receivables

	(Rs. in lakhs)	
	As at 31 March 2023	As at 31 March 2022
Billed - considered good		
Trade receivables - secured*	234.90	37.62
Trade receivables - unsecured	3,861.11	4,124.30
Less: Loss allowance	(16.51)	(30.92)
	4,079.50	4,131.00
Credit impaired	64.27	111.08
Less: Loss allowance	(64.27)	(111.08)
	-	-
	4,079.50	4,131.00
Unbilled - considered good		
Trade receivables - unsecured	251.06	-
	251.06	-
	4,330.56	4,131.00
Of the above, trade receivables from related parties are as below (also refer note 30):		
Total trade receivables from related parties	294.43	270.41
Loss allowance	-	-
Net trade receivables	294.43	270.41

*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.



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

Trade receivables Ageing Schedule

(Rs. in lakhs)

As at 31 March 2023	Unbilled	Curent 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	251.06	2,973.98	1,121.50	0.53	-	-	-	4,347.07
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	0.09	34.42	0.67	29.09	64.27
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	-
Total	251.06	2,973.98	1,121.50	0.62	34.42	0.67	29.09	4,411.34

(Rs. in lakhs)

As at 31 March 2022	Unbilled	Curent 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
Total	-	3,300.92	850.12	10.89	4.92	34.33	71.82	4,273.00

7 Loans receivable

(Rs. in lakhs)

	As at 31 March 2023	As at 31 March 2022
Non current		
Unsecured, considered good		
Loans to employees	2.90	0.61
	2.90	0.61
Current		
Unsecured, considered good		
Loans to employees	2.40	2.47
	2.40	2.47
	5.30	3.08



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

8 Other assets

	<i>(Rs. in lakhs)</i>	
	As at	As at
	31 March 2023	31 March 2022
Non current		
Unsecured, considered good		
Payments under protest [#]	551.19	552.42
Unsecured, considered doubtful		
Payments under protest [#]	49.86	49.86
Less: Allowance for doubtful advances	(49.86)	(49.86)
	<u>551.19</u>	<u>552.42</u>
Current		
Unsecured, considered good		
Prepayments	51.57	37.11
Statutory advances	1,389.43	1,289.72
Advance for supply of goods	100.09	107.69
Others	7.63	3.25
	<u>1,548.72</u>	<u>1,437.77</u>
	<u>2,099.91</u>	<u>1,990.19</u>

[#]These payments represents deposits given to government authorities against the ongoing litigations.

9 Inventories*

	<i>(Rs. in lakhs)</i>	
	As at	As at
	31 March 2023	31 March 2022
Raw materials	306.14	967.83
[including in-transit Rs. Nil lakhs (2022: Rs. 19.82 lakhs)]		
Packing materials	8.44	34.25
Work-in-progress	0.18	123.13
Finished goods	1,025.31	977.42
Stock-in-trade	2,991.83	1,507.54
[including in-transit Rs. 1,150.90 lakhs (2022: Rs. 917.85 lakhs)]		
	<u>4,331.90</u>	<u>3,610.17</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. 44.00 lakhs (31 March 2022 : Rs. 56.98 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 58.61 lakhs (31 March 2022 : Rs. 158.82 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

	<i>(Rs. in lakhs)</i>	
	As at	As at
	31 March 2023	31 March 2022
<i>Balances with banks</i>		
- In current accounts	1,122.48	2,132.49
- Deposit accounts (original maturity of less than three months)	15,500.00	10,000.00
	<u>16,622.48</u>	<u>12,132.49</u>

11 Other financial assets

	<i>(Rs. in lakhs)</i>	
	As at	As at
	31 March 2023	31 March 2022
Non current		
Unsecured, considered good		
Security deposits	19.73	25.69
	<u>19.73</u>	<u>25.69</u>
Current		
Unsecured, considered good		
Interest accrued but not due	156.83	59.96
Receivables from related parties (refer note 30)	-	264.41
	<u>156.83</u>	<u>324.37</u>
Unsecured, considered doubtful		
Security deposits	15.40	15.40
Less : Provision for impairment	(15.40)	(15.40)
	<u>-</u>	<u>-</u>
	<u>156.83</u>	<u>324.37</u>
	<u>176.56</u>	<u>350.06</u>

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

12 Share capital

	<i>(Rs in lakhs except for number of shares)</i>	
	As at 31 March 2023	As at 31 March 2022
Authorised :		
Equity shares	50.00	50.00
[500,000 equity shares of Rs. 10/- each (31 March 2022: 500,000 shares)]	50.00	50.00
Issued, subscribed and paid up		
Equity shares fully paid up	50.00	50.00
[500,000 equity shares of Rs. 10/- each (31 March 2022: 500,000 shares)]	50.00	50.00

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

	As at 31 March 2023		As at 31 March 2022	
	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	500,000	50.00	500,000	50.00

(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.

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

	As at 31 March 2023		As at 31 March 2022	
	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

	As at 31 March 2023		As at 31 March 2022	
	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	As at 31 March 2023		
	No of Shares	% total of shares	% Change during the year
3M India Limited (Holding company)	500,000	100%	-
Promoter Name	As at 31 March 2022		
	No of Shares	% total of shares	% Change during the year
3M India Limited (Holding company)	500,000	100%	-

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

13 Other equity

	<i>(Rs. in lakhs)</i>	
	As at 31 March 2023	As at 31 March 2022
General reserve	271.73	271.73
Retained earnings	23,219.01	19,713.35
Remeasurement of defined benefit plans, net of tax	(79.38)	(75.92)
	23,411.36	19,909.16

Also refer statement of changes in equity.

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) Remeasurement of defined benefit plans, net of tax:

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.

14 Provisions

	<i>(Rs. in lakhs)</i>			
	As at 31 March 2023		As at 31 March 2022	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 29(b))	-	254.39	-	373.93
Compensated absences	13.25	145.10	14.08	127.33
Others (refer note 35)				
Sales tax, service tax and other litigations	153.71	-	153.71	-
Provision for sales return and volume rebate	289.27	-	169.56	-
	456.23	399.49	337.35	501.26

15 Trade payables

As at	<i>(Rs. in lakhs)</i>	
	As at 31 March 2023	As at 31 March 2022
Total outstanding dues to micro and small enterprises (Refer note (a) below)	84.28	154.89
Total outstanding dues to creditors other than micro and small enterprises*	5,530.49	3,794.31
	5,614.77	3,949.20

Note (a)

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

- Principal	84.28	154.89
- Interest	0.01	0.29

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	1.35	2.01
- Principal	1,500.79	6,595.18

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.

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

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.



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

31 March 23

Particulars	Outstanding for following periods from due date of payment			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) Micro and small enterprises	84.28	-	-	-
(ii) Others	5,515.58	14.90	-	-
(iii) Disputed dues – Micro and small enterprises	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-
Total	5,599.86	14.90	-	-

31 March 22

Particulars	Outstanding for following periods from due date of payment			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) Micro and small enterprises	154.89	-	-	-
(ii) Others	3,750.12	10.21	16.54	-
(iii) Disputed dues – Micro and small enterprises	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-
Total	3,905.01	10.21	16.54	-

16 Other financial liabilities

	<i>(Rs. in lakhs)</i>	
	As at 31 March 2023	As at 31 March 2022
Deposits from customers	242.46	47.93
Employee benefit obligation	142.93	202.31
Creditor for capital goods	8.09	8.08
Other payables	84.01	94.55
	477.49	352.87

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 31 March 2023	As at 31 March 2022
Statutory liabilities	254.91	357.72
Advance from customers	50.18	13.36
	305.09	371.08

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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>	
	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products		
Finished goods	11,933.04	13,354.85
Traded goods	15,702.53	12,034.60
Sale of services*	889.72	924.05
Total	28,525.29	26,313.50

* Sale of services includes income from contract research Rs. 74.43 lakhs (31 March 2022 : Rs. 84.97 lakhs) and management support service fee of Rs. 815.29 lakhs (31 March 2022 : Rs. 839.08 lakhs). Refer note 27 (c) and note 30.

Disaggregation of revenue from operations

Business Segments	Year ended 31 March 2023	Year ended 31 March 2022
a) Safety & Industrial	12,720.22	14,247.57
b) Transportation & Electronics	1,943.98	1,476.32
c) Health Care	13,799.04	9,931.13
d) Others	62.05	658.48
Total	28,525.29	26,313.50

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

Contracted Price	28,971.79	26,378.33
Less: Reduction towards variable consideration components	(446.50)	(64.83)
Revenue recognised	28,525.29	26,313.50

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 2023 and 31 March 2022.

19 Other income

	<i>(Rs. in lakhs)</i>	
	Year ended 31 March 2023	Year ended 31 March 2022
Interest income from financial assets carried at amortised cost	531.18	290.69
Bad debts and allowance for doubtful trade receivables (net)	3.42	29.13
Liabilities no longer required written back, net	19.77	7.06
Total	554.37	326.88

20 Cost of materials consumed

	<i>(Rs. in lakhs)</i>	
	Year ended 31 March 2023	Year ended 31 March 2022
Inventory of materials at the beginning of the year (refer note 9)	1,002.08	849.42
Add: Purchases (also refer note 30)	6,211.29	10,842.51
Less: Inventory of materials at the end of the year (refer note 9)	(314.58)	(1,002.08)
Total	6,898.79	10,689.85

21 Purchases of stock-in-trade

	<i>(Rs. in lakhs)</i>	
	Year ended 31 March 2023	Year ended 31 March 2022
Filters	8,498.54	5,565.15
Electrical Insulators	2,784.99	1,920.76
Others	1,195.61	857.11
Total	12,479.14	8,343.02

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

	(Rs. in lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Opening inventory		
- Finished goods	977.42	565.52
- Stock-in-trade	1,507.54	1,055.17
- Work-in-progress	123.13	157.61
	<u>2,608.09</u>	<u>1,778.30</u>
Closing inventory		
- Finished goods	1,025.31	977.42
- Stock-in-trade	2,991.83	1,507.54
- Work-in-progress	0.18	123.13
	<u>4,017.32</u>	<u>2,608.09</u>
(Increase) / decrease in inventory	(1,409.23)	(829.79)

23 Employee benefits expense

	(Rs. in lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	3,190.14	3,429.79
Contribution to provident and other funds (refer note 29(a) and 29(b))	217.26	215.03
Share based payment expenses, cash settled (refer note 28)	2.70	14.28
Staff welfare expenses	70.64	219.60
Total	3,480.74	3,878.70

24 Finance costs

	(Rs. in lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Interest expenses	2.25	3.64
Interest on income tax matters	14.82	4.84
	<u>17.07</u>	<u>8.48</u>

25 Other expenses

	(Rs. in lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Consumption of stores and spares	7.98	146.44
Power and fuel	56.07	173.66
Rent (refer note 38)	185.40	69.27
Repairs and maintenance		
- Plant and machinery	58.37	173.51
- Building	33.77	41.10
- Others	14.92	22.31
Insurance	31.87	14.50
Rates and taxes	14.03	75.36
Communication expenses	18.12	17.22
Travel and conveyance	102.42	48.66
Legal and professional charges (refer note (a) below)	93.52	124.75
Sub-contracting charges	295.96	679.01
Selling, distribution and advertisement expenses	175.69	148.42
Freight outward	240.05	279.58
Royalty (refer note 27 (a))	347.13	324.50
Corporate management fees (refer note 27 (b))	564.04	824.78
Expenditure towards corporate social responsibility activities (refer note 32)	40.00	53.22
Exchange loss on foreign currency transactions (net)	207.66	46.38
Miscellaneous expenses	287.63	321.14
Total	2,774.63	3,583.81

(a) Payment to auditors #

	(Rs. in lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
As auditors:		
Audit fee	17.00	16.00
Tax audit fee	4.00	3.00
Certification	1.25	4.89
Reimbursement of out-of-pocket expenses	0.97	0.97
Total	23.22	24.86

Excluding goods and service tax.



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

26 Earnings per share

	<i>(Rs. in lakhs except for number of shares)</i>	
	Year ended 31 March 2023	Year ended 31 March 2022
Net profit attributable to equity shareholders	3,505.66	579.60
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.)	701.13	115.92
Diluted earnings per share (Rs.)	701.13	115.92

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. 347.13 lakhs for the year ended 31 March 2023 (2022: Rs. 324.50 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	Year ended 31 March 2023	Year ended 31 March 2022
	Corporate management fee	564.04

The Company has accrued an amount of Rs. 147.62 lakhs (31 March 2022 : Rs. 123.34 lakhs) in respect of estimated liability for the above services during period 1 January 2023 to 31 March 2023, the actual liability would be ascertained by December 2023.

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. 815.29 lakhs (31 March 2022 : Rs. 839.08 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 recognized an income of Rs. 74.43 lakhs (31 March 2022 : Rs. 84.97 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. 33.20 lakhs (2022: Rs. 30.97 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 1.47 lakhs (2022: Rs. 7.58 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 i.e., stock appreciation rights (SARs) and restricted stock units (RSUs). The eligible employees are granted stock options i.e., 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. 4.90 lakhs (2022: Rs. 29.40 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:

	As at 31 March 2023	As at 31 March 2022
Fair value (in \$)	17.42	20.52
Share price (in \$)	105.11	148.88
Expected volatility (%)	22.79%	21.84%
Expected life (years)	6.98 years	6.92 years
Expected dividends (%)	3.30%	2.94%
Risk free interest rate (%)	3.74%	1.92%

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:

	As at 31 March 2023		As at 31 March 2022	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
Stock appreciation right				
Outstanding at the beginning	2,070	-	1,469	-
Granted	-	-	601	-
Forfeited and expired	861	-	-	-
Outstanding at the end	<u>1,209</u>		<u>2,070</u>	
Exercisable at the end	<u>1,132</u>		<u>1,354</u>	
Restricted stock unit				
Outstanding at the beginning	109	-	109	-
Granted	-	-	-	-
Exercised	109	-	-	-
Outstanding at the end	<u>-</u>		<u>109</u>	
Exercisable at the end	<u>-</u>		<u>65</u>	

D. Expense recognised in Statement of profit and loss

An amount of Rs. 2.70 lakhs (31 March 2022: Rs. 14.28 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 USD 132.76 (31 March 2022: USD Nil)

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:

Benefits (contribution to)	(Rs. in lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Provident fund	130.41	128.38
Superannuation fund	12.02	11.51
Employee State Insurance Corporation	-	0.09
	142.42	139.98

(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 2023 and 31 March 2022, the plan assets have been primarily invested in insurer managed funds.

	(Rs. in lakhs)	
	As at 31 March 2023	As at 31 March 2022
A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	582.39	562.37
Current service cost	51.05	53.15
Interest cost	37.93	36.76
Actuarial loss / (gains) - experience	23.16	(7.37)
Actuarial (gain) / loss - demographic assumptions	-	-
Actuarial loss / (gains) - financial assumptions	(25.45)	(19.10)
Benefits paid	(96.31)	(43.42)
Obligation at the end of the year	572.77	582.39
B. Reconciliation of opening and closing balances of the fair value of plan assets		
Plan assets at the beginning of the year	208.46	240.25
Interest income on plan assets	14.15	14.86
Contribution by the Company	199.00	-
Remeasurements- Return on plan assets excluding amounts included in interest income	(6.92)	(3.23)
Benefits paid	(96.31)	(43.42)
Plan assets at the end of the year	318.38	208.46
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		
Present value of obligation at the end of the year	572.77	582.39
Fair value of plan assets at the end of the year	318.38	208.46
Net defined benefit obligation	254.39	373.92
D. Expenses recognized in the Statement of profit and loss		
Current service cost	51.05	53.15
Interest cost	37.93	36.76
Interest income on plan assets	(14.15)	(14.86)
	74.83	75.05
E. Remeasurements recognized in Other comprehensive income		
Actuarial losses on defined benefit obligation	(2.29)	(26.47)
Actuarial losses / (gains) on plan assets	6.92	3.23
	4.63	(23.24)
F. Investment details of plan assets		
	As at 31 March 2023	As at 31 March 2022
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)	0.00%	16.25%
Fund balance with Insurance companies	100.00%	83.75%
	100.00%	100.00%



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

29 Employee benefits (continued)

G. Assumptions	As at	As at
	31 March 2023	31 March 2022
Discount rate (per annum)	7.20%	7.10%
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%

H. Sensitivity analysis	As at	As at
	31 March 2023	31 March 2022
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
A. Discount rate		
Effect on defined benefit obligation due to 1% increase in discount rate	(53.40)	(57.44)
Effect on defined benefit obligation due to 1% decrease in discount rate	62.17	67.47
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate of production and others	42.45	66.64
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate of production and others	(54.04)	(57.90)

I. Maturity profile of defined benefit obligation	(Rs. in lakhs)
	Amount
1. March 31, 2024	23.87
2. March 31, 2025	26.65
3. March 31, 2026	63.34
4. March 31, 2027	61.10
5. March 31, 2028	85.14
6. March 31, 2029 to March 31, 2033	43.66

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 2023 : Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2024.

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	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	<i>(Rs. in lakhs)</i>	
	31 March 2023	31 March 2022
Trade payables		
3M Company, USA	2,901.97	1,757.54
3M APAC RDC Pte Limited	24.21	47.68
3M Australia Pty. Limited	107.81	-
3M China Limited	1.19	31.10
3M Do Brasil Limitada	25.72	15.67
3M EMEA, GmbH	1,037.86	457.63
3M Innovation Singapore Pte Ltd	42.84	88.78
3M Material Tech(Guangzhou) Co Limited	38.89	21.41
3M Poland Sp. Z O.O	19.80	19.80
3M India Limited	377.39	93.79
3M Taiwan Limited	26.38	23.25
3M Korea Limited	0.21	7.75
3M Panama Pacifico S Der L.	13.69	40.54
3M Health Care Ltd, Japan	-	9.09
Cuno Pacific Pty Ltd Australia	-	15.56
	4,617.96	2,629.59

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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	(Rs. in lakhs)	
	31 March 2023	31 March 2022
Trade receivables		
3M India Limited	40.18	246.59
3M Company, USA	225.90	-
3M Global Service Management Company	25.17	-
3M Vietnam Limited	3.19	23.82
	294.43	270.41
Other financial assets		
3M Company, USA	-	187.90
3M Global Service Management Company	-	76.51
	-	264.41

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

Name of related party	(Rs. in lakhs)	
	31 March 2023	31 March 2022
Sales of products (net of returns)		
3M Company, USA	-	37.89
3M India Limited	881.51	546.13
3M Australia Pty Limited	12.27	2.92
3M Korea Limited	0.37	-
3M Thailand Limited	-	0.19
3M Vietnam Limited	6.36	68.07
	900.51	655.20
Contributions during the year		
3M E&C Employees Gratuity Fund Trust	199.00	-
3M E&C Employees Superannuation Fund Trust	12.02	11.51
	211.02	11.51

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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 2023	31 March 2022
Income from contract research		
3M Company, USA	74.43	84.97
	74.43	84.97
Income from management support services		
3M Company, USA	802.26	636.48
3M Global Service Management Company	13.03	202.60
	815.29	839.08
Purchase of materials (net of returns)		
3M Company, USA	1,223.72	1,063.20
3M India Limited	5,932.73	3.52
3M Japan Limited	5.01	4.68
3M APAC RDC Pte Limited	395.45	268.31
3M Australia Pty. Limited	311.35	130.09
3M China Limited	82.68	392.42
3M Do Brasil Limitada	210.01	312.42
3M EMEA, GmbH	239.24	1.02
3M France S.A	113.67	251.65
3M Innovation Singapore Pte Limited	752.87	605.77
3M Italia S.P.A.	-	465.26
3M Korea Limited	-	97.46
3M Material Tech(Guangzhou) Co., Limited	-	175.58
3M Panama Pacifico S Der L.	25.75	137.49
3M Taiwan Limited	195.61	129.32
3M United Kingdom Plc	1.11	1.39
Cuno 3M Germany	34.03	42.02
Cuno 3M Poland	2,074.18	1,083.29
Cuno Europe (France)	5,631.18	65.89
Cuno Inc (USA)	-	3,784.10
Cuno K.K (Japan)	12.34	55.18
Cuno Pacific Pty Ltd Australia	-	1.23
	17,240.93	9,071.29
Corporate management fees		
3M Global Service Management Company	564.04	824.78
	564.04	824.78
Royalty		
3M Company, USA	347.13	324.50
	347.13	324.50
Recharges of expenses paid		
3M India Limited	200.55	289.27
	200.55	289.27

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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 off 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, Heatshrinks, Coldshrinks, Kastex, Busbar tubes, DIY Electrical kits, Mairidistribution 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 2023	31 March 2022
Segment revenue (revenue from operations)		
a) Safety & Industrial	12,720.22	14,247.57
b) Transportation & Electronics	1,943.98	1,476.32
c) Health Care	13,799.04	9,931.13
d) Others	62.05	658.48
Revenue from operations	28,525.29	26,313.50
Segment results		
a) Safety & Industrial	1,570.87	(177.86)
b) Transportation & Electronics	(34.17)	(123.35)
c) Health Care	2,556.84	610.56
d) Others	51.49	154.46
Total results	4,145.03	463.81
Less : Interest expense	17.07	8.48
Add: Other un-allocable income	554.37	326.88
Profit before tax	4,682.33	782.21
Tax expense	1,176.67	202.61
Profit after tax	3,505.66	579.60

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

31 Segment Reporting (continued)

	<i>(Rs. in lakhs)</i>	
	31 March 2023	31 March 2022
Segment assets		
a) Safety & Industrial	4,668.73	6,331.40
b) Transportation & Electronics	232.26	490.08
c) Health Care	5,316.76	2,579.68
d) Unallocated corporate assets	20,618.24	16,229.34
Total Assets	30,836.00	25,630.50
Segment liability		
a) Safety & Industrial	2,483.62	2,225.97
b) Transportation & Electronics	387.45	227.12
c) Health Care	2,743.70	1,496.11
e) Unallocated corporate assets	1,759.87	1,722.15
Total liabilities	7,374.64	5,671.34
Capital expenditure		
a) Safety & Industrial	12.89	31.49
Total capital expenditure	12.89	31.49
Depreciation and amortisation expenses		
a) Safety & Industrial	155.50	172.59
b) Health Care	0.69	11.51
Total Depreciation / amortisation expenses	156.19	184.10
Non cash expenses other than depreciation and amortisation expense		
a) Safety & Industrial	-	-
b) Transportation & Electronics	-	-
c) Health Care	-	-
Total non cash expenses	-	-

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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.

For the year ended	Year ended 31 March 2023	Year ended 31 March 2022
a) amount required to be spent by the company during the year	38.38	53.22
b) amount of expenditure incurred,	40.00	53.22
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

As at	As at 31 March 2023	As at 31 March 2022
a) Guarantees:		
- Issued by Company's bankers	1,391.14	1,568.07
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)	540.42	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.

Capital commitments

	As at 31 March 2023	As at 31 March 2022
Estimated value of contracts in capital account remaining to be executed	-	18.13

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During the year ended 31 March 2023 no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.



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 2023	31 March 2022
Current tax	1,131.81	239.50
Deferred tax expense related to: Origination and reversal of temporary differences	44.86	(36.89)
Tax expense for the year	1,176.67	202.61

(b) Amount recognised in other comprehensive income

	31 March 2023	31 March 2022
Before tax	(4.63)	1.17
Tax (expense) benefit	1.17	(3.46)
Net of tax	(3.46)	23.24
Before tax	23.24	(5.85)
Tax (expense) benefit	(3.46)	(5.85)
Net of tax	17.39	17.39

Items that will not be reclassified to profit or loss
Remeasurements of defined benefit liability (asset)

(c) Reconciliation of effective tax rate

Profit before tax	4,682.33	782.21
Tax at statutory income tax rate 25.17% (31 March 2022 - 25.17%)	1,178.45	25.168%
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:		
Non deductible Expenses	(1.78)	0.73%
Income tax expense	1,176.67	25.90%
	5.74	202.61

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

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax assets, net	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Property, plant and equipment	298.44	272.91	-	-	(298.44)	(272.91)
Employee benefits expense	109.42	164.32	-	-	(109.42)	(164.32)
Provisions	98.16	112.48	-	-	(98.16)	(112.48)
	506.02	549.71	-	-	(506.02)	(549.71)



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3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

Notes to the financial statements (continued)

34 Tax expenses (continued)

(e) Movement in temporary differences

Particulars	Balance as at 1 April 2021	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	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)
	<u>(518.67)</u>	<u>(36.89)</u>	<u>5.85</u>	-	-	<u>(549.71)</u>
Particulars	Balance as at 1 April 2022	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2023
Property, plant and equipment	(272.91)	(25.53)	-	-	-	(298.44)
Employee benefits expense	(164.32)	56.07	(1.17)	-	-	(109.42)
Provisions	(112.48)	14.32	-	-	-	(98.16)
	<u>(549.71)</u>	<u>44.86</u>	<u>(1.17)</u>	-	-	<u>(506.02)</u>

(f) Details of income tax assets and income tax liabilities

	31 March 2023	31 March 2022
Income tax assets (net)	1,207.60	1,164.83
Current tax liabilities (net)	(119.83)	(146.15)
Net current income tax asset at the end of the year	1,087.77	1,018.68

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

	31 March 2023	31 March 2022
Net current income tax asset at the beginning of the year	1,018.68	1,229.44
Income tax paid	1,215.42	33.59
Interest on income tax matters	(14.52)	(4.84)
Current income tax expense	(1,131.81)	(239.50)
Net current income tax asset at the end of the year	1,087.77	1,018.68

35 Movement in provisions

	1 April 2022	Addition	Utilisation/ reversals	(Rs. in lakhs) 31 March 2023
Current:				
a) Sales tax, service tax and other litigations	153.71	-	-	153.71
b) Provision for sales return and volume rebate	169.56	289.27	169.56	289.27
	<u>323.27</u>	<u>289.27</u>	<u>169.56</u>	<u>442.98</u>
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
	<u>315.98</u>	<u>173.61</u>	<u>166.32</u>	<u>323.27</u>



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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 2023 and 31 March 2022 was as follows -

Particulars	<i>(Rs. in lakhs, unless otherwise stated)</i>	
	As at 31 March 2023	As at 31 March 2022
Debt	1.74	13.43
Total equity	23,461.36	19,959.16
Debt to total equity ratio (%)	0.01%	0.07%

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 2023

	Note	<i>(Rs. in lakhs)</i>				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	4,079.50	4,079.50
Loans receivable	7	-	-	-	5.30	5.30
Cash and cash equivalents	10	-	-	-	16,622.48	16,622.48
Other financial assets	11	-	-	-	176.56	176.56
		-	-	-	20,883.84	20,883.84
Financial liabilities not measured at fair value						
Trade payables	15	-	-	-	5,614.77	5,614.77
Other financial liabilities	16	-	-	-	477.49	477.49
Lease liabilities	38	-	-	-	1.74	1.74
		-	-	-	6,094.00	6,094.00

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 2022

	Note	<i>(Rs. in lakhs)</i>				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
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	-	-	-	885.10	885.10
		-	-	-	17,151.67	17,151.67
Financial liabilities not measured at fair value						
Trade payables	15	-	-	-	3,949.20	3,949.20
Other financial liabilities	16	-	-	-	352.87	352.87
Lease liabilities	38	-	-	-	13.43	13.43
		-	-	-	4,315.50	4,315.50

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 -

	<i>(Rs. in lakhs)</i>	
	Carrying amount as at	
	31 March 2023	31 March 2022
India	4,157.09	4,249.18
Other regions	254.25	23.82
	4,411.34	4,273.00

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

	Carrying amount as at	
	31 March 2023	31 March 2022
Distributors	3,350.52	2,566.99
Other	1,060.82	1,706.01
	4,411.34	4,273.00
Less: Receivables from related party, secured receivables and receivables not considered for credit risk	583.11	548.25
Net Receivables	3,828.23	3,724.75

Expected credit loss assessment for the Company as at 31 March 2023 and 31 March 2022.

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. 4,411.34 lakhs (31 March 2022: Rs. 4,273.00 lakhs), the exposure considered for expected credit loss is Rs. 3,828.23 lakhs (31 March 2022 : Rs. 3,724.75 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 2023			
	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	2,820.18	0.18%	4.97
0-90 days	915.52	0.85%	7.81
91-180 days	27.73	12.01%	3.33
181-270 days	0.53	76.02%	0.40
271-360 days	0.09	100.00%	0.09
> 360 days	64.18	100.00%	64.18
	3,828.23		80.78

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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 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
	3,724.75		142.00

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 2023	31 March 2022
Balance as at 1 April	142.00	179.83
Unrealised during the year	(57.79)	(8.70)
Impairment loss recognised	(3.42)	(29.13)
Balance as at 31 March	80.78	142.00

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 -

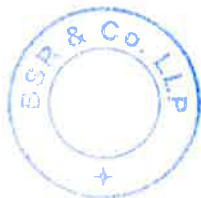
31 March 2023

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Non-derivative financial liabilities					
Lease liabilities	1.74	-	-	-	1.74
Trade payables	5,614.77	-	-	-	5,614.77
Other financial liabilities	477.49	-	-	-	477.49
	6,094.00	-	-	-	6,094.00

31 March 2022

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

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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.

(Rs. in lakhs)

	31 March 2023				31 March 2022			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	3,129.45	1,037.86	42.84	180.93	1,897.26	451.45	88.78	44.45
Trade and other receivables	3.19	-	-	-	288.22	-	-	-
Net exposure in respect of recognised assets and liabilities	3,126.26	1,037.86	42.84	180.93	1,609.04	451.45	88.78	44.45

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 2023

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)	31.26	(31.26)	23.39	(23.39)
EURO (for 1% movement)	10.38	(10.38)	7.77	(7.77)
SGD (for 1% movement)	0.43	(0.43)	0.32	(0.32)
Others (for 1% movement)	1.81	(1.81)	1.35	(1.35)
	43.88	(43.88)	32.83	(32.83)

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)
	21.94	(21.94)	16.41	(16.41)

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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
Balance as at 31 March 2021		26.07
Additions during the year		-
Depreciation charge for the year		11.51
De-recognition during the year		-
Balance as at 31 March 2022		14.56
Additions during the year		-
Depreciation charge for the year		10.93
De-recognition during the year		-
Balance as at 31 March 2022		3.63

		(Rs in lakhs)	
II. Lease liabilities		31 March 2023	31 March 2022
Non current		-	1.74
Current		1.74	11.69
Total		1.74	13.43

The Company incurred Rs 185.40 lakhs (31 March 2022: Rs. 69.27) for the year towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases is 14.23 lakhs (including interest of Rs. 0.63 lakhs) [31 March 2022: Rs. 13.32 lakhs (including interest of Rs. 1.68 lakhs)] for the year. The Company has lease term extension options that are not reflected in the measurement of lease liabilities

39. The Boards of Directors of the Company and of 3M India Limited (3M India), wholly owned subsidiary of the Company at their Meetings held on 17 September 2021 had approved the Scheme of Amalgamation of 3M India with the Company under Sections 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 is 01 April 2021. The Scheme of Amalgamation of 3M India with the Company has been filed with National Company Law Tribunal (NCLT) to amalgamate the wholly owned subsidiary, NCLT Chennai vide its order dated 25 May 2022 has dispensed with convening of the meeting of Equity Shareholders and the Creditors of the Company. The Company and 3M India has filed the necessary applications to seek the approval for merger as per NCLT directions and the approval order is awaited.

40. Ratio Analysis and its elements

Ratio	Numerator	Denominator	31 March 2023	31 March 2022	% Change	Reasons for Variance
Current ratio	Current Assets	Current Liabilities	3.87	4.19	-7.57%	
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	257.33	57.33	348.83%	The increase is on account of increase in profits in the current financial year
Return on Equity ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	0.16	0.03	447.74%	The increase is on account of increase in profits in the current financial year
Inventory Turnover ratio	Cost of goods sold	Average Inventory	4.52	5.84	-22.47%	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	6.53	7.18	-9.06%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	3.91	5.24	-25.42%	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	1.43	1.60	-10.81%	
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.12	0.02	457.94%	The increase is on account of increase in profits in the current financial year
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.20	0.04	405.92%	The increase is on account of increase in profits in the current financial year
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.

43. The Holding Company 3M Company, USA on July 26, 2022 has announced its intent to spin off Health Care business. There are no accounting and disclosure consequences in the financial results for the quarter ended 31 March 2023 since the conditions prescribed under the relevant Ind AS is not fulfilled. Also refer the segment information for Health Care business related assets and liabilities.

44. Company's books of accounts and other relevant books and papers ("Books and papers") are maintained in electronic mode and accessible all time in India. In compliance with Rule 3 of Companies (Accounts) Rules, 2014, the Company had identified the composition of books and papers and broadly classified into primary (Core ERP) and secondary (workflow applications) book and papers. The back-up of books and papers in electronic mode were periodically maintained in servers physically located in India. In addition, Company maintains back-up of books and papers on daily basis in servers physically located outside India. During the year, the Company initiated actions in phased manner to maintain daily back-up of books and papers in servers physically located in India. Accordingly, from December 2022, the Company started manually maintaining daily back-ups for primary books and papers (Core ERP) in the servers physically located in India by taking a copy of the global backup into servers physically located in India. As at 31 March 2023, the Company is in the process of implementing automated maintenance of daily back-up in a server physically located in India for primary and secondary books and papers, as well as testing the restoration of the backups.

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: 29 May 2023

for "and on behalf of the Board of Directors



Rajiv Gupta

Director

[DIN: 08672176]

Place: Bengaluru

Date: 29 May 2023



Kuppanda Ayappa Appiah

Director

[DIN: 07939378]