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To:

BSE Limited Corporate Relationship Department PJ towers, Dhalal Street, Mumbai -400001 BSE SCRIP CODE: 543896	The Manager Listing Department The National Stock Exchange of India Limited “Exchange Plaza”, Bandra – Kurla Complex, Bandra (EAST), Mumbai – 400051 NSE SYMBOL: AVALON
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Sirs/Madam,

Sub: - Circulation of the Notice of the 24th Annual General Meeting and the Annual Report for the year ended 31 March 2023 to the Shareholders of the Company.

Ref: Disclosure under Regulation 30 & 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We wish to inform you that the Notice of the 24th Annual General Meeting (AGM) scheduled to be held on Monday, 25 September 2023, at 11.00 am (IST) through Video Conferencing (VC) together with the Annual Report for FY23, through electronic mode is being dispatched today to all the members whose name appear in the Register of members/List of Beneficial owners as on 29th August 2023.

The Notice and Annual Report 2023 have been uploaded on the website of the Company, as per the following details:

1. Notice of AGM: (PDF) -

https://www.avalontec.com/wp-content/uploads/2023/08/FY23_Notice_of_AGM.pdf

2. Annual Report: (PDF)

https://www.avalontec.com/wp-content/uploads/2023/08/FY23_Avalon_Technologies_Limited_Annual_Report.pdf

Pursuant to Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose a copy of the Notice of AGM and the Annual Report 2023 being dispatched to the equity shareholders of the Company.

The following are the events in connection with the AGM and e-voting:

Particulars	Details
Date and time of the AGM	Monday, September 25, 2023, at 11.00 AM (IST)
Mode of AGM	Video Conferencing (“VC”) & Other Audio-Visual Means (“OAVM”)
Webcast and transcripts link	www.avalontec.com
Cut-off date for e-voting	September 15, 2023
E-voting start date and time	Friday, 22 September 2023 @ 09.00 AM (IST)
E-voting end date and time	Sunday, 24 September 2023 @ 05.00 PM (IST)
Link for e-voting website of CDSL	www.evotingindia.com

We request you to kindly take the above on record as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our Annual Report is enclosed herewith.

Yours sincerely,

For **AVALON TECHNOLOGIES LIMITED**

RAJESH Digitally signed by RAJESH
DN: cn=RAJESH, o=Avalon Technologies Limited, ou=Avalon Technologies Limited, email=csrajesh.v@gmail.com, c=US
Date: 2023.08.31 18:20:08 +05'30'

Name of the Person: Dr. V. Rajesh

Designation: Company Secretary

Membership Number: F9213

Date: August 31, 2023

Encl: Annual Report – 2023

Avalon Technologies Limited

(Formerly Avalon Technologies Private Limited)

Corporate Identification Number: U30007TN1999PLC043479

Reg. Office 'TPI Block' B7, First Main Road, MEPZ-SEZ, Tambaram, Chennai 600 045
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www.avalontec.com

UNLEASHING

Manufacturing Excellence: The Avalon Way



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For more investor-related information, please visit:
<https://www.avalontec.com/investors/>

UNLEASHING

Manufacturing Excellence: The Avalon Way

Avalon Technologies operates on a global scale within the Electronics Manufacturing Services (EMS) sector, with over two decades of experience. Our comprehensive capabilities span the complete EMS value chain, encompassing PCBA design, manufacturing, Box-Build solutions, supply chain management, and new product development. Operating advanced facilities in India and the United States, we ensure efficient, high-quality product delivery. Our presence extends to diverse sectors, such as clean energy, mobility, industrial, communication and medical to mention a few.

The global EMS sector, driven by India and the US, is poised for growth, buoyed by favourable policies and domestic manufacturing emphasis.

At Avalon Technologies, we stand ready to harness emerging prospects. Drawing upon our expertise and leveraging our presence in dynamic segments, we are focussed on capitalising on our model of cost-effectively manufacturing in India and sourcing high-value solutions for US clients. Our hybrid delivery model further accommodates diverse customer requirements. Concurrently, we are committed to strengthening existing businesses and expanding into emerging sunrise sectors.

Our successful initial public offering (IPO) bolsters financial and governance capabilities, fortifying our foundation for pursuing fresh opportunities. Renewed determination fuels our commitment to creating stakeholder value while harmonising profitability and growth, setting the benchmark for manufacturing excellence.

The Avalon Way: Design Smarter, Build Faster, Deliver Better

MANUFACTURING EXCELLENCE

Design Smarter

Extending beyond manufacturing, we empower customers with PCBA design and analysis and new product development solutions. Our expertise ensures a seamless transition from prototypes to full-fledged production. Our journey commences with comprehensive design engagements, establishing our role from product inception, and progressing up the value chain with integrated capabilities. We have a track record of 99% first-time-right design.



Build Faster

Speed and quality enabled by optimised processes underpin our strategy, ensuring prompt completion of projects while upholding stringent standards. Our agility is underscored by ongoing improvements to surpass customer expectations and swiftness in responding to evolving needs, solidifying our reputation for delivering unparalleled manufacturing excellence.



Deliver Better

Our comprehensive service extends to in-house logistics solutions, including warehousing services for smoother customer journeys. We strategically integrate distribution centres within our manufacturing facilities to empower our partners to unlock supply chain efficiencies. This ensures customer relationships and makes us a preferred and trusted partner.



Differentiators that Power Our Manufacturing Excellence

VERTICAL INTEGRATION WITH END-TO-END OFFERINGS

We are a **one-stop solution** shop for customers providing solutions across the entire EMS value chain – PCB Assembly, Cable Assembly, Wire Harnesses, Sheet Metal Fabrications, Machining, Injection Moulded Plastics, Magnetics, and end-to-end Box-Build capabilities.

GLOBAL MANUFACTURING AND DELIVERY FOOTPRINT

Our operational model with a strategic footprint **across the US and India** provides seamless access to both the lucrative US market and the fast-growing Indian market. It empowers us to offer a unique value proposition, cater to diverse market needs and Differentiate Ourselves.

ESTABLISHED TRACK RECORD OF CUSTOMER EXCELLENCE

We consistently meet customer needs on time driven by a focus on improving efficiencies in cost, time, quality, and scale propels. A thriving customer base and focus on **cross and up-selling** fuel our achievements and position us for future growth.

PRESENCE IN THE SUNRISE CLEAN ENERGY SECTOR

Our expertise is steering us toward the sunrise clean energy sector, encompassing **solar, electric vehicles, and hydrogen**. Our approach of high-margin, value-added products characterised by medium to long life cycles, requiring precision engineering, adaptable manufacturing, and swift development aligns well with this sector.

Message from the Chairman & Managing Director

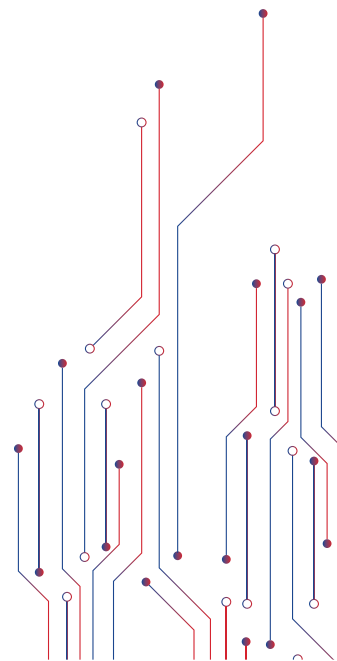
Building for a long-term, profitable growth



“Dear Shareholders,

Your confidence in us has been truly humbling. It reaffirms that we are on the right path and inspires us to forge ahead with greater vigour to achieve our goals, fuelled by the belief that the prospects ahead of us are immense.

We also understand the responsibility that comes with your trust. We pledge to uphold the highest standards of corporate governance practices and commit to delivering value to all our esteemed stakeholders in the long term.”



Dear Shareholders,

I am delighted to connect with you through our inaugural annual report following our public listing and share with you our performance and prospects. This momentous occasion marks a significant milestone in our journey, and I extend my sincerest gratitude to each one of you for the support and belief shown.

A JOURNEY OF EXCELLENCE AND INSPIRATION

We started our journey in 1997 with a goal to lead in electronics manufacturing in India. Since then, we have consistently worked toward this vision, investing in growing our capacities and capabilities.

Today, we proudly stand as pioneers in India's B2B electronic manufacturing services field, focussing on complex integrated solutions with significant engineering work. With a global mindset, we have expanded to multiple locations and industries. We

“Our uniqueness is our ability to provide integrated solutions, acting as a one-stop shop for Box-Build solutions. From designing and assembling PCBs to cable assembly, sheet metal work, plastics, magnetics, and rigorous testing, we offer a full package. Our services also encompass managing the entire supply chain and logistics, along with assisting in our customers' new product development.”

now have 14 manufacturing units (including two under construction) in India and the US. We expertise in manufacturing intricate products that are crucial to industries like railways, aerospace, and emerging fields like clean energy. Our customers are typically large OEMs and conglomerates across the world.

This simplicity and comprehensiveness make us a preferred partner, evidenced by 80% of FY 2022-23 revenues coming from customers of over eight years. This reflects the value we provide and the long-term potential of our business.

SUSTAINING EXCELLENCE AMIDST CHALLENGES

FY 2022-23 was a tumultuous year across the globe. Most major countries faced a slowing economy with high inflation levels and supply chain disruptions. The Indian economy also briefly faced the heat, yet was resilient through most of the year and went on to outperform. Despite the externalities, Avalon Technologies once again performed well. This stands as a testimonial to our strong market positioning, global delivery model and the faith some of the world's leading companies have shown in us.

We closed the year on a positive note, securing substantial new business wins from both domestic and multinational customers. Notably, we were awarded a major contract from one of the world's largest aerospace conglomerates, which also has an element of factory transfer to India. Our foray into the clean energy sector was met with great success, as we signed letters of intent and contracts with several emerging industry players to support their manufacturing endeavours. In a proud moment, we also received 'Premier Award' from Raytheon Technologies for our performance in 2022 and overall excellence in cost competitiveness and collaboration and customer services. This reflects our continuous engagement with our customers for

product innovation to provide the right product at the right price.

Our financial figures reflected the overall operational momentum. Revenues increased by 12.4% and EBITDA by 15.6%. The Box-Build solution now contributes to approximately 54% of our revenues in FY 2022-23. It speaks of our ability to ascend in the value chain in terms of our customer's wallet share. The individual components of the business value chain also performed well. All the industry verticals contributed to our overall growth. The progress in the clean energy segment has been encouraging, and its share of revenue increased from 20% in FY 2021-22 to 25% in FY 2022-23.

The year was marked by an acceleration in order booking activity. Order book (excluding long-term contracts and letters of intent) increased by 43.5% to Rs. 1,231 Crores as on March 31, 2023 compared

“Moving ahead, we find ourselves on the brink of immense opportunities, fuelled by strong industry tailwinds that are set to propel the electronic manufacturing sector to great heights. Both India and the US, our primary markets, are expected to witness the fastest CAGR between 2021-26E and present us with a large addressable market size.”

to Rs. 858 Crores as on March 31, 2022. This gives us greater revenue visibility for the mid-term.

AT THE CUSP OF MEGA OPPORTUNITIES

We are well-positioned to operate successfully in both these regions. We operate today by choice in high complex, high margin B2B space. India is especially at an inflection point, which is set to expand the country's market share in the global EMS sector from 2.2% to 7% by 2026.

While we do anticipate some short-term challenges such as a slowdown in the US economy and delays in the onboarding of clean energy customers, we are optimistic about markets improving starting H2 FY 2023-24. In the short term, we are optimising our cost in the US facility which we believe will gear us to prepare for the opportunities that lie ahead of us. In India, we see phenomenal opportunities, both in terms of manufacturing and customer base. Several product and design centres are commencing in India, setting the stage for growth in the next three years. We are also seeing global companies exploring India as an alternate supply chain destination to China. Indian companies too are favouring Indian suppliers instead of Chinese suppliers.

The favourable policy scenarios in both the US and India, work to our advantage. Our manufacturing presence in these locations positions us well to leverage the benefits of both places and provide our customers with significant value in terms of cost arbitrage, quality and supply reliability. We have further embarked on the addition of two manufacturing units in Chennai. This expansion marks a significant milestone in our quest to cater to the evolving customer needs while bolstering our position in the global market.

MESSAGE TO SHAREHOLDERS

We are progressing ahead with a disciplined and prudent strategy, striving for profitable long-term growth over short-term gains. We are focussing on building businesses that see an interaction of 25-30% growth with a 13% plus operating margin over an extended period. Towards this, we have identified three growth strategies.

Firstly, we will maintain an optimal mix of customer bases across India and the US. The intent would be to onboard high-value businesses in the US and execute them in India at a low cost. Secondly, we will strike the right balance between today's established industries like industrial mobility and communication, and tomorrow's emerging industries such as clean energy. We intend to grow traditional businesses by increasing wallet share through cross-selling and upselling. In the emerging sectors, we would leverage our existing experience to aggressively pursue new opportunities. Lastly, we will ensure a harmonious blend of profitability and growth to ensure a sustainable and thriving future.

We are targeting to double revenues in the next three years, driven by the new customers, especially in the aerospace and clean energy segment, and upselling to our existing customers. Within the clean energy space, it will be a combination of the US and India driving growth. Hydrogen, solar and EVs will be the product segments driving the growth.

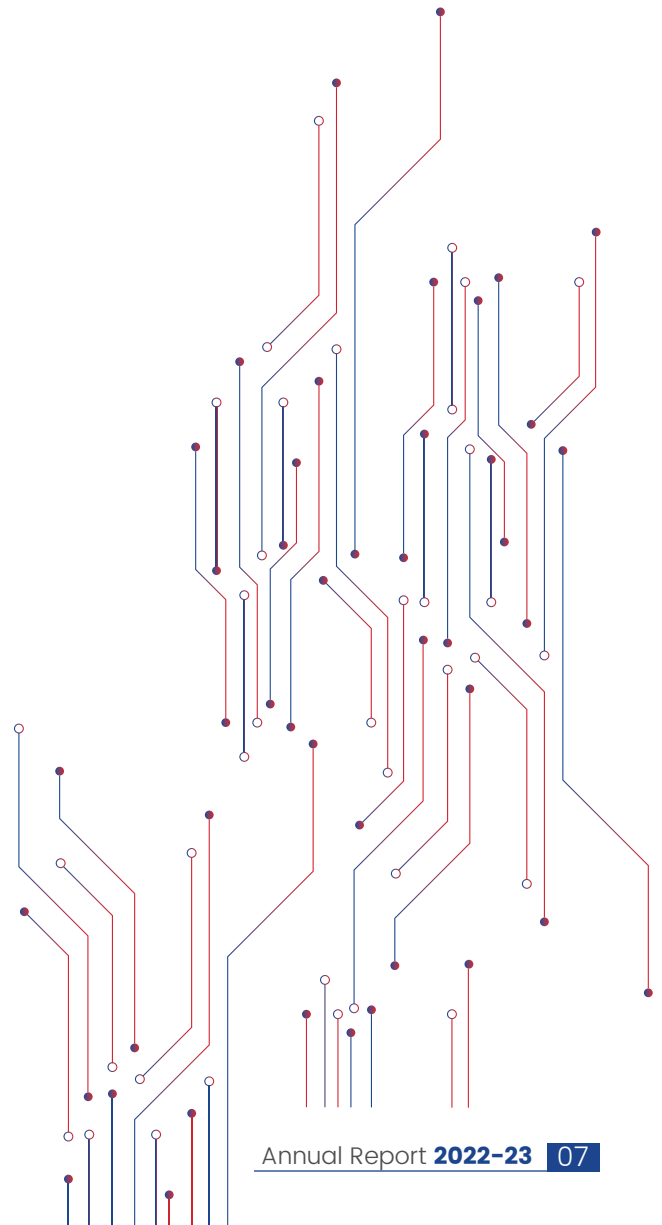
I conclude by thanking all stakeholders – our esteemed shareholders, whose trust and partnership are invaluable in our journey; our cherished customers, whose continual support makes our journey possible; and the governments of India and the US for fostering an enabling business environment.

With all your continued support, we are determined to fulfil our future objectives and build a stronger, more dynamic company together.

Warm regards,

KUNHAMED BICHA

Chairman & Managing Director



Message from the CFO

Delivering an all-round performance



“The entire Avalon team is brimming with enthusiasm and stands poised to capitalise on the vast opportunities arising from the pivotal juncture anticipated in the electronics manufacturing sector. The funds raised through the IPO have substantially bolstered our competitive standing and are primed to propel us along a path of value creation. We sincerely thank you for entrusting in our vision and having confidence in our capabilities.”

Dear Shareholders,

I am delighted to address you as we embark on an exciting new journey following the successful conclusion of our IPO. We extend our heartfelt gratitude for the unwavering support demonstrated by our valued shareholders. The decision to go public transcends beyond accountability to our shareholders. It was driven by the imperative to ensure funding for future growth prospects in the Electronic Manufacturing Services (EMS) segment. Approximately, Rs. 300 Crores of the proceeds have been judiciously allocated: ~Rs. 145 Crores to repay existing borrowings, thus reinforcing our balance sheet; ~Rs. 90 Crores for augmenting our working capital, a critical buffer to navigate the working capital-intensive nature of the EMS industry; and the balance for general corporate purposes. Our reinforced working capital positions us to navigate potential supply chain disruptions that have impeded our operations in the last couple of years and strengthens our ability to honour contracts with extended delivery cycles. Our ongoing deleveraging efforts and the fortification of our balance sheet confer the capacity to vie for and undertake larger contracts.

PERFORMANCE REVIEW OF FY 2022-23

Our consistent track record of strong performance underscores the value we bring to our clients through integrated solutions, cost efficiencies, and innovative product development. Our strategy for achieving solid gross margins is a result of deliberate choices, focus on integrated solutions with substantial engineering content, combined with a commitment to high-margin sectors such as aviation and clean energy.

EBITDA

Rs. 112.8 Crores

15.6% 

PAT

Rs. 52.5 Crores

10.6% 

 Y-O-Y Growth 2022-23

A pivotal aspect contributing to our success is our Indo-US manufacturing setup, which enables us to secure and efficiently fulfil high-value orders from the US market while operating from India, resulting in enhanced cost efficiencies.

During the fiscal year 2022-23, we continued to build on our achievements, realising a 12.4% growth in operational revenue to Rs. 944.7 Crores. The US market constituted a significant 59% of this revenue, with a substantial 72% of our product portfolio manufactured within India. This localisation not only leverages cost dynamics but also contributes to improved bottom-line performance.

Our commitment to operational excellence is evident in our gross margin, which saw an increase to Rs. 338 Crores, reflecting a growth rate of 17.9% compared to the preceding year. This translated to an improvement of 169 basis points in our gross margin percentage, which now stands at a competitive 35.8%.

EBITDA rose commendably by 15.6% to Rs. 112.8 Crores in the fiscal year 2022-23, accompanied by an EBITDA margin of 11.9%, marking an increase of 34 basis points from the previous fiscal year. Our PAT also demonstrated progress, increasing by 10.6% to Rs. 52.5 Crores, achieving a margin of 5.5%. This progress is a direct outcome of our ongoing efforts to optimise operational efficiency and harness operating leverage, resulting in consistent margin enhancement.

At the balance sheet level, our working capital levels were at historic highs in FY23, reaching 144 days primarily due to an elevated inventory period of 106 days. This increase stemmed from supply chain challenges, as I mentioned earlier. However, we are witnessing signs of a reduction as macro issues gradually alleviate. It is important to note that while our focus remains on growth, working capital cycles may fluctuate in accordance with customer requirements, including strict delivery timelines, testing new products/prototypes, and onboarding new customers, among other factors. We are fully aware of our extended working capital days, and our primary goal is to decrease our net working capital cycle by 10 to 15 days in FY 2023-24.

THE PATH AHEAD

As of now, we hold approximately Rs. 100+ Crores in cash, with Rs. 40 Crores earmarked for infusion into Sienna, our US subsidiary, and the remaining Rs. 60 Crores reserved as growth capital. We are also proactively exploring inorganic opportunities to expand our market presence. Looking forward, we are making significant strides in emerging EMS

segments, particularly clean energy, aerospace, and railways. Our aim is to transition towards manufacturing more intricate products with higher complexity to offer greater value to our customers, thus fostering customer loyalty and achieving enhanced margins. Due to this strategic focus, we anticipate conservatively doubling our revenue over the next three years. While our gross margins are expected to remain within a certain range, we anticipate improvements of at least 100 basis points in both EBITDA and net margins over the next 2-3 years, driven by operating leverage and increased absorption of fixed costs.

We are presented with a substantial market opportunity ahead of us, as evidenced by early indications of global corporations seeking alternate supply chains to China. However, it is important to emphasise that the EMS business is a long-term endeavour that hinges on customer relationships and our sustained performance. Thus, any shift away from China will evolve over an extended timeframe. Another important aspect to highlight is our ongoing effort to establish processes & systems within the Company to effectively achieve our growth objectives. This encompasses recruiting the right talent, optimising production and delivery systems, and refining working capital management. We firmly believe that these endeavours will position us to harness the growing opportunities within the space, ultimately creating enduring shareholder value in the long run.

CLOSING COMMENTS

To conclude, we maintain a strong foothold, characterised by a robust business model, a diverse product portfolio, and a healthy balance sheet position. Our unwavering commitment is towards enhancing working capital and reducing debt. We have invested significantly in establishing advanced manufacturing facilities and are closely observing the market and engaging with customers to secure larger orders involving complex products. Our optimism is also fuelled by our capital-light model, resulting in an asset turnover of 10.4x as of March 31, 2023. Our focus remains on maximising asset utilisation to drive business growth.

The path ahead holds promise and anticipation. We earnestly seek the ongoing support of all our stakeholders as we look forward to a future marked by growth and prosperity.

Warm regards,

RM SUBRAMANIAN

Chief Financial Officer (CFO)

About Avalon Technologies

A leading, fully integrated Electronics Manufacturing Services Company

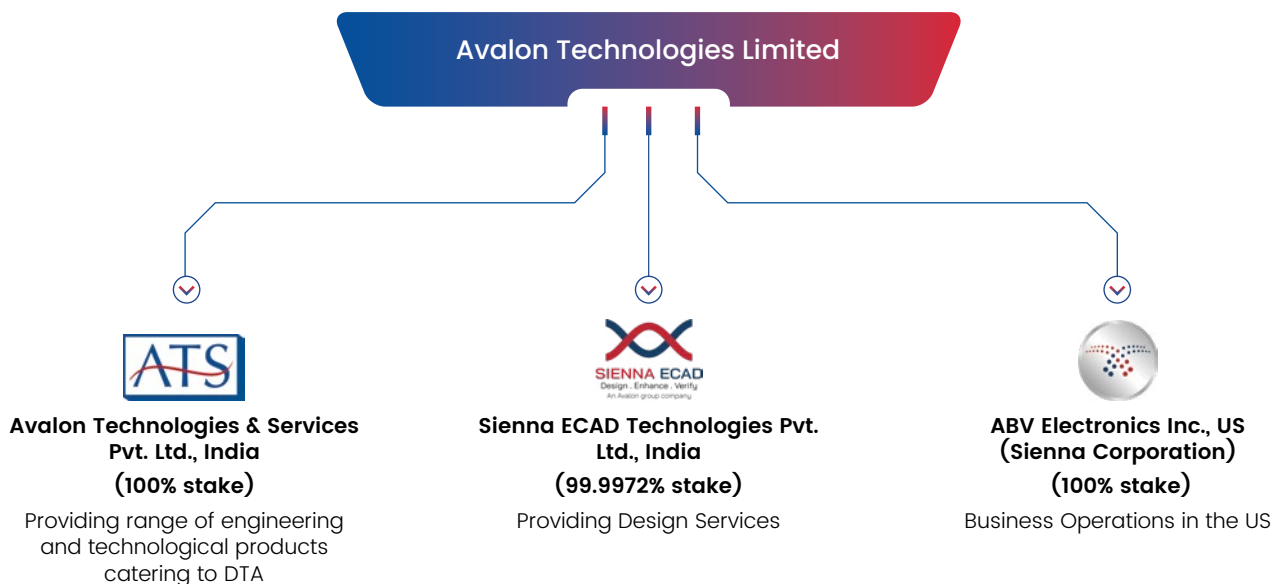
We are an integrated Electronic Manufacturing Services (EMS) Company, having end-to-end competencies in delivering Box-Build solutions. Our comprehensive offerings encompass, a range from printed circuit board (PCB) design and assembly to the creation of complete electronics systems (Box-Build), with a strong focus on precision-engineered solutions of substantial value.

We take pride in our standing as the preferred partner for esteemed global original equipment manufacturers (OEMs), driven by integrated manufacturing, commitment to quality and timely delivery, supply chain efficiency and a proven knack for new product development. Our specialisation lies in the manufacture and provision of design support for pivotal integrated assemblies, sub-assemblies,

components, and enclosures across multiple industry verticals.

As a participant in a blooming sector, we are strategically positioned as an all-encompassing solution provider, delivering tangible advantages of cost reduction, supply chain optimisation, and decrease in inventory obsolescence.

OUR CORPORATE STRUCTURE



14*
manufacturing
facilities

2,041
employee count

Only EMS player to
have full-fledged
manufacturing
facilities in the US

54%
Box-Build
revenue

24.6%
ROCE

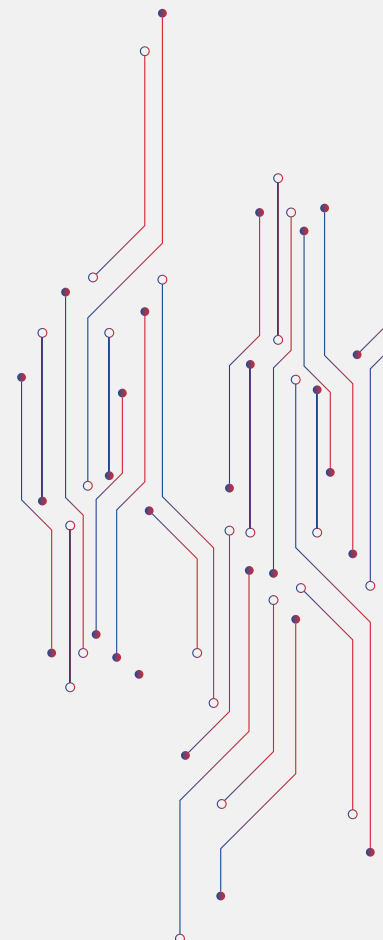
One-stop shop for
all EMS services

10.4
asset turn,
capital-light model

72%
manufacturing
in India

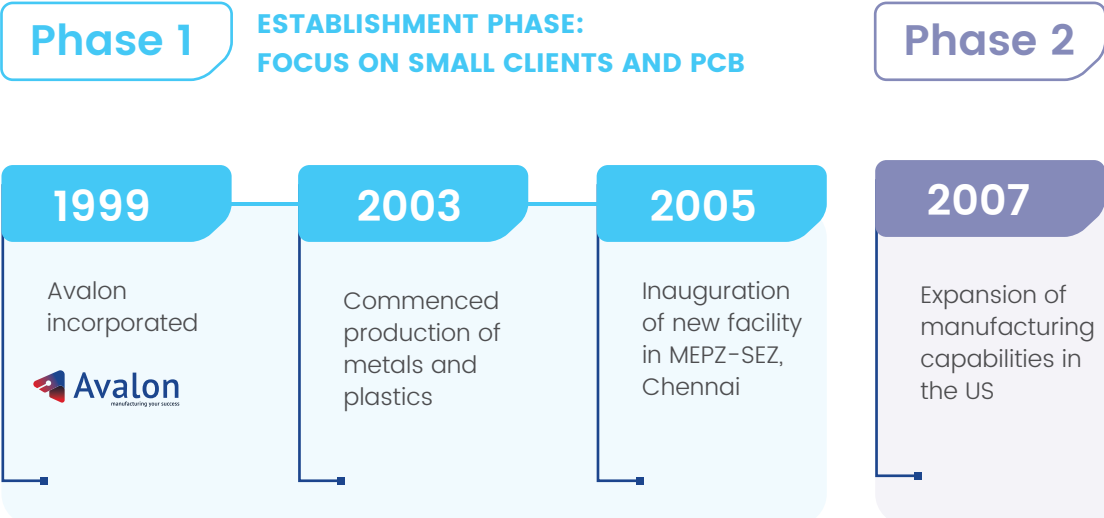
59%
revenue from
USA customers

41%
revenue from
India customers



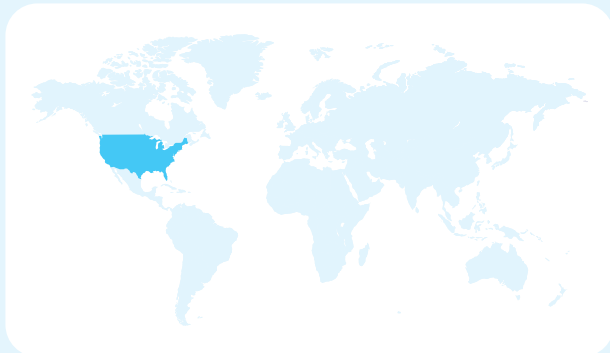
*Includes two new plants under construction at Chennai

The Journey from Humble Beginnings to Global Reach



CUSTOMER PRESENCE

Fremont
USA
Atlanta
USA
USA



USA
Europe
India

CUSTOMERS SERVED

- Power
- Communication

CAPABILITIES

- PCB assembly

Phase 2

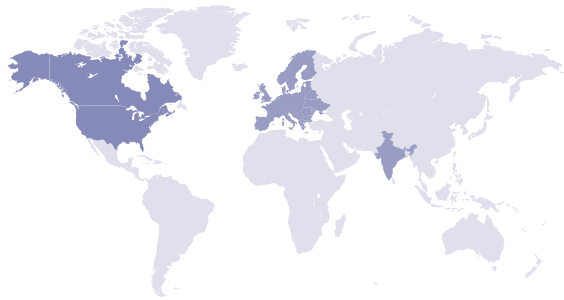
**EXPANSION PHASE:
FOCUS ON LARGE CUSTOMERS AND
DIVERSIFIED PRODUCT OFFERING**

2009

Acquired design capabilities

2010

Entry into Aerospace vertical



- Power
- Communication
- Aerospace
- Industrial

- PCB assembly
- Metal, Cables assembly, and wire harness
- In-house design

Phase 3

**BREAKTHROUGH PHASE:
BECOMING A FULLY-INTEGRATED SOLUTIONS AND
OFFERING IN-HOUSE BOX-BUILD SOLUTIONS**

2011

Strategic entry into Railway vertical

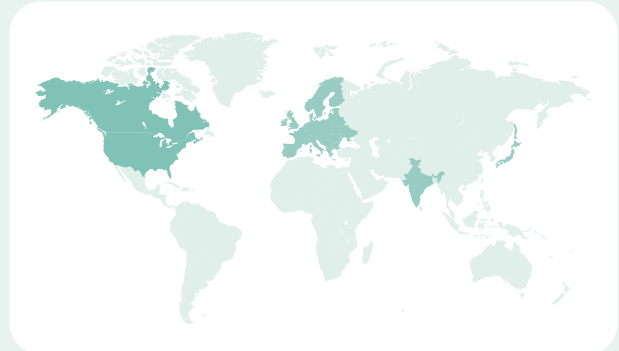
2016

Enhance Box-Build capabilities

Today

Fully integrated EMS service provider

USA
Europe
India
Japan



- Power and Industrial
- Aerospace & Mobility
- Communication
- PCB assembly
- Metal, Cables assembly, and wire harness
- Plastics
- Medical and Others
- Clean energy
- In-house design
- Magnetics
- System integration

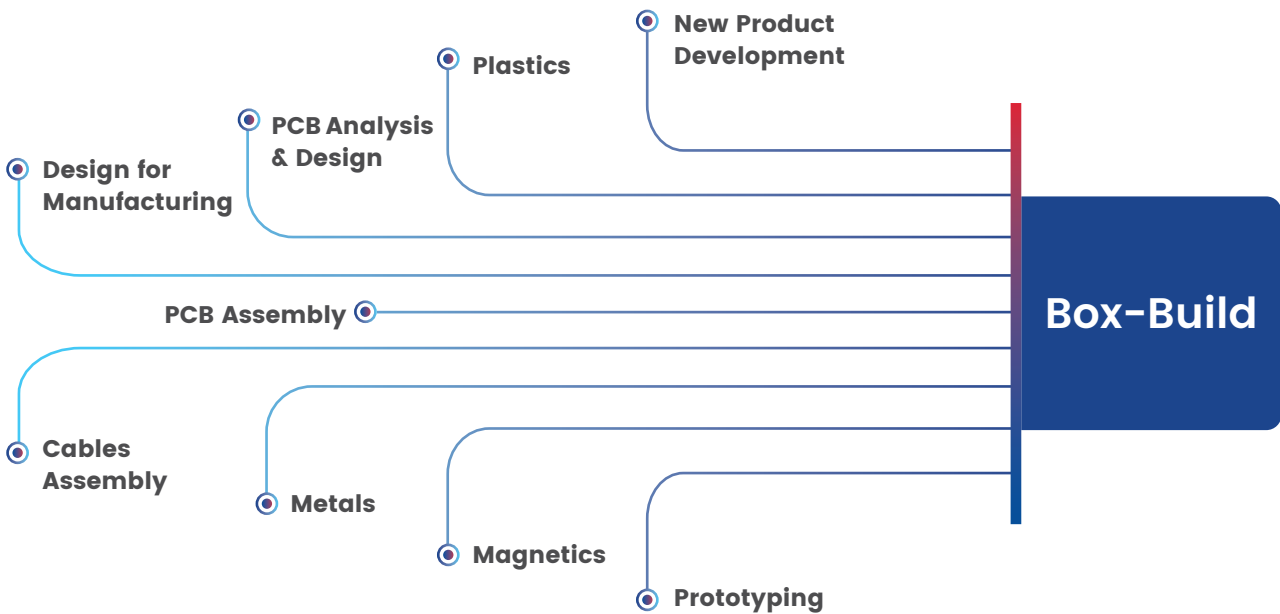
Solution Offerings

One-Stop Shop

We offer vertically integrated and diverse electronics manufacturing services across industries, including high-mix, flexible product manufacturing. We actively engage in cross-selling and up-selling complementary capabilities to progressively guide our clients toward the comprehensive Box-Build solution. Our industry recognition stems from a substantial focus on Box-Build projects.

CLIENT DELIVERY MODEL

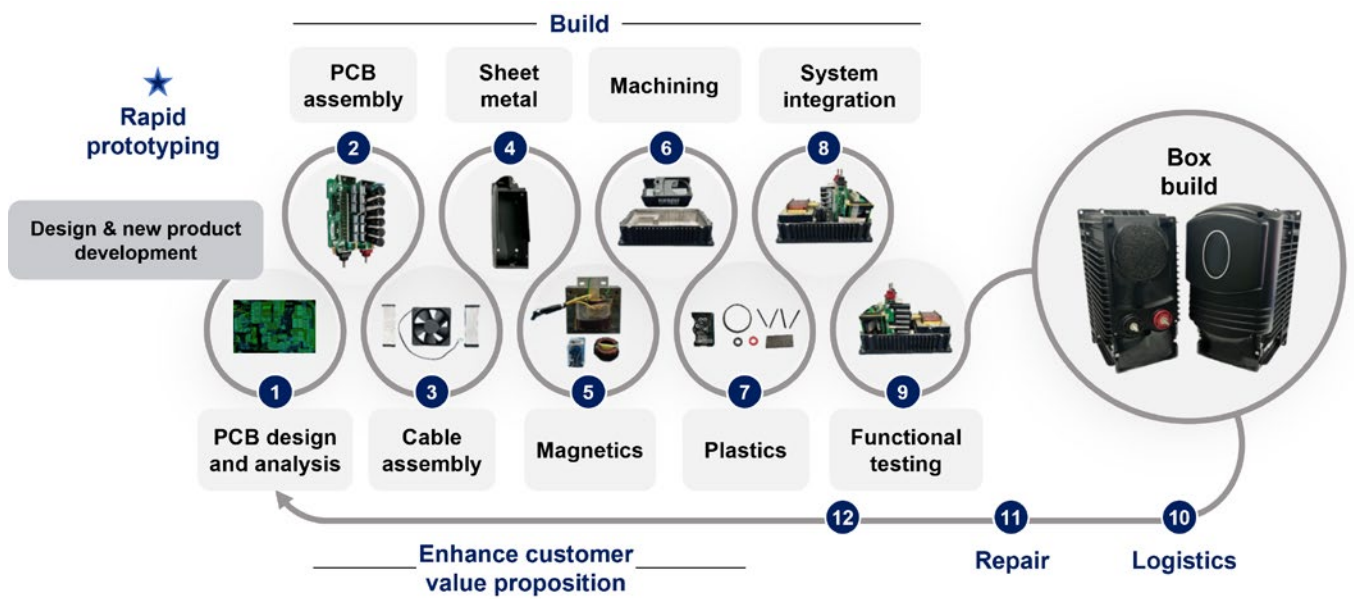
Strong Focus on Up-selling and Cross-selling



As Box-Build solutions require high-precision engineering, it typically leads to higher customer stickiness as well as superior margins, as evident in our high gross margin profile. Our revenue contribution from Box-Build solutions increased from 44.5% in FY 2021-22 to 54% in FY 2022-23.

OUR LIFECYCLE OFFERINGS

We provide all-encompassing solutions, ranging from PCB design and assembly to cable assembly and wire harnesses, sheet metal fabrication and machining, magnetics, injection moulded plastics, and the end-to-end assembly of electronic systems. Each capability is distinct, offering diverse options to our customers and fuelling our growth. Moreover, we extend design and new product development services, ensuring a complete range of offerings.



PRODUCTS & CAPABILITIES:

Design Services

Based in Bengaluru, Karnataka, our design division functions as a PCB analysis and design engineering company operating across multiple verticals, including networking, power, transportation, semiconductors, IOT, and medical sectors. Our solutions encompass signal integrity analysis, thermal electromagnetic compatibility, electromagnetic interference protection, and reliability analysis in line with Institute for Printed Circuits specifications. Our advanced computer-aided engineering software supports electronic design automation demand.



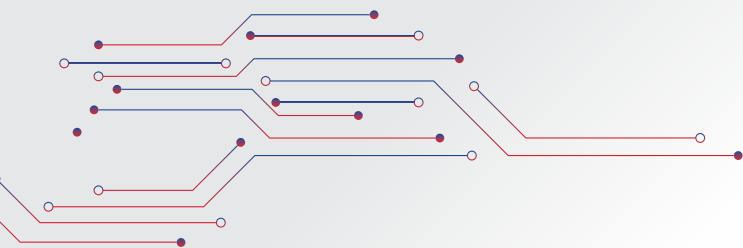
New Product Development (NPD)

Our NPD division excels in rapid PCB assembly and testing. This empowers us to provide turnkey solutions and aid our customers in expediting design validation and seamlessly transitioning from designs to prototypes. We ensure early entry into the product life cycle and incorporate the latest technology of component packages supported by a dedicated team, giving us a competitive edge.

PCB Assembly

We offer end-to-end PCBA solutions, with in-house capabilities to provide turnkey solutions to our customers across industries right from product concept, to design/prototyping, and on to volume production. Our services include diverse assembly types including highly complex double-sided PCBs, high mix, low to medium volume, flex and rigid PCB, RoHS and non-RoHS processes, SMT, through-hole and mix technology and backplanes.

PCB Gallery



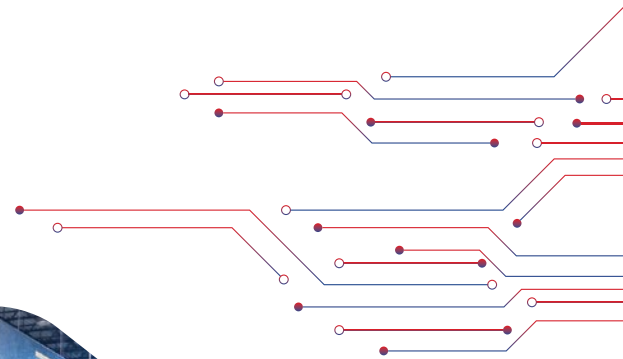
Metals/Sheet Metal Fabrication

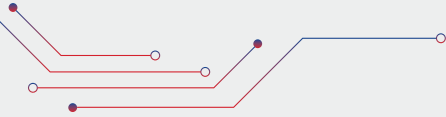
Certified (AS 9100D and ISO 9001:2015) for sheet metal fabrication, we use manufacturing methods ranging from CAD engineering to punching, bending, stamping, riveting, welding and surface finish treatment. We are also certified for tungsten inert gas and resistance welding by the Center for Military Airworthiness and Certifications (CEMILAC) and by the National Aerospace and Defence Contractors Accreditation Program (NADCAP). Further, we have our own powder coating facility and an ecosystem of special process suppliers, enabling manufacture of both aero and non-aero products. We work with various metals including mild steel, stainless steel, copper, aluminium and super alloys.



Injection Moulded Plastics

We specialise in small precise plastic injection moulded parts for a variety of applications including aerospace. We use various types of plastic resins and additives in our injection moulding process. We also undertake ultrasonic welding through use of high-frequency vibratory energy.





Cable Assembly and Wire Harnesses

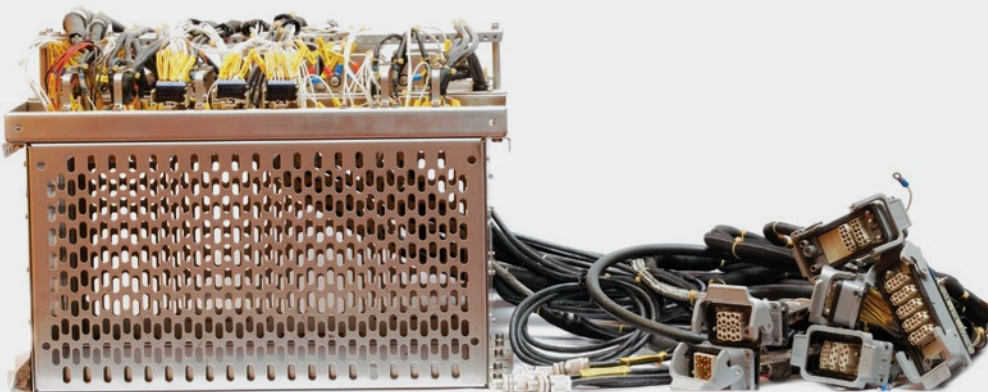
We offer customised cable and wire harness assemblies for commercial and military needs. Our integrated manufacturing facility has capabilities for automatic wire stripping, cutting, crimping, soldering, laser stripping and harness braiding. We also provide test solutions for high quality mould and die fixtures. We conform to various international standards like the Institute for Printed Circuits and the United States Military and are AS 9100D and ISO 9001:2015 certified.



Magnetics

We offer a range of transformers and inductors for industries. Our transformers find application in aerospace, industrial and pharmaceuticals industries. Our transformers include single-phase, toroidal and three-phase transformers. We also manufacture transformers for power, current, ferrite and flyback.

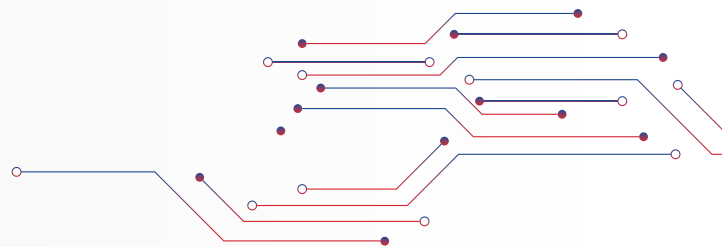
Further, we manufacture chokes for common and differential modes, and inductors having powered iron core, ferrite core, laminated core or ferrite rod.





End-to-End Box-Build

We leverage our vertically integrated capabilities across various business verticals to manufacture highly complex, big and medium forms of electromechanical assemblies that are either turnkey products or critical sub-systems/sub-assemblies for OEMs. The process includes cabinet/enclosure preparation, followed by assembly of power and electronic component, PCB, harness and routing, system integration, and then torque process for fastening along with various tests. Our focus on long-term relationships and NPD underscores our commitment to comprehensive solutions.



Industries We Serve

We serve a wide array of end-use industries, encompassing both traditional sectors marked by well-established and lengthy product lifecycles, and high-precision demands, as well as emerging sectors. The latter entails elevated technical requisites, affording us the capability to offer cutting-edge comprehensive engineering solutions. This approach ensures a balanced amalgamation of stability and the potential for substantial growth.



CLEAN ENERGY

- Solar
- Electric Vehicle
- Hydrogen



MOBILITY/ TRANSPORTATION

- Railways
- Automotive
- Aerospace



INDUSTRIALS

- Power & Automation



COMMUNICATION

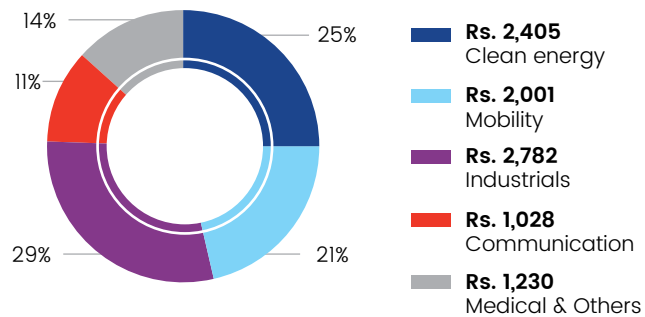
- Telecom & Satellite
- Digital Infrastructure



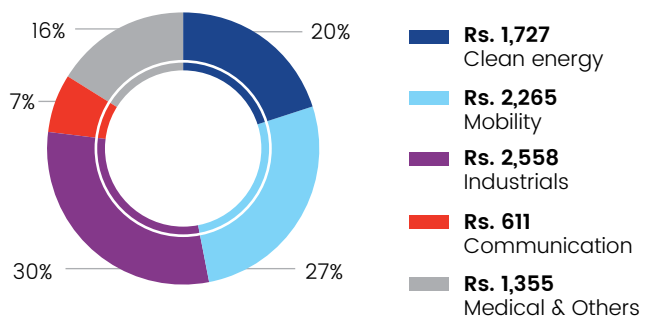
MEDICAL & OTHERS

- Medical
- Defence & Others

FY 2022-23 REVENUE BY INDUSTRY (in Rs. Million)



FY 2021-22 REVENUE BY INDUSTRY (in Rs. Million)



Manufacturing Footprint

Global delivery model

We have strategically positioned manufacturing facilities in both India and the US, two of the world's rapidly expanding EMS markets. Operating in synergy and harnessing each other's strengths, these facilities work cohesively to deliver significant value to our customers, thereby positioning us favourably and providing a competitive edge within the industry.

GLOBAL QUALITY STANDARDS AND CERTIFICATION



TUV SUD ISO
9001:2015
All facilities



TUV SUD IATF
16949:2016
PCBA & Cables
Avalon



Nadcap
Accredited
Metals ATS



DNV-GL ISO
9001:2015
Sienna, Atlanta



TUV SUD AS
9100D ATS
Metals, Plastics,
Cables, Avalon



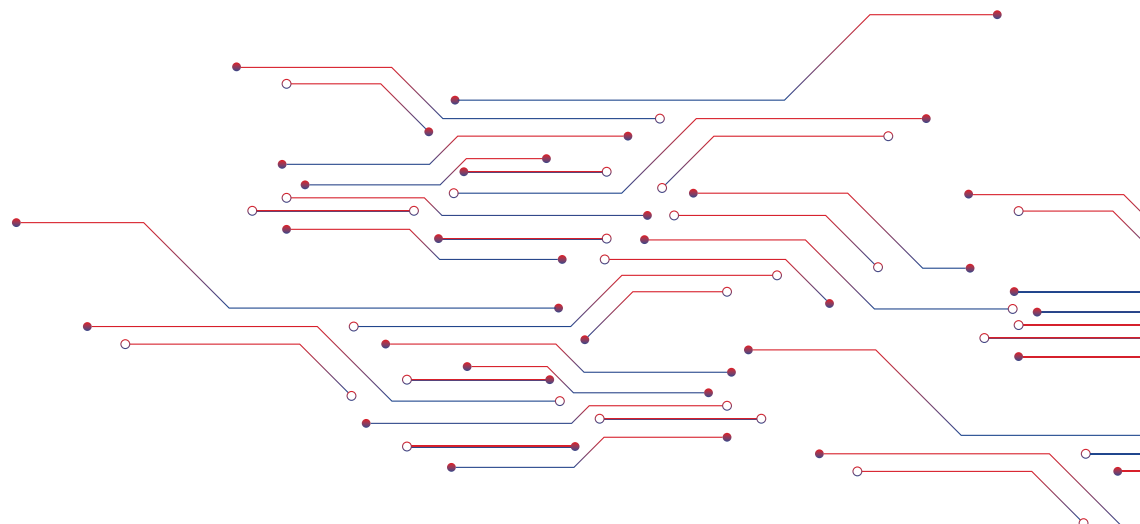
ANSI/ESD S20.20-
2014
PCBA & Box-Build
Avalon



ISO 13485:2016
Sienna, Atlanta



ISO 9001:2015
Sienna, ECAD



Global Manufacturing Presence

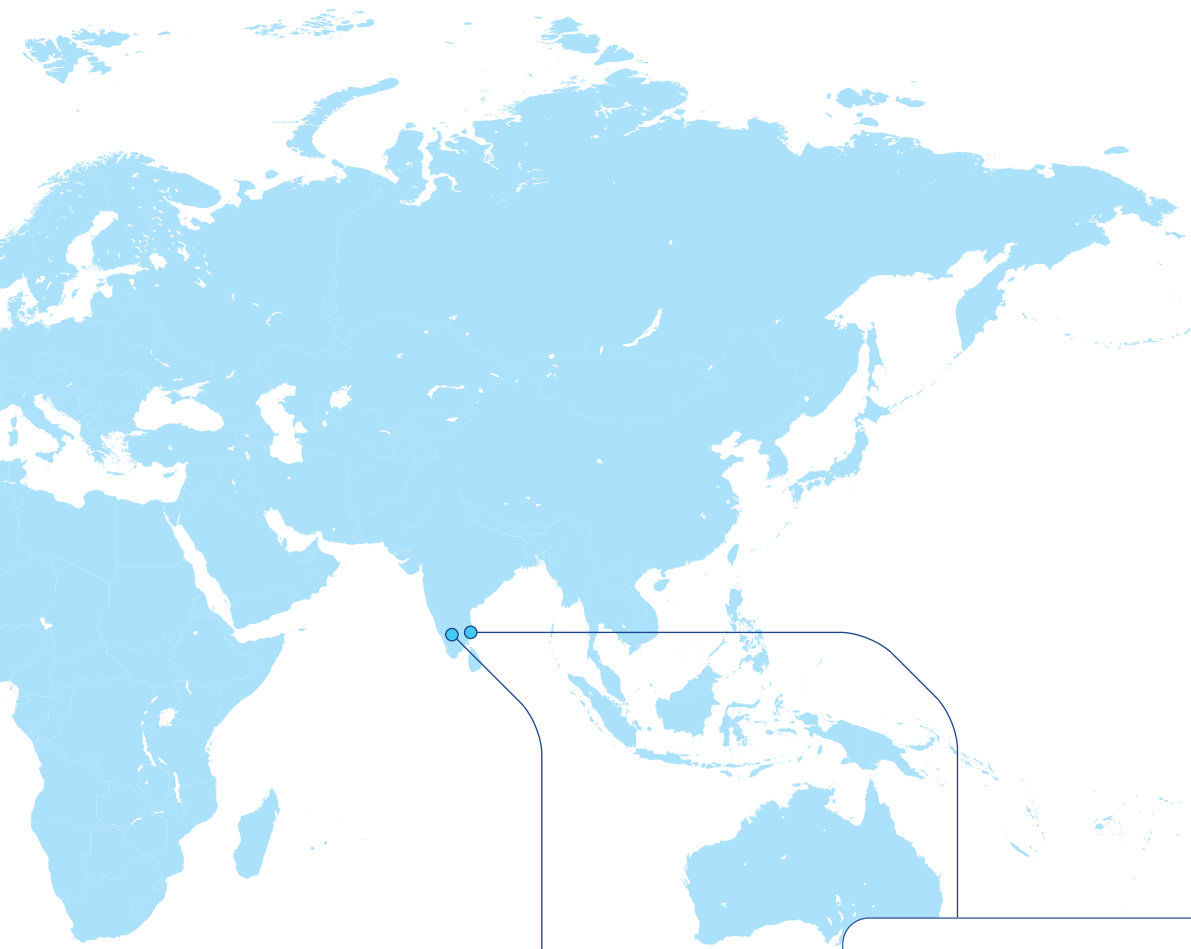


Fremont



Atlanta





Bengaluru

2 manufacturing facilities



Chennai

8 manufacturing facilities



The map is not to scale and an illustrative representation only.

MANUFACTURING EXCELLENCE AT AVALON

We operate 14 modern manufacturing facilities that efficiently integrate manufacturing, warehousing, and logistics. It includes two under-construction facilities in Chennai, focussing on advancing metals, plastics, and the manufacturing of Big Box-Build projects. These facilities house 66 production lines, including dedicated ones for sheet metal fabrication, machining, cable assembly, wire harnesses, magnetics, and plastics. Equipped with contemporary high-speed equipment, these units handle surface mount and through-hole components for PCBs, minimising manual intervention and enhancing product quality. Continuous efforts are directed towards cycle time improvement. We also cater to demanding industries such as aerospace, defence, and medical, underscoring our technical prowess and precision.

Our engineering capacity is fortified by a skilled product engineering team consisting of experts in electrical and electronics, mechanical, aeronautical, plastics engineering, and mechatronics. This enables offering innovative EMS solutions and technological strategies for operational efficiency and cost-effectiveness. This proficiency has enabled us to consistently meet product quality and timeline requirements, forming a solid track record.

Our expanding portfolio has propelled growth and played a role in retaining both new and existing customers.

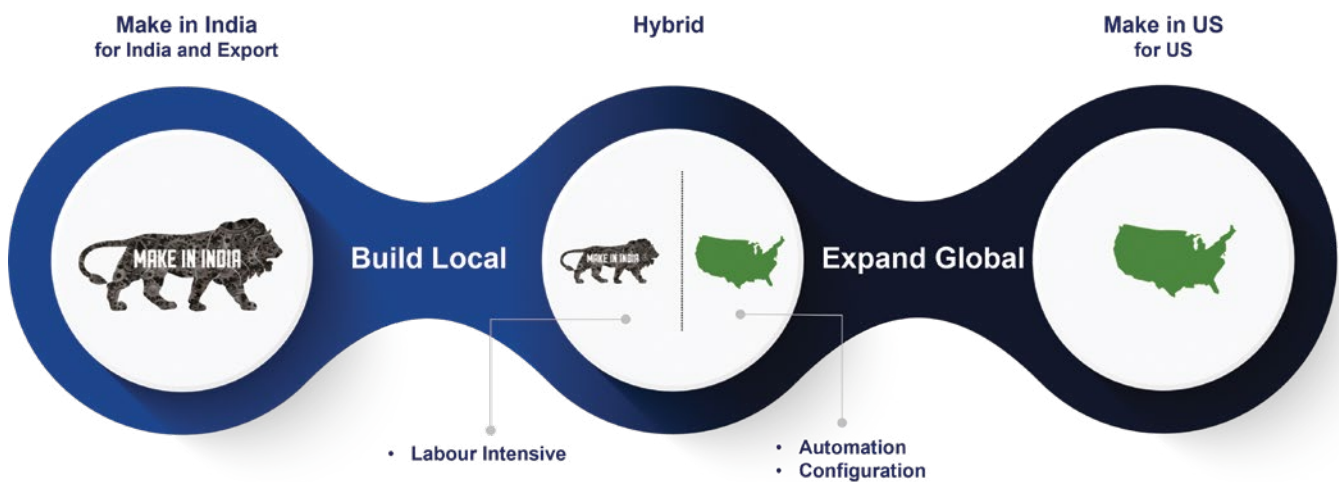
GLOBAL DELIVERY ADVANTAGE

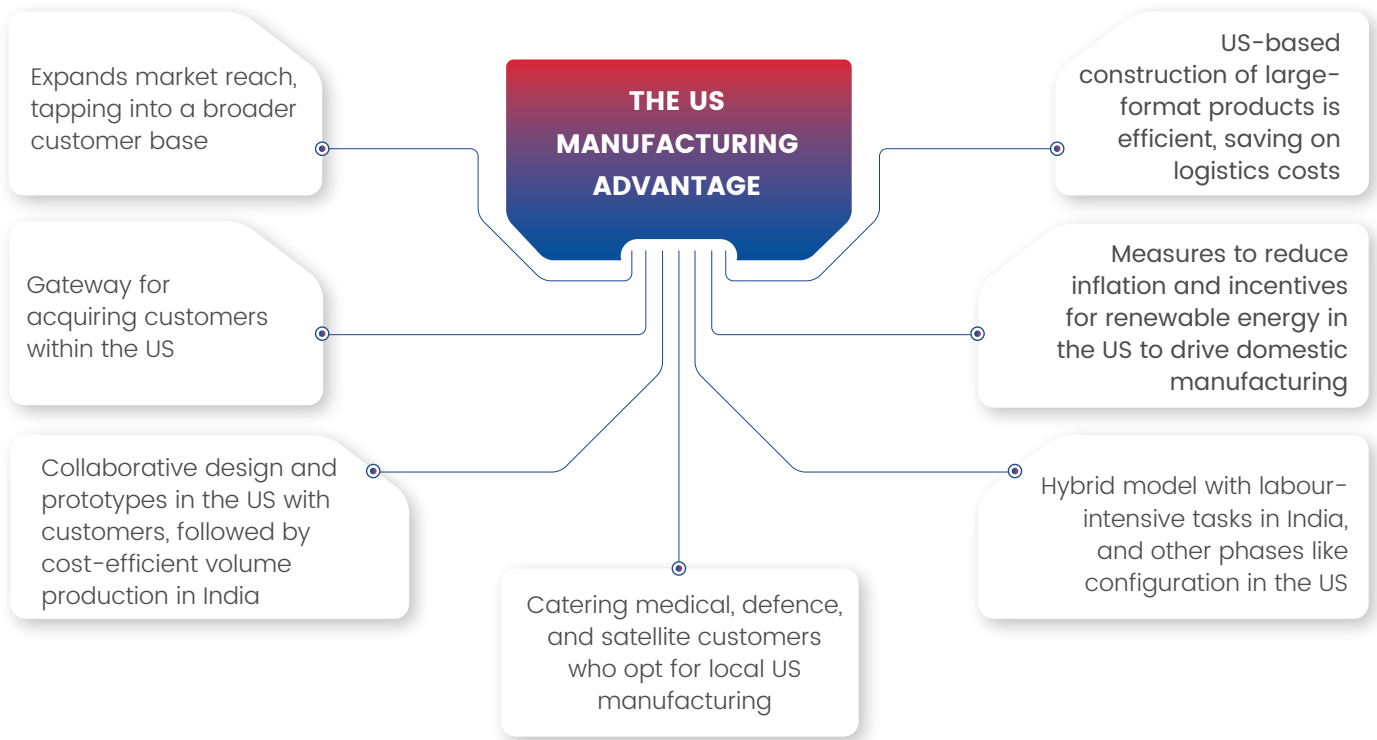
We have a robust global delivery model that strategically leverages manufacturing capabilities in both India and the US to cater to customers worldwide.

Our Indian manufacturing unit excels in manual labour-intensive work, including component and sub-assembly level manufacturing. Our Chennai facilities, located in a special economic zone are in proximity to ports and enjoy additional incentives, ensuring significant cost-efficiencies.

The US-based plants prioritise automation and specialise in high-end processes, particularly end-product configuration and system integration.

This setup combines local advantages of both locations, enabling us to serve global clients with significant manufacturing cost arbitrage. Customers have the flexibility to purchase directly from India or the US, or choose a hybrid model that leverages the distinctive strengths of both countries. This approach enables them to align with 'Made in USA' initiatives while obtaining products at an optimal cost. Additionally, we also reap advantages from the 'Made in India' initiatives.





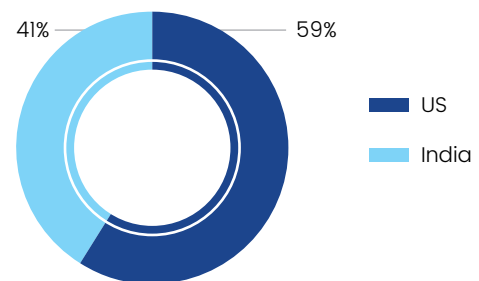
Positioned to thrive under the US Inflation Reduction Act

This landmark law is set to play a critical role in combating climate change by promoting sustainable practices for reducing harmful pollution and catalysing clean energy programmes with incentives. Since its passage over a year ago, it has spurred 100+ new clean energy nationwide projects, resulting in ~100,000 new jobs and generating over USD90 billion for local communities.

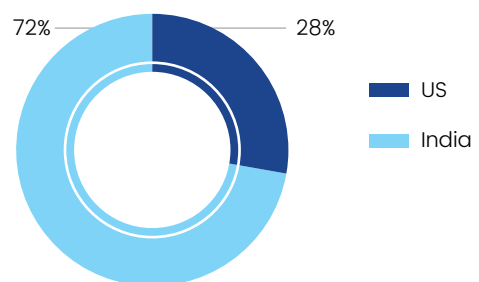
Avalon advantage

At Avalon, we actively engage in the clean energy sector and are poised to capitalise on abundant opportunities for growth. Aligning with this forward-looking approach, we are solidifying our position as a pioneering and visionary organisation, ready to contribute to a sustainable and prosperous future.

FY 2022-23 REVENUE BY GEOGRAPHY



FY 2022-23 MANUFACTURING BY GEOGRAPHY



Customer Excellence

Powered by strong, long-term relations

As one of the select EMS companies in India, we provide comprehensive lifecycle solutions encompassing new product development and subsequent volume production. Our quality, supply continuity, and lifecycle support are trusted by customers, fostering lasting relationships with prominent multinationals and establishing us as their preferred choice.

BUILDING ENDURING RELATIONS

We address customer requirements across the entire electronics product lifecycle, providing integrated solutions as well as individual components. Our dedication to value delivery is exemplified through robust up-selling and cross-selling initiatives. Supported by modern manufacturing facilities and a distinctive global delivery model, we harness policy advantages to ensure cost-effective and exceptional quality deliveries.

Our robust customer servicing model

What we provide

- Fully integrated solutions
- Robust manufacturing capabilities
- Delivering quality products on time
- Supply chain efficiency
- New product development



What our Customers Get

- Manufacturing Expertise
- Agility, Flexibility & Reliability
- Cost Efficiency
- Intellectual Property Protection

CUSTOMER ENGAGEMENT CAPABILITIES

The process of selecting an EMS provider is intricate, involving onboarding, prototyping, obtaining OEM approvals, and safeguarding proprietary information, especially in long-lifecycle industries such as power, railways, aerospace, and medical sectors. Consequently, choosing the right EMS provider is important, given that transitioning to alternative providers demands substantial costs and efforts.

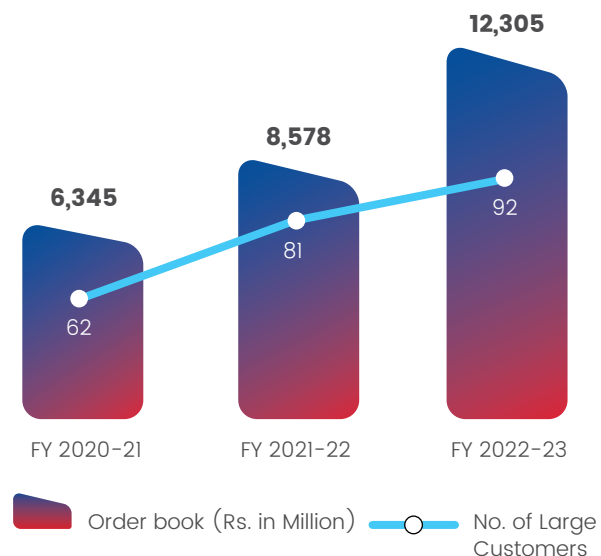
At Avalon, we have an established track record, having backed by our ability to allocate resources effectively, state-of-the-art manufacturing facility and adept engineering team. Our proficiency extends to enhancing offerings through strategic cross-selling and up-selling, facilitated by our comprehensive product lifecycle capabilities. This unique value proposition is not easily replicable and has been instrumental in our market penetration and long-term business sustainability.

CUSTOMER RELATIONSHIP MANAGEMENT

Embedded within our operations is a customer-centric approach with the utmost focus on achieving heightened levels of satisfaction. We consider their feedback an indispensable resource, providing insights for meeting their present and future needs, and even anticipating them.

8 years
Average length of relations with customers who contribute to 80% of revenue

Our growing customer base



Success Stories

Success Story #1

PARTNERING RADAR TECHNOLOGY IMPLEMENTATION FOR INDIA'S DEFENCE

Need

The client wanted to take engineering decisions for selecting the right approach of design implementation by analysing Signal Integrity and Thermal factors.

Solution

We implemented a multi-layer design and ran simulations across multiple components like NAND flash, SDRAM, ADCs and DACs, Ethernet and PCIe, and more.

Impact

Our analysis resulted in a first-time-right design and quick build of radar systems for India's defence, opening more opportunities for design work. Our PCB design and analysis capability also resulted in our design team emerging as a preferred supplier for high-end defence research needs in the future.

Success Story #2

SUPPORTING A LEADING RENEWABLE ENERGY EQUIPMENT MANUFACTURER

Need

The client urgently wanted to de-risk their dependency on the existing manufacturing partner in one country due to intellectual property challenges.

Solution

We helped facilitate this transition through our novel solution, exceeding the client's expectations with the overall speed and smoothness of execution. Our journey commenced with PCB manufacturing and progressively evolved to encompass the entire product assembly process backed by our vertically integrated manufacturing capabilities, resulting in reduced costs and enhanced logistics efficiency for the client.

Impact

Our intervention led to improved process efficiency for manufacturing scalable and efficient products. We also leveraged our vertically integrated manufacturing services to increase wallet share, while also benefiting the client financially and logistically.

Success Story #3

MODERNISING RAILWAY
SIGNALLING EQUIPMENT**Need**

The Indian government wanted to modernise existing rail infrastructure with a high budget outlay. A leading international signalling contractor approached Avalon to be their local manufacturing partner as mandated by the contract.

Solution

We effectively addressed the mission criticality and emphasised the need for high-reach reliability for a fail-proof anti-collision signalling system. A notable achievement was the showcasing of our build quality as the client deployed the first builds in Japan, exemplifying its quality in terms of adherence to environmental standards and reliability specifications. We have sustained this engineering for five years and counting.

Impact

Since our collaboration, there have been no reported field failures. The solution enabled us to strengthen our position as a strategic supplier of choice for the client as we diversified to other product builds.

Success Story #4

DELIVERING CUSTOMISED PLASTIC
PISTON ASSEMBLY SOLUTION**Need**

We were tasked to create a plastic piston assembly part as per the client's specifications. It demanded intricate injection insert moulding and strong, leakproof ultrasonically welded seals between the fuel and non-fuel side plastics.

Solution

Narrowing down the tolerances and the potential for errors, we ensured precise form, fit and function. This ensured successful part development and design of process for mass production, consistently meeting the criteria.

Impact

We were selected as the primary supplier of this component for the client's global production site, having delivered a flawless sample in a single iteration. This allowed us to swiftly ramp up production to deliver requirements, reducing client rejection rates.

Success Story #5

UNDERTAKING COMPLEX SHEET METAL
FABRICATION FOR AEROSPACE CLIENT**Need**

The client sought manufacturing and assembly of multiple sheet metal child parts with composite materials, involving high-tech and specialised welding processes.

Solution

We conducted an impact study and gap analysis and identified potential failure points. Following this, a process flow diagram was created and the manufacturing process was outlined. We further implemented stagewise inspection gauges to control critical-to-quality parameters. A control plan was developed linking critical inspection, welding, cell training and qualifying a welding operator.

We also established and qualified sources for brazing and heat treatment processes.

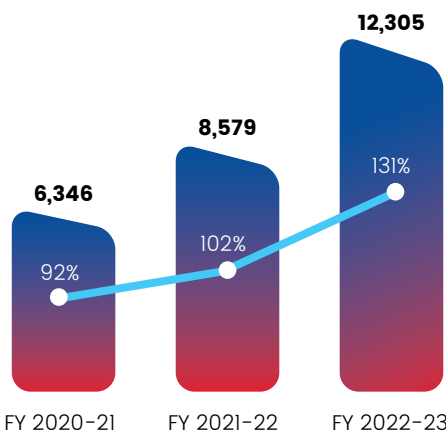
Impact

Within just six months, we created the first FAI, exceeding customer expectations. Further, we established a complex aero-engine sheet metal fabrication facility with NADCAP certification and delivered significant volume in a year meeting customer takt time. This has helped establish an entry barrier in this specialised market.

Key Highlights of the Year

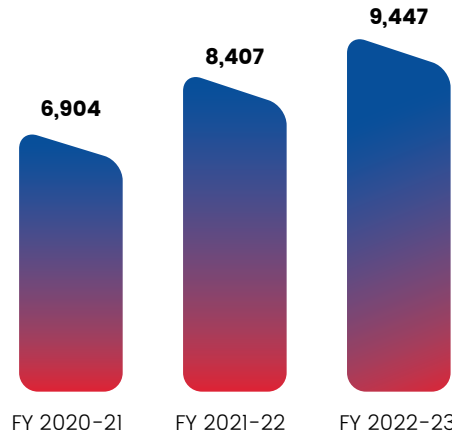
Proven performance with top-of-the-line margins

Order book (Rs. Million)

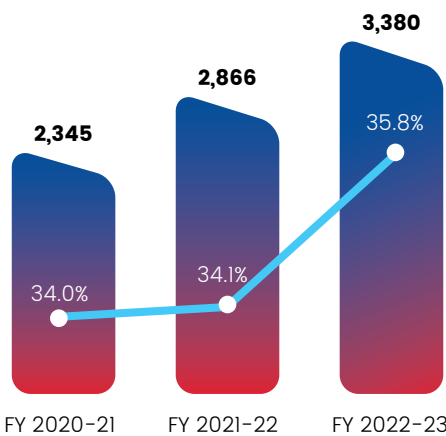


Order book Order as a % of revenue

Revenue from operations (Rs. Million)

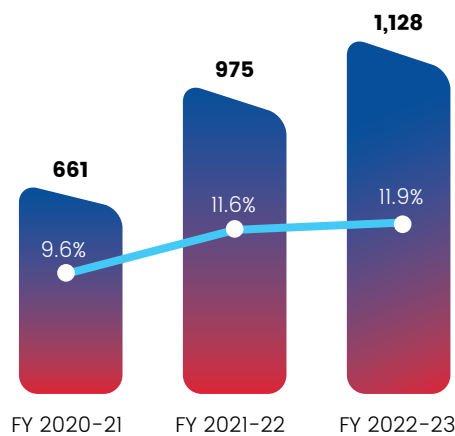


Gross margin (Rs. Million) **and Gross margin (%)**



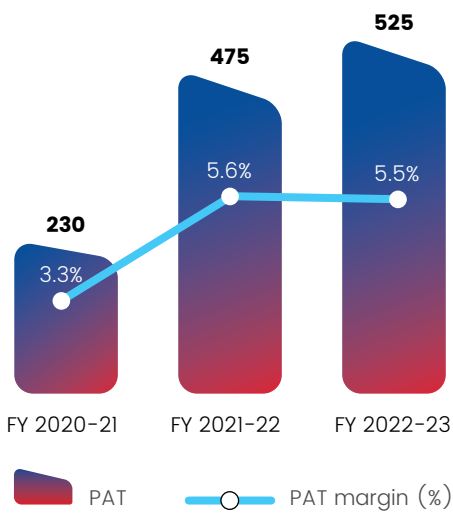
Gross margin Gross margin (%)

EBITDA (Rs. Million) **and EBITDA margin (%)**

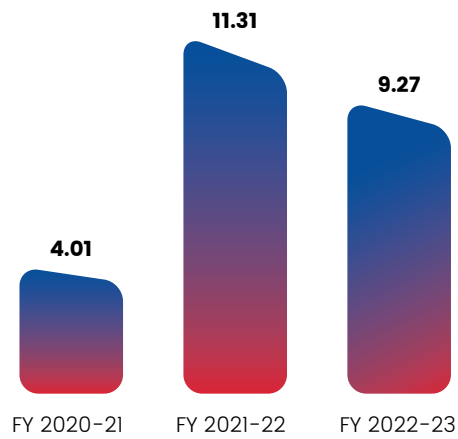


EBITDA EBITDA margin (%)

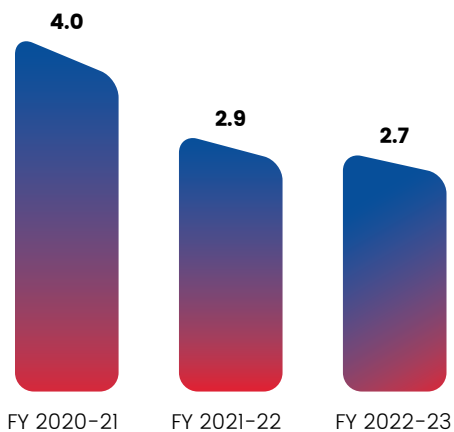
PAT (Rs. Million) and PAT margin (%)



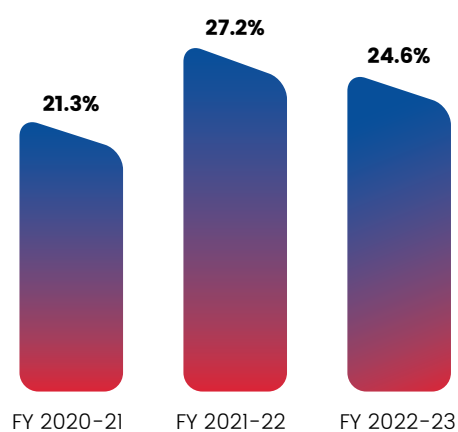
Earnings Per Share (Rs.)



Net debt to EBITDA



Return on capital employed (%)



Operating Context

Staying at the forefront of opportunities

We stand on a robust foundation, rooted in our adept product development, manufacturing prowess, and strategic global positioning. With the electronics manufacturing sector poised at an inflection point, numerous opportunities are anticipated to arise. Leveraging our core strengths, we are proactively exploring fresh avenues for growth, aiming to steer enduring success and unlock value for the long term.

TRENDS SHAPING THE ELECTRONICS MANUFACTURING SPACE

EMS industry poised for strong growth

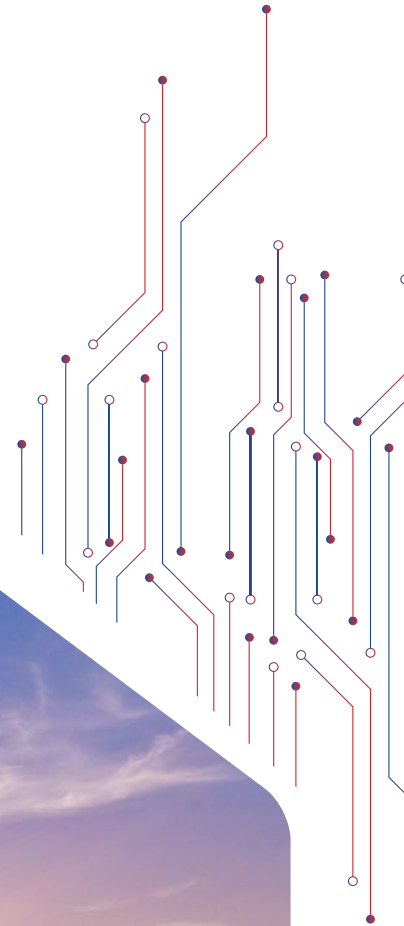
The global EMS sector (B2B) is on the brink of substantial expansion in the upcoming five years, projected to escalate from USD 880 billion in 2021 to USD 1,145 billion by 2026. Significant growth is anticipated in both India and the US, marking them as key players in this evolving market landscape.

Growth in our key EMS markets



Clean energy segment a priority

The pressing global need to combat climate change is propelling robust expansion within the clean energy domain. India, in particular, is poised to spearhead this transformation, aiming to introduce 450 GW of renewable capacity by 2030 and foster heightened adoption of electric vehicles (EVs) through government initiatives and incentives. Forecasts indicate that the Indian clean energy sector, encompassing EVs, solar, and hydrogen industries, is poised to grow at a Compound Annual Growth Rate (CAGR) of 87.3%, reaching a value of Rs. 76 billion by the fiscal year 2025-26. Our emphasis on clean energy will allow us to not only contribute to growth but also add value for a sustainable future.



Board of Directors

Led by experienced and professional leaders



KUNHAMED BICHA
Chairman and Managing Director

He is one of the Promoters and co-founded Sienna, currently serving as its Chief Executive Officer. He holds a bachelor's degree in mechanical engineering from PSG College of Technology and a master's degree in science (industrial engineering) from Wichita State University. He is a recipient of "CII Connect 2017 Award for Entrepreneur of the Year (Manufacturing)" by the Confederation of Indian Industry.



BHASKAR SRINIVASAN
Non-executive Director

He is one of the Promoters and co-founded Sienna, currently serving as its President. He holds a bachelor's degree in mechanical engineering from Annamalai University, a master's degree in business administration from Cochin University of Science and Technology and a master's degree in science (industrial engineering) from Wichita State University. Prior to joining our Company, he was associated with Applied Materials, Inc.



LUQMAN VEEDU EDIYANAM
Non-executive Director

He holds a bachelor's degree in technology (branch II mechanical engineering) from the University of Calicut. He is currently the Legal Partner and the Managing Director at Dhafir Technologies LLC, United Arab Emirates.



SAREDAY SESHU KUMAR
Non-executive Director

He holds a bachelor's degree in arts from Osmania University and completed an accelerated management programme by the Indian School of Business with recognition of 'Best Project Presentation'. He was previously associated with Emantras Interactive Technologies Private Limited as its Founder and Chief Executive Officer.



VENKATARAMANI ANANTHRAMAKRISHNAN
Independent Director

He holds a master's degree in business administration from the University of Chicago. He is currently serving as the Managing Director of IP Rings Limited, a company forming part of the Amalgamations group.



CHANDAR PATTABHIRAM
Independent Director

He holds a bachelor's degree in mechanical engineering from PSG College of Technology. He is currently serving as the Chief Marketing Officer of Coupa Software Incorporated. He was previously associated with Badgeville, Inc. and Marketo, Inc.



BYAS UNNIKRISHNAN NAMBISAN
Independent Director

He holds a master's degree in science (industrial administration) from Carnegie-Mellon University. He is currently the Chief Executive Officer and a Director on the Board of Ezetap Mobile Solutions Private Limited.



NANDITA ABRAHAM
Independent Director

She holds a master's degree in science from the Philadelphia College of Textiles and Science and a diploma in apparel marketing and merchandising from the National Institute of Fashion Technology, New Delhi. She was associated with the Pearl Academy for over 19 years with her last designation being President-Pearl Academy. Currently, she is serving as the Chief Partnership Officer at GUS Global Services (India) Private Limited.

Awards and Recognitions

Competencies recognised on the global platform



Best Supplier Award for demonstrated sustained performance



Supplier Excellence Award for Strategic Partnership



Best Indian Supplier



Environmental Leadership Award



Prime Supplier Award
From a customer in 2018



Export Excellence Award
Second place in highest exports in electronic hardware sector from MEPZ in 2017



Supplier Award
For 'Strategic Partnership' from Faiveley Transport Rail Technologies in 2019



CII Poka Yoke Award
Platinum winner at 9th CII National Poka Yoke Competition (shutdown type)



CII Star Champion Award
At CII Poka Yoke Competition (shutdown type)



CII National Kai-zen Award
Gold winner in the Innovative Category at the 4th CII National Kai-zen Competition



CII Entrepreneur of the Year
Kunhamed Bicha



Supplier Conference Partnership
Recognised for growth by Baker Hughes



Excellence in Quality Award
For outstanding performance at Crane Co. Indian Supplier Meet



Indo-U.S. Business Excellence Award
For exports to USA (MSME category) by the Indo American Chamber of Commerce



Premier Award
From Raytheon Technologies for performance in 2022 and overall excellence in cost competitiveness and collaboration and customer services

Management Discussion & Analysis

ECONOMY OVERVIEW

World Economy

The global economy experienced high market volatility in 2022 from multiple headwinds, including the Russia-Ukraine war, multi-decadal high inflation, elevated interest rates, increased debt levels, the lingering aftermath of the COVID-19 pandemic, and escalating geopolitical tensions. This led to a slowdown in global GDP growth to 3.5% in 2022 from 6.0% in 2021. The most striking contrast was observed between the growth rates of Advanced Economies (AEs) and Emerging and Developing Economies (EMDEs). While Advanced Economies saw a growth rate of 2.7% in 2022, Emerging and Developing Economies achieved a growth of 4%. The United States (US) economy expanded by 2.1% during 2022, driven by private investments and consumer spending. Similarly, the European economy recorded a growth rate of 2.7% in 2022.

Many economists believe that inflation has peaked, and a speedier recovery may transpire sooner than initially predicted. Central banks' vigorous efforts to curb inflation through substantial monetary tightening are anticipated to drive a decline in inflation, which is projected to decrease from 8.7% in 2022 to 6.8% in 2023 and further down to 5.2% in 2024, buoyed by decreasing commodity prices as well.

The growth of Advanced Economies (AEs) is expected to decline to 1.5% in 2023 and stay almost constant at 1.4% in 2024. The US and Eurozone economies are expected to see muted growth at 1.8% and 0.9% respectively in 2023, while the UK economy is expected to see a drastic slowdown from 4.1% in 2022 to 0.4% in 2023. Economic prospects for Emerging & Developing economies are on average stronger than for Advanced Economies. While the Western world becomes the epicentre of global tensions, emerging and developing Economies are expected to outpace them by growing at 4.0% in 2023 and 4.1% in 2024. Asia will be the most dynamic of the world's major regions in 2023, predominantly led by China and India, which will be the major contributors to global economic growth in 2023.

(Source: IMF WEO July 2023)

Indian Economy

India emerged as the shining beacon in a grim global scenario and surpassed the United Kingdom to become the fifth-largest economy in the world. Despite strong global headwinds, India remains the fastest-growing major economy. India's real GDP grew by 7.2% in FY 2022-23 as against 9.1% in FY 2021-22. The growth

is primarily driven by higher private consumption and lesser dependence on global demand.

The real GDP (at Constant 2011-12 prices) in FY 2022-23 is estimated at ₹ 160.06 Lakh Crore, as against the First Revised Estimated GDP of ₹ 149.26 Lakh Crore in FY 2021-22. The Gross Value Added (GVA) grew at 7% in FY 2022-23 as against 8.8% in the previous year. The accelerated pace of economic reforms has led to higher and sustainable growth and strengthened its position in the world. Further, India's overall exports scaled new heights at USD 770 Billion in FY 2022-23, registering 14% growth over the previous year, surpassing the all-time high record of USD 676 Billion in FY 2021-22.

Experts believe that India's economy will keep growing at a decent pace in the coming years. The IMF projects the Indian economy to grow steadily at 6.1% in FY 2023-24. The economic growth is driven by robust domestic consumption, abating of inflation, technology-enabled development, export growth, and revival in credit growth among others. There is a surge in household consumption due to the rising consumer incomes and purchasing power, boosting the demand for goods and services across industries. Further, increased capital expenditure on infrastructure and the growth-enhancing policies are strengthening the infrastructural and manufacturing base, leading to higher productivity, promoting Indian products in the global markets and building a strong foundation for economic growth. With its strong fundamentals, massive demographic strengths, and multiple growth levers in place, the Indian economy remains well-positioned to navigate global headwinds in FY 2023-24 and reach the USD 5 trillion mark by FY 2026-27.

(Source: Ministry of Statistics & Programme Implementation, National Statistical Office, IMF WEO July 2023)

INDUSTRY OVERVIEW

Global EMS Industry

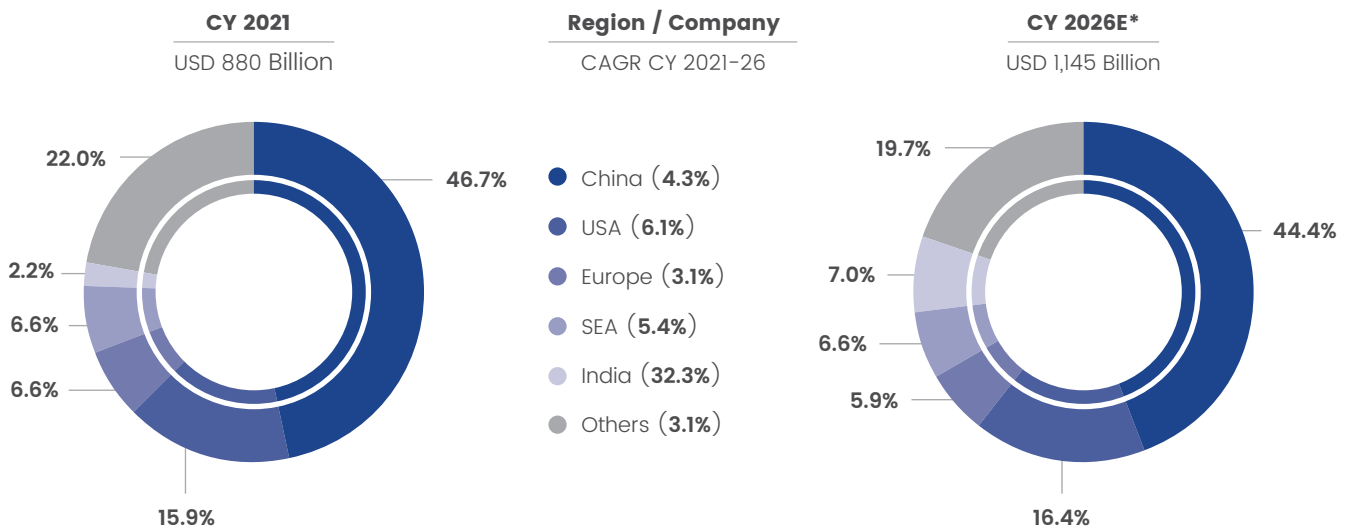
The Electronics Manufacturing Services (EMS) market has been growing steadily in recent years due to the increasing use of electronic devices across the world. The EMS market was worth approximately USD 880 Billion in 2021. It is expected to grow at a rate of 5.4% and reach USD 1,145 Billion by 2026.

In the EMS market, there are long lifecycle industries like energy, transportation, medical, and more. The global EMS market is poised for robust growth across industries in the coming years. Key drivers for the growth of the EMS industry are the development of new manufacturing technologies and the emerging end-use sectors, the

rising popularity of smart home devices in developed countries, greater emphasis on electric vehicles and charging infrastructure, increased sales of mobile phones, consumer electronics, and IT products, among others.

The EMS market in the United States was valued at approximately USD 140 Billion in 2021 and is projected to reach around USD 188 Billion by 2026. This growth is attributed to increased consumer demand for electronic products, existing well-established manufacturing

facilities, and government initiatives promoting local production. Moreover, the United States' commitment to curbing pollution and greenhouse gas emissions is driving the shift towards electric vehicles, inevitably boosting electronics consumption. Trade tensions between the United States and China have also led to increased domestic production. Additionally, the utilisation of enhanced technology by companies and a new agreement involving the United States, Canada, and Mexico further contribute to the expansion of the electronics industry in North America.



*Estimates

(Source: Frost & Sullivan Report - Market Assessment for Indian EMS Industry, February 2023)

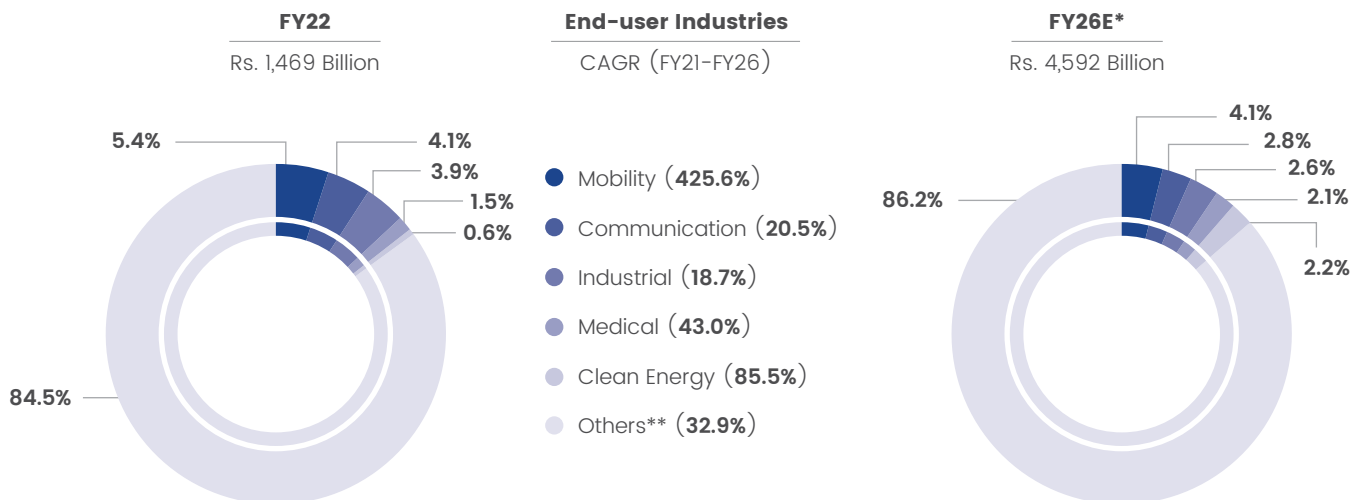
Indian EMS Industry

The Indian EMS market was estimated at USD 20 Billion in the fiscal year 2021-22. The market is expected to grow rapidly at an annual rate of 32.3% and reach USD 80 Billion by FY 2025-26. The Indian EMS industry is an important part of the country's larger electronics ecosystem.

India stands out in the EMS sector with impressive growth and unique competitive strengths. Over the last ten years, the Indian EMS industry has gained significant prominence. The strong expansion of India's electronics industry is mainly due to the high demand for electronic products within the country. This demand is driven by factors like increasing incomes, quicker replacement cycles for products, the rise of remote work culture, and favourable tax structures. Government projects such as nationwide broadband connectivity, rural electrification, renewable energy initiatives, and e-governance programmes also contribute to the demand. The growth of renewable energy infrastructure and energy-efficient portable electronic components will further accelerate market expansion.

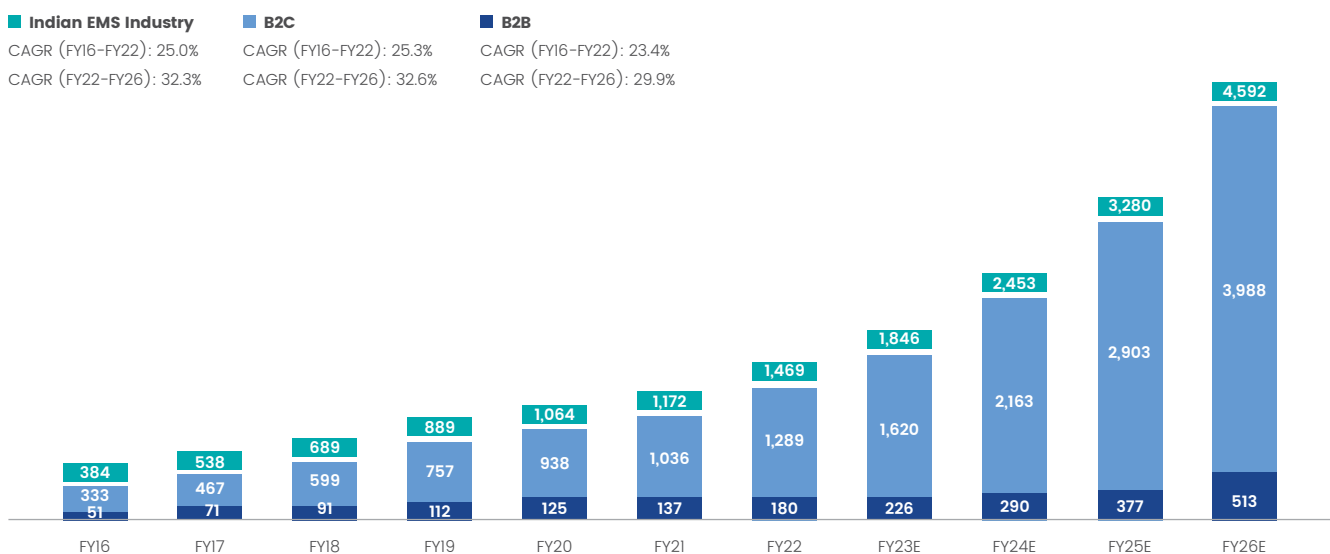
India's electronics industry is gaining global recognition, particularly for its research and development hubs, design and engineering services, and Electronics Systems Design and Manufacturing (ESDM) capabilities. The government is actively promoting India as a global hub for ESDM, aiming to develop domestic capabilities in core component manufacturing and create a competitive environment on the global stage. The government's supportive policies and initiatives play a crucial role in fostering the growth of the Indian electronics industry. These include schemes like the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES), Electronic Manufacturing Clusters (EMC 2.0), Production Linked Incentive (PLI) scheme for various electronics sectors, and the Phased Manufacturing Programme for mobile phones. Additionally, the government has allocated ₹ 76,000 Crore for the sustainable development of a semiconductor and display ecosystem in India.

EMS market segmentation by end-use industries



**Others: Mobile Phones, CEA (Consumer electronics and appliances), IT (Information Technology products), Lighting, Energy, etc. Value in brackets are in USD Billion

*Estimate



Note: E refers to Estimate

(Source: Frost & Sullivan Report- Market Assessment for Indian EMS Industry, February 2023)

- Indian EMS market to witness robust growth at 33% till FY26
- PCB assembly market is expected to grow at 38.4% CAGR till FY26
- Regulatory push & GOI initiatives to drive electronics usage in India
- Electronics manufacturing % to Indian GDP to expand from 2.3% in FY18 to 6.8% in FY26
- Govt. push for indigenisation through 'Make in India'
- Localisation of supply chain
- Favourable policy initiatives driving domestic electronics manufacturing - PLI, MEIS, EMC 2.0 etc.
- Low labour cost arbitrage in India and improved economies of scale
- Quality Control Order requirement to curtail dumping of cheap electronics
- Non-tariff barriers to aid domestic manufacturing

CLEAN ENERGY (SOLAR, HYDROGEN AND ELECTRIC VEHICLES)

Clean Energy segment is likely to provide a more sustained growth opportunity. The ongoing global climate change policy with an emphasis on increasing the contribution from green energy directly impacts the demand for EMS from solar and wind-energy companies. EV is one of the key growth opportunity verticals. Moreover, the growing electronics content will accelerate the growth of EMS revenue from this vertical.

The clean energy segment in India, which includes Solar, Hydrogen and EV, is estimated at ₹ 600 Crore in FY2021-22 and is expected to grow at a CAGR of 87.3% to reach ₹ 7600 Crore by FY 2025-26. The government announced that the development of renewable energy is one of its goals for reducing dependence on fossil fuels and combating climate change.

(Source: Frost & Sullivan Report - Market Assessment for Indian EMS Industry, Feb 2023)

Solar: The government is pushing renewable energy (RE) to the forefront and undertaking various measures to increase RE capacity to meet the rising power demand in the country. The Central Electricity Authority of India (CEA) estimates that the share of renewable energy generation would increase from 18% to 44% by 2030. The government aims to achieve 450 GW of installed renewable energy capacity by 2030 and about 280 GW (over 60%) is expected from solar energy. With an increased focus on climate change and policy improvements, solar power is rapidly transforming into a crucial energy source in India and will propel demand for hybrid solar systems. (Source: IBEF)

Green hydrogen: With the increasing need for clean energy and to reduce fossil fuel use, the demand for sustainable hydrogen power is gaining momentum. The government has approved the National Green Hydrogen Mission on January 4, 2023 with an outlay of ₹ 19,744 Crore and set the target to produce 5 Million metric tonnes (MMT) per annum of green hydrogen in the country by 2030. Further, the government is planning to introduce 'green hydrogen purchase obligation' for refineries and fertiliser companies in the near future.

(Source: Ministry of New and Renewable Energy)

Electric Vehicles (EVs): The EV industry in India is picking pace with 100% FDI, new manufacturing hubs, higher incentives, and the government's push to improve charging infrastructure. The government has reaffirmed its commitment to reduce carbon emissions and the transition to electric mobility and its mission for 30% EV penetration by 2030. The government has extended the Faster Adoption and Manufacturing of Electric and Hybrid Vehicles (FAME-II) scheme till 2024, which aims at supporting the electrification of public and shared transportation. Under FAME-II Scheme, ₹ 1000 Crore is allocated for the development of charging infrastructure.

(Source: IBEF, Ministry of Heavy Industries)

MOBILITY (RAILWAYS, AEROSPACE & AUTOMOTIVE)

The Mobility segment, which includes Railways, Aerospace & Automotive is estimated at ₹ 7,800 Crore in FY 2021-22 and is expected to reach ₹ 17,100 Crore by FY 2025-26 in India, expanding at a CAGR of 21.6%.

(Source: Frost & Sullivan Report - Market Assessment for Indian EMS Industry, Feb 2023)

Railways

Indian Railways is the third largest network in the world. By adopting digitalisation in all elements of its operations, including asset management, signalling, production, and passenger information systems, the railways are on pace to increase their revenues and enhance the passenger experience. Internet of things (IoT) has the potential to impact railway technology due to its unique feature of connected mobility, potentially enhancing the reliability and safety of railway infrastructure. The railway industry is characterised by long lead times for customer acquisition, onboarding, prototyping, OEM approvals and subsequent production, given the criticality of requirement. Consequently, there are high barriers of entry for this vertical. Additionally, there are several global OEMs operating in railway signalling technologies such as moving block technology, which permits trains to travel in order of braking distance, improving capacity on multiple lines and operating in complete safety.

Further, in the Union Budget 2023-24, the Indian Railway has been allocated a capital outlay of ₹ 2.4 Lakh Crore. Major areas of usage of electronics in the Railway segment is signal safety related electronic system, safe communication, and processing system among others. Further, the Indian Railways is developing and creating technology in areas like signalling and telecommunication to be tailored with 'KAVACH', the locally developed Train Collision Avoidance System.

(Source: Ministry of Finance)

Aerospace

In India, the aerospace industry is growing, with rising activity from both the defence and civil aviation segments. India is one of the world's largest civil aviation markets, with various improvements in infrastructure and services. The passenger traffic in India is expected to grow at a pace of 6.2% by 2040, owing to the country's economic growth and increasing middle class. Because of its unprecedented growth, electronics has emerged as a strategic and profitable industry in the aerospace segment. Similarly, as the country's defence capital expenditure spending is constantly growing, there are also numerous opportunities in the aerospace and defence (A&D) industry. A strong A&D ecosystem and an increased defence budget of ₹ 5.94 Lakh Crore will drive the A&D market in India. Further, with rapid modernisation in the military segment in India, the A&D industry is anticipated to consume electronics worth ₹ 7000-7200 Crore over the coming decade in agreement with two industry associations - NASSCOM and IESA.

(Source: Ministry of Defence & Frost & Sullivan Report - Market Assessment for Indian EMS Industry, Feb 2023)

Automotive

Automotive electronics have become an essential aspect of the shift from conventional mechanical systems to electronic systems. The development of automotive electronics for a variety of vehicular applications such as body electronics, entertainment, safety, electrification, and driver assistance all contribute to the market's rapid expansion. The Indian automotive electronics business imports nearly 65% to 70% of the electronic components for vehicles because of the unfavourable manufacturing and distribution ecosystem in India. However, various government and business initiatives are slowly strengthening the ecosystem and resolving this situation. Customer preferences for an in-vehicle digital experience, along with an increase in embedded linked services, will continue to transform the industry. Digitalisation would be at the heart of this transformation, resulting in increased use of electronic components in the automotive sector.

(Source: Frost & Sullivan Report – Market Assessment for Indian EMS Industry, Feb 2023)

COMMUNICATION

The Communication segment in India is estimated at ₹ 5,700 Crore in FY 2021-22 and is expected to reach ₹ 10,900 Crore by FY 2025-26, expanding at a CAGR of 17.6%. Global technology advancements are pushing the communications ecosystem towards faster development cycles and competitive price points.

INDUSTRIAL (POWER AND AUTOMATION)

The Industrial segment in India, which includes Power and Automation, is estimated at ₹ 5,800 Crore in FY 2021-22 and is expected to grow at a CAGR of 18.7% to reach ₹ 11,500 Crore by FY 2025-26. Power electronics play a crucial role in electrified vehicle applications that require compact and highly efficient power conversion solutions. Power electronics devices are anticipated to be the key technologies of the future that increase system efficiency and performance in energy-saving and automotive applications.

The Industrial Automation industry presents numerous opportunities for innovative technology companies that support multiple other industries. Moreover, industrial automation is becoming an integral part of India's manufacturing companies that utilise cutting-edge technologies. Companies are focussing on automation to remain competitive, which is expected to further boost demand for automation in the coming years.

(Source: Frost & Sullivan Report – Market Assessment for Indian EMS Industry, Feb 2023)

MEDICAL DEVICES

The Indian medical devices market has witnessed notable growth over the past decade. The market is estimated at ₹ 2300 Crore in FY 2021-22 and is expected to reach ₹ 9400 Crore by FY 2025-26, growing at a

CAGR of 43%. It is witnessing a sharp change owing to the implementation of advanced technologies, evolving clinical and administrative needs, focus on developing innovation centres for diagnostics, stringent regulations, etc.

(Source: Frost & Sullivan Report – Market Assessment for Indian EMS Industry, Feb 2023)

There is a huge gap in the current demand and supply of medical devices in India. India has an overall 70-80% import dependency on medical devices and there is significant growth opportunity in the domestic manufacturing of medical devices. The government is focussed on strengthening the medical devices industry through PLI schemes, 100% FDI, R&D and incentives for selected critical care categories such as cancer care/radiotherapy, cardio-respiratory, renal care, and all implants.

(Source: Corpbiz Report: Medical Device Industry of India 2023)

The US EMS Industry

The United States leads the EMS industry in terms of total market share in North America. The electronics industry is growing steadily in the US, aided by economic growth and rising market demand.

Responsible development of all of America's rich energy resources, including solar, wind, water, geothermal, bioenergy and nuclear will help ensure America's continued leadership in clean energy. Moving forward, the Energy Department will continue to drive strategic investments in the transition to a cleaner, domestic and more secure energy future.

The clean energy revolution is taking place across America, underscored by the steady expansion of the U.S. renewable energy sector. The clean energy industry generates hundreds of Billions in economic activity and is expected to continue to grow rapidly in the coming years. There is tremendous economic opportunity for the countries that invent, manufacture and export clean energy technologies.

The US becomes Attractive Green Market: Impact of Inflation Reduction Act (IRA) in the Clean Energy Sector

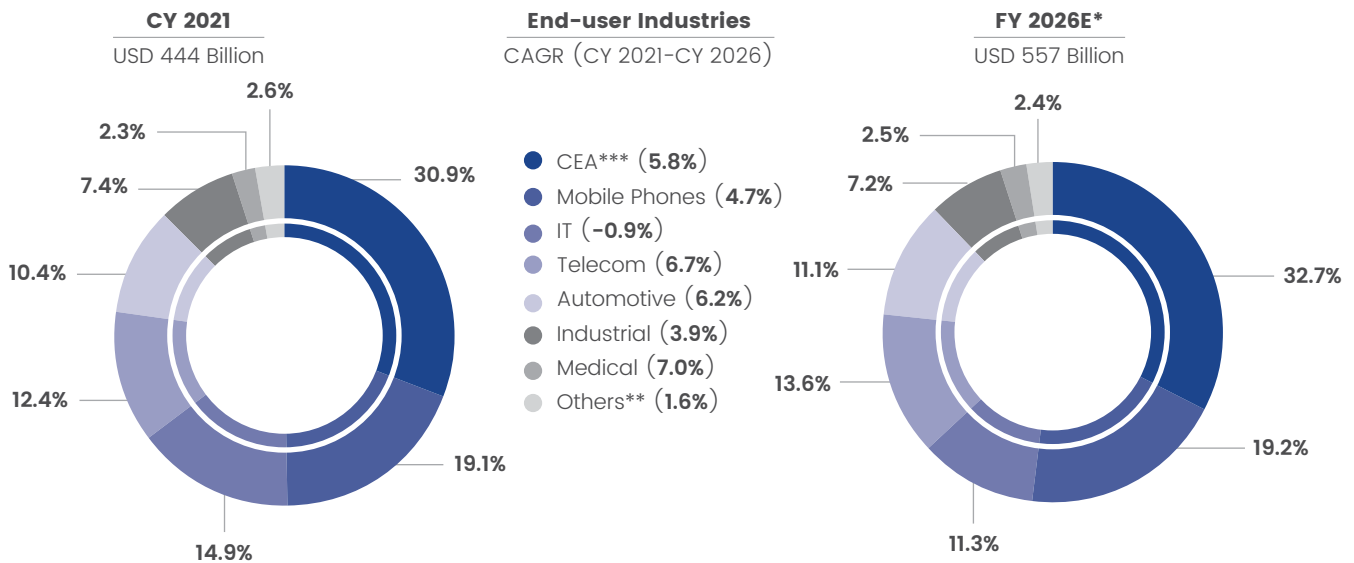
Investment opportunities: The US becomes an attractive green market for non-US players with an incremental USD 1.3 trillion of public and private investment in climate action and energy transition as a result of the IRA.

Export opportunities: Companies can supply clean tech components to the US market boosted by IRA incentives.

Buying green from the US: Clean tech incentives position the US as a low-cost exporter.

(Source: BCG Executive Perspectives, August 2022, Energy.gov)

North American electronics market – Segmentation by end-user industries, value in USD Billion, growth in %, CY 2021 and CY 2026E*



*Estimate

**Others include: Aerospace & defence, Clean energy, Lighting, etc.

***CEA – Consumer electronics and appliances (includes mobile phones); IT – Information Technology products

Source: New Venture Research, UNCTAD STAT, Frost & Sullivan Analysis

OPPORTUNITIES

Government’s thrust for clean energy adoption: The government plans to install 450 GW of renewable energy capacity by 2030. Various schemes and initiatives of the government, robust growth of the renewable energy sector including solar and hydrogen, rising adoption of electric vehicles, and global transition towards carbon neutrality create additional demand for electronic products driving the EMS industry.

Manufacturing moving to India and the US: Due to the ‘China plus one’ strategy and rising cost structure of electronics contract manufacturing in China, OEMs are considering to diversify manufacturing activities to other countries with better quality, cheaper costs and ease of doing business. Additionally, OEMs are diversifying their supply chain to reduce risk which has fuelled the expansion of the EMS industry in India. India is gaining recognition as one of the best low-cost and high-quality destinations for manufacturing. It has a unique competitive advantage due to low labour costs, diverse product offerings, geographical diversification, and the government’s support. Further, strong efforts by the US to localise its supply chain due to increased trade tensions with China are expected to augur well for EMS players in the US.

Growing Indian EMS market: The EMS industry is growing at a CAGR of 32.3% in India to reach an expected

value of ₹ 4.5 Lakh Crore by 2026. Ambitious expansion plans and capacity augmentation of indigenous EMS players to capitalise on favourable policy initiatives ensure that the EMS sector in India will witness heightened growth in the coming years.

Influx of new electronic applications going forward: New emerging opportunities like Electric Vehicles, IoT and Electronic Security system (Cameras or Storage) are opening up new electronic market for India and these industries will also be driven by the ‘Make in India’ thrust.

Rail Infrastructure expansion: The government’s strong focus on infrastructure development including railway electrification and modernisation, metro trains, and construction of highways and airports are expected to boost the demand for electrical products and new electronic applications, etc.

EMS companies offering design services: EMS companies are moving up the value chain and Indian design companies work on end-to-end product development, right from concept design to development to prototype testing. Advanced product development focussing on miniaturisation, IoT, automation, AI, and defence applications is likely to be one of the biggest trends in electronics design.

GROWTH OPPORTUNITIES

Key Drivers

Emerging sectors to drive growth

- Solar
- Hydrogen
- Electric Vehicles

Mfg. moving to US and India

- “China+1” strategy
- US-China trade war



Rising share of EMS manufacturing

- EMS Industry CAGR: 32.3%
- Industry In-house CAGR: 21.4%

Growing Indian EMS market

- Increasing new electronic applications

COMPANY OVERVIEW

Avalon Technologies Limited (referred to as “Avalon” or “the Company”) is a prominent fully integrated electronic manufacturing services (EMS) company. It is well-known as a comprehensive solution provider and offers a complete range of EMS services, including end-to-end Box-Build solutions for various industries. The Company operates globally and serves a diverse customer base. It possesses a wide range of capabilities, including Printed Circuit Board (PCB) design and assembly, cable and wire harness manufacturing, sheet metal fabrication and machining, injection moulded plastics, magnetics, and complete Box-Build solutions. Avalon serves global Original Equipment Manufacturers (OEMs) located in the United States, India, China, Netherlands, and Japan through a unique global delivery model.

The Company’s integrated operations are backed by its strong global manufacturing expertise and a focus on new product development and design. By offering end-to-end solutions, Avalon helps its customers achieve tangible benefits like reduced manufacturing costs, improved supply chain management, and minimised inventory obsolescence. Additionally, Avalon’s emphasis on new product development allows it to remain involved from product conception to commercialisation, offering the potential to move up the value chain with various offerings and attracting more customers. Avalon serves a range of industries, including well-established ones with long product lifecycles like industrial, mobility, and medical devices, as well as high-growth emerging industries like solar, electric vehicles, hydrogen in the clean energy sector, and digital infrastructure in the communications sector.

Our Strengths:

Comprehensive Integrated Solutions, Providing a Complete Range of Electronic Manufacturing Services

Avalon stands out as one of the few EMS firms in India that offers end-to-end services, spanning from PCB design and analysis to new product development (“NPD”) and large-scale production. This encompasses PCB design and assembly, manufacturing of cable assemblies and wire harnesses, sheet metal fabrication, machining, plastic injection moulding, magnetics, and electro-mechanical integration. The Company’s focus on NPD strengthens customer relationships over the long term.

High Barriers to Entry due to Extensive Cross-Industry Experience, Customer Engagement Capabilities, and Leadership in High Mix Flexible Volume Product Manufacturing

Avalon’s extensive experience in providing EMS services across diverse product and industry verticals globally serves as a significant barrier to entry for potential new players. The Company has established enduring relationships with clients, some of which have lasted for over seven years. In Fiscal 2023, 80% of our revenue came from clients we have been doing business with for an average of more than seven years. Given the depth and nature of these long-term customer relationships, switching to another EMS provider would be challenging, as it would be costly, time-consuming, and resource-intensive.

Diverse Presence Across Major Industries

Avalon operates across a wide spectrum of industries, spanning key verticals such as renewable energy, mobility, industrial, communication, and healthcare. Our services cater to a diverse range of sectors, including power, clean energy, railways, aerospace, and medical fields. This extensive industry reach serves as a protective shield against market and industry fluctuations on a global scale.

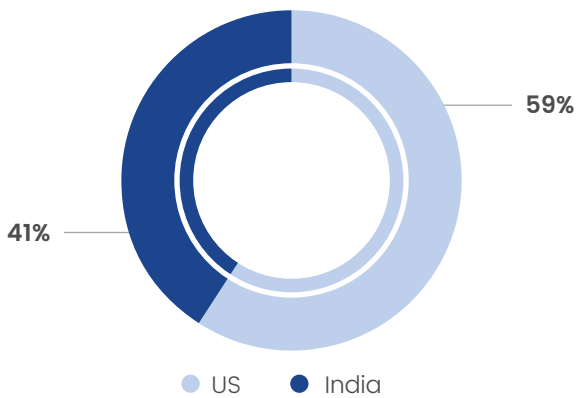
Global Presence

We cater to both Indian and Overseas customers spread across India, the US, Europe and Japan. We catered to more than 200 customers in FY 2021-22 and more than 210 customers in FY 2022-23. Maintaining strong relationships with our key customers is, therefore, essential to our business strategy and the growth of our business.

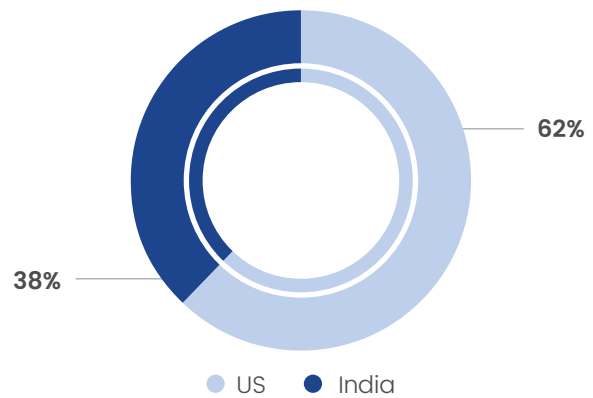
GLOBAL CUSTOMER RELATIONSHIPS

Revenue split based on Customer geography

FY23



FY22



Manufacturing Presence

With 14 advanced manufacturing facilities, (including two new facilities currently under construction in Chennai, strategically located in India and the United States, Avalon stands out. It is the sole Indian EMS player with fully-fledged manufacturing units in the US. Our manufacturing plants are situated in Chennai and Bengaluru in India and Atlanta and Fremont in the US.

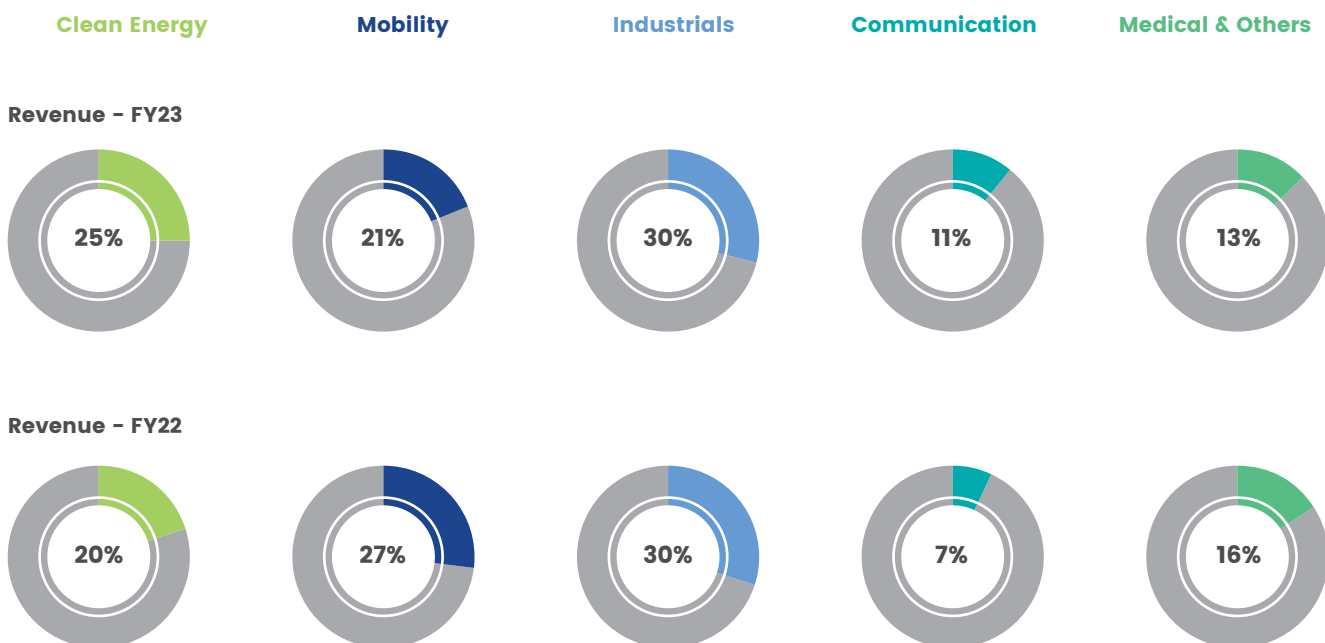
Avalon adheres to industry-specific quality standards, including ISO 9001:2008, ISO 9100C (Aerospace & Defence), ISO/TS 16949:2009 (Automotive), and ISO 13485 (Medical).

Experienced Management

Avalon's senior leadership possesses decades of collective experience in the EMS industry. This seasoned management team adeptly seizes market opportunities, devises and executes business strategies, manages client expectations, and adeptly navigates shifts in market dynamics. The expertise and dedication of our management have been instrumental in attaining our company's objectives and promptly adapting to changing market landscapes and client demands. Notably, our management team boasts extensive market knowledge and a broad spectrum of skills encompassing product design and technology, enabling Avalon to capitalise on emerging growth prospects.

SEGMENT OVERVIEW

Our segment-wise revenue stood as depicted below:



New and emerging sectors including clean energy and aerospace significantly contributed to our revenue. In terms of products, Box-Build contributed 47% of our revenue.

CLEAN ENERGY

Avalon is operating in key product categories in the clean energy sector such as Solar, Hydrogen and Electric Vehicles (EVs). It has experience in concept-to-scale manufacturing in varied products such as solar hybrid power systems and inverters, which enables Avalon

to support the manufacturing needs of clean energy companies which implement sustainable technology through intelligent systems and solar tracking. Avalon leverages experience in prototyping, turnkey design and manufacturing of inverters, charge controllers, and home energy systems for solar equipment manufacturers, energy management and sustainable solutions companies. Further, its capabilities, from design to end-of-life, enable electric vehicle manufacturers to meet growing consumer demands.

- India plans to instal 450GW of renewable energy capacity by 2030
- Rising adoption of Electric Vehicles
- Government schemes and incentives to promote clean energy adoption
- Global transition towards carbon neutrality



Robust growth of the clean energy sector creating additional demand for electronic products

Avalon is operating in key product categories in the clean energy sector

Product offerings:

- **Solar:** Solar trackers, Solar inverters, Solar chargers
- **Hydrogen:** DC power supply, AC/DC Converter, Inverter
- **EVs:** Charging Points, Electronic Dashboard, Digital Cockpit, Battery Management System



MOBILITY

Avalon collaborates with clients in air, rail and automotive transportation to create resilient and sustainable systems. It manufactures complex sheet metal fabrications, machining, and injection moulded plastics for applications in the aerospace sector. Avalon is an AS9100D company and is NADCAP certified for fusion and resistance welding. Its capabilities include manufacturing support in aircraft seating, lighting, cargo, smoke detectors, auxiliary power equipment enclosures and engine parts.

Avalon has worked with leading OEMs across the world and rail operators to support the creation of railway systems. As an RDSO-approved manufacturer, it helps global railway transport manufacturers in India. It also supports e-mobility technologies. Its experience in electronic control units and telematics additionally provides competitive advantages to its automotive customers.

Product offerings:

- **Aerospace:** Aircraft engine parts, Pilot seat frame, Business class seat Actuator parts, Smoke detector enclosure, Lighting part & enclosure, Cargo parts, Auxiliary power enclosure
- **Railway:** Signalling and Braking System, Pilot Seating, Tracking System, Battery box, Passenger Information System, HVAC
- **Automotive:** Electronic Dashboard, Digital Cockpit, Telematic Control Unit, Battery Management System



COMMUNICATION:

Avalon supports 5G network equipment manufacturers with concept-to-realisation and turnkey builds. Its integrated vertical manufacturing for products such as antenna boxes, remote radio heads (RRH) and base band units (BBU) helps its customers using 5G technologies. It also supports market movers and market makers by combining its expertise in telemetry and geolocation technologies with integrated manufacturing capabilities to help create satellite-enabled location-based solutions.

Product offerings:

- **Telecom, 5G:** Remote Radio Head (RRH), Antenna, Base Band Unit (BBU)
- **Satellite:** Base Station Antenna System, Digital Antenna, Control Panel System
- **Digital Infrastructure:** Fleet Management, Tracking System, Vision System

INDUSTRIAL:

Avalon's integrated design and manufacturing solutions help innovate across technologies such as power electronics and transformers. Its customers in the power spectrum range from companies in power generation, power transmission and distribution, power storage and power conditioning systems.

Product offerings:

The Company's key offerings in this segment include PCBAs, magnetics for CNC machines, power cables, controllers for power pumps, vehicle tracking systems and piston assemblies, etc.

MEDICAL & OTHERS:

In this segment, the Company offers PCBAs for oxygen concentrators, PCBAs for blood analyser instruments and cables for flow meters, etc.

BUSINESS HIGHLIGHTS

- In the Aerospace segment, Avalon won new businesses from the world's largest aerospace conglomerate including a factory transfer project.
- In the Clean energy segment, the Company made significant headway through the signing of Letters of Intent and Contracts with emerging industry pioneers (one of them from EV space), supporting them in delivering their business.
- Avalon received 'Premier Award' from Raytheon Technologies for performance in 2022 and overall excellence in Cost Competitiveness, Collaboration and Customer Service.
- Avalon commenced the expansion of two manufacturing plants with a total area of approx. 1.6 Lakh sq. ft. at MEPZ-Chennai, which will predominantly be utilised for big Box-Builds.
- Our order book increased from ₹ 858 Crores in March 2022 to ₹ 1,231 Crores in March 2023.
- Received first tooling orders for plastic components for use in interiors for commercial aircrafts.
- Successfully entered into new geographies and won initial orders for design & development.

FINANCIAL OVERVIEW**Financial Highlights**

(₹ in Million)

Particulars	FY 2022-23	FY 2021-22	YoY Change
Revenue from Operations	9,447	8,407	12.4%
Gross Margin	3,380	2,866	17.9%
Gross Margin (%)	35.8%	34.1%	169 bps
EBITDA	1,128	976	15.6%
EBITDA (%)	11.9%	11.6%	34 bps
Depreciation	197	180	9.2%
Finance Cost	348	249	40.0%
Profit Before Tax (PBT)	727	656	10.8%
Profit After Tax (PAT)	525	475	10.6%
PAT (%)	5.5%	5.6%*	(10) bps

(*Calculated excluding the exceptional item of ₹ 199 Million received in FY22 pertaining to Paycheck Protection Programme ('Covid support') given by the USA Government)

The Company's operational revenue amounted to ₹ 9,447 Million, marking a growth of 12.4% from ₹ 8,407 Million in FY 2021-22. This growth was propelled by positive momentum across various business segments, with the Company securing significant clients and projects in the latter part of FY 2022-23.

The gross margin reached 35.8%, a 169 basis point improvement from 34.1%. This enhancement was primarily attributed to reduced freight costs and higher margins from providing prototypes to new customers. Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) reached ₹ 1,128 Million, reflecting a 15.6% increase compared to the previous ₹ 976 Million. This rise was driven by increased throughput and the positive impact of operating leverage. However, there was a rise in finance costs due to higher utilisation of working capital lines. The Profit After Tax (PAT) for FY 2022-23 stood at ₹ 525 Million, surpassing the preceding year's ₹ 475 Million.

Financial Ratios

Particulars	FY 2022-23	FY 2021-22
ROCE (%)	24.6%	27.2%
Asset Turnover (x)	10.4x	9.4x
Net Debt to EBITDA (x)	2.7x	2.9x
Inventory Days	106	89
Trade Receivables Days	80	77
Net Working Capital Days	144	122

- ROCE:** ROCE is High at 25% because of Capex Light Model
- Asset Turnover Ratio:** Asset Turnover Ratio increased to 10.4x in FY 2022-23 compared to 9.4x in FY 2021-22 due to the effective deployment of assets for generating revenue. The Company follows a capex light model.
- Net Debt to EBITDA:** Net Debt to EBITDA decreased to 2.7x in FY 2022-23 compared to 2.9x in the previous year due to increase in EBITDA.
- Inventory Days:** Inventory days slightly increased to 106 days in FY 2022-23 compared to 89 days in FY 2021-22 earlier due to supply chain issues. Avalon is seeing supply chain issues easing hence expects the inventory days to gradually decrease going forward.
- Trade Receivables Days:** Trade receivables days marginally increased.
- Net Working Capital Days:** Net Working Capital Days increased due to inventory increase arising from supply chain issues. We see that the supply chain issues easing, hence we expect the working capital days to gradually decrease going forward.

KEY STRATEGIES

Focus on Growing Industries:

We aim to tap into rapidly expanding industries like clean energy (solar, electric vehicles, hydrogen fuel) and emerging communication technologies (telecom, satellite, digital infrastructure). Our goal is to specialise in

high-margin, high-value products with medium to long life cycles that require precision engineering, innovative thinking, flexible manufacturing plans, and efficient New Product Development (NPD) processes.

Strengthen Global Presence:

Building upon our strong relationships with key clients, we plan to consolidate and expand our presence in global markets. By offering vertically integrated Box-Build solutions and cross-selling our products, we aim to increase wallet share. Our focus on NPD helps build lasting client connections. We will leverage our expertise to provide integrated solutions, aiming to upsell and expand our reach within existing client divisions.

Seize High Growth Opportunities:

By capitalising on the independent capabilities of our business lines – PCBA, cable assembly, wire harnesses, sheet metal fabrication, machining, magnetics, and injection moulded plastics, we will target high-growth sectors such as aerospace (sheet metal, plastics), power electronics, clean energy (magnetics), and the burgeoning electric vehicle industry.

Leverage Government Policies:

We will make the most of favourable government policies in our main markets, the US and India. As OEMs diversify supply chains and government initiatives like "Aatmanirbhar Bharat Abhiyaan" promote domestic production, we aim to grow by meeting local manufacturing demands.

Hybrid Delivery Model:

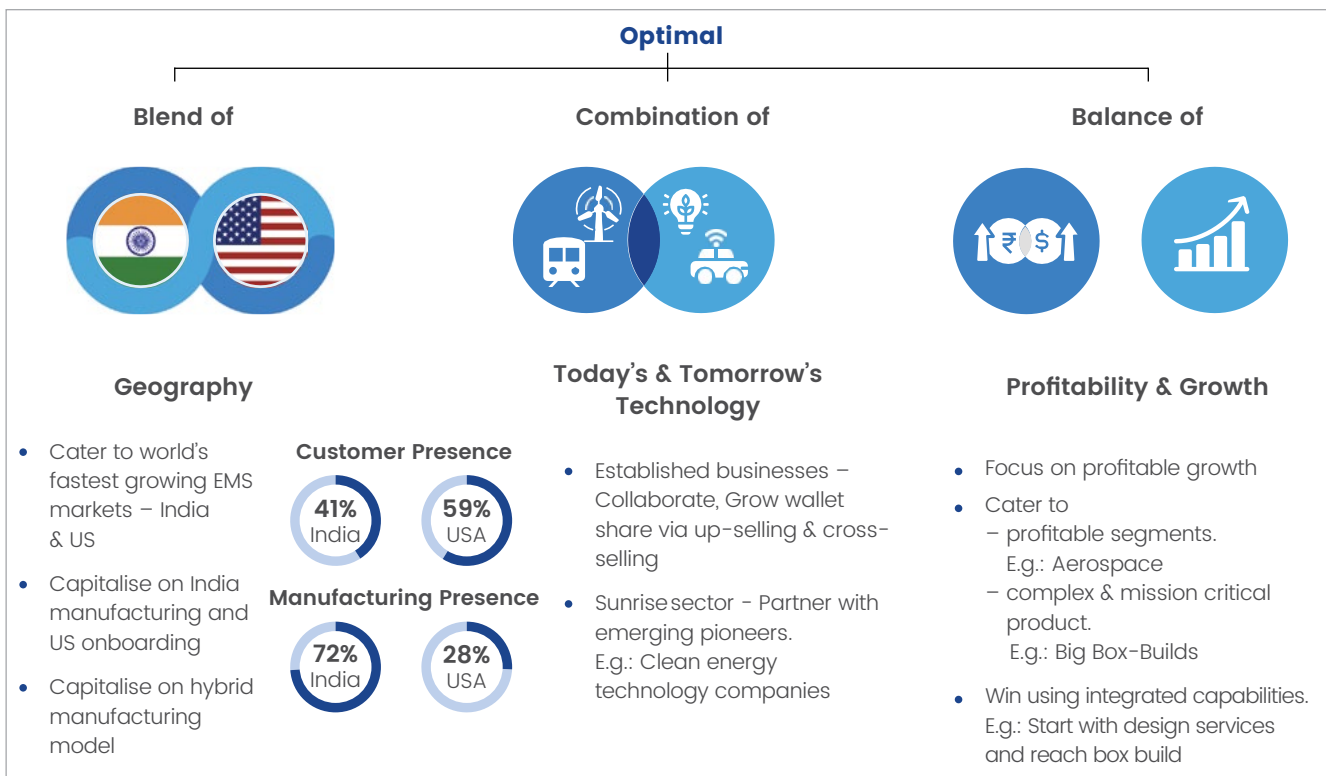
Our dual presence in the US and India positions us to offer a hybrid delivery model. We will leverage high-

value markets in the US and cost-effective production bases in India. Depending on customer preferences, we can provide configuration and automation services in the US while handling manufacturing in India, or offer end-to-end design and manufacturing solutions in India for high-value markets.

Enhance Technology and Operations:

We plan to invest in technology infrastructure to drive innovation, improve operational efficiency, enhance customer satisfaction, and boost sales and profitability. By streamlining and automating our manufacturing processes, we will stay competitive in a rapidly evolving technological landscape while maintaining stringent quality control.

OUR GROWTH STRATEGY



By pursuing these strategies, we aim to stay at the forefront of growth, innovation, and customer satisfaction in the dynamic electronics manufacturing industry.

BUSINESS OUTLOOK

The EMS industry is experiencing strong favourable trends in India. These include increased domestic electronics consumption, growing automation, higher demand for emerging technologies, rising export opportunities, a push for local manufacturing, and the adoption of the 'China plus one' strategy. These factors are anticipated to propel growth across various industries. The Indian government is capitalising on this shift by introducing significant initiatives like PLI schemes and 'Make in India' to promote local production. Avalon stands to benefit significantly due to its diverse product offerings and esteemed customer base. It is well-positioned to capitalise on local initiatives, meet robust domestic demand, and provide cost-effective solutions to US clients. Moreover, the increasing emphasis on localised manufacturing in the US is expected to work in favour of Avalon.

Moving ahead, our Company aims to sustain and serve high-growth sunrise sectors like clean energy and emerging communication technologies. We have a well-balanced customer base across India, the US, and other regions. Our strategic investments in manufacturing strike an optimal balance between growth and profitability. Our diversified presence in established sectors like Industrial, Mobility, and Communication, along with emerging industries like clean energy, further strengthens our position. With a manufacturing presence in growing segments such as industrials, communication, mobility, and medical sectors, we hold a cautiously optimistic outlook of doubling our revenues over the next three years and achieving robust revenue growth in the future.

RISK MANAGEMENT

The Company has a well-structured risk management framework to promptly and effectively identify, evaluate,

and mitigate key business and operational risks. Here are the main risks and the measures taken to address them:

Raw Material Risk: Higher costs, delays, shortages, or interruptions in raw material supply could impact the operations and financials of the Company.

Mitigation: The Company maintains increased component inventory to ensure smooth operations. It focus on reliable suppliers with established relationships to deliver quality supplies on time.

Exchange Fluctuation Risk: Currency volatility can affect the Company's margins due to its imports and exports to various countries.

Mitigation: The Company closely monitors the currency movements and adjusts orders accordingly. Export focus provides a natural hedge. Effective hedging policies minimise short-term currency impact.

Operational Risk: Manufacturing facility breakdowns, supply disruptions, or external factors may lead to slowdowns or shutdowns, resulting in loss of business and reputation of the Company.

Mitigation: Regular maintenance and adherence to directives ensure operational stability. The Company's facilities are equipped to handle unforeseen challenges.

Customer Concentration Risk: Overreliance on a few customers may impact the Company's revenues and profitability.

Mitigation: The Company maintains strong relationships with key customers, with a focus on diversification across industries. A long-standing customer base mitigates concentration risk.

Geographic Concentration Risk: Economic changes in specific regions could affect the Company's revenues.

Mitigation: The Company's wide customer base across various sectors and geographies reduces dependence on any one region, providing a natural hedge.

Competition Risk: Intense competition in the industry could impact the Company's business and growth.

Mitigation: The Company's long-standing relationships with customers and consistent addition of new clients help to counter competitive pressures. Its focus on technology and innovation ensures a competitive edge.

Technology Risk: Rapidly evolving technology and short product life cycles pose challenges to the growth of the Company.

Mitigation: Continuous investment in research, development, and innovation keeps the Company at the forefront of technological advancements. Its collaboration with customers aids technology integration.

In conclusion, Avalon is committed to proactively managing risks through careful planning, strong relationships, diversification, strategic investments, and an unwavering focus on technology and innovation. These measures collectively strengthen the Company's ability to navigate uncertainties and sustain growth in a dynamic market landscape.

HUMAN RESOURCE

The Company considers its employees as the most important asset and integral to its growth and business sustainability. It promotes a safe and conducive work environment and aligns employees' goals with the organisation's growth vision. The Company regularly conducts training programmes for the enhancement of the skills and capabilities of its employees. It continues to nurture a culture that values meritocracy and motivates employees by conducting various recreational activities and reward and recognition programmes. The Company's total employee strength stood at 2,041 as on March 31, 2023.

During FY 2022-23, the Company undertook various HR initiatives including:

1. Workforce Philosophy:

a. Emphasis on Employee Development and Work Environment

- External Training:
 - Communication Skills Training
 - Negotiation Skills Training
- Customer Initiated Trainings:
 - Zero Defect Workshop
 - QMS, Supply Chain Management
- Internal Training
 - Technical Training – IPC, QMS, ISO, ESD, Hazardous material handling
 - Non-Technical Training – Fire and Safety
 - Knowledge Centre

2. Human Resources Policies and Performance:

a. Nurturing Current and Future Leaders

- Madras Management Association – Chennai Chapter
 - IKIGAI for professional excellence
 - Impactful communication
 - Lean Workshop

3. Financial Assistance to Employees:

a. Employee Support Benefits

- Advancement Incentives for educational milestones. Ex: Diploma to Graduation
- Marriage Gift
- Funeral Expenses Assistance
- Children Education Assistance

4. Highlighting Employee Engagement Activities:

a. Celebrating National and Cultural Events

- Republic Day celebration
- Independence Day celebration
- Sports Events

b. Physical and Team-Building Activities

- Understanding a team member – Internal training
- Team Outings

c. Focus on Celebrating Diversity and Special Occasions

- Monthly Birthday Celebration
- Women's Day Celebration
- Ayudha Pooja celebration
- National Safety Day
- Environmental Day
- Blood Camp
- Monthly Employee Quiz / Kaizen

5. Employee Well-Being Initiatives:

a. Providing Medical Coverage and Insurance

- Group Mediclaim Insurance covers employees, dependants and parents
- Group Personal Accident Insurance

b. Annual Health Check-Ups for Employee Welfare

- Employee Health Check-up
- Eye Check-up
- Audiometry examination

6. Webinars for Employee Enrichment:

a. Supporting Mental Well-Being

- POSH Awareness Session
- Women's General Health and Hygiene

b. Financial Planning and Health Awareness

- NPS Awareness Session

INTERNAL CONTROL SYSTEM

Our Company maintains an internal control system aligned with the industry, size, scale, and operational intricacies. Controls are categorised based on nature, type, and risk rating, ensuring reliable operations with robust checks and balances.

Our internal control system addresses:

- Safeguarding company assets
- Ensuring financial integrity of transactions
- Adhering to applicable statutes, regulations, policies, and procedures
- Continuous monitoring such that capital and revenue expenditure are within approved budgets

Our independent, well-established Internal Audit function adheres to governance best practices. It evaluates operational efficiency, process risks, and compliance with internal controls, reporting findings to management and the Audit Committee.

The Internal Audit function develops comprehensive audit plans, encompassing core business operations, inter-corporate functions and support areas. Regular audits assess control effectiveness, compliance with policies and recommend enhancements. The Audit Committee reviews audit plans, observations, and recommendations from internal and external auditors, ensuring strong internal controls. Recognising our limitations, we understand the need for continual updates through regular audits and reviews.

M/s Grant Thornton, our Internal Auditors, oversee audits across group companies and have direct access to the Audit Committee. They track corrective actions, and maintain satisfactory controls.

Statutory Auditors M/s Varma & Varma issued an audit report on our internal financial controls without adverse remarks. The Board, informed by the Audit Committee and Auditors, affirms that our Internal Financial Controls have effectively operated throughout fiscal year ending on March 31, 2023.

CAUTIONARY STATEMENT

The Management Discussion and Analysis may contain certain statements describing the Company's objectives, goals, projections, estimates and expectations which may be 'forward-looking statements' within the meaning of applicable laws and regulations and are based on informed judgements and estimates. Actual results may differ materially from those expressed or implied. These forward-looking statements are subject to certain risks and uncertainties, including but limited to, political, technological, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in government regulations and policies, tax laws, raw material availability and prices, competitive pressures, Forex risks and other incidental factors.

Glossary

Title	Definition
Box build	It is also called systems integration and can range from a simple PCBA housed in a small enclosure to a cabinet comprising an electromechanical system.
Components	It includes active, wound, electro-mechanical, passive, LED lighting components, bare PCB and other components.
Electronic Manufacturing Services (EMS)	Companies that provide services such as design, manufacture, testing, distribution and servicing in the electronics sector for OEMs.
Printed Circuit Board (PCB)	At the heart of the electronics industry is Printed Circuit Board or PCB. A PCB with components mounted on is called an assembled PCB.
PCB Assembly	The manufacturing process of PCB is called PCB assembly or PCBA for short. PCB assembly is a major activity and normally outsourced to EMS companies.
NPI / NPD	New Product Introduction / New Product Development
GDP	Gross Domestic Product
FDI	Foreign Direct Investment
RE	Renewable Energy
CEA	Central Electricity Authority

Dear Member,

You are cordially invited to attend the twenty fourth Annual General Meeting of the members of Avalon Technologies Limited (“**the Company**”) to be held on Monday, the 25th of September, 2023 through Video Conference (VC)/ Other Audio-Visual Means (OAVM) at 11.00 A.M. IST to transact the business mentioned in the notice of Annual General Meeting.

The Notice of the meeting, containing the business to be transacted, is enclosed herewith. As per Section 108 of the Companies Act, 2013 (“**the Act**”), read with the related rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”), the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice.

Yours Truly,

sd/-

Kunhamed Bicha

Chairman & Managing Director

DIN: 00819707

Notice of the 24th Annual General Meeting

Notice is hereby given that the twenty fourth (24th) Annual General Meeting (AGM) of the members of Avalon Technologies Limited (formerly known as 'Avalon Technologies Private Limited') ("**the Company**") will be held on Monday, September 25, 2023, at 11.00 A.M. IST through video conference / other audio-visual means ("**VC/OAVM**") to transact the following business:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS:

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Standalone and Consolidated Financial Statements of the Company i.e., Balance Sheet of the Company as at 31st March, 2023 and Statement of Profit and Loss Account (incl. Comprehensive income), Statement of Cash Flows and Statement of Changes in Equity along with notes to accounts for the year ended on 31st March, 2023, together with the Reports of the Board of Directors ("**the Board**") and the Auditors thereon as presented in this Annual General Meeting, be and are hereby approved and adopted".

2. RETIREMENT BY ROTATION:

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sec. 152(6) of the Companies Act, 2013 including any statutory amendment for the time being and pursuant to Clause 110 of Articles of Association ("**AOA**") of the Company, Mr. Bhaskar Srinivasan (DIN: 02561215), Director, who retires by rotation and being eligible, offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, as liable to retire by rotation."

SPECIAL BUSINESS

3. RATIFICATION OF "AVALON – EMPLOYEE STOCK OPTION PLAN 2022" OF THE COMPANY

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in furtherance of and in supplement to the Special Resolution passed by the Shareholders at the Extra-Ordinary General Meeting of the Company held on July 07, 2022,

pursuant to the provisions of Regulation 12(1) and other applicable provisions, if any, of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SEBI SBEB Regulations**"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the SEBI LODR Regulations**") (including any statutory modification(s) or re-enactment thereof for the time being in force), provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), Clause 8.1 of the "Avalon – Employee Stock Option Plan 2022" ("**ESOP Scheme**"), the Memorandum and Articles of Association of the Company and any other applicable laws for the time being in force and subject to such other consents, permissions, sanctions and approvals as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, and which may be agreed to by the Board Of Directors of the Company (hereinafter referred to as "**the Board**", which term shall be deemed to include any committee(s) including the Nomination and Remuneration Committee), the "**Avalon – Employee Stock Option Plan 2022**" formulated and approved prior to the Initial Public Offering ("**IPO**") of the Company, be and is hereby, ratified and the consent of the members of the Company be and is hereby accorded to the Board to create, offer, issue and grant at any time, to the present or future eligible employees of the Company, existing & future directors (including whole-time directors and non-executive directors but excluding independent directors and promoter & promoter group directors) of the Company and its subsidiary, whether working in or outside India, as may be decided by the Board under the ESOP Scheme, from time to time, in one or more tranches within the maximum of 30,00,000 options, convertible into equity shares of the Company ("**Options**"), in one or more tranches, not exceeding 30,00,000 equity shares of face value of ₹ 2/- (**Rupees Two**) each, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of ESOP Scheme, all the applicable laws, regulations, accounting policies and such other provisions of law, as may be applicable from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares directly to the eligible Employees upon exercise of Options from time to time in accordance with the ESOP 2022 and such equity shares shall rank pari-passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger, buy-back, scheme of arrangement and sale of division or other re-organisation of capital structure of the Company, as applicable from time to time, if any additional equity shares are issued by the Company for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the above ceiling shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be issued and allotted on exercise of Options granted under the ESOP 2022 and the exercise price of Options granted under the ESOP 2022 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 2/- (Rupees Two) per equity share bears to their revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the Employees who have been granted Options under the ESOP 2022.

RESOLVED FURTHER THAT the Board is hereby authorised to make any modifications, changes, variations, alterations or revisions in the ESOP 2022 as it may deem fit, from time to time or to suspend, withdraw or revive the ESOP 2022 from time to time, in conformity with applicable laws, provided such variations, modifications, alterations or revisions are not detrimental to the interests of the Employees.

RESOLVED FURTHER THAT the Board shall take necessary steps for listing of the Equity Shares allotted including obtaining in-principle approval, trading approval under the ESOP 2022 on the Stock Exchanges which is National Stock Exchange of India Ltd (“NSE”) and BSE Ltd (“BSE”), in accordance with the provisions of the SEBI SBEB and Sweat Equity Regulations, 2011 the SEBI LODR Regulations (as amended from time to time) and other applicable laws and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of the ESOP 2022 at any stage without requiring the Board to secure any further consent or approval of the members of the Company to the end and it shall be deemed to have obtained their approval thereto expressly by the authority of this Resolution.”

by Order of the Board of Directors
For **Avalon Technologies Limited**
(Formerly known as 'Avalon Technologies Private Limited')

Sd/-
Place: Chennai
Date: August 28, 2023
Dr V. Rajesh
Company Secretary &
Compliance Officer

Registered Office:
AVALON TECHNOLOGIES LIMITED
(Formerly known as 'Avalon Technologies Private Limited')
CIN: U30007TN1999PLC043479
B-7, First Main Road,
MEPZ-SEZ, Tambaram
Chennai - 600045

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business given in the Notice of the Annual General Meeting (AGM) forms a part of this AGM Notice.
2. The Ministry of Corporate Affairs, vide its General Circulars No. 20/2020 dated May 05, 2020 and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (hereinafter referred to as "**MCA Circulars**") has permitted the holding of Annual General Meeting ("**AGM**") through Video Conferencing/Other Audio Visual Means (**vc/OAVM**), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("**the Act**"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), applicable SEBI Circulars and the MCA Circulars, the AGM of the Company is being held through VC. The deemed venue of the 24th AGM of the Company shall be the Registered Office of the Company.
3. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in compliance with the Circulars through VC, physical attendance of the members has been dispensed with. Accordingly, the facility for the appointment of proxies by members will not be available. Pursuant to the same, the Proxy Form and Attendance Slip are not annexed to this Notice. However, as per the provisions of Section 112 and Section 113 of the Companies Act, 2013, representatives of members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
4. Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.
5. In compliance with the applicable provisions of the Companies Act, 2013 and the SEBI Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 ("**SEBI Circular**"), Notice of the 24th AGM along with the Annual Report for the FY 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in DEMAT mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, to receive copies of the Annual Report 2022-23 in electronic mode.

In case any member is desirous of obtaining hard copy of the Annual Report for the financial year 2022-23 and Notice of the 24th AGM of the Company, they may send a request to the company via email at investorsrelations@avalontec.com mentioning DP ID and Client ID.
6. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
7. Members of the Company under the category of Institutional Investors/Corporate Shareholders (i.e. other than individuals, HUFs, NRIs, etc.,) are encouraged to attend and vote at the AGM through VC. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution / authorization letter to the Scrutinizer by email to alagar@geniconsolutions.com with a copy marked to evoting@cDSL.co.in.
8. The Register of Directors and Key Managerial Personnel (KMP) and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and the Certificate issued by the Secretarial Auditor pursuant to Regulation 13 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, is enclosed as Annexure V to the Board's Report. All documents referred to in the Notice will also be available for electronic inspection without any fee from the date of circulation of this Notice up to the date of AGM, i.e., September 25, 2023. Members seeking to inspect such documents can send an email to investorsrelations@avalontec.com
9. Members whose shareholding is in electronic mode are requested to notify any change in name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number ('PAN'), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number to their respective depository participant(s) (DP).
10. In compliance with Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and relevant Circulars, Regulation 44 of the SEBI Listing Regulations and

in terms of SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) facility provided by the Central Depository Services Limited (“CDSL”). Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, and for members who have not registered their email addresses is provided in the ‘Instructions for e-voting’ section which forms part of this Notice.

11. The Board has appointed M. Alagar & Associates, Practicing Company Secretaries, (Firm Registration Number P201ITN078800), as the Scrutinizer (“Scrutinizer”) for conducting the e-voting process in a fair and transparent manner.
12. Members holding shares in dematerialized form, as on cut-off date, i.e., September 15, 2023, may cast their votes electronically. The e-voting period commences on Friday, September 22, 2023 (9:00 a.m. IST) and ends on Sunday, September 24, 2023 (5:00 p.m. IST). The e-voting module will be disabled by CDSL thereafter. Members will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e., September 15, 2023. A person who is not a member as on the cut-off date is requested to treat this Notice for information purposes only.
13. The facility for e-voting during the course of AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
14. Any person holding shares in dematerialized form, and non-individual shareholders who acquire shares of the Company and become members of the Company after the Notice is sent and holding shares as of the cut-off date, i.e., September 15, 2023, may obtain the login ID and password by sending a request to evoting@cdsl.co.in. However, if he / she is already registered with NSDL for remote e-voting, then he / she can use his / her existing user ID and password for casting the vote. In case of individual shareholders holding securities in DEMAT mode, who acquire shares of the Company and become members of the Company after the Notice is sent and holding shares as of the cut-off date i.e., September 15, 2023, may follow steps mentioned in the Notice under ‘Instructions for e-voting’.
15. Additional information, pursuant to Regulation 36 of the Listing Regulations and the Secretarial Standards – 2 issued by the Institute of Company Secretaries of India, in respect of the Directors seeking reappointment at the AGM, forms part of this Notice.
16. The Scrutinizer will submit his report to the Chairman of the Company (“the Chairman”) or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), within two working days from the conclusion of the AGM. The result declared along with the Scrutinizer’s report shall be communicated to the stock exchanges, CDSL and RTA, and will also be displayed on the Company’s website, www.avalontec.com.
17. The Notice calling the 24th AGM along with the Annual Report for the year 2022-23 has been uploaded on the website of the Company at www.avalontec.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM).
18. The Members can join the AGM in the VC/OAVM mode 15 minutes before or after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETING ARE AS UNDER:

NOTE:

- (i) The voting period begins on Friday, September 22, 2023 at 9.00 a.m. and ends on Sunday, September 24, 2023 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 15, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the DEMAT account holders, by way of a single login credential, through their DEMAT accounts/ websites of Depositories/ Depository Participants**. DEMAT account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in DEMAT mode.

- (i) In terms of **SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020**, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in **DEMAT** mode are allowed to vote through their **DEMAT** account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their **DEMAT** accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in DEMAT mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in DEMAT mode with CDSL Depository	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

Type of shareholders	Login Method
Individual Shareholders holding securities in DEMAT mode with NSDL Depository	<p>3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p> <p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e., your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
Individual Shareholders (holding securities in DEMAT mode) login through their Depository Participants (DP)	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of non-individual shareholders in DEMAT mode.

- (i) Login method for e-Voting and joining virtual meetings for shareholders other than individual holding in Demat form.
 - 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on "Shareholders" module.
 - 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - 4) Next enter the Image Verification as displayed and Click on Login.
 - 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

- 6) If you are a first-time user follow the steps given below:

For other than individual shareholders holding shares in Demat.

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
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- (ii) After entering these details appropriately, click on "SUBMIT" tab.
- (iii) Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (iv) Click on the Electronic Voting Sequence Number ("**EVSN**") of Avalon Technologies Limited viz., **230818025** to vote on the resolutions proposed at the AGM.
- (v) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (vi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (vii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (viii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (x) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xi) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

(xii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at alagar@geniconsolutions.com or to the Company at the email address viz; investorsrelations@avalontec.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN (**230818025**) of Company will be displayed after successful login as per the instructions mentioned above for e-voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least Seven (7) days prior to meeting mentioning their name, **DEMAT** account number/folio number, email id, mobile number at investorsrelations@avalontec.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance Seven (7) days prior to meeting mentioning their name, **DEMAT** account number/folio number, email id, mobile number at investorsrelations@avalontec.com. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker only will be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Demat shareholders - Please update your email id & mobile no. with your respective **Depository Participant (DP)**
2. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL), Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

by Order of the Board of Directors
For **Avalon Technologies Limited**
(Formerly known as 'Avalon Technologies Private Limited')

Place: Chennai
Date: August 28, 2023

Sd/-
Dr V. Rajesh
Company Secretary & Compliance Officer

Registered Office:
AVALON TECHNOLOGIES LIMITED
(Formerly known as 'Avalon Technologies Private Limited')
CIN: U30007TN1999PLC043479
B-7, First Main Road,
MEPZ-SEZ, Tambaram
Chennai - 600045

EXPLANATORY STATEMENT

(Pursuant to section 102(1) of the Companies Act, 2013)

In conformity to the provisions of Section 102 of the Companies Act, 2013, Secretarial Standards – 2 on General Meetings issued by the Institute of Company Secretaries of India and the SEBI Listing Regulations, as amended, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in this AGM Notice and should be taken as forming a part of this Notice.

ITEM NO. 3

Ratification of “Avalon – Employee Stock Option Plan 2022” of the Company

The members of the Company approved the ‘Avalon – Employee Stock Option Plan 2022 (“ESOP Scheme”) at the extra-ordinary general meeting held on July 07, 2022. The aggregate number of ESOP Options that can be granted under the said scheme is 30,00,000 lakhs options and out of the same, 17,79,750 Options were granted by the Company with the approval of the Board prior to IPO of the Company. Each Option granted shall be convertible into 1 equity share of the Company. The Company has not granted any options till date post the IPO.

In terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits and sweat Equity) Regulations, 2021 (“SEBI SBEB Regulations”), no company shall make any fresh grant which involves allotment to its employees under any schemes formulated prior to its Initial Public Offering (“IPO”) and prior to the listing of its equity shares unless:

- (i) such Pre-IPO Scheme is in conformity with the SEBI SBEB Regulations; and
- (ii) Such Pre-IPO Scheme is ratified by its Shareholders subsequent to the IPO.

Further, as per proviso to Regulation 12(1) of the SEBI SBEB Regulations, the ratification under clause (ii) may be done any time prior to grant of new options under such Pre-IPO Scheme.

The ESOP Scheme which was approved by the members at the extra-ordinary general meeting held on July 07, 2022 is in conformity with the SEBI SBEB Regulations.

As explained above, the Company cannot make any fresh grant to the Employees of the Company unless the ESOP Scheme is ratified by the shareholders. Therefore, the Company is placing this item for your approval by way of special resolution.

Details and particulars of the Scheme pursuant to Companies Act, 2013 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021:

S. No	Particulars	Description
1.	Brief Description of the ESOP Scheme	“Avalon – Employees Stock Option Plan 2022” (the “ESOP 2022”) has been formulated by the Company and to be implemented by its Board of Directors/Nomination & Remuneration Committee. The ESOP 2022 has been approved by the members at the Extraordinary General Meeting held on 7th July, 2022.
2.	The total number of options to be granted	The total number of Options that may be issued would be such number of Options which shall entitle the Option holders to acquire in one or more tranches up to 30,00,000 equity shares of ₹ 2/- or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time. In case of any corporate action(s) such as rights issues, bonus issues, buy-back, scheme of arrangement, merger and sale or division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional equity shares are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the above ceiling shares shall be deemed to be increased to the extent of such additional equity shares issued.

S. No	Particulars	Description
3.	Identification of classes of employees entitled to participate and be beneficiaries in the ESOP 2022	<p>Following class / classes of employees are entitled to participate in ESOP 2022: -</p> <ul style="list-style-type: none"> (i) an employee as designated by the company, who is exclusively working in India or outside India; or (ii) a director of the company, whether a whole time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, <p>but does not include—</p> <ul style="list-style-type: none"> (a) an employee who is a promoter or a person belonging to the promoter group; or (b) a director who, either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company; <p>The class of Employees eligible for participating in the ESOP 2022 shall be determined on the basis of the grade, length of service, performance record, merit of the Employee, future potential contribution by the Employee, role assigned to the Employee and such other parameters as may be decided by the Board of Directors/Nomination and Remuneration Committee of the Company in its sole discretion from time to time.</p> <p>The Options granted to an Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.</p>
4.	Requirements of vesting and period of vesting	Vesting of Options may commence after a period of not less than 1 (one) year from the date of individual grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as stipulated in the ESOP 2022.
5.	Maximum period within which the options shall be vested	The maximum vesting period may extend up to 7 (Seven) years from the date of respective grant of Options, unless otherwise decided by the Board/Nomination and Remuneration Committee
6.	Exercise price or pricing formula	<p>Exercise Price means the price, if any, payable by an employee for exercising the option granted to such an employee in pursuance of ESOP 2022.</p> <p>The Exercise Price shall be as may be decided by the Board/ Committee as is allowed under the Companies Act / SBEB and Sweat Equity Regulations which in any case will not be lower than the face value of the equity shares of the Company on the date of such grant. Further the Exercise Price can be different for different set of Employees for Options granted on same / different dates. The same shall be subject to any fair and reasonable adjustments that may be made on account of corporate actions of the Company in order to comply with the applicable laws.</p> <p>Any amount paid/payable, if any, by the employee at the time of the grant, vesting or exercise of the options will be forfeited if the employee does not exercise the same within the exercise period.</p>
7.	Exercise period and process of exercise	The exercise period shall not be more than 7 (Seven) years from the date of respective vesting of Options. The Options granted may be exercised by the grantee at one time or at various points of time within the exercise period as determined by the Board of Directors/Committee from time to time.

S. No	Particulars	Description
		<p>The vested Options shall be exercisable by the Employees by a written application on such format as may be prescribed by the Board of Directors/ Nomination and Remuneration Committee from time to time. The Options shall lapse if not exercised within the specified exercise period. The Options may also lapse, under certain circumstances even before the expiry of the specified exercise period.</p> <p>Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or by any other payment methods prevalent in RBI recognized banking channels or in such other manner.</p>
8.	Appraisal Process for determining the eligibility of Employees to the ESOP 2022	The appraisal process for determining the eligibility of the Employee(s) will be specified by the Board of Directors / Nomination and Remuneration Committee and will be based on criteria that may be determined by the Board of Director/ Nomination and Remuneration Committee.
9.	Maximum number of Options to be issued per Employee and in the aggregate	<p>The maximum number of options to be granted per employee per grant and in aggregate shall not exceed 30,00,000 equity shares.</p> <p>Further, the number of Options that may be granted to any specific identified Employee(s) of the Company or its Subsidiary Companies or Associate Company or Group Company in any one year and in aggregate under ESOP 2022 shall not be equal to or exceeding 1% of the Issued Capital (excluding outstanding warrants and conversions) of the Company in the year of Grant, if the prior specific approval from members of the Company through a special resolution (name wise) to this effect is not obtained.</p>
10.	Maximum quantum of benefits to be provided per Employee under the ESOP 2022	The maximum quantum of benefits underlying the Options issued to an eligible Employee(s) shall depend upon the market price of the shares as on the date of sale of shares arising out of exercise of Options whenever the Company gets listed on the stock exchange(s).
11.	Whether ESOP 2022 is to be implemented and administered directly by the Company or through a trust	The ESOP 2022 will be implemented directly by the Company under the guidance of the Board of Directors/ Nomination and Remuneration Committee.
12.	Whether ESOP 2022 involves new issue of shares by the Company or secondary acquisition by the trust	The ESOP 2022 will involve only new issue of shares by the Company.
13.	The amount of loan to be provided for implementation of the ESOP 2022 by the Company to the trust, its tenure, utilization, repayment terms, etc.	Not Applicable
14.	Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the ESOP 2022	Not Applicable

S. No	Particulars	Description
15.	Disclosure and accounting policies	<p>The Company shall conform to the accounting policies specified in Regulation 15 of the SEBI (SBEB and Sweat Equity) Regulations.</p> <p>Further, the Company shall disclose details of grant, vest, exercise and lapse of the employee stock Options in the Directors' Report or in an annexure thereof as prescribed under the Companies Act, 2013 read with rules made thereunder and SEBI (SBEB and Sweat Equity) Regulations, or any other applicable laws as may be applicable from time to time. Furthermore, the Company shall follow the laws/regulations applicable to accounting and disclosure related to employee stock options, including the Companies Act, 2013 (as amended from time to time) but not limited to SEBI (SBEB and Sweat Equity) Regulations (including disclosure as specified under regulation 15) , Section 133 of the Companies Act, 2013 as well as the Guidance Notes on accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the regulatory authorities from time to time, including the disclosure requirements prescribed therein.</p>
16.	Method of valuation of Options	<p>The Company will follow IND AS/ any other requirements for accounting of the stock Options as are applicable to the Company for the same.</p> <p>The Company opts for expensing of share based employee benefits using the fair value method.</p>
17.	Lock-in period, if any	<p>The Shares issued upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such exercise.</p> <p>Provided that the transferability of the Shares shall be subject to the restriction for such period in terms of the Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or for such other period as may be stipulated from time to time in terms of Company's Code of Conduct for Prevention of Insider Trading.</p>
18.	Terms & conditions for buyback, if any, of specified securities covered under the SEBI SBEB and Sweat Equity Regulations.	<p>The procedure for buy-back of specified securities issued under SEBI SBEB and Sweat Equity Regulations, if to be undertaken at any time by the company and the applicable terms and conditions, including:</p> <ul style="list-style-type: none"> (i) permissible sources of financing for buy-back; (ii) any minimum financial thresholds to be maintained by the company as per its last financial statements; and (iii) limits upon quantum of specified securities that the company may buy-back in financial year. For the purpose of this Clause, specified securities means as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018
19.	Rights of the Option holder	<p>The Employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of the Option granted to him, till shares are allotted upon exercise of Option.</p>
20.	Consequence of failure to exercise Option	<p>All unexercised Options shall lapse if not exercised on or before the exercised period ends.</p>
21.	Certificate from Secretarial Auditors	<p>The Board of Directors shall at the ensuing annual general meeting place before the shareholders a certificate from the secretarial auditors of the company that the scheme(s) has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the company in the general meeting.</p>

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice, except to the extent of their respective shareholding, if any in the Company or the equity shares that may be offered to them under ESOP Scheme. The Board of Directors recommend passing of resolution in the manner proposed in Item No. 3, to be passed by way of a Special Resolution.

by Order of the Board of Directors
For **Avalon Technologies Limited**
(Formerly known as 'Avalon Technologies Private Limited')

Place: Chennai
Date: August 28, 2023

Sd/-
Dr V. Rajesh
Company Secretary & Compliance Officer

Registered Office:
AVALON TECHNOLOGIES LIMITED
(Formerly known as 'Avalon Technologies Private Limited')
CIN: U30007TN1999PLC043479
B-7, First Main Road,
MEPZ-SEZ, Tambaram
Chennai - 600045

ANNEXURE TO NOTICE

Additional Information on Director recommended for reappointment as required under Regulation 36 of the Listing Regulations and applicable Secretarial Standards issued by the Institute of Company Secretaries of India is provided below.

S. No	Details	Particulars
1.	Name of the Director	Mr. Bhaskar Srinivasan
2.	Age	57 years
3.	Qualification	M.S. (Industrial Engineering) from Wichita State University, MBA from Cochin University of Science.
4.	Experience (Including a brief resume and expertise in specific functional areas)	Mr. Bhaskar is one of the Promoters of our Company with wide experience of more than two decades in the Electronics Manufacturing Industry ("EMS")
5.	Terms and Conditions of Re-appointment	Pursuant to section 152 of the Companies Act, 2013, Mr. Bhaskar Srinivasan is liable to retire by rotation, and being eligible, offers himself for reappointment.
6.	Date of First Appointment on the Board	November 03, 1999
7.	Remuneration last drawn	Nil from Avalon Technologies Limited.
8.	Shareholding in the Company (Including Beneficial Ownership, if any.)	95,60,355 shares
9.	Relationship with other Directors, Manager and other Key Managerial Personnel of the company	No inter-se relationship with the Directors and Key Managerial Personnel of the Company.
10.	Number of Meetings of the Board attended during the year	8
11.	Directorships of other Boards, including Listed Entities	Mr. Bhaskar Srinivasan is a Director in the below mentioned private (subsidiary) companies, apart from Avalon Technologies Limited: <ol style="list-style-type: none"> 1. Sienna Ecad Technologies Private Limited 2. Avalon Technology and Services Private Limited
12.	Membership/ Chairmanship of Committees of other Boards, including Listed Entities	Chairperson of the Stakeholders Relationship Committee and member of Corporate Social Responsibility Committee of Avalon Technologies Limited.
13.	Listed Entities from which the person has resigned in the past three years	Nil

Directors' Report

Dear Members,

The Board of Directors are pleased to present the report on the business and operations of your Company ("**the Company**" or "**Avalon**"), along with the Audited Financial Statements for the financial year ended March 31, 2023. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

(₹ In Millions)

Description	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Revenue from Operations	4793.71	4345.62	9447.19	8407.18
Other Income	48.84	74.45	143.50	109.32
Total Income	4842.55	4420.07	9590.69	8516.50
Cost of Raw Materials consumed	3683.19	3341.83	6238.40	5608.04
Change in Inventory	(131.86)	(31.25)	(171.14)	(66.71)
Employee Benefit Expense	416.50	345.68	1605.45	1313.53
Finance Cost	176.43	123.83	347.92	248.47
Depreciation & Amortization	48.70	56.56	196.55	180.02
Other Expenses	265.26	219.04	646.58	576.83
Total Expenses	4458.22	4055.69	8863.76	7860.18
Profit Before Tax & Exceptional Items	384.33	364.38	726.93	656.32
Exceptional Items	-	-	-	199.90
Profit before Tax	384.33	364.38	726.93	856.22
Tax Expenses	100.64	92.07	201.90	181.64
Profit after Tax	283.69	272.31	525.03	674.58
Other Comprehensive Income	(2.93)	1.70	(77.02)	(23.84)
Total Comprehensive Income	280.76	274.01	448.01	650.74
Earnings Per Share				
Basic (In ₹)	5.00	4.87	9.27	11.31
Diluted (In ₹)	4.89	4.87	9.08	11.31

State of Affairs and Financial Overview

The Board of Directors are pleased to report on the increased level of revenue during the year.

During the period under review, the revenue from operations of our Company on a standalone basis was INR 4793.71 Millions, which is higher by 10.31% over the previous year revenue of INR 4345.62 Million.

The Consolidated Revenue of our Company stood at INR 9447.19 Million for the Financial Year 2022-23, which has grown by 12.37% as against the consolidated revenue of INR 8407.18 Million.

During the period under review, the profit after tax of our Company on a standalone basis for the FY 2022-23 was INR 283.69 Million vis-à-vis INR 272.31 Million for FY 2021-22.

The consolidated profit after tax of our Company for the FY 2022-23 stood at INR 525.03 Million vis-à-vis INR 674.58 Million for the FY 2021-22.

The detailed business performance and segmental overview is provided in the Management Discussion and Analysis, forming a part of this Annual Report.

2. DIVIDEND:

Considering the growth and investment prospects of your Company, the Board of Directors of your company has not recommended any dividend for the Financial Year ended March 31, 2023.

3. TRANSFER TO RESERVES

Your Company does not propose to transfer any amount to General Reserve.

4. CHANGE IN NATURE OF BUSINESS, IF ANY

During the year under review, there was no change in the nature of business of the Company.

5. CONVERSION INTO PUBLIC LIMITED COMPANY

Pursuant to the special resolution passed by the members of the Company at the Extraordinary General Meeting held on July 06, 2022, and subsequent to the approval of the Registrar of Companies on July 29, 2022, the Company was converted from a Private Company into a Public Company. Accordingly, the name of the Company was changed from 'Avalon Technologies Private Limited' to 'Avalon Technologies Limited'.

6. INITIAL PUBLIC OFFERING AND LISTING

During the Financial Year, the members of the Company approved the Initial Public Offer through

fresh issuance of equity shares and Offer for Sale at the Extraordinary General Meeting held on August 02, 2022.

Consequently, the issue opened on April 03, 2023, and closed on April 06, 2023. Your Company successfully completed its Initial Public Offering (IPO) and raised ₹ 865 crores, comprising of fresh issue ₹ 320 crores and through offer for sale ₹ 545 crores.

Pursuant to the Initial Public Offer, we wish to inform you that the equity shares of the Company was listed in the National Stock Exchange of India Ltd ("NSE") and the BSE Limited ("BSE") on 18.04.2023. Your Company confirms that it has paid the Annual Listing Fees for the year 2023-24 to NSE and BSE Limited.

7. SHARE CAPITAL

The paid-up share capital of the Company as on March 31, 2023 (Pre-IPO) stood at ₹ 11,59,06,256 consisting of 5,79,53,128 equity shares of ₹2/- each.

Details of Corporate Action & Allotments made during the year.

During the Financial Year 2022-23, pursuant to a resolution of our Board passed in their meeting held on June 24, 2022, and a resolution of our Shareholders passed in their extraordinary general meeting held on June 27, 2022, each fully paid - up equity share of our Company of face value ₹100 was split into 50 equity shares of ₹2 each. Accordingly, the number of shares increased from 1,59,667 shares to 79,83,350 shares without any change in the paid-up share-capital.

The details of allotment made during the Financial Year 2022-23 is provided below:

Particulars	Date of Allotment	No. of shares allotted	Cumulative Paid-Up Share Capital
Share Capital as on 31.03.2022	-	-	1,59,66,700
Issue of Bonus Shares in the ratio of 6:1	June 27, 2022	4,79,00,100	11,17,66,900
Private Placement to Unifi Financial Private Limited	October 20, 2022	7,98,339	11,33,63,578
Conversion of Preference Shares into Equity Shares*	February 14, 2023	97,796	11,35,59,170
Private Placement to Ashoka India Equity Investment Trust Plc	February 20, 2023	11,73,543	11,59,06,256
Share Capital as on March 31, 2023	-	-	11,59,06,256

* - The Board of Directors of the Company approved the allotment of Equity Shares pursuant to the conversion of Compulsorily Convertible Preference Shares into Equity Shares of the Company vide Circular Resolution passed on February 14, 2023.

Post-IPO allotment and listing of shares on the Stock Exchange, the share-capital of the Company stands at ₹ 13,05,85,154 consisting of 6,52,92,577 equity shares of ₹ 2/- each.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments provided by the Company under Section 186 of the Companies Act, 2013 (“the Act”) has been set out in the Notes to the Standalone Financial Statements of the Company, forming a part of this Annual Report.

9. PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public under Chapter V of the Companies Act, 2013. As such, no amount of principal or interest was outstanding as of the Balance Sheet date.

10. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has three subsidiaries, including two wholly owned subsidiaries, which are provided below.

- a) Avalon Technology and Services Private Limited – Wholly-Owned & Material Subsidiary
- b) Sienna ECAD Technologies Private Limited – Subsidiary
- c) ABV Electronics Inc. (DBA Sienna Corporation) – Foreign Wholly-Owned Subsidiary & Material Subsidiary.

Pursuant to Section 129(3) of the Act, 2013, a statement containing the salient features of the financial statements of subsidiaries in the prescribed Form AOC-1 is annexed as Annexure - I to this Report. Further, we confirm that during the Financial Year, no entities ceased to be a subsidiary, associate of the Company.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

During the Financial Year, all the Related Party Transactions entered into by the Company were during the ordinary course of business on an arm’s length basis and there were no contracts, arrangements or transactions entered during Financial Year 2022-23 that fall under the scope of Section 188(1) of the Companies Act, 2013. As required under the Act, the prescribed Form AOC-2 is appended as Annexure - II to the Board’s report.

12. MANAGEMENT’S DISCUSSION AND ANALYSIS

In terms of the provisions of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the **Management’s Discussion and Analysis Report** is disclosed separately in this Annual Report.

13. RISK MANAGEMENT FRAMEWORK

Your Company continuously evaluates and monitors the various internal and external risks surrounding its business environment and seeks to mitigate and minimise any challenges or adverse impact on its business objectives. The Board formulates strategies for the systematic and proactive management of risk factors to boost Company Performance and effective decision making. The same is implemented by the Executive Management of the Company and monitored by the Board of Directors.

14. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

There have been no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The main objective of the CSR Initiatives of the Company is to ensure environmental sustainability and protection and development of flora and fauna. The Company’s CSR Policy is available on our website at www.avalontec.com.

The Annual Report on our CSR activities is appended as Annexure-III to the **Board’s report**.

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company at the Board Meeting held on July 19, 2022, reconstituted a CSR Committee comprising of three directors, including one Independent Director. The details of the constitution, meetings and terms of reference of the committees forms a part of the Corporate Governance Report.

The brief outline of the initiatives undertaken by the Company on CSR Activities during the reporting period is enclosed as Annexure III.

16. HUMAN RESOURCES MANAGEMENT

Our employees are our most important assets. We are committed to hiring and retaining the best

talent. In order to achieve the same, we focus on promoting a collaborative and transparent organization culture, and also rewarding the meritorious performance.

The Company had 830 employees as of March 31, 2023.

Pursuant to Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the ratio of the remuneration of each director to the median employee's remuneration and such other details are provided as Annexure - IV to this Report.

17. EMPLOYEE STOCK OPTIONS

Your Company has an Employee Stock Option plan in force i.e., Avalon - Employee Stock Option Plan - 2022 ("**ESOP Plan**"). Under the ESOP Plan, your Company granted share-based benefits to eligible employees of the Company as well as its subsidiaries, companies with a view to attract and retain the best talent and to promote increased participation by them in the growth of the Company.

Avalon - Employee Stock Option Plan - 2022

On July 07, 2022, pursuant to approval by way of Special Resolution by the shareholders in the AGM, the Board has been authorized to introduce, offer, issue, and provide share-based incentives to eligible employees of the Company and its subsidiaries under the **Avalon - Employee Stock Option Plan - 2022**.

The maximum number of shares under this plan shall not exceed 30,00,000 (Thirty Lakhs Shares) equity shares. The ESOPs granted under the ESOP Plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (the Nomination and Remuneration Committee). Each of these performance parameters will be distinct for the purposes of calculation of the quantity of shares to vest based on performance. These instruments will generally vest between a minimum of one and a maximum of seven years from the grant date.

Pursuant to the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, ("**SEBI SBEB Regulations**"), the certificate issued by the Secretarial Auditor of the Company confirming that the Plan has been implemented in accordance with the said Regulations, is enclosed herewith as Annexure V.

Further, the details required as per Regulation 14 read with Part F of Schedule I of the SEBI SBEB Regulations are provided as an Annexure - V to this Report.

18. CORPORATE GOVERNANCE

The Corporate Governance practice of our Company is a true reflection of the values and morale of the Company. Avalon is committed to implement the best practices of Corporate Governance and to manage the affairs of the Company with integrity, transparency and accountability as the driving forces. We believe that this practice will continue to contribute to the growing success of the Company and enhancing our relationship with the stakeholders. We focus on maximizing shareholder value legally, ethically and sustainably. At AVALON, the Board exercises its fiduciary responsibilities in the widest sense of the term.

The Corporate Governance Report for the Financial Year 2023, as stipulated under Regulation 34(3) read with Schedule V of the Listing Regulations forms a part of this Annual Report.

19. BOARD DIVERSITY

The Company recognizes and embraces the importance of a diverse Board in its success. We believe that a truly diverse Board will bring a balance in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge and skills including expertise in financial, business, leadership, information technology, sales and marketing and Environmental, Social and Governance (ESG), risk management and cybersecurity and other domains, which will ensure that Avalon retains its competitive advantage.

20. NUMBER OF MEETINGS OF THE BOARD

The Board met fifteen (15) times during the financial year. The meeting details are provided in the corporate governance report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

21. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

As of March 31, 2023, the Board has eight members, consisting of one Executive Director, three Non-Executive and Non-Independent Directors and four Independent Directors. One of the Independent Directors of the Board is a Woman Director.

The details of Board and committee composition, tenure of directors, areas of expertise, terms of reference and other details are available in the Corporate Governance Report that forms a part of this Annual Report.

a) Changes in Composition of the Board

Mr. Chandar Pattabhiram (DIN: 09606151) was appointed as an Additional Director under Independent Category by the Board of Directors at their meeting held on July 07, 2022. The members of the Company, vide the Extraordinary General Meeting held on July 07, 2022, approved the appointment of Mr. Chandar Pattabhiram as Independent Director of the Company for a period of 5 years.

Mr. Venkataramani Anantharamakrishnan (DIN: 00277816) was appointed as an Additional Director under Independent Category by the Board of Directors at their meeting held on July 07, 2022. The members of the Company, vide the Extraordinary General Meeting held on July 07, 2022, approved the appointment of Mr. Venkataramani Anantharamakrishnan as Independent Director of the Company for a period of 5 years.

Mr. T.P. Imbichammad (DIN: 00634769) tendered his resignation from the designation of Managing Director of the Company with effect from July 12, 2022.

Subsequently, **Mr. Kunhamed Bicha (DIN: 00819707)** was appointed as the Managing Director of the Company with effect from July 12, 2022, by the Board of Directors at their meeting held on July 12, 2022. The members of the Company approved the appointment of Mr. Kunhamed Bicha as the Managing Director of the Company at the Extraordinary General Meeting held on July 12, 2022 for a period of 5 years.

Mr. Byas Unnikrishnan Nambisan (DIN: 01342141) was appointed as an Additional Director under Independent Category by the Board of Directors at their meeting held on July 19, 2022. The members of the Company, vide the Extraordinary General Meeting held on July 19, 2022, approved the appointment of Mr. Byas Unnikrishnan Nambisan as Independent Director of the Company for a period of 5 years.

Ms. Sabitha Rao (DIN: 06908122) was appointed as an Additional Director under Independent Category by the Board of Directors at their meeting held on July 19, 2022. The members of the Company, vide the Extraordinary General Meeting held on July 19, 2022, approved the appointment of Ms. Sabitha

Rao as Independent Director of the Company for a period of 5 years. Unfortunately, Ms. Sabitha Rao expired on December 31, 2022 due to her health issues.

Ms. Nandita Abraham (DIN: 01006030) was appointed as an Additional Director under Independent Category by the Board at their meeting held on February 07, 2023, on the recommendation of the Nomination and Remuneration Committee. The members of the Company, vide the Extraordinary General Meeting held on February 08, 2023, approved the appointment of Ms. Nandita Abraham as Independent Director of the Company for a period of 5 years w.e.f. February 08, 2023.

b) Appointment of Key Managerial Personnel

Mr. Subramanian Ramanathan (also referred to as "R.M. Subramanian") was appointed as the Chief Financial Officer of the Company and designated as Key Managerial Personnel ("KMP") with effect from July 07, 2022.

In line with the provisions of Section 2(51) read with Section 203 of the Act read with applicable Rules, the below mentioned are the KMPs of the Company as on date:

- Mr. Kunhamed Bicha – Managing Director
- Mr. R.M. Subramanian – Chief Financial Officer
- Dr. Rajesh Vijayakumar – Company Secretary

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Bhaskar Srinivasan, Non-Executive Director of the Company is liable to retire at the ensuing AGM, and being eligible, seeks reappointment.

22. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 read with Regulation 16(1)(b) read with Regulation 25(8) of the Listing Regulations, that they meet the criteria of independence laid down in Section 149(6), Code for independent directors of the Companies Act, 2013 and of the Listing Regulations.

In the opinion of the Board, all the Independent Directors of the Company possess the requisite integrity, expertise, experience to perform their duties effectively.

23. BOARD EVALUATION

Your Company had listed its equity securities with the National Stock Exchange of India Ltd ("NSE") and BSE Limited ("BSE") on 18.04.2023.

Furthermore, the paid-up capital of the Company is below the threshold limit prescribed under Rule 8(4) of the Companies (Accounts) Rules, 2014 for performance evaluation of Board. Hence, the Board Evaluation for the Financial Year ended 2022 - 2023 is not applicable.

24. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The company had listed its equity securities with the National Stock Exchange of India Ltd (“NSE”) and with BSE Limited (“BSE”) on 18.04.2023. Therefore, the company has not conducted familiarization program to the Independent directors for the reporting period (FY 2022-23). The same shall be implemented by the Company from the upcoming Financial Year onwards.

Further, at the time of the appointment of an independent director(s), the Company issued a formal letter of appointment outlining his / her role, function, duties and responsibilities.

The format of the letter of appointment is available on our website www.avalontec.com

25. COMMITTEES OF THE BOARD

As on March 31, 2023, the Board had five committees: the Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee, the Initial Public Offer (IPO) Committee, the Stakeholders Relationship Committee.

All committees comprise combination of Independent Directors and Non – Independent Directors in compliance with the Listing Regulations and the provisions of the Companies Act 2013.

During the year, all recommendations made by the committees were approved by the Board.

A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report, which forms part of this Annual Report.

26. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted adequate policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, safeguarding of its assets, prevention and detection of fraud, error-reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

27. POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION

The Company has in place, a policy for appointment and remuneration of Directors, Key Managerial Personnel and Senior Management and also a defined appointment and remuneration criteria which has been approved by the Board.

Attributes such as ethical standards of integrity, qualification and expertise are looked into during the time of appointment. The Nomination and Remuneration Committee ensures that the relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The criteria of making payments to non-executive directors are provided in the Nomination and Remuneration Policy provided in the website at <https://www.avalontec.com/>

28. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company’s operations in future.

During the year under review, no application was made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

There were no instances where your Company required valuation to be done at the time of one time settlement or while taking loan from the Banks or Financial Institutions.

29. REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board’s report.

30. ANNUAL RETURN

In accordance with the Companies Act, 2013, the annual return for the financial year 2021-22 in the prescribed format is available at company’s website at <https://www.avalontec.com/investors>.

31. SECRETARIAL STANDARDS

The Company complies with all applicable secretarial standards issued by the Institute of Company Secretaries of India (“ICSI”).

32. LISTING ON STOCK EXCHANGES

The Company’s shares are listed on BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”).

33. DIRECTORS' RESPONSIBILITY STATEMENT

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under the provisions of the Companies Act, 2013 and guidelines issued by SEBI. The Ind AS are prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Further as per Section 134 (3) (c), we, the Directors confirm that:

- (a) In preparation of the annual accounts for the Financial Year ended March 31, 2023, the applicable accounting standards have been followed and there are no material departures.
- (b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- (c) we have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) we have prepared the annual accounts on a going concern basis.
- (e) we have laid down internal financial controls, which are adequate and are operating effectively.
- (f) we have devised proper systems to ensure compliance with the provisions of all applicable laws, and such systems are adequate and operating effectively.

34. AUDIT REPORTS AND AUDITORS

AUDIT REPORTS

The Statutory Auditors' Report for Financial Year 2022-2023 does not contain any qualification, reservation, or adverse remark. The Report is enclosed with the Financial Statements in this Annual Report.

The Secretarial Auditor's Report for Financial Year 2022-2023 does not contain any qualification, reservation, or adverse remark. The Secretarial Auditor's Report is enclosed as Annexure - VI to the Board's report, which forms part of this Annual Report.

The Certificate issued by Practicing Company Secretary confirming compliance with conditions of corporate governance as stipulated under Part E of Schedule V of the Listing Regulations, for Financial Year 2022-2023 is enclosed as Annexure - A to the Corporate Governance Report, which forms part of this Annual Report.

AUDITORS

Statutory Auditor

M/s. Varma & Varma, Chartered Accountants (Firm registration number 004532S) ("**Varma & Varma**") was appointed as the Statutory Auditors of the Company on May 05, 2022, to hold office for the term of five consecutive years from the conclusion of the 23rd AGM of the Company till the conclusion of the 28th AGM to be held in 2027, as required under Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Secretarial Auditor

M/s. M. Alagar & Associates, Practicing Company Secretaries, (Firm Registration Number P201ITN078800) are appointed as Secretarial Auditor of the Company for the Financial Year 2023-2024, as required under Section 204 of the Companies Act, 2013 and Rules thereunder.

M/s. JM Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditor of the Company for the Financial Year 2022-23 and the Secretarial Audit Report provided by them in Form MR-3 has been provided as Annexure VI to this Report, forming a part of the Annual Report.

35. COST RECORDS AND COST AUDIT

Your Company is located and operating from MEPZ, which is a Special Economic Zone and therefore as per Rule 4(3)(ii) of the Companies (Cost Records and Audit) Rules 2014, cost audit is not applicable. Your Company is maintaining the prescribed Cost Records as stipulated under the applicable Rules.

36. DETAILS OF IMPLEMENTATION OF VIGIL MECHANISM

The Company has established a Vigil Mechanism and has also formulated a Whistle Blower Policy as per the provisions of Section 177(9) of the Companies Act, 2013 read with Regulation 22 of the Listing Regulations. The Policy also provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. All Employees of the Company are eligible to make Protected Disclosures under the Policy in

relation to matters including ethical, legal and moral standards of the Company.

37. DISCLOSURE PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 (“POSH ACT”)

The Company has formulated a Policy for the prevention of Sexual Harassment of Women at Workplace. The main objective of the Policy is to provide a work environment that is safe and free from sexual or gender-based harassment. The said Policy is also available at the website of the Company at <https://www.avalontec.com/investors/>. All employees of Avalon and its group companies are governed by this policy, with appropriate adjustments, to accommodate local, legal or contractual requirements.

The Company has constituted an Internal Complaints Committee (“**Committee**”), including an external member, in compliance with the provisions of the POSH Act. During the year under review, no complaints were received by the Committee.

38. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars, as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure - VII to the Board’s report, which forms part of this Annual Report.

39. ACKNOWLEDGMENTS

Your Directors would like to convey their gratitude to all the clients, vendors, investors, bankers and the employees of our Company. We place on record our appreciation for the contribution and tremendous effort made by our employees at all levels. Our consistent growth was made possible by their hard work, cooperation and support.

We thank the governments of various countries where we have our operations. We thank the Government of India, particularly the Ministry of Labour and Employment, the Ministry of New and Renewable Energy, the Ministry of Communications, the Ministry of Electronics and Information Technology (Dept of IT), the Ministry of Commerce and Industry, the Ministry of Finance, the Ministry of Corporate Affairs, the Central Board of Direct Taxes, the Central Board of Indirect Taxes and Customs, GST authorities, the Reserve Bank of India, Securities and Exchange Board of India (SEBI), various departments under the state governments, the Special Economic Zones (SEZs) – Chennai, and other government agencies for their support, and look forward to their continued support in the future.

For and behalf of the Board of Directors of
AVALON TECHNOLOGIES LIMITED
(Formerly known as ‘Avalon Technologies Private Limited’)

Sd/-

Kunhamed Bicha

Place: Chennai Chairman and Managing Director

Date: August 28, 2023

DIN: 00819707

ANNEXURE – I

AOC – I
**STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/
 ASSOCIATE COMPANIES / JOINT VENTURES**

(Pursuant to first proviso to Sub – Section 129 of the Companies Act 2013,
 read with Rule 5 of the Companies (Accounts) Rules, 2014)

(Values in INR Mn.)

Sl. No of the Subsidiary	The date since when subsidiary was acquired	Reporting period of subsidiary	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Extent of Shareholding (%)	
1	Avalon Technology and Services Private Limited	25-09-2019	2022-23	INR	1.22	579.57	1880.90	1300.11	211.87	1956.24	239.95	58.73	181.22	0.00	100%
2	SIENNA ECAD Technology Private Ltd	19-03-2021	2022-23	INR	35.18	-29.53	123.08	117.43	44.38	206.62	14.71	5.46	9.25	0.00	100%
3	ABV Electronics (DBA) SIENNA Corporation	25-02-2021	2022-23	INR Closing Rate: 82.22 Average Rate: 80.41	0.05	-1425.07	2943.54	3768.56	-	5456.46	88.47	37.07	51.40	0.00	100%

1. Names of subsidiaries which are yet to commence operations – Nil

2. Names of subsidiaries which have been liquidated or sold during the year – Nil

Part B: Associates & Joint Ventures

Not applicable as there are no Associates Companies/Joint Ventures of the Company as on March 31, 2023.

Sd/-
KUNHAMED BICHA
 Chairman & Managing Director
 DIN: 00819707

Sd/-
R.M. SUBRAMANIAN
 Chief Financial Officer

For **Avalon Technologies Limited**
 (Formerly known as 'Avalon Technologies Private Limited')

Sd/-
RAJESH V
 Company Secretary
 M. No: F9213

AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2023, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2023.

For **Avalon Technologies Limited**
(Formerly known as 'Avalon Technologies Private Limited')

Date: August 28, 2023
Place: Chennai

Sd/-
Kunhamed Bicha
Chairman & Managing Director
DIN: 00819707

ANNEXURE – III

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the company:

We believe that to become one of the most respected companies in the minds of the society, creating and delivering superior value to all our customers, associates, shareholders, employees and society at large is necessary and therefore our Company is committed in implementing their CSR initiatives. The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society.

To pursue these objectives, we will continue to:

1. Work actively in areas of eradication of hunger and poverty, provide opportunity and financial assistance for the promotion of education, provide medical aid to the needy and downtrodden.
2. Ensuring environmental sustainability.
3. Rural development projects.

In order to achieve this, the Company also collaborates with likeminded bodies like voluntary organizations, charitable trusts, governments, (including MEPZ) and academic institutes in pursuit of our goals.

2. Composition of CSR Committee:

Members of CSR committee from 01st April 2022 – to 18.07.2022

S. No	Name	Designation	No of meetings of CSR committee held during the year	No of meetings of CSR committee attended during the year
1.	T.P. Imbichammad	Chairman	1	1
2.	Kunhamed Bicha	Member	1	1
3.	Bhaskar Srinivasan	Member	1	-

The CSR committee had reconstituted on 19.07.2022 and the following are the members of the committee from 19.07.2022

Sl. No	Name of the Directors	Designation	Executive/Non- Executive	Category
1.	Sareday Seshu Kumar	Chairperson	Non - Executive	Non - Independent
2.	Bhaskar Srinivasan	Member	Non - Executive	Non - Independent
3.	Sabitha Rao	Member	Non - Executive	Independent

The CSR Committee had reconstituted again on 27.02.2023 on account of sudden and unfortunate demise of Mrs. Sabitha Rao, Independent Director with the following members. (From 27.02.2023 to till date).

Sl. No	Name of the Directors	Designation	Executive/Non- Executive	Category
1.	Sareday Seshu Kumar	Chairperson	Non - Executive	Non - Independent
2.	Bhaskar Srinivasan	Member	Non - Executive	Non - Independent
3.	Nandita Abraham	Member	Non - Executive	Independent

3. The web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company:

<https://www.avalontec.com/>

4. The details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:
Not applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No	Financial Year	Amount available for set-off from preceding financial years (in INR.)	Amount required to be set-off for the succeeding financial year, if any (in INR.)
1.	22 - 23	9,37,091	34,071

6. Average Net Profit of the Company as per Section 135(5): INR 19,52,14,457/-

1.	Two percent of Average Net Profit of the Company as per Section 135(5):	INR 39,04,289/-
2.	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	NIL
3.	Amount required to be set off for the financial year	9,37,091
4.	Total CSR obligation for the Financial Year (a+b-c)	29,67,198

7. a. CSR Amount spent or unspent for the financial year:

Total Amount spent for the Financial Year (in INR.)	Amount Unspent (In INR.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (In INR.)	Date of Transfer	Name of the Fund	Amount (In INR.)	Date of Transfer
INR 30,01,269	-	-	-	-	-

b. Details of CSR amount spent against ongoing projects for the financial year: Not applicable as the Company does not have any Ongoing projects during the financial year.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (YES/NO)	Location of the Project	Project duration	Amount allocated for the project	Amount spent in the current financial year	Mode of Implementation - Direct	Mode of Implementation - Through agency
Not Applicable									

c. Details of CSR amount spent other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (YES/NO)	State	District	Amount spent in the current financial year (In INR.)	Mode of Implementation - Direct	Mode of Implementation - Through agency Name CSR Reg No.	
1.	Promotion of development to the local areas	(i) Rural development projects	Yes	Tamil Nadu	Tambaram	10,00,000	Indirect	MEPZMA	CSR00008983
2.	Funding Education	(ii) Promotion of Educational Activities	No	Karnataka	Bengaluru (Kasavanahalli)	2,00,000	Indirect	OSAAT Educational Trust	CSR00006940
3.	Promotion of Environmental Activities	(iii) Protection of Flora and Fauna	Yes	Tamil Nadu	Tambaram	18,01,269	Direct	-	-
Total						30,01,269			

d. Amount spent on Administrative Overheads: Not Applicable**e. Amount spent on Impact Assessment, if applicable:** Not Applicable**f. Total amount spent for the financial year:** ₹ 30,01,269/-**g. Excess amount for set-off, if any:** ₹ 34,071

Sl. No.	Particulars	Amount (In INR.)
1.	Two percent of average net-profits of the Company as per Section 135(5)	39,04,289
2.	Total amount spent for the Financial Year	30,01,269
3.	Amount carried forward from previous financial year	9,37,091
4.	Excess amount spent for the Financial Year (3+2-1)	34,071
5.	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years, if any	0
6.	Amount available for set off in succeeding financial years (4-5)	34,071

8. a. Details of Unspent CSR amount for the preceding three financial years: Not Applicable

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR account under Section 135 (6) (In INR.)	Amount spent in the reporting Financial Year (in INR.)	Amount transferred to any fund specified under Schedule VII as per Section 135 (6), if any			Amount remaining to be spent in succeeding financial years (in INR.)
				Name of the Fund	Amount (in INR.)	Date of transfer	
Nil							

b. Details of CSR amount spent in the financial years for ongoing projects of the preceding financial year(s): Not Applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (In INR.)	Amount spent on the project in the reporting Financial Year (In INR.)	Cumulative amount spent at the end of the reporting Financial Year (In INR.)	Status of the Project – Completed/ Ongoing
Nil								

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable

(asset wise details to be provided)

- Date of creation or acquisition of the capital asset:
- Amount of CSR spent for creation or acquisition of capital asset:
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):

10. Specify the reason(s) if the company has failed to spend two percent of the average net profit as per Section 135(5): Not Applicable

For and on behalf of the Board
Avalon Technologies Limited
 (Formerly known as 'Avalon Technologies Private Limited')

Sd/-
Sareday Seshukumar
 Chairperson of CSR Committee
 DIN: 01646703

Sd/-
Kunhamed Bicha
 Chairman and Managing Director
 DIN: 00819707

Place: Chennai
 Date: August 28, 2023

ANNEXURE – IV

**DETAILS OF REMUNERATION PAID TO DIRECTORS,
KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

(Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

(i) 1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

S. No	Name	Ratio to Median Remuneration	% Increase / (Decrease) in remuneration in the financial year
Executive Directors :			
1	Kunhamed Bicha**	170.36	34%
2	T.P. Imbichammad ***	26.75	#
Non- Executive Directors:			
3	Bhaskar Srinivasan *	165.80	10%
4	Saradey Seshu Kumar	-	-
5	Luquman Veedu Ediyanam	-	-
Independent Directors :-			
6	Venkataramani Anantharamakrishnan	1.58	#
7	Byas Unnikrishnan Nambisan	7.90	#
8	Nandita Abraham	1.58	#
9	Sabitha Rao ^	1.58	#
10	Chandar Pattabhiram	2.11	#
Key Managerial Personnel			
11	R. M. Subramanian	56.65	34%
12	Dr. Rajesh. V	10.53	#

* Remuneration drawn from Sienna corporation (Subsidiary of ATL)

** Remuneration includes salary drawn from Sienna Corporation (Subsidiary of ATL).

*** Remuneration paid to Mr. T.P. Imbichammad up to 12 July 2022.

Remuneration received in FY 2023 is not comparable with remuneration received in FY 2022 (for part of the year) and hence not stated.

^ Remuneration paid as the sitting fees for the meetings attended up to 31.12.2022.

- The percentage increase in the median remuneration of employees in the financial year is 50.23%.
- The number of permanent employees on the rolls of company as on March 31, 2023, is 830.
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in the salary of employees other than Managerial Personnel is 26.5% and the average increase in the managerial remuneration was 33.68%.

Justification: Increase in Managerial Remuneration is decided based on the individual performance during the Financial Year, inflation, prevailing industry standards.

5. Affirmation that the remuneration is as per the remuneration policy of the Company: The Company affirms remuneration is as per the remuneration policy of the Company.

Your Company affirms that the remuneration of Directors and Key Managerial Personnel was as per the Remuneration Policy of the Company.

(ii) The names of the top ten employees in terms of remuneration drawn

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report.

Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary at investorsrelations@avalontec.com.

For and on behalf of the Board
Avalon Technologies Limited
(Formerly known as Avalon Technologies Private Limited)

Sd/-

Kunhamed Bicha

Chairman & Managing Director

DIN: 00819707

Date: August 28, 2023

ANNEXURE – V

DISCLOSURE ON ESOP BY THE BOARD OF DIRECTORS FOR THE FY 2022-23

(Pursuant to Regulation 14 read with Part F of Schedule I of the SEBI
(Share Based Employee Benefits And Sweat Equity) Regulations, 2021)

A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.

Members may refer to the disclosures provided in the Audited Financial Statements for the Financial Year 2022-23.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'IND AS 33 – Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.

The diluted Earnings Per Share calculated after considering the effect of potential equity shares arising on account of exercise of options is ₹ 4.89 per share.

C. Details relating to ESOP:

S. No	Particulars	Details
1.	Name of the Employee Stock Option Scheme	Avalon – Employee Stock Option Plan 2022
2.	Date of shareholders' approval	July 07, 2022.
3.	Total number of options approved under ESOS	30,00,000 Options (thirty lakh options)
4.	Vesting requirements	The Options granted shall vest so long as the Employee continues to be in employment of the Company. The Vesting Dates in respect of the Options granted under the Scheme may vary from employee or any class thereof and/or in respect of the number or percentage of options granted to an employee, subject to compliance with the minimum vesting period of one year.
5.	Exercise price or pricing formula	₹ 20/- per Option is the Exercise Price. The Exercise Price shall be decided by the Nomination and Remuneration Committee/Board as is allowed under the Companies Act, 2013 and the SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 (“ SEBI SBEB Regulations ”), which in any case shall not be lower than the face value of the equity shares of the Company on the date of such Grant.
6.	Maximum term of options granted	Three years from the date of vesting.
7.	Source of shares	Primary
8.	Variation in terms of options	None
9.	Method used for Accounting of ESOP (Intrinsic or Fair Value)	Fair Value
10.	The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options.	Since no Options were vested during the Financial Year 2022-23, computation of Employee Compensation Cost shall not arise. Hence, this disclosure is not applicable.
11.	The impact of this difference on profits and on EPS of the company	

D. Option movement during the year

S. No	Particulars	Details
1.	Number of options outstanding at the beginning of the period	0
2.	Number of options granted during the year	17,79,750
3.	Number of options forfeited / lapsed during the year	Nil
4.	Number of options vested during the year	Nil
5.	Number of options exercised during the year	Nil
6.	Number of shares arising as a result of exercise of options	Nil
7.	Money realized by exercise of options (INR), if scheme is implemented directly by the company.	Not Applicable
8.	Loan repaid by the Trust during the year from exercise price received.	Not Applicable
9.	Number of options outstanding at the end of the year.	17,79,750
10.	Number of options exercisable at the end of the year.	No Options were vested and exercised during the Financial Year 2022-23.

E. Weighted Average Price Details

Weighted-average fair values of options:

The weighted-average fair value of Options granted under Series A is ₹ 3.70.

The weighted-average fair value of Options granted under Series B is ₹ 4.66.

No Options were vested and exercised during the Financial Year 2022-23 and the exercise price for the grants made during the year is ₹ 20/-, hence computation of weighted average exercise price is not applicable.

G. Employee wise details of options granted during the Financial Year 2022-23 to –

a) Senior Management Personnel

S. No	Name of the Employee	Designation	Name of Entity	No. of Options granted	Exercise Price per Option (In INR)
1.	R. M. Subramanian	Chief Financial Officer	Avalon Technologies Limited	1,32,300	20/-
2.	Rajesh Vijayakumar	Company Secretary	Avalon Technologies Limited	3,150	20/-
3.	Kesavan P	Vice President - Operations	Avalon Technologies Limited	1,32,300	20/-
4.	Arjun Balakrishnan	Vice President – Corporate Strategy	Avalon Technologies Limited	65,800	20/-
5.	Michael Raj A	General Manager – HR	Avalon Technologies Limited	5,600	20/-
6.	O J Sathish	Vice President & Head - PCB & Semi-Conductor Engineering	Sienna ECAD Technologies Private Limited	65,800	20/-
7.	Savita R Ganjigatti	Vice President – Engineering	Sienna ECAD Technologies Private Limited	44,100	20/-
8.	Harold Frederick Schilb III	Vice President – Business Development	ABV Electronics, INC (DBA Sienna Corporation)	8,750	20/-
9.	Michael Robinson	Chief Operating Officer – Sienna	ABV Electronics, INC (DBA Sienna Corporation)	1,32,300	20/-

- b) Employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year

S. No	Name of the Employee	Designation	Entity	No. of Options granted	Exercise Price per Option (In INR)
1.	R.M. Subramanian	Chief Financial Officer	Avalon Technologies Limited	1,32,300	20/-
2.	Kesavan P	Vice President, Operations	Avalon Technologies Limited	1,32,300	20/-
3.	Michael Robinson	Chief Operating Officer	ABV Electronics, INC (DBA Sienna Corporation)	1,32,300	20/-
4.	Muruganandham Thangaraj	Vice President, Supply Chain	ABV Electronics, INC (DBA Sienna Corporation)	1,09,900	20/-
5.	TM Narasimhan	Vice President, Business Development	ABV Electronics, INC (DBA Sienna Corporation)	1,09,900	20/-
6.	Harry Parmenter	Vice President Engineering	ABV Electronics, INC (DBA Sienna Corporation)	1,09,900	20/-

- c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

During the year, none of the employees were granted options equal to or exceeding 1% of the issued capital of the company at the time of grant.

H. Method and significant assumptions used during the year to estimate the fair value of options

Valuation has been done under Black-Scholes Model to obtain the fair value of Options.

S. No	Particulars	Grant I
1.	Risk-free Interest Rate	The Yield of Government of India 3-years Bond and 4-year Bond as on the date of Grant.
2.	Expected Volatility	Volatility of the Company is worked out on the basis of movement of stock price of comparable companies for last 46 weeks before the date of grant.
3.	Expected Option Life	2.5 to 5.5 years
4.	Expected Dividend Yield	Dividend yield has been taken as 0% since the company has not declared any dividend since its incorporation.

I. Weighted-average values of share price, exercise price – Not applicable.

For and on behalf of the Board
Avalon Technologies Limited
 (Formerly known as Avalon Technologies Private Limited)

Sd/-

Kunhamed Bicha

Chairman & Managing Director

DIN: 00819707

Date: August 28, 2023

COMPLIANCE CERTIFICATE ON ESOP

[Pursuant to Regulation 13 of the Securities Exchange Board of India
(Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,
The Board of Directors
Avalon Technologies Limited
B-7 First Main Road, MEPZ-SEZ,
Tambaram, Chennai,
Tamil Nadu – 600045

We, M. Alagar & Associates, Company Secretaries in Practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on May 26, 2023 by the Board of Directors of **Avalon Technologies Limited** (hereinafter referred to as “**the Company**”), having CIN: U30007TNI999PLC043479 and having its registered office at B-7 First Main Road, MEPZ-SEZ, Tambaram, Chennai, Tamil Nadu – 600045. This certificate is issued under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as “**the Regulations**”), for the year ended March 31, 2023.

Management Responsibility:

It is the responsibility of the Management of the Company to implement the Scheme(s) including designing, maintaining records and devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Verification:

The Company has implemented “**Avalon – Employees Stock Option Plan 2022**” viz Employee Stock Option Scheme in accordance with the Regulations and the Special Resolution(s) passed by the members at the General Meeting (s) of the Company held on July 07, 2022.

For the purpose of verifying the compliance of the Regulations, we have examined the following:

1. Scheme received from/furnished by the Company;
2. Resolutions passed at the meeting of the Board of Directors;
3. Shareholders resolution passed at the General Meeting held on July 07, 2022;
4. Relevant Accounting Standards as prescribed by the Central Government;
5. Detailed terms and conditions of the scheme as approved by the Board;

6. Disclosure by the Board of Directors;
7. Valuation Reports;
8. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder;
9. Other relevant document/ filing/ records as sought and made available to us and the explanations provided by the Company.

Certification:

In our opinion and to the best of our knowledge and according to the verifications as considered necessary and explanations furnished to us by the Company and its Officers, We certify that the Company has implemented the **Avalon – Employees Stock Option Plan 2022** in accordance with the applicable provisions of the Regulations and Resolution(s) of the Company in the General Meeting.

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Company.
2. Our responsibility is to give certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

For M. Alagar & Associates
Practising Company Secretaries
Peer Review Certificate No: 1707/2022

M. Alagar

Managing Partner

Place: Chennai

FCS No: 7488/ CoP No.: 8196

Date: August 14, 2023

UDIN: F007488E000801127

ANNEXURE – VI

SECRETARIAL AUDIT REPORT Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
M/s. AVALON TECHNOLOGIES LIMITED
B-7 First Main Road, MEPZ-SEZ, Tambaram,
Chennai-600045, Tamil Nadu, India

Company Identification Number :
U30007TN1999PLC043479 as on 31.03.2023

Authorized Capital : ₹ 22,00,00,000/-

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. AVALON TECHNOLOGIES LIMITED** (hereinafter called the "Company") during the financial year from 1st April 2022 to 31st March 2023 ("Audit period" / "year under review"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We are issuing this report based on:

- i. Our examination / verification of the books, papers, minutes books and other records maintained by the Company and furnished to us, forms and returns filed and compliance related action taken by the Company during the audit period;
- ii. Report regarding the compliances as stated by the Internal Auditors report;
- iii. Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

Compliance with specific statutory provisions:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not applicable to the Company for the year under review. However, it is applicable as on the date of this report pursuant to the listing of its securities after the closure of the year under review.**
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder; from the date on which the securities of the Company were dematerialised.
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); **Not applicable to the Company for the year under review as the Company was an Unlisted Public Company as on the closure of the year under review. However, it is applicable as on the date of this report pursuant to the listing of its securities after the closure of the year under review.**
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- d. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- vi. The Company has identified the following laws as specifically applicable to the Company:
- (a) The Factories Act, 1948
- (b) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- (c) The Employee's State Insurance Act, 1948
- (d) The Minimum Wages Act, 1948
- (e) The Payment of Wages Act, 1936
- (f) The Payment of Bonus Act, 1965
- (g) Maternity Benefit Act, 1961
- (h) The Equal Remuneration Act, 1976
- (i) The Payment of Gratuity Act, 1972
- (j) The Industrial Employment (Standing Order) Act, 1946
- (k) The Employees Compensation Act, 1923
- (l) The Contract Labour (Regulation and Abolition) Act, 1970
- (m) The Tamil Nadu Payment of Subsistence Allowance Rules, 1981
- (n) The Tamil Nadu Labour Welfare Fund Rules, 1973
- (o) The Environment (Protection) Act, 1986
- (p) The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
- (q) The Water (Prevention & Control of Pollution) Act, 1974
- (r) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (s) E-Waste Management Rules, 2016
- (t) The Special Economic Zones (Customs Procedures) Regulations, 2003
- (u) The Special Economic Zones Act, 2005
- (v) T. N. Industrial Establishment (Conferment of Permanent Status to Workmen) Act, 1981 and its rules

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the year under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc., mentioned above.

We further report as follows:

I. Board Processes:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive and Non-Executive Directors. During the year under review, there were changes in the composition of the Board of Directors and the KMP of the Company as given below:

S. No	Name of the Director/KMP	Description/Nature of Change	Date of change
1.	Mr. Chandar Pattabhiram (DIN:09606151)	Appointment as Additional Director (In Independent Category)	Board meeting dated 07.07.2022
		Redesignated as Director (In Independent Category)	EGM dated 07.07.2022
2.	Mr.Venkataramani Anantharamakrishnan (DIN:00277816)	Appointment as Additional Director (In Independent Category)	Board meeting dated 07.07.2022
		Redesignated as Director (In Independent Category)	EGM dated 07.07.2022
3.	Mr.Subramanian Ramanathan (PAN: APFPS7893R)	Appointment as the CFO of the Company.	Board meeting dated 07.07.2022

S. No	Name of the Director/KMP	Description/Nature of Change	Date of change
4.	Mr. Bhaskar Srinivasan (DIN: 02561215)	Designated as Non Executive and Non Independent Director	Board meeting dated 07.07.2022
5.	Mr. Luquman Veedu Ediyannam (DIN: 06493214)	Designated as Non Executive and Non Independent Director	Board meeting dated 07.07.2022
6.	Mr. Sareday Seshu Kumar (DIN: 01646703)	Designated as Non Executive and Non Independent Director	Board meeting dated 07.07.2022
7.	Mr. Thayagath Puthan Vettil Imbichammad (DIN:00634769)	Resignation as Managing Director and appointment as Chairman- Emeritus and advisor	Board meeting dated 12.07.2022
		Appointment as an advisor	EGM dated 12.07.2022
8.	Mr. Kunhamed Bicha (DIN: 00819707)	Appointment as Managing Director and Chairman of the Board and the Company	Board meeting dated 12.07.2022
		Appointment as Managing Director of the Company	EGM dated 12.07.2022
9.	Mr. Byas Unnikrishnan Nambisan (DIN:01342141)	Appointment as Additional Director (In Independent Category)	Board meeting dated 19.07.2022
		Redesignated as Director (In Independent Category)	EGM dated 19.07.2022
10.	Mr. Sabitha Rao (DIN:06908122)	Appointment as Additional Director (In Independent Category)	Board meeting dated 19.07.2022
		Redesignated as Director (In Independent Category)	EGM dated 19.07.2022
		Cessation as Director (In Independent Category) due to Death	With effect from 31.12.2022
11.	Ms. Nandita Abraham (DIN: 01006030)	Appointment as Additional Director (In Independent Category)	Board meeting dated 07.02.2023
		Redesignated as Director (In Independent Category)	EGM dated 08.02.2023

- b. As on 31st March, 2023, the Board comprises of :
- 3 (Three) Non- executive Directors.
 - 1 (One) Executive Director.
 - 4 (Four) Independent Directors
- c. During the year under review, the Company has appointed Mr. Subramanian Ramanathan as the Chief Financial Officer, and has duly complied with the provisions of the Act with respect to such appointment. Further, Dr. V Rajesh (F: 9213) has been appointed as the Company Secretary with the effect from 3rd February, 2022.
- d. During the year under review, the following Committees were constituted:
- Audit Committee
 - Nomination and Remuneration Committee
 - Stakeholders Relationship Committee
 - IPO Committee

Apart from the above, the CSR Committee constituted in earlier years continued to remain in existence during the year under review. Further, the CSR Committee was reconstituted during the year under review with consisting of three directors, out of which one director is an independent director.

II. Board Meetings:

- a. Adequate notice is given to all the directors to schedule the Board Meetings to enable them to plan their schedule for the Board meetings.
- b. Notice and agenda and detailed notes on agenda were sent at least seven days in advance.
- c. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- d. We are informed that at the Board meetings held during the year, majority decision is carried through and the dissenting members' views, if any, are captured and recorded as part of the minutes.

III. Compliance Mechanism:

- a. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as stated in the Audit Report.

IV. Specific Events/Actions:

We further report that during the audit period the company has carried out the following events / actions having a major bearing on the Company's affairs and the same took place in pursuance of the above referred laws, rules, regulations and standards:

- a. **Increase in Authorised Share Capital:** During the year under review, the Company has, with the consent of the members of the Company at the EGM held on 10.06.2022, increased its Authorised Share Capital from ₹ 7,00,00,000/- (Rupees Seven Crores Only) divided into 2,00,000 (Two Lakhs) equity shares of ₹ 100/- (Rupees One Hundred Only) each and 5,00,000 (Five Lakhs) preference shares of ₹ 100/- (Rupees One Hundred Only) each to ₹ 22,00,00,000/- (Rupees Twenty-Two Crores only) divided into 17,00,000 (Seventeen Lakhs) equity shares of ₹ 100/- (Rupees One Hundred Only) each and 5,00,000 (Five Lakhs) preference shares of ₹ 100/- (Rupees One Hundred Only) each with the approval of the Board as well as the members of the Company. The necessary intimations to the Registrar of Companies have been duly made in this regard.

- b. **Sub-division of Equity Shares:** During the year under review, with the consent of the members of the Company at the EGM held on 27.06.2022, each fully paid equity share with a nominal value of ₹ 100/- (Rupees One Hundred Only) each in the capital of the Company, was subdivided into 8,50,00,000 (Eight Crore Fifty Lakhs) equity shares having a face value of ₹ 2/- (Rupees Two only) each. The necessary intimations to the Registrar of Companies have been duly made in this regard.
- c. **Issue of Bonus Shares:** During the year under review, the consent of the members of the Company was obtained at the EGM held on 27.06.2022, to issue Bonus shares upto 4,79,00,100 (Four Crore Seventy Nine Lakhs and One Hundred) equity shares of ₹ 2/- (Rupees Two only) each as fully paid up equity share held by the members of the Company.
- d. **Conversion of Company from Private to Public:** During the year under review, the status of the Company changed from a Private Limited Company to a Public Limited Company after obtaining approval of the members at the EGM held on 06.07.2022 and accordingly, necessary amendments were made to the name clause of the Memorandum of Association and Articles of Association of the Company. The name of the Company therefore, was changed from "Avalon Technologies Private Limited" to "Avalon Technologies Limited".
- e. **Introduction and Implementation of Avalon ESOP Plan 2022:** During the year under review, the Avalon Employees Stock Option Plan 2022 was introduced with the consent of the members of the Company at the EGM held on 07.07.2022 for the benefit of eligible employees, including the employees of the Holding, Subsidiary, Associate Company and Group Companies (present and future) to create, grant, offer, issue and allot such number of stock options convertible into equity shares of the Company, not exceeding 30,00,000 equity shares of face value of ₹ 2/- (Rupees Two) each.
- f. **Approval to Raise Capital through IPO and subsequent actions taken:** During the year under review, the Company obtained approval to raise Capital through IPO and also obtained approval of the draft red herring prospectus in relation to the IPO by the Company from the Board at their meeting held on 09.08.2022.

- g. **Private Placement to New investors:** During the year under review, the Company issued equity shares on private placement to New Investors such as UNIFI Financial Private Limited and Ashoka India Equity Investment Trust PLC.
- h. **Issue of Corporate Guarantee:** During the year under review, the Company issued a Corporate Guarantee to its Wholly Owned subsidiary, Avalon Technology and Services Private Limited to an extent of ₹ 50,00,00,000/- (Rupees Fifty Crores only).
- i. **Conversion of Preference shares to Equity shares:** During the year under review, 3,50,000 Preference Shares of ₹ 100/- (Rupees Hundred Only) were converted into 97,796 equity shares of ₹ 2/- each with the consent of the members of the Company at the EGM held on 08.02.2023.
- j. **Approval for the bid/offer opening and closing dates in relation to the IPO:** During the year under review, in connection with the

IPO of equity shares of ₹ 2/- each, the bid/offer opening and closing dates were decided by the Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers as under:

Bid/ Offer Opening Date: April 3, 2023, Monday
Bid/ Offer Closing Date: April 6, 2023, Thursday

Subsequently, the Company listed its securities on the BSE and NSE w.e.f. 18.04.2023.

For JM & Associates
Company Secretaries

Soy Joseph

Partner

(ACS-13852, CP-5612)

UDIN: A013852E000757903

Place: Chennai
Date: 07.08.2023

Note: This report is to be read with our letter of even date which is annexed and forms an integral part of this report.

ANNEXURE TO SECRETARIAL AUDIT REPORT

To
The Members,
M/s. AVALON TECHNOLOGIES LIMITED
B-7 First Main Road, MEPZ-SEZ, Tambaram,
Chennai-600045, Tamil Nadu, India

Our report of even date is to be read along with this letter.

1. The Compliance of provisions of all laws, rules, regulations, standards applicable to the Company is the responsibility of the management of the company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on the secretarial records produced for our audit.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Companies Act, 2013.
5. We have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For JM & Associates
Company Secretaries

Soy Joseph

Partner

(ACS-13852, CP-5612)

UDIN: A013852E000757903

Place: Chennai
Date: 07.08.2023

ANNEXURE – VII

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014**A. CONSERVATION OF ENERGY**

The Company is fully committed in conservation of energy during the course of Operations.

(i) the steps taken or impact on conservation of energy;

Avalon has implemented alternative system for consumption of power. The Company has developed a plan to allocate 10% of its overall power utilization by way of green power, as part of the Clean Development Mechanism. It reduces the energy intensity and also brings considerable reduction in the carbon footprint. Consistent efforts are being made to identify potential areas for energy savings.

(ii) the steps taken by the company for utilising alternate sources of energy;

Conservation measures which has already been implemented by the Company are:

- Common lights are connected to Green power (Solar).
- All CFL lights are converted to energy-saving LEDs.
- Maintaining the power factor at 0.99 results in less current being drawn.
- Implemented VFDs in air compressors. As much as 85 percent of the total lifecycle cost of an air compressor comes from its energy consumption. Once it is fitted with a VFD, the energy cost of an average compressor comes down by 18 percent.
- A newly added integrated variable frequency drive on a water-cooled chiller results in reduced energy costs.
- Optimum usage of Air Conditioners throughout its premises by ensuring that there is no cool air leakage.
- Turning off the air conditioners during non-peak hours and on weekends and cleaning the air vents periodically can save up to 25% of energy.

(iii) the capital investment on energy conservation equipment;

Nil during the financial year.

B. TECHNOLOGY ABSORPTION**(i) the efforts made towards technology absorption;**

- The Company ensures that the technological developments in the manufacturing sector is being implemented in our manufacturing process in the most feasible manner. The Process Engineering & NPI Team of the Company is constantly working on the development of various new processes. It has succeeded in development of various new processes which has helped in reduction of cost as well as improvements in the performance of the product.
- We have developed the PCBAs for different industries.
 - Bluetooth enabled BMS.
 - Solar trackers for MPPT
 - HOIST motor driver PCBAs
 - RFID based security solutions.
 - Domestic Solar charge controllers
 - IOT Door controllers
 - High Power LEDs for Flashlight
 - Box build for Hydrogen Fuel Plant

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

- The Company has recognised the advent of Industry 4.0. Many initiatives on the Software front put into effect to make the systems and process more efficient. Several process have been automated and software have been implemented to ensure traceability in all aspects.
- For several industrial segments, we have developed test automation thereby completely eliminating the human intervention during testing.
- Underfilling process has been established by the Company to increase the reliability of fine pitch BGA assembly. Furthermore, nano silico gold coated stencil has been introduced and validated for the bringing out ultra fine pitch BGA assemblies.
- We have developed assembly and qualification of coin soldering which is being used in 5G Radio base station.
- Various processes which aids better quality and process has been established by the Company:
 - Installation and Qualification of automatic two part epoxy potting dispenser.
 - Heatsink reflow soldering process for Aerospace application.
 - Introduction of Vector guard frameless stencils for Space management.
 - Production of Complex PCBA involving 01005 components and 0.3mm pitch BGAs,
 - DFM suggestions has been given to customer which led to Process improvement and quality improvement.
- We have improved production process for better productivity, import substitution and cost reduction attempts are made for sourcing of material and components for cost effectiveness.
- The total input cost has been reduced in many cases and there is a significant improvement in the quality of the process and products.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- (a) the details of technology imported: Nil
- (b) the year of import: Not Applicable.
- (c) whether the technology been fully absorbed: Not Applicable.
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable.

(iv) the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO-

S. No	Particulars	As on March 31, 2023 (₹ in Millions)
1.	Foreign Exchange Earnings	2,630.79
2.	Foreign Exchange Outgo	4,456.36

For and on behalf of the Board
Avalon Technologies Limited
 (Formerly known as Avalon Technologies Private Limited)

sd/-
Kunhamed Bicha
 Chairman & Managing Director
 DIN: 00819707

Date: August 28, 2023

Corporate Governance Report

OUR CORPORATE GOVERNANCE PHILOSOPHY:

The term '**Governance**' refers to the way in which something is governed and function of governing, and the term '**Corporate Governance**' refers to the way in which companies are governed and to what purpose. It is concerned with practices and procedures for trying to ensure that a company is run in such a way that it achieves its mission and goals. It includes maximizing the wealth of the shareholders subject to various guidelines and constraints. In other words, the term '**Corporate Governance**' stands for a commitment to values and ethical business conduct. It is information to outsiders showing how an organization is managed. This includes its corporate structure, its culture, policies, and the way it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial performance, ownership, and material developments in respect of the Company are integral parts of Corporate Governance. Adoption of good Corporate Governance practices helps to develop a good image of the organization, attracts the best talents, and keeps the stakeholders satisfied. Your Company has been practicing the principles of good Corporate Governance over the years and has been upholding fair and ethical business and corporate practices and transparency in its dealings, laying emphasis on scrupulous regulatory compliances.

We believe Corporate Governance is one of the reasons for the sustaining success of our Company. We are committed to conform to our corporate governance philosophy both on letter and spirit. Corporate governance is the root of our organisation which creates value to the system and business. Moreover, we follow the policy of "strong in the root then stronger in the business". Perhaps we would like to quote the typical example of how while wearing the shirt, if we put the first button wrongly, then we cannot correct the following buttons.

Thus, we consider corporate governance to be the first button for any organisation.

I. BOARD OF DIRECTORS

A. Role of the Board:

The primary role of the Board is that of trusteeship – to protect and enhance shareholder value. As trustees, the Board has a fiduciary responsibility to ensure that the Company has clear goals aligned

to shareholder value and its growth. Further, the Board is also responsible for:

- Exercising appropriate control to ensure that the Company is managed efficiently to fulfil stakeholders' aspirations and societal expectations.
- Monitoring the effectiveness of the Company's governance practices and making changes as necessary.
- Providing strategic guidance to the Company and ensuring effective monitoring of the Management.
- Exercising independent judgment on corporate affairs.
- Assigning a sufficient number of non-executive members of the Board to tasks where there is a potential for conflict of interest, to exercise independent judgment.
- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.

B. Composition of the Board

The Company recognizes and embraces the importance of a diverse Board in its success. A diverse Board with differences in perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge, skills, and other domains will ensure that AVALON retains its competitive advantage.

As on March 31, 2023, the Board comprises of eight members, consisting of one Executive Director i.e., Managing Director, three non-independent Directors and four Independent Directors including one Women Director. For details of appointment and resignation during the Financial Year, please refer the Board's Report which forms a part of this Annual Report. The details of the Board of Directors as on March 31, 2023, is as follows:

Sl. No	DIN	Name of the Director	Referred as	Category	Type	No of Directorship in other entities including this listed entity (Refer Regulation 17A & 26 of Listing Regulations)*	No of Independent Directorship in listed entities including this listed entity (Refer Regulation 17A(1) of Listing Regulations)	Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)	No of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity (Refer Regulation 26(1) of Listing Regulations)
1	00819707	Kunhamed Bicha	KB	Executive, Chairperson, Managing Director	Non - Independent	1	0	2	0
2	02561215	Bhaskar Srinivasan	BS	Non - Executive	Non - Independent	1	0	1	1
3	06493214	Luquman Veedu Ediyannam	LQ	Non - Executive	Non - Independent	1	0	0	0
4	01646703	Sareday Seshu Kumar	SSK	Non - Executive	Non - Independent	1	0	0	0
5	00277816	Venkataramani Anantharamakrishnan	RAM	Non - Executive	Independent	6	1	2	0
6	09606151	Chandar Pattabhiram	CP	Non - Executive	Independent	1	1	0	0
7	01342141	Byas Unnikrishnan Nambisan	BN	Non - Executive	Independent	1	1	2	1
8	01006030	Nandita Abraham	NA	Non - Executive	Independent	1	1	0	0

* - Excludes private limited companies, foreign companies and section 8 companies.

C. Information of Directors appointed in the Board of other Listed Companies

Sl. No	DIN	Name of the Director	No. of Directorship in other listed companies	Name of the listed entities which he is a director
1	00277816	Venkataramani Anantharamakrishnan	1	IP Rings Limited

D. Attendance of directors in the Board Meetings held during the Financial Year 2022 - 2023

Sl. No	DIN	Name of the Director	2022												2023			Held during their tenure	Attended	% of attendance
			04-May	09-Jun	24-Jun	27-Jun	06-Jul	07-Jul	12-Jul	19-Jul	02-Aug	09-Aug	26-Sep	20-Oct	07-Feb	01-Mar	23-Mar			
1	00819707	KB	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15	15	100
2	02561215	BS	L	L	L	L	L	L	✓	L	✓	✓	✓	✓	✓	✓	✓	15	8	53
3	06493214	LQ	L	L	L	L	L	L	L	L	L	L	L	L	L	✓	✓	15	1	7
4	01646703	SSK	L	L	✓	✓	L	L	✓	✓	✓	✓	L	✓	✓	✓	✓	15	10	67
5	00277816	RAM						AP	L	L	✓	L	L	✓	L	L	L	9	2	22
6	09606151	CP						AP	L	L	✓	L	L	✓	✓	L	L	9	3	33
7	01342141	BN								AP	✓	✓	✓	✓	✓	✓	✓	7	7	100
8	06908122	SR								AP	L	✓	✓	✓				4	3	75
9	01006030	NA													AP	✓	✓	2	2	100
10	00634769	TP Imbichammad	✓	✓	L	L	✓	✓	✓									7	5	71
% of Attendance			40	40	40	40	40	40	57	33	75	62	50	87	71	62	75			

✓ - Present; L - Absent; AP - Appointed

Attendance of the Directors at the Annual General Meeting held during the Financial Year 2022-23

Sl. No	DIN	Name of the Director	Date of the AGM held during the FY 2022-23	Whether attended the AGM or not
1	00819707	Kunhamed Bicha	May 05, 2022	Yes
2	02561215	Bhaskar Srinivasan		L
3	06493214	Luquman Veedu Ediyannam		L
4	01646703	Saradey Seshu Kumar		L
5	00277816	Venkataramani Anantharamakrishnan		Appointed w.e.f. 07/07/2022
6	09606151	Chandar Pattabhiram		Appointed w.e.f. 07/07/2022
7	01342141	Byas Unnikrishnan Nambisan		Appointed w.e.f. 19/07/2022
8	06908122	Sabitha Rao		Appointed w.e.f. 19/07/2022 (Expired on 31/12/2022)
9	01006030	Nandita Abraham		Appointed w.e.f. 08/02/2023
10	00634769	TP Imbichammad		Yes

The Company is managed by the Board of Directors, and the day – to – day affairs are managed by the Managing Director of the Company.

The Key Managerial Personnel of the Company as on March 31, 2023, are as follows.

Sl. No	Name of the Personnel	Designation
01.	Mr. Kunhamed Bicha	Managing Director
02.	Mr. RM Subramanian	Chief Financial Officer
03.	Dr. V. Rajesh	Company Secretary

E. FAMILIARIZATION PROGRAM:

The company has listed its equity securities with the National Stock Exchange of India Ltd (“NSE”) and with BSE Limited on 18.04.2023. Therefore, the company has not conducted familiarization program to the Independent directors for the reporting period (FY 2022-23). The same shall be implemented by the Company from the upcoming Financial Year onwards.

Further, at the time of the appointment of an independent director(s), a defined Induction Program is provided to them. The Company issued a formal letter of appointment outlining his / her role, function, duties and responsibilities.

F. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

There is no inter-se relationships between the Directors of the Company.

G. NUMBER OF SHARES HELD BY DIRECTORS (BOTH EXECUTIVE AND NON – EXECUTIVE)

Sl. No	Name of the Director	No. of shares held as on March 31, 2023
01.	Kunhamed Bicha	1,74,30,799
02.	Bhaskar Srinivasan	1,35,05,309
03.	Luquman Veedu Ediyannam	53,50,942
04.	Saradey Seshu Kumar	33,96,079

H. CHART OR A MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS

Effective Governance and leadership is established by implementing a competent framework and robust directorship that can be utilized by the Board to identify skill gaps and ensure the skills of the current directors are being properly utilized.

Building the right board requires an understanding of directors’ competencies, which involves consideration of the directors’ experience, skills, attributes and capabilities. Director competencies encompass two distinct areas:

(i) Technical competencies and

(ii) Behavioural competencies

Technical competencies are a director's technical skills and experience such as accounting or legal skills, industry knowledge, experience in strategic planning and corporate governance.

Behavioural competencies are a director's capabilities and personal attributes and include, for example, linkages to the "ownership"; an ability to positively influence people and situations; an ability to assimilate and synthesize complex information; time availability; honesty and integrity; and high ethical standards.

Thus, the Board of Directors of your Company has identified the following list of core skills/expertise/competencies required for each Director(s) in the context of its business(es) and sector(s) for it to function effectively and those available with the board.

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of governance practices and making changes as needed.

(3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.

(4) Aligning key managerial personnel and remuneration of board of directors with the longer-term interests of the company and its shareholders.

(5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.

(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

(7) Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place systems for risk management, financial and operational control, and compliance with the law and relevant standards.

(8) Overseeing the process of disclosure and communications.

(9) Monitoring and reviewing board of director's evaluation framework.

The following matrix table is the skills/expertise/competencies identified by the board of directors.

Sl. No	Directors' skills	KB	BS	LQ	SSK	CP	RAM	BN	NA
1	Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.	✓	✓	✓	✓	✓	✓	✓	✓
2	Monitoring the effectiveness of governance practices and making changes as needed.		✓			✓	✓	✓	
3	Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.	✓	✓			✓	✓	✓	✓
4	Aligning key managerial personnel and remuneration of board of directors with the longer-term interests of the company and its shareholders.	✓				✓	✓	✓	✓
5	Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.		✓	✓	✓	✓	✓	✓	

Sl. No	Directors' skills	KB	BS	LQ	SSK	CP	RAM	BN	NA
6	Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.	✓	✓			✓	✓	✓	
7	Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place systems for risk management, financial and operational control, and compliance with the law and relevant standards.	✓					✓	✓	
8	Overseeing the process of disclosure and communications		✓		✓	✓		✓	
9	Monitoring and reviewing board of director's evaluation framework.	✓	✓			✓	✓	✓	✓

I. INDEPENDENT DIRECTORS

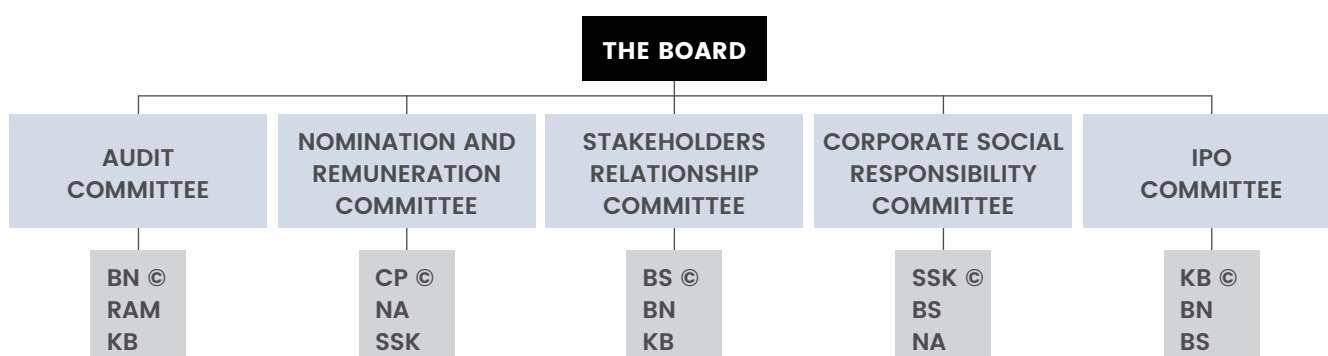
The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"the Listing Regulations"**) as amended, define an 'Independent Director' as a person who, including his / her relatives, is or was not a promoter or employee or Key Managerial Personnel of the company or its subsidiaries. Further, the person and his / her relatives should not have a material pecuniary relationship or transactions with the company or its subsidiaries, during the three immediately preceding financial years or during the current financial year, apart from receiving remuneration as an independent director.

Based on the disclosures received from all Independent Directors and in the opinion of the Board, the Independent Directors fulfil the

conditions specified in the Companies Act, 2013, the Listing Regulations and are independent of the Management.

II. COMMITTEES OF THE BOARD

The Committees of the Board guide the Directors of the Board in the effective governance of the Company and have been constituted with designated roles and functions in specific areas, as mandated under the applicable Regulations. The Chairman of the Board, in consultation with the Company Secretary and the respective committee chairpersons, determines the frequency of the committee meetings. The recommendations of the committees are submitted to the Board for their approval. During the year, all recommendations of the committees were approved by the Board.



© Chairperson

A. AUDIT COMMITTEE

The Audit Committee was constituted by the Board at its meeting held on 19.07.2022, in compliance with the provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations

The Audit Committee of our Company has three directors as members.

- Two-thirds of the members of Audit Committee are Independent Directors.

- All members of Audit Committee are financially literate, and one member has accounting or related financial management expertise.
 - The Chairperson of the Audit Committee is an Independent Director.
 - The Company Secretary is the secretary to the Audit Committee.
 - The audit committee at its discretion shall invite the head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee:
- Provided that occasionally the Audit Committee may meet without the presence of any executives of the company.

The composition of the Audit Committee as on March 31, 2023 is as follows:

S. No	DIN	Name of the Director	Designation	Chairperson/Member
1.	01342141	Byas Unnikrishnan Nambisan	Non-Executive - Independent Director	Chairperson
2.	00277816	Venkataramani Anantharamakrishnan	Non-Executive - Independent Director	Member
3.	00819707	Kunhamed Bicha	Managing Director	Member

The main objectives of the Audit Committee are as follows:

- The accuracy, integrity and transparency of the Company's financial statements with adequate and timely disclosures;
- Compliance with legal and regulatory requirements.
- The Company's independent auditors' professional qualifications and independence;
- The performance of the Company's independent auditors and internal auditors; and

- Any acquisition and investments made by the Company.

Committee governance:

The Committee fulfills the requirements of:

- Audit Committee Charter
- Section 149 and 177 of the Companies Act, 2013
- Regulation 18 of the Listing Regulations

During the reporting period, the audit committee met 6 times and the details are provided below:

Sl. No	Name of the Director/ Date of the ACMS	02.08. 2022	31.08. 2022	28.12. 2022	01.03. 2023	06.03. 2023	23.03. 2023	Held during the tenure	Attended	% of attendance
1	Byas Unnikrishnan Nambisan	✓	✓	✓	✓	✓	✓	6	6	100
2	Venkataramani Anantharamakrishnan	✓	A	A	A	A	A	6	1	17
3	Kunhamed Bicha	✓	✓	✓	✓	✓	✓	6	6	100
% of attendance		100	66	66	66	66	66			

✓ - Present, A - Absent

A. Brief Description on Terms of Reference of the Audit Committee are as follows:

I. Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,

- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- ii. The recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- v. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- vi. Examination of the financial statement and the auditors' report thereon before submission to the Board for approval.
- vii. Approval or any subsequent modification of transactions of the company with related parties.
- viii. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the whistle blower mechanism;
- xix. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the

subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

- xxi. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- xxii. The Audit Committee shall mandatorily review:
- management discussion and analysis of financial condition and results of operations;
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - Statement of deviations:
 - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1).
 - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32(7).

Omnibus Approvals by Audit Committee:

The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company pursuant to the provisions of Section 188 read with Regulation 23 of the SEBI LODR Regulations.

(1) The Audit Committee shall, in line with the Policy on Related Party Transactions, specify the criteria for making the omnibus approval which shall include the following, namely: -

- (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
- (b) the maximum value per transaction which can be allowed.

(c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.

(d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made as per the applicable Regulations.

(e) transactions which cannot be subject to the omnibus approval by the Audit Committee.

(2) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

(a) repetitiveness of the transactions (in past or in future);

(b) justification for the need of omnibus approval.

(3) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.

(4) The omnibus approval shall contain or indicate the following: -

(a) name of the related parties;

(b) nature and duration of the transaction;

(c) maximum amount of transaction that can be entered into;

(d) the indicative base price or current contracted price and the formula for variation in the price, if any; and

(e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(5) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

(6) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

(7) Any other conditions as the Audit Committee may deem fit.

Provided further that in case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

The Audit Committee shall have authority to investigate into any matter in relation to the items specified in the terms of reference or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee was constituted by the Board at its meeting held on 19.07.2022, in line with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI Listing Regulations. The composition of the Nomination and Remuneration Committee comprises of :

- (a) Two Independent Directors and
- (b) One Non-Executive Director
- (c) The Chairperson of the Nomination and Remuneration Committee is an Independent Director
- (d) The Company Secretary of the Company acts as the Secretary to the Committee.

The Nomination and Remuneration Committee (NRC) is responsible for the formulation of the Policy on Remuneration and Appointment of the Board of Directors and Senior Management of the Company. The NRC is also responsible for evaluating the balance of skills, knowledge, diversity and experience on the Board and preparation of selection criteria, identifying potential candidates and also the evaluation of the Board.

During the Financial Year 2022-23, Ms. Sabitha Rao, Independent Director was appointed as the Member

and Chairperson of the Nomination and Remuneration Committee on July 19, 2022. Due to her unfortunate demise on December 31, 2022, the Nomination and Remuneration Committee was re-constituted by re-designating Mr. Chandar Pattabhiram as the Chairperson of the Committee and inducting Ms. Nandita Abraham as a Member of the Committee on February 27, 2023. The composition of the Nomination and Remuneration Committee as on March 31, 2023 is as follows:

S. No	DIN	Name of the Director	Designation	Chairperson/ Member
1.	09606151	Chandar Pattabhiram	Non-Executive - Independent Director	Chairperson
2.	01646703	Sareday Seshu Kumar	Non-Executive Director	Member
3.	01006030	Nandita Abraham	Non-Executive - Independent Director	Member

A Brief Description of the Terms of Reference of the Nomination Remuneration Committee:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, Key Managerial Personnel and other employees.

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully.
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) remuneration to directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.
- (b) Formulation of criteria for evaluation of performance of independent directors and the Board;
 - (c) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis

of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- (i) use the services of an external agencies, if required.
 - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (iii) consider the time commitments of the candidates.
- (d) Devising a policy on Board diversity.
- (e) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the salient features of the remuneration policy and the evaluation criteria in its annual report;
- (f) Analysing, monitoring and reviewing various human resource and compensation matters;
- (g) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (h) Recommending the appointment and remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);
- (i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (j) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (k) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (l) Administering, monitoring and formulating the employee stock option scheme/plan approved

by the Board and shareholders of the Company in accordance with the applicable laws (“**ESOP Scheme**”)

- (i) Determining the eligibility of employees to participate under the ESOP Scheme;
- (ii) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
- (iii) Determining the exercise price of the option under the ESOP Scheme;
- (iv) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
- (v) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- (vi) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
- (vii) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- (viii) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
- (ix) The grant, vest and exercise of option in case of employees who are on long leave;
- (x) Allow exercise of unvested options on such terms and conditions as it may deem fit;
- (xi) The procedure for cashless exercise of options;
- (xii) Forfeiture/ cancellation of options granted;
- (xiii) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
 - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;

- for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and
 - the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
- (m) Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;
- (n) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
- (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
 - (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended; and
 - (c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by the Company and its employees, as applicable;
 - (o) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee;
 - (p) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.”

The Nomination and Remuneration Committee conducted one meeting during the Financial Year 2022-23.

Sl. No	Name of the Director/Date of the NRCMs	07.02.2023	Held during the tenure	Attended	% of attendance
1	Chandar Pattabhiram (DIN: 09606151)	✓	1	1	100
2	Nandita Abraham (DIN: 01006030)	Not Appointed	0	0	0
3	Sareday Seshu Kumar (DIN: 01646703)	✓	1	1	100
% of attendance		100			

Evaluation of the Board

Your Company had listed its equity securities with the National Stock Exchange of India Ltd (“NSE”) and BSE Limited on 18.04.2023. Furthermore, the paid-up capital of the Company is below the threshold limit prescribed under Rule 8(4) of the Companies (Accounts) Rules, 2014 for performance evaluation of Board. Hence, the Board Evaluation for the Financial Year ended 2022 - 2023 is not applicable.

Performance Evaluation Criteria for Independent Directors:

The Independent Director shall be evaluated on the basis of the following criteria i.e., whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the Company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person
- (e) assist the company in implementing the best corporate governance practices;
- (f) strive to attend all meetings of the Board of Directors and the Committees;
- (g) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (h) strive to attend the general meetings of the company;
- (i) keep themselves well informed about the company and the external environment in which it operates;
- (j) do not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

- (k) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholders' interest.
- (l) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading guidelines etc.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee ("SRC") was constituted by the Board at its meeting held on 19.07.2022. The SRC oversees various aspects relating to stakeholders' interest, investor grievances etc., with the following terms of reference:

- (a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, dematerialisation and re-materialisation of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints;
- (b) Reviewing of measures taken for effective exercise of voting rights by shareholders;
- (c) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (d) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
- (e) Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- (f) Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
- (g) Considering and specifically looking into various aspects of interest of shareholders, debenture holders or holders of any other securities;
- (h) Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- (i) To approve allotment of shares, debentures or any other securities as per the authority conferred / to be conferred to the Committee by the Board of Directors from time to time;
- (j) To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, rematerialisation etc. of shares, debentures and other securities;
- (k) To monitor and expedite the status and process of dematerialization and rematerialisation of shares, debentures and other securities of the Company;
- (l) To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s) or agent(s); and
- (m) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority."

The composition of the Committee as on March 31, 2023 is provided below:

S. No	DIN	Name of the Director	Designation	Chairperson/Member
1.	02561215	Bhaskar Srinivasan	Non-Executive - Non Independent Director	Chairperson
2.	00819707	Kunhamed Bicha	Managing Director	Member
3.	01342141	Byas Unnikrishnan Nambisan	Independent Director	Member

Mr. Bhaskar Srinivasan, Non-Executive Director is the Chairperson of the Stakeholders Relationship Committee.

Name and Designation of the Compliance Officer of the Company – Dr. Rajesh. V, Company Secretary & Compliance Officer

There were no shareholder's complaints received/pending/not solved to the satisfaction of the shareholders during the Financial Year 2022-23.

Since the company is unlisted as on March 31, 2023, the applicability of provisions pertaining to meeting of SRC is not applicable. Therefore, during the reporting period, the Committee did not meet.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility (“CSR”) Committee was constituted with the primary objective of formulating and recommending to the Board, the CSR projects which shall be undertaken by the Company. The Corporate Social Responsibility Committee was originally constituted on 14.03.2016 and was reconstituted on 19.07.2022 with the following terms of reference.

- (a) To formulate and recommend to the board, a corporate social responsibility policy stipulating, amongst others, the guiding principles for selection, implementation and monitoring the activities as well as formulation of the annual action plan, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;
- (b) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes.
- (c) To recommend the amount of expenditure to be incurred for the corporate social responsibility activities, being at least two percent of the average net profits of the Company made during the three immediately preceding financial years in pursuance of its corporate social responsibility and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
- (d) To formulate and recommend to the Board, an annual action plan in pursuance to the corporate social responsibility policy, which shall include the following, namely:
- (i) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in the Schedule VII of the Companies Act, 2013;
- (ii) the manner of execution of such projects or programmes as specified in Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014;
- (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (iv) monitoring and reporting mechanism for the projects or programmes; and
- (v) details of need and impact assessment, if any, for the projects undertaken by the company.
- Provided that the Board may alter such plan at any time during the financial year, as per the recommendations of the Corporate Social Responsibility Committee, based on the reasonable justification to that effect.
- (e) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- (f) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- (g) To take note of the compliances made by implementing agency (if any) appointed for the corporate social responsibility of the Company;
- (h) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred or perform such responsibilities as may be required by the CSR Committee in terms of the provisions of Section 135 of the Companies Act; and
- (i) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.”

The Committee was reconstituted on 19.07.2022 with the following members:

Sl. No	Name of the Directors	Designation	Executive/Non- Executive	Category
01.	Sareday Seshu Kumar	Chairperson	Non - Executive	Non - Independent
02.	Bhaskar Srinivasan	Member	Non - Executive	Non - Independent
03.	Sabitha Rao	Member	Non - Executive	Independent

The CSR Committee had reconstituted again on 27.02.2023 on account of the unfortunate demise of Mrs. Sabitha Rao, Independent Director with the following members. (From 27.02.2023 to till date).

Sl. No	Name of the Directors	Designation	Executive/Non- Executive	Category
01.	Sareday Seshu Kumar	Chairperson	Non - Executive	Non - Independent
02.	Bhaskar Srinivasan	Member	Non - Executive	Non - Independent
03.	Nandita Abraham	Member	Non - Executive	Independent

The Meeting details for the Financial Year 2022-23 are provided below:

Sl. No	DIN	Name of the Director/ Date of the CSR Committee Meeting	09.06.2022	Held during the tenure	Attended	% of attendance
1	09606151	T.P. Imbichammad	✓	1	1	100
2	01006030	Kunhamed Bicha	✓	1	1	100
3	01646703	Bhaskar Srinivasan	Absent	1	0	0
% of attendance			100			

IPO COMMITTEE

The IPO Committee was constituted by the Board of Directors at their meeting held on August 02, 2022, with the following terms and reference.

- a) To take on record the number of Equity Shares proposed to be offered by the Selling Shareholder(s), and to decide, along with the Selling Shareholder(s), in consultation with the book running lead manager(s) (“BRLMs”) appointed in relation to the Offer;
- b) To decide, negotiate and finalize, in consultation with the BRLMs, on the size, timing (including opening and closing dates), pricing and all the terms and conditions of the Offer and transfer of the Equity Shares pursuant to the Offer.
- c) the number of the Equity Shares to be issued or offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of any oversubscription), price and any discount as allowed under applicable laws that may be fixed, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, determining the anchor investor portion and allocating such number of Equity Shares to Anchor Investors as may be decided by the Company, in consultation with the BLRMs and in accordance with the SEBI ICDR Regulations and to accept any amendments, modifications, variations, or alterations thereto;
- d) To decide, negotiate and finalise in consultation with the BRLMs, all other related matters regarding the Pre-IPO Placement if any, including the execution of the relevant documents with the investors, and rounding off, if any, in the event of oversubscription and in accordance with Applicable Laws;
- e) To invite and permit existing shareholders to sell any Equity Shares held by them, determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;
- f) To appoint, instruct and enter into arrangements with the BRLMs and in consultation with BRLM(s), appoint and enter into agreements with intermediaries, including underwriters, syndicate members, brokers, escrow collection banks, bankers to the Offer, sponsor bank, auditors, independent chartered accountants, industry expert, depositories, custodians, registrar(s), legal advisors, advertising agency(ies), printers and any other agencies or persons or intermediaries (including any replacements thereof) to the Offer and to negotiate and finalise the terms of their appointment, including but not limited to execution of the engagement letter with the BRLM(s), negotiation, finalisation and execution of the offer agreement with the BRLM(s) and Selling Shareholders, etc and the underwriting agreement with the underwriters and to accept any amendments, modifications, variations, or alterations thereto;
- g) To negotiate, finalise, settle, execute and deliver or arrange the delivery of, as well as terminate and amend the offer agreement, syndicate agreement, cash escrow and sponsor bank agreement, underwriting agreement, share escrow agreement, agreements with the registrar to the Offer and the advertising agency(ies), underwriting agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLM(s) and any other agencies/intermediaries

in connection with the Offer with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents;

- h) To approve the relevant restated financial statements to be issued in connection with the Offer;
- i) To finalise, settle, approve, file, adopt and deliver in consultation with the BRLMs and selling shareholders, the Draft Red Herring Prospectus (“DRHP”), the Red Herring Prospectus (“RHP”), the Prospectus, the abridged prospectus and application forms, the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, for the issue of Equity Shares and take all such actions in consultation with the BRLM(s) as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities;
- j) To make applications to, seek clarifications and obtain approvals and seek exemptions from, if necessary, the Stock Exchanges, the RBI, the SEBI, the relevant RoC or any other statutory or governmental authorities in connection with the Offer as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions and, wherever necessary, incorporate such modifications / amendments / alterations / corrections as may be required in the DRHP, the RHP and the Prospectus;
- k) To approve any corporate governance requirements, approving suitable policies on insider trading, whistleblowing, risk management, and any other policies, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the SEBI Listing Regulations or any other applicable laws;
- l) To authorise and approve notices, advertisements in relation to the Offer in such newspapers and other media as it may deem fit and proper, in consultation with the relevant intermediaries appointed for the Offer and in accordance with the SEBI ICDR Regulations, Companies Act, 2013, as amended and other applicable law;
- m) To seek, if required, the consent and waivers of the lenders to the Company and its subsidiaries, as applicable, parties with whom the Company has entered into various commercial and other agreements including without limitation industry data providers, customers, suppliers, strategic partners of the Company, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;
- n) To open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Offer and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- o) To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/ price band for the Offer (including issue price for anchor investors), finalising and approving the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees, in various categories, in accordance with Applicable Laws, in consultation with the BRLM(s) and the Selling Shareholders (to the extent applicable) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including any alteration, addition or making any variation in relation to the Offer;
- p) all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the price band, allow revision of the Offer portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;
- q) To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying Equity Shares and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the afore-stated documents;
- r) To make applications for listing of the Equity Shares on one or more recognised stock exchange(s) and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) and to take all such other actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements;

- s) To do all such deeds and acts as may be required to dematerialise the Equity Shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the afore-stated documents;
- t) To authorise and approve, in consultation with the BRLM(s), the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
- u) To execute and deliver and/or to authorise and empower officers of the Company (each, an "Authorised Officer") for and on behalf of the Company to execute and deliver, any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee and/or Authorised Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee and/or Authorised Officer shall be conclusive evidence of the authority of the IPO Committee and/or Authorised Officer and Company in so doing;
- v) To authorize any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue, transfer, offer and allotment of Equity Shares in the Offer;
- w) giving or authorizing any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- x) To withdraw the DRHP or the RHP or not to proceed with the Offer at any stage, if considered necessary and expedient, in accordance with Applicable Laws;
- y) To submit undertakings/certificates or provide clarifications to the Securities Exchange Board of India and the stock exchanges where the Equity Shares of the Company are proposed to be listed; and
- z) To settle any question, difficulty or doubt that may arise in connection with the Offer including the issue and allotment of the Equity Shares as aforesaid in consultation with the BRLM(s) and to further delegate the powers conferred hereunder subject to such restrictions and limitations as it may deem fit and in the interest of the Company and to the extent allowed under applicable laws and to do all such acts and deeds in connection therewith and incidental thereto, as the Committee may in its absolute discretion deem fit."

The IPO Committee meeting details as on March 31, 2023 are as follows:

Sl. No	DIN	Name of the Director/Date of the IPOCMs	20.10. 2022	06.03. 2023	23.03. 2023	31.03. 2023	Held during the tenure	Attended	% of attendance
1	00819707	Kunhamed Bicha	✓	✓	✓	✓	4	4	100
2	01342141	Byas Unnikrishnan Nambisan	✓	✓	✓	✓	4	4	100
3	02561215	Bhaskar Srinivasan	✓	✓	✓	✓	4	4	100
		% of attendance	100	100	100	100			

DETAILS OF SENIOR MANAGEMENT OF THE COMPANY:

The Company has identified certain employees, who are members of the core management team, inter-alia, functional heads of the Company as on the date of publication of this Annual Report. Their details are provided below:

S. No	Name	Designation	Name of Entity
1.	Mr. Kesavan. P	Vice President – Operations	Avalon Technologies Limited
2.	Mr. Shamil Bicha	Vice President – Business Development	Avalon Technologies Limited
3.	Mr. Michael Raj. A	General Manager – Human Resources	Avalon Technologies Limited

There are no changes in the particulars of Senior Management from the close of the previous Financial Year since the aforementioned employees were designated as Senior Management for the first time in the Financial Year 2022 – 2023.

REMUNERATION OF DIRECTORS:

In terms of Section 178 of the Act and corresponding provisions contained in the SEBI Listing Regulations, your Company has a structured Policy for Remuneration of the Directors, KMPs and Senior Management of the Company.

Some of the salient features of the Policy is provided below:

- Criteria for identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment, re-appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Undertake process of due diligence to determine the suitability of Directors, based upon qualification, track record, integrity and other fit and proper criteria.
- Devising Policy on Board Diversity.

- Criteria for payment of remuneration to Directors, Key Managerial Personnel and Senior Management.

The Policy is available at the website of the Company at: <https://www.avalontec.com/investors/>

Payment of Remuneration to Non-Executive Directors

The Independent Non-Executive Directors may receive remuneration by way of sitting fees, reimbursement of expenses (travel and other related expenses incurred for attending the meetings) for attending meetings of Board or Committee thereof and Commission as a % of Profits. The amount of such fees or commission shall be subject to ceiling/ limits as provided under the Companies Act, 2013 and Rules made thereunder or any other enactment for the time being in force. No pecuniary transactions were held with the non-executive directors. The Non-Executive Independent Directors are not entitled to any stock options of the Company.

Payment of Remuneration to Executive Directors

Compensation to Mr. Kunhamed Bicha, Managing Director, is paid as per the Agreement entered with him subject to the limits specified as per the provisions of the Companies Act, 2013.

Details of Remuneration paid by Avalon Technologies Limited to the Executive Director & Non-Executive Directors of the Company is provided below:

(₹ in Lakhs)

Name of the Director	Salary	Variable Pay	Perquisites	Stock Options	Sitting Fees	Commission	Total
Executive Director							
Kunhamed Bicha [^]	323.51	-	-	-	-	-	323.51
T.P. Imbichammad*	50.81	-	-	-	-	-	50.81
Non-Executive Directors							
Bhaskar Srinivasan ^{^^}	314.85	-	-	-	-	-	314.85
Saradey Seshu Kumar	-	-	-	-	-	-	-
Luquman Veedu Ediyannam	-	-	-	-	-	-	-
Independent Directors							
Chandar Pattabhiram	-	-	-	-	4.00	-	4.00
Byas Unnikrishnan Nambisan	-	-	-	-	13.00	-	15.00
Venkatramani Anantharamakrishnan	-	-	-	-	3.00	-	3.00
Nandita Abraham	-	-	-	-	2.00	-	3.00
Sabitha Rao**	-	-	-	-	3.00	-	3.00

[^] - Includes remuneration received from Sienna Corporation and Avalon Technologies Limited

^{^^} - Remuneration received from Sienna Corporation

* - Remuneration paid up to July 12, 2022

** - Sitting Fees paid up for the meetings attended till December 31, 2022

Other information relating to remuneration:

- **Details of performance linked criteria:** Nil
- **Service Contracts:** The Company had entered into an agreement with Mr. Kunhamed Bicha for his service as a Managing Director of the Company for a period of five years.
- There is no severance fees for any of the Directors of the Company.
- The notice period of the Director is as per market practice.
- Stock Option details: Nil

DETAILS OF GENERAL BODY MEETINGS HELD DURING THE PAST THREE YEARS:

Financial Year	Date	Location	Time	Details of Special Resolution passed
2019-20	December 31, 2020	Registered Office: B7, First Main Road, MEPZ-SEZ, Tambaram, Chennai – 600 045	10.30 a.m.	Nil
2020-21	November 29, 2021	Registered Office: B7, First Main Road, MEPZ-SEZ, Tambaram, Chennai – 600 045	10.30 a.m.	Nil
2021-22	May 05, 2022	Registered Office: B7, First Main Road, MEPZ-SEZ, Tambaram, Chennai – 600 045	5.00 p.m.	Nil

There were no resolutions passed through Postal Ballot during the last three years.

Means of Communication:

Quarterly Results	Financial Results are published on the website of the Stock Exchanges, both National Stock Exchange Ltd and BSE Ltd as well as Newspaper having wide circulation and the Company's website.
Newspapers wherein results normally published	1. Financial Express – in English 2. Makkal Kural – in Tamil
Website, where displayed	www.avalontec.com
Whether it also displays official news releases	YES
Presentations made to institutional investors or to the analysts	Disseminated to the website, of National Stock Exchange Ltd, BSE Ltd and the Company's website

GENERAL SHAREHOLDERS INFORMATION:

Registered Office:	Avalon Technologies Limited B – 7, First Main Road, MEPZ – SEZ, Tambaram Chennai – 600045
Annual General Meeting Date of Book Closure	E- Annual General Meeting has been fixed on Cut-Off Date for e-voting: September 15, 2023

Financial Calendar: (Tentative): 01st April 2023 to 31st March 2024

1st Qtr. results	14 th August 2023
2nd Qtr. results	14 th November 2023
3rd Qtr. results	14 th February 2024
4th Qtr. results	29 th May 2024

Dividend Payment Date: Not applicable.

LISTING OF EQUITY SHARES ON THE STOCK EXCHANGES: 18.04.2023

Stock Exchange where shares are listed	Scrip Code / Symbol and No. of Shares
Demat ISIN In NSDL And CDSL for Equity Shares	INE0LCL01028
BSE Ltd (BSE)	543896 – 6,52,92,577 shares
National Stock Exchange of India Limited (NSE)	AVALON – 6,52,92,577 shares

We confirm that the Annual Listing Fees has been paid both to NSE and BSE for the Financial Year 2023-24.

Market Price Data & Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index:

Since the Company was listed on April 18, 2023, details such as market price data, including high, low during each month and the stock performance in comparison to BSE Sensex is not applicable for the Financial Year 2022-23. The same shall be provided from the upcoming Financial Year onwards.

Registrar And Share Transfer Agent	Link Intime India Pvt. Ltd, C-101, 247 Park, 1st Floor, L.B.S. Marg, Vikhroli (West), Mumbai, Maharashtra, 400083
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SHARE TRANSFER SYSTEM

The Board has authorized the Company Secretary for approval of Share Transfer/ transmission and the same is reported to the Stakeholders Relationship Committee at its Meeting held every quarter.

DEMATERIALIZATION OF SHARES & LIQUIDITY:

The Company has listed its equity securities with National Stock Exchange India Ltd and with the BSE Ltd on 18th April 2023 and 100% of the shares are in dematerialised form.

OUTSTANDING GDR/ADR WARRANTS OR CONVERTIBLE BONDS

The Company has not issued any of the securities mentioned above.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023:

S. No	Shares Range		Number of Shareholders	% of total shareholders	Total No. of shares in the range	% of Issued Capital
	From	To				
1.	1	1,000	4	21.05	4,000	0.01
2.	1001	1,00,000	2	10.53	97,796	0.17
3.	1,00,001	50,00,000	10	52.63	2,15,64,282	37.21
4.	50,00,001	1,00,00,000	1	5.26	53,50,942	9.23
5.	1,00,00,001	2,00,00,000	2	10.53	3,09,36,108	53.38
Total			19	100	5,79,53,128	100

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

The Company does not deal in commodities, hence there is no commodity price risk. The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Significant portion of the Group's purchases and sales are denominated in foreign currency and hence, a natural hedge exists as a result of which, major foreign exchange fluctuations in import payables gets offset against export receivables.

Apart from the above, exchange rate exposures are also managed within approved policy parameters by constant monitoring.

PLANT LOCATIONS:

S. No	Division	Address
1.	Avalon, Chennai (PCBA)	B8, First main road, MEPZ-SEZ, Tambaram, Chennai – 600045
2.	Avalon, Chennai (Cable)	B7, First main road, MEPZ-SEZ, Tambaram, Chennai – 600045
3.	ATL, Sheet metal fabrication division (DTA Unit)	Plot No S18, SIPCOT Industrial Park, Sriperumbudur Taluk, Pillaipakkam, Kanchipuram District – 602105
4.	ATL, Powder coating division	Unit 15,16, SDF III, MEPZ-SEZ, Tambaram, Chennai – 600045
5.	Avalon Technology and Services Pvt Ltd, Metal – Main	No.A6 & A7, MEPZ-SEZ, Tambaram, Chennai – 600045
6.	Avalon Technology and Services Pvt Ltd, Magnetics Division	No.5/6/7 & 8, SDF Phase III, MEPZ-SEZ, Tambaram, Chennai – 600045
7.	Avalon Technology and Services Pvt Ltd, Plastics Division	No.5 & 6, SDF II, MEPZ-SEZ, Tambaram, Chennai – 600045
8.	Avalon Technology and Services Pvt Ltd, Metal Division II	No.S9, SDF II, MEPZ-SEZ, Tambaram, Chennai – 600045
9.	Avalon Technology and Services Pvt Ltd (PCBA, Box Build & Cable Division)	No: 23, JK Tech Square, EPIP Zone, Behind Lemon Tree Hotel, Whitefield, Bangalore – 560066
10.	SIENNA ECAD Technologies Pvt Ltd	No:683, First Floor, 15th Cross, JP Nagar, 2nd Phase, Bangalore – 560078
11.	ABV Electronics (DBA Sienna Corporation Inc)*	475 Horizon Dr, Suwanee, GA 30024
12.	ABV Electronics (DBA Sienna Corporation Inc)*	41758, Christy Street, Fremont, California, USA
13.	Avalon Technology and Services Pvt Ltd**	Plot. No. C5, Phase I, MEPZ-SEZ, Tambaram, Chennai – 600045
14.	Avalon Technologies Limited**	C8, C9 and A35, Phase-I, MEPZ-SEZ, Tambaram, Chennai-600 045

* - design support services, cable assemblies, PCB assemblies and system integration / box build

** - Under Construction

CREDIT RATING DISCLOSURE:

The Credit Rating obtained by the Company as on March 31, 2023, is provided below:

Credit Rating Agency	Rating
India Ratings and Research Private Limited	BBB

Further, on August 03, 2023, India Ratings and Research has upgraded Avalon Technologies Limited's Rating to 'A-' from 'BBB'.

OTHER DISCLOSURES:

a) Related party transactions during the year have been disclosed as required under IND AS 24 in the notes to the Financial Statements of the Company. None of the Related Party Transactions have potential conflicts with the Company and the transactions are not prejudicial to the interests of the Company.

b) Details of non – compliance of the company, penalties, stricture imposed on the listed entity by the stock exchange(s) of SEBI or any statutory authority, or any matter related to capital markets, during the last three years.

No such incidence occurred in the company where penalties, stricter non – compliance were imposed on the company by SEBI or any Statutory Authority since the company has listed its equity securities with National Stock Exchange India Ltd and with the BSE Ltd on 18th April 2023.

c) **The Company has established a vigil mechanism**, also called the Whistle Blower Policy which is adopted for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of

the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee till now.

- d)** Your Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance as specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations. The Company has not adopted non-mandatory requirements as per the Regulations of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e)** The Company has adopted the discretionary requirements as per Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 only to the extent of moving towards a regime of financial statements with unmodified audit opinion.
- f)** The Policy on determining Material Subsidiary(ies) and on dealing with Related Party Transactions is available in the Weblink: www.avalontec.com
- g)** Disclosure of commodity price risks and commodity hedging activities: The Company does not deal in commodities and hence the disclosure is not applicable.
- h)** Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A): Not Applicable.
- i)** A certificate from the Company Secretary in Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been provided by M/s. M. Alagar & Associates, as Annexure A to this report.
- n)** Details of material subsidiaries of the listed entity:

S. No	Name and Location of Subsidiary	Date of Incorporation	Name of the Statutory Auditor	Date of Appointment
1.	Avalon Technology and Services Private Limited, Chennai	21/08/2008	M/s. Varma & Varma, Chartered Accountants, Chennai	30.09.2018
2.	ABV Electronics INC, USA	26/04/1995	Refer Note Below.	

Note: Forrestall CPAs, LLC, Buford, GA were engaged to audit the financial statements of ABV Electronics, INC on March 28, 2023. The Audited Financial Statements were re-stated as per IND-AS Format by M/s. Varma & Varma, Chartered Accountants.

j) Recommendation of the Committee

There are no such incident or event where the Board had not accepted any recommendation of any committee of the board, which is mandatorily required, in the reporting financial year.

- k)** Details of Auditor's remuneration for the Financial Year 2022-23:

Sl. No	Particulars	Standalone (₹ in lakhs)	Consolidated (₹ in lakhs)
1	Statutory Audit	14	24.5
2	Tax purpose	2.5	5.3
3	Other services – Certificates	1.5	3
4	Out of pocket expenses	0	0
TOTAL		18	32.80

i) Sexual Harassment Policy

The Company has in a place a Sexual Harassment Policy in line with the requirement of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Compliant Committee (ICC) has been set up to redress the complaints received in connection with the sexual harassment in any form.

All employees (permanent, contractual, temporary, trainees) are covered under this policy.

- Number of complaints filed during the financial year – NIL
- Number of complaints disposed of during the financial year – NIL
- Number of complaints pending as on end of financial year – NIL

- m)** 'Loans and advances' in the nature of loans to firms/companies in which directors are interested by name and amount: Not applicable.

o) Disclosure of material transactions to the Board by the Senior Management

The senior management personnel shall provide disclosure on annual basis to the Board for all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. As per the disclosures received, no such transactions have taken place during the financial year 2022 - 2023.

p) The provisions of Corporate Governance as per the SEBI Listing Regulations were not applicable to the Company during the Financial Year. Further, Compliance Certificate from M/s. M. Alagar & Associates, Practicing Company Secretaries regarding compliance of conditions of corporate governance has been provided as Annexure - B to this Report.

q) The Board of Directors have authorized the Managing Director to make a declaration on compliance of Code of Conduct by all the Board Members and the Senior Management Personnel. Declaration signed by the Managing Director stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management is provided as an Annexure to this Report, forming a part of the Annual Report.

r) Other Disclosures:

- Disclosures with respect to DEMAT suspense account and unclaimed suspense account is not applicable to our Company.
- The Chief Financial Officer (CFO) and Managing Director of the Company have certified to the Board on financial and other matters in accordance with Regulation 17(8) read with Part-B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Company has adopted a Code of Conduct for the Members of the Board of Directors and the Senior Management Personnel of the Company. The said Code of Conduct is available in www.avalontec.com.
- The main objective of Risk Management is risk reduction and avoidance as also to help the Company identify the risks faced by the business and optimize the risk management strategies. The Company has a defined risk management framework.
- In the preparation of the financial statements, IND AS and corresponding principles and policies were followed. The Company has followed the applicable mandatory Indian Accounting Standards prescribed under the Companies Act, 2013 in the preparation of the Annual Standalone and Consolidated Financial Statement.

ADDRESS FOR CORRESPONDENCE

Dr. V. Rajesh

Company Secretary and Compliance Officer
Avalon Technologies Limited
B-7, First Main Road.
Tambaram, Chennai 600045
Email: rajesh.v@avalontec.com
website: www.avalontec.com

RM. Subramanian

Chief Financial Officer
Avalon Technologies Limited
B-7, First Main Road.
Tambaram, Chennai 600045
Email: investorsrelations@avalontec.com
website: www.avalontec.com

For and on behalf of the Board of Directors of
Avalon Technologies Ltd
(Formerly known as 'Avalon Technologies Private Limited')

Sd/-

Kunhamed Bicha

DIN No: 00819707
Chairman & Managing Director

Place: Chennai
Date: August 28, 2023

DECLARATION

As stipulated under Part-D of Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct. Further, the Company has complied with all the mandatory requirements of the SEBI (LODR) Regulations, 2015, and all the amendments from time to time.

For **Avalon Technologies Ltd**
(Formerly known as 'Avalon Technologies Private Limited')

Sd/-
Kunhamed Bicha
Chairman & Managing Director
DIN: 00819707

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members
Avalon Technologies Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Avalon Technologies Limited** having CIN: **U30007TN1999PLC043479** and having its registered office at B-7 First Main Road, MEPZ-SEZ, Tambaram, Chennai, Tamil Nadu - 600045 (hereinafter referred to as (“**the Company**”)), produced before us by the Company for the purpose of issuing this Certificate, in accordance with **Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal <http://www.mca.gov.in>) as considered necessary and explanations furnished to us by the Company & its officers, **we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Company(ies)** by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority

S. No	Name	DIN	Designation	Date of appointment
1.	Mr. Kunhamed Bicha	00819707	Chairperson (Executive Director) – Managing Director	03.11.1999 (Appointment 12.07.2022)
2.	Mr. T.P. Imbichammad*	00634769	Managing Director	03.11.1999
3.	Mr. Venkataramani Anantharamakrishnan	00277816	Independent Director	07.07.2022
4.	Ms. Sabitha Rao**	06908122	Independent Director	19.07.2022
5.	Ms. Nandita Abraham	01006030	Independent Director	08.02.2023
6.	Mr. Byas Unnikrishnan Nambisan	01342141	Independent Director	19.07.2022
7.	Mr. Sareday Seshu Kumar	01646703	Non-Executive & Non-Independent Director	01.09.2001
8.	Mr. Bhaskar Srinivasan	02561215	Non-Executive & Non-Independent Director	03.11.1999
9.	Mr. Luquman Veedu Ediyannam	06493214	Non-Executive & Non-Independent Director	03.03.2017
10.	Mr. Chandar Pattabhiram	09606151	Independent Director	07.07.2022

* Mr. T.P. Imbichammad resigned from the Board of the Company with effect from July 12, 2022.

** Ms. Sabitha Rao vacated from the office of Directorship due to her demise on December 31, 2022.

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification of the DIN associated with the Company. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M. Alagar & Associates
Practising Company Secretaries
Peer Review Certificate No:1707/2022

M. Alagar
Managing Partner
FCS No. 7488
COP No. 8196

Place: Chennai
Date: August 14, 2023

UDIN: F007488E000798355

Annexure B

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

(Pursuant to Regulation 34(3) and Schedule V Para E of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
Avalon Technologies Limited
B-7 First Main Road, MEPZ-SEZ,
Tambaram Chennai-600045

We have examined the compliance of conditions of Corporate Governance by **Avalon Technologies Limited** ("the Company") for the period ended March 31, 2023 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on the documents and information made available to us, we understand that the Company has got listed on April 18, 2023. Hence, for the financial year ended March 31, 2023, the compliance of conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of Schedule V of the Listing Regulations were not applicable to the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For M. Alagar & Associates
Practising Company Secretaries
Peer Review Certificate No: 1707/2022

M. Alagar

Managing Partner
FCS No. 7488 / CoP No. 8196
UDIN: F007488E000798300

Place: Chennai
Date: August 14, 2023

Independent Auditor's Report

To
 The Members,
**Avalon Technologies Limited (formerly known as
 "Avalon Technologies (P) Limited")**

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of **Avalon Technologies Limited** (formerly known as "Avalon Technologies (P) Limited") (hereinafter referred to as "the Company"), which comprise the balance sheet as at March 31, 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 the 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 March 31, 2023 and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditors Response
<p>Revenue recognition involves identification of contracts with customers, identification of distinct performance obligations, determination of transaction price and allocation of the transaction price to the distinct performance obligations.</p> <p>Revenue is recognised when (or as) a performance obligation is satisfied i.e. when 'control' of the goods underlying the particular performance obligation is transferred to the customer.</p> <p>The Company and its external stakeholders focus on revenue as a key performance metric, and hence, there may be a possibility for revenue to be overstated or recognised before control has been transferred. Accordingly, Revenue recognition has been identified as a key audit matter.</p> <p>See Note No. 1.2(B)(9) and Note No. 18 to the Standalone Financial Statements.</p>	<p>In view of the significance of the matter, the following key audit procedures were performed by us:</p> <ul style="list-style-type: none"> Assessed the compliance of the Company's revenue recognition accounting policies with applicable accounting standards Evaluated the design and implementation of the key internal financial controls with respect to the timing of revenue recognition and tested the operating effectiveness of such controls on a sample basis. Performed substantive testing of revenue transactions recorded during the year on a sample basis by verifying the underlying documents including shipping document, customer acknowledgement, dispatch notes, etc. Performed testing for samples of revenue transactions recorded closer to the year-end by verifying underlying documents, to determine the accuracy of the period in which revenue was recognized.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENT AND AUDITOR'S REPORT THEREON (OTHER INFORMATION)

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance in the Annual Report of the Company for the financial year 2022-23 but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

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

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

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS' FOR THE STANDALONE 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 and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to standalone 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 Management and Board of Directors use of the going concern basis of accounting in preparation of standalone 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.

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

The comparative financial information of the Company for the year ended 31 March, 2022 and the transition date opening balance sheet as at 01 April, 2021 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the predecessor auditor whose report for the year ended 31 March, 2022 and 31 March, 2021 dated May 4, 2022 and September 27, 2021 respectively expressed an unmodified opinion on those standalone financial statements, which have been restated by the Company to comply with Ind AS. Adjustments to the said comparative financial information for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not modified in respect of the above matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone 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 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.
- (g) With respect to the matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note No. 38 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts due to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (i). The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (ii) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (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, contain any material misstatement.
- v. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
 - vi. The company has not declared or paid any dividend on equity shares during the year. Dividend on preference shares has been paid during the year as per the terms of issue and in accordance with section 123 of the Act to the extent applicable.

For **Varma & Varma**
Chartered Accountants
FRN. 004532S

P R Prasanna Varma
Partner

Place: Chennai
Date: May 26, 2023

M No. 025854
UDIN: 23025854BGRHXP4338

Annexure A

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING REPORT ON “OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AVALON TECHNOLOGIES LIMITED FOR THE YEAR ENDED 31.03.2023

- (i) a.(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Property, Plant and Equipment and right-of-use assets have been physically verified by the Management at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
- c. According to the information and explanations given to us and the records of the Company examined by us, we report that the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements are held in the name of the Company as at the balance sheet date.
- d. The Company has not revalued any of its Property, Plant and Equipment (including right- of-use assets) and intangible assets during the year.
- e. According to the information and explanations given to us and based on the examination of the records of the company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year. According to the information and explanations given to us and based on the examination of the records of the company, we are of the opinion that the coverage and procedure of such verification by the management is appropriate and no material discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such physical verification.
- 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 been sanctioned working capital limits in excess of five Crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as given in Annexure 1.
- (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 security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has provided guarantee to one company during the year in respect of which the requisite information is as below.
- a. Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided guarantee to one entity during the year as below:

Particulars	Guarantees (In Million)
Aggregate amount during the year	110.00
– Subsidiary	
Balance outstanding as at balance sheet date	604.60
– Subsidiary	

- b. According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the guarantees provided during the year and the terms and conditions thereof, Prima facie are not prejudicial to the interest of the Company. The Company has not made any investment and has not granted any loans and advances in the nature of loans or security to any party during the year.
- 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 a loan given in earlier year, in our opinion the payment of interest has been stipulated and the receipts have been regular and as per the terms of the loan, the repayment of principal is not yet due. 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 granted any loans or advances in the nature of 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, in respect of guarantee given by the Company, in our opinion the provisions of Section 186 of the Companies Act, 2013 ("the Act") have been complied with to the extent applicable and Section 185 of the Act is not applicable in
- b. According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues referred to in sub-clause (a) that have not been deposited on account of any dispute as at 31st March, 2023 are as follows:

this regard since the guarantee has been given in respect of a Wholly Owned Subsidiary. The Company has not made any investments, given any loans and provided any security to any party during the year.

(v) According to the information and explanations given to us and based on the examination of the records of the company, the company has not accepted any deposit from the public during the year. Accordingly reporting under Clause 3(v) of the Order is not applicable to the company.

(vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act in respect of certain products manufactured by the company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)

a. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has been regular in depositing the undisputed statutory dues including goods and service tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company with the appropriate authorities during the year and no undisputed amounts in respect of material statutory dues were in arrears as at 31st March, 2023 for a period of more than six months from the date they became payable.

Name of Statute	Nature of Dues	Amounts Involved (₹ in Million)	Period to which amount relates (Financial the Year)	Forum where disputed is pending
Income Tax Act, 1961	Income Tax (excluding interest and penalty)	28.98	April 2010 to March 2014	Income Tax Appellate Tribunal
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund (excluding interest and penalty)	6.57	Apr 2013 to Jun 2016	The Central Government Industrial Tribunal - Cum - Labour Court

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) As per the information and explanations furnished to us, and according to our examination of the records of the Company,
- The Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
 - The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
 - The company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
 - On an overall examination of the financial statements of the Company, we report that during the year, no funds raised on short-term basis have, Prima facie, been used, for long-term purposes by the Company.
 - According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associates or joint ventures.
 - According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any associates or joint ventures.
- (x) As per the information and explanations furnished to us, and according to our examination of the records of the Company,
- The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
 - The Company has made private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.
- (xi) As per the information and explanations furnished to us, and according to our examination of the records of the Company,
- No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
 - No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
 - As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on the records of the Company examined by us, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details thereof have been duly disclosed in Note 33 to the standalone financial statements as required by the applicable accounting standard.
- (xiv) a. In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b. We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us and based the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors and hence, reporting under clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and the records of the Company examined by us,

- a. the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a) of the Order is not applicable.
- b. the company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Hence, reporting under clause 3(xvi) (b) of the Order is not applicable.
- c. the company is a not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi) (c) of the Order is not applicable.
- d. As represented to us by the management, there is no core investment company as defined in the regulations made by the Reserve Bank of India within the Group. Hence, reporting under clause 3(xvi) (d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and

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 indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. 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 are no unspent amounts under sub-section (5) of section 135 of the Act pursuant to any on going or other than on-going projects. Accordingly, clause 3(xx) (a) and 3(xx) (b) of the Order is not applicable.

For **Varma & Varma**
Chartered Accountants
FRN. 004532S

P R Prasanna Varma
Partner

Place: Chennai
Date: May 26, 2023

M No. 025854
UDIN: 23025854BGRHXP4338

Annexure B

REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AVALON TECHNOLOGIES LIMITED FOR THE YEAR ENDED 31.03.2023

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls with reference to standalone financial statements of Avalon Technologies Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A company’s internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone

financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to standalone 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.

For **Varma & Varma**
Chartered Accountants
FRN. 004532S

P R Prasanna Varma
Partner

Place: Chennai
Date: May 26, 2023

M No. 025854
UDIN: 23025854BGRHXP4338

Standalone Balance Sheet

as at March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

S. No	Particulars	Note No.	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
A.	ASSETS				
	Non-Current Assets				
(a)	Property, plant and equipment	2	392.37	367.85	347.34
(b)	Capital Work in Progress	2	121.89	19.65	-
(c)	Right-of-Use assets	3A	66.54	55.10	50.32
(d)	Intangible Assets	3B	2.01	1.88	2.54
(e)	Financial Assets				
(i)	Investments	4	875.95	873.84	862.84
(ii)	Other Financial Assets	5	156.44	154.38	151.28
(f)	Deferred Tax Asset (Net)	12.1	7.46	11.16	24.63
(g)	Other Non Current Assets	6	-	0.02	0.12
	Total non-current assets		1,622.66	1,483.87	1,439.07
	Current Assets				
(a)	Inventories	7	1,735.34	1,143.22	749.79
(b)	Financial Assets				
(i)	Trade Receivables	9	1,319.67	1,410.55	1,651.01
(ii)	Cash and Cash Equivalents	8A	4,199.25	52.91	243.32
(iii)	Bank balances other than (ii) above	8B	3.37	17.11	21.67
(iv)	Other Financial Assets	5	30.00	2.43	7.46
(c)	Other Current Assets	6	530.65	328.07	105.28
	Total current assets		7,818.28	2,954.29	2,778.53
	TOTAL ASSETS		9,440.94	4,438.16	4,217.60
B.	EQUITY AND LIABILITIES				
	Equity				
(a)	Equity Share Capital	10	115.91	15.97	15.97
(b)	Other equity	11	6,454.03	2,238.87	1,964.87
	Total equity		6,569.94	2,254.84	1,980.84
	Liabilities				
	Non-Current Liabilities				
(a)	Financial Liabilities				
(i)	Borrowings	13A	198.12	206.62	107.48
(ii)	Lease Liabilities	15A	48.94	39.78	33.88
(iii)	Other Financial Liabilities	15B	0.24	-	-
(b)	Provisions	16	66.26	52.11	45.56
	Total non-current liabilities		313.56	298.51	186.92
	Current Liabilities				
(a)	Financial Liabilities				
(i)	Borrowings	13	1,020.80	1,186.90	1,239.10
(ii)	Lease Liabilities	15A	6.25	4.64	2.60
(iii)	Trade Payables				
a)	Micro and small enterprises	14	7.09	10.71	0.24
b)	Others	14	641.73	557.30	661.60
(iv)	Other Financial Liabilities	15B	847.74	70.13	39.60
(b)	Other Current Liabilities	17	11.70	13.64	50.13
(c)	Provisions	16	7.24	5.80	7.96
(d)	Current tax Liabilities (Net)	12.2	14.89	35.69	48.61
	Total current liabilities		2,557.44	1,884.81	2,049.84
	Total Liabilities		2,871.00	2,183.32	2,236.76
	TOTAL EQUITY AND LIABILITIES		9,440.94	4,438.16	4,217.60
	Significant Accounting Policies and key accounting estimates and judgements	1			
	See accompanying notes to financial statements				

As per our report of even date attached

For Varma & Varma

Chartered Accountants

Firm Registration No. 004532S

P R Prasanna Varma

Partner

Membership No. 025854

Chennai

Date: May 26, 2023

For and on behalf of the Board

Kunhamed Bicha

Chairman & Managing Director

DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

S. No	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from Operations	18	4,793.71	4,345.62
II	Other Income	19	48.84	74.45
III	Total Income (I+II)		4,842.55	4,420.07
IV	Expenses:			
	Cost of raw materials consumed	20	3,683.19	3,341.83
	Changes in Inventories of finished goods, work-in-progress and stock in trade	21	(131.86)	(31.25)
	Employee benefit expenses	22	416.50	345.68
	Finance costs	23	176.43	123.83
	Depreciation and amortisation expenses	24	48.70	56.56
	Other expenses	25	265.26	219.04
	Total Expenses		4,458.22	4,055.69
V	Profit before tax (Before Exceptional items) (III-IV)		384.33	364.38
VI	Exceptional items		-	-
VII	Profit before tax (After Exceptional items) (V-VI)		384.33	364.38
VIII	Tax Expense:			
	(1) Current Tax	26	95.95	106.07
	(2) Tax of earlier years	26	-	(16.13)
	(3) Deferred Tax	26	4.69	2.13
			100.64	92.07
IX	Profit for the year (VII - VIII)		283.69	272.31
X	Other Comprehensive Income			
	A. i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans - Gratuity	30	(3.92)	2.40
	ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans	26.1	0.99	(0.70)
	Total other comprehensive income A(i+ii)		(2.93)	1.70
XI	Total Comprehensive Income for the period (IX+X)		280.76	274.01
XII	Earnings Per Equity Share (Nominal value per share ₹ 2/-)			
	(a) Basic (In ₹)	27	5.00	4.87
	(b) Diluted (In ₹)	27	4.89	4.87
	Significant Accounting Policies and key accounting estimates and judgements See accompanying notes to financial statements	1		

As per our report of even date attached

For Varma & Varma

Chartered Accountants
Firm Registration No. 004532S

P R Prasanna Varma

Partner
Membership No. 025854

Chennai

Date: May 26, 2023

For and on behalf of the Board

Kunhamed Bicha

Chairman & Managing Director
DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Standalone Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Share Capital		Other Equity					Total (A)+(G)
	(A)	Securities premium (B)	Economic Zone Re-investment Allowance Reserve (C)	Special Economic Zone Re-investment Allowance Reserve (C)	Retained earnings (D)	ESOP Reserve (E)	Share Application Money (F)	
Balance as at April 1, 2021	15.97	534.01	137.75	1,399.84	-	0.01	2,071.61	2,087.57
Changes in accounting policies / prior period errors (Refer Note 32)	-	-	-	(73.07)	-	-	(73.07)	(73.07)
IndAS transition impact (Refer Note 32)	-	-	-	(33.66)	-	-	(33.66)	(33.66)
Restated balance as at April 1, 2021	15.97	534.01	137.75	1,293.11	-	0.01	1,964.87	1,980.84
2021-22								
Profit for the year	-	-	-	272.31	-	-	272.31	272.31
Other comprehensive income for the year, net of income tax	-	-	-	1.70	-	-	1.70	1.70
Transfer from SEZ Reinvestment Reserve to Retained Earnings	-	-	(42.09)	42.09	-	-	-	-
Refund of share application money	-	-	-	-	-	(0.01)	(0.01)	(0.01)
Balance As at March 31, 2022	15.97	534.01	95.66	1,609.21	-	-	2,238.87	2,254.84
2022-2023								
Profit for the year	-	-	-	283.69	-	-	283.69	283.69
Other comprehensive income for the year, net of income tax	-	-	-	(2.93)	-	-	(2.93)	(2.93)
Issue of equity shares	3.94	830.87	-	-	-	-	830.87	834.81
Conversion of Instruments entirely equity in nature	0.20	-	-	-	-	-	-	0.20
Transfer from SEZ Reinvestment Reserve to Retained Earnings	-	-	(49.35)	49.35	-	-	-	-
Share based payment expense	-	-	-	-	0.85	-	0.85	0.85
Share based payment for employees of group company	-	-	-	-	2.11	-	2.11	2.11
Dividend on Instruments entirely equity in nature	-	-	-	1.86	-	-	1.86	1.86
Issue of Bonus Shares	95.80	(95.80)	-	-	-	-	(95.80)	-
Receipt on Share Application money from Anchor Investors	-	-	-	-	-	3,200.00	3,200.00	3,200.00
Expenses for issue of shares	-	(1.77)	-	-	-	-	(1.77)	(1.77)
Balance As at March 31, 2023	115.91	1,267.31	46.31	1,937.46	2.96	3,200.00	6,454.03	6,569.94

As per our report of even date attached

For Varma & Varma

Chartered Accountants

Firm Registration No. 004532S

P R Prasanna Varma

Partner

Membership No. 025854

Chennai

Date: May 26, 2023

For and on behalf of the Board

Kunhamed Bicha

Chairman & Managing Director

DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
A. Cash flow from operating activities		
Profit for the year	384.33	364.38
Adjustments for :		
Finance costs recognised in profit or loss	126.06	123.35
Interest Income recognised in profit or loss	(14.59)	(17.26)
Dividend Income recognised in profit or loss	(17.86)	(12.20)
(Gain) / Loss on disposal of property, plant and equipment	-	(1.13)
Impairment loss recognised on trade receivables	1.74	9.72
Employee Share Based Payment	0.86	-
Depreciation and Amortisation of non-current assets	48.70	56.56
Provision for Gratuity	(8.86)	(7.44)
Provision for Leave Encashment	(7.29)	(4.86)
Amount no longer payable written back	(15.85)	-
Net foreign exchange (gain) / loss - Unrealised	48.66	24.53
	545.90	535.65
Movements in working capital :		
(Increase) / decrease in trade and other receivables	89.14	230.74
(Increase) / decrease in inventories	(592.12)	(393.43)
(Increase) / decrease in other assets	(218.45)	(205.56)
Increase / (decrease) in trade payables	96.66	(93.83)
Increase / (decrease) in provisions	27.82	19.09
Increase / (decrease) in other liabilities	(20.77)	(32.28)
Cash generated from operations	(71.82)	60.38
Income Tax paid	(116.75)	(102.86)
Net cash generated by operating activities	(188.57)	(42.48)
B. Cash flow from investing activities		
(Acquisition) / Proceeds from sale of property, plant and equipment	(188.53)	(69.88)
Interest received	14.59	17.26
Dividend income	17.86	12.20
Investments/Loans made during the Mear	(0.00)	(11.00)
Net cash used in investing activities	(156.08)	(51.42)
C. Cash flow from financing activities		
Proceeds from issue of Shares	798.24	-
Receipt of Share Application Money from Anchor Investors	4,016.28	
Proceeds from Non current Borrowings	82.31	179.05
Repayment of Non-Current Borrowings	(55.81)	(79.91)
Proceeds/Repayment of Current Borrowings	(166.10)	(75.69)
Repayment of Lease liability	(11.61)	(8.21)
Dividend paid on Preference Shares	(3.50)	(3.50)
Refund of share application money	-	(0.01)
Interest paid	(170.53)	(107.68)
Net cash used in financing activities	4,489.28	(95.95)
Net increase in cash and cash equivalents	4,144.63	(189.85)
Cash and cash equivalents at the beginning of the year	52.91	243.32
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1.71	(0.56)
Cash and Cash equivalents at the end of the year	4,199.25	52.91

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash flows.

(b) Cash and Cash equivalents comprises of	As at March 31, 2023	As at March 31, 2022
(i) Cash and Cash Equivalents		
(a) Balance with banks in Current accounts	4,135.21	52.89
(b) Balance with banks in deposit accounts	64.00	-
(c) Cash on hand	0.04	0.02
Total	4,199.25	52.91

Non-cash financing activities:

Significant non cash movement in financing activities includes the following

Particulars	As at March 31, 2023	As at March 31, 2022
a) Lease liabilities recognised as per IND AS 116	Refer Note 3A	
b) Foreign exchange fluctuation on borrowings	50.37	23.97

As per our report of even date attached

For Varma & Varma

Chartered Accountants
Firm Registration No. 004532S

P R Prasanna Varma

Partner
Membership No. 025854

Chennai

Date: May 26, 2023

For and on behalf of the Board

Kunhamed Bicha

Chairman & Managing Director
DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

1 CORPORATE INFORMATION

Avalon Technologies Limited (formerly known as Avalon Technologies Private Limited) ("the Company") is a company domiciled and incorporated in India. The company has converted from Private Limited company into a Public Limited Company with effect from 29th July, 2022. The company has its registered office situated at B-7, First Main Road, MEPZ-SEZ, Tambaram, Chennai - 600 045, Tamil Nadu, India. The company has three subsidiaries, two of which are incorporated in India and one in the United States of America. The Company together with its subsidiaries (collectively referred to as the "Company") are Electronics Manufacturing Service (EMS) providers with capabilities in Printed Circuit Assembly Boards (PCBA's), custom cable, wire harness, metal, plastic, magnetics components and assemblies with enhanced capabilities in engineering design and development.

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF PREPARATION

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act. Upto the year ended 31 March, 2021, the Company prepared the standalone financial statements in accordance with the requirements of the previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the 2013 Act. These are the Company's first Ind AS standalone financial statements. The date of transition to the Ind AS is 01 April, 2021. Refer Note 32 for details of the first-time adoption exceptions and exemptions availed by the Company.

The standalone financial statements are prepared under historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below, in accordance with the Generally Accepted Accounting Principles in India and comply in all material respects with the accounting standards specified under the section 133 of the Act.

All assets and liabilities have been classified as Current and non- Current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current Financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current Financial liabilities. All other liabilities are classified as non-current.

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified 12 months as its operating cycle

The Standalone Financial Statements have been presented in Indian Rupees (Rs. or INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions and decimals thereof, unless otherwise mentioned. Figures in brackets represents negative figures unless otherwise mentioned. “-” denotes zero or figures which are below the rounding off norms adopted by the Company.

B SIGNIFICANT ACCOUNTING POLICIES

1 Use of Estimates

The preparation of the Standalone Financial Statements in conformity with accounting principles generally accepted in India requires the management to make judgements, estimates and assumptions that effect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and

impairment in value, if any. Cost includes purchase price, (inclusive of import duties and non – refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any.

If the Company has acquired a Property, Plant and Equipment on deferred term basis and terms are beyond normal credit terms, property plant and equipment will be recognized on cash price equivalent, i.e. discounted amount.

The cost of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

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

Depreciation

Depreciation on Property, Plant and Equipment (Tangible assets) is generally computed on a pro-rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013 under Straight line method. The useful life of assets prescribed in Schedule II to the Companies Act, 2013 are considered for the purpose of Computation of Depreciation. However, If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on an annual review is different from that envisaged in the aforesaid schedule, depreciation is provided at a such rate based on the useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life as indicated below which is different from that stated in Schedule II to the Companies Act, 2013.

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

Category	Useful life
Buildings	3 - 60 years
Plant and machinery	1 - 15 years
Computers	3 - 6 years
Office equipment	5 - 15 years
Furniture and fixtures	10 - 15 years
Vehicles	4 - 8 years
Tools*	3 - 5 years

*Useful life of tools are based on internal estimate of the Company. Tools and dies used are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume products are depreciated at higher rate.

Depreciation charge on additions / deletions is restricted to the period of use. Depreciation methods, useful lives and residual values are reviewed annually.

3 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful life as given below.

Category	Useful life
Patent	10 years
Software	4 years

Amortization method and useful lives are reviewed annually.

4 Leases

As lessee

The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a corresponding lease liability for all lease

arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases for low value underlying assets. For these short-term and leases for low value underlying assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of use assets and lease liabilities include these options when it is reasonably certain that the option to extend the lease will be exercised/option to terminate the lease will not be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation/amortization and impairment losses.

Right-of-use assets are depreciated/amortized from the commencement date to the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying asset by the end of lease term or if the cost of right-of-use assets reflects that the purchase option will be exercised. Otherwise, Right-of-use assets are depreciated / amortized from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right-of-use assets 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 Unit (CGU) to which the asset belongs.

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment whether it will exercise an extension or a termination option.

5 Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or Company's of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. In such cases, impairment losses are reversed to the extent the assets carrying amount does not exceed, the carrying amount that would have been determined if no impairment loss had previously been recognized.

6 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction / production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of that asset. All other borrowing costs are charged to revenue. In accordance with the ICAI Guidance Note on Schedule III to the

Companies Act, 2013, exchange losses (net) relating to foreign currency borrowings to the extent not capitalized in accordance with Ind AS 23 is presented under finance costs.

7 Inventories

"Cost of raw materials, components, stores and spares are ascertained on a moving weighted average cost basis. Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead. Such costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates taxes (not recoverable from the taxing authorities) and discounts. Goods that are consigned to the Company are not considered in inventory.

Net realizable 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. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories as identified by the management are duly provided for/ written down to the realizable value, as the case maybe.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

8 Foreign Currency Transaction Functional Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the Functional currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are reinstated at the end of accounting period.

Exchange differences on reinstatement of all monetary items are recognized in the Statement of Profit and Loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Indian rupees (INR), the functional currency of the Company at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to Indian rupees (INR) at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Foreign currency translation differences are recognised in other comprehensive income and accumulated in equity separately under foreign currency translation reserve. The amounts recognized are transferred to the Standalone statement of profit and loss on disposal of the related foreign subsidiaries.

9 Revenue Recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the

amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and rebates offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow.

Sale of goods

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Advance from customers is recognized under other current liabilities which is released to revenue on satisfaction of performance obligation.

Rendering of Services

Revenue from other service activities are recognized at a point in time on satisfaction of performance obligation towards rendering of such services in accordance with the terms of arrangement.

Revenue is recorded exclusive of goods and service tax.

Other Income

Interest : Interest income is recognized on effective interest method taking into account the amount outstanding and the rate applicable.

Dividend : Dividend income is recognized when the right to receive dividend is established.

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

Insurance Claims : Insurance claims are accounted for on the basis of claims lodged with insurance Company and to the extent that there is a reasonable certainty in realizing the claims.

10 Employee Benefits

1. Short - Term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

2. Defined Contribution Plans

Contribution towards provident fund/ Employee State Insurance for employees working with the Company's operations in India 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.

3. Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") which is unfunded covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the other comprehensive income in the year in which they arise. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

4. Other Long term employee benefits

Accumulated compensated absences, which are expected to be availed or

encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the Profit and Loss Statement in the year in which they arise.

10A Share Based Payments

Employees (including senior executives) of the Company receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Employee Stock option Plan (ESOP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled, in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period recognised in employee benefits expense represents the movement in cumulative expense recognised as at the beginning and end of that period.

Performance conditions which are market conditions are taken into account when determining the grant date fair value of the awards. Service and non-market performance

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

11 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant prevailing tax laws. Tax expenses relating to the items in profit and loss shall be treated as current tax as part of profit and loss and those relating to items in other comprehensive income (OCI) shall be recognized as part of the part of OCI.

Deferred tax is recognized for all the temporary differences between the carrying amounts of assets and liabilities in the Standalone Financial Statements and corresponding tax bases used in computation of taxable profit. Deferred tax assets are recognized and carried forward only to the extent that it is probable that taxable profit will be available

against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognized deferred tax assets, if any and the same is recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period. MAT shall be treated as part of deferred tax assets.

12 Financial instruments

Initial recognition

The Company recognizes Financial assets and Financial liabilities when it becomes a party to the contractual provisions of the instruments. All Financial assets and liabilities are recognized at fair value on initial recognition. 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.

Financial liabilities and equity instruments:
Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Instruments (including convertible

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

preference shares) that meet the definition of 'Equity' in its entirety and which do not have any component of liability, is classified as Equity and grouped under 'Instruments entirely equity in nature'. Equity instruments are recorded at the proceeds received, net of direct issue costs. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

Subsequent measurement

- i. Financial assets carried at amortized cost
A Financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect 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.
- ii. Financial assets at fair value through profit or loss
A Financial asset which is not classified in the above category is subsequently fair valued through profit or loss.
- iii. Financial liabilities
Financial liabilities are subsequently carried at amortized cost using the effective interest method. 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.

Derecognition of Financial instruments

The Company derecognizes a Financial asset when the contractual rights to the cash flows from the Financial asset expire or it transfers the Financial asset and the transfer qualifies for derecognition under IND AS 109. A Financial liability (or a part of a Financial liability) is

derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Impairment

All Financial assets classified as at amortized cost shall be tested for impairment under Ind AS 109 and measured using Expected Credit Loss (ECL) model.

13 Fair Value

The Company measures Financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the Standalone Financial Statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – inputs that are unobservable for the asset or liability

14 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. All government grants are initially recognized by way of setting up as deferred income. Government grants relating to income are subsequently recognized in the profit or loss over the period necessary to

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are subsequently recognized in profit or loss on a systematic basis over the expected life of the related depreciable assets. Grants recognized in Profit and Loss as above are presented within other income or adjusted against the corresponding expenditure head as specifically disclosed thereunder.

15 Provisions and Contingent Liabilities

Provisions : Provisions are recognized when there is a present obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value unless the effect of time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

16 Segment Reporting

The Company is engaged in providing Electronics Manufacturing Services (EMS) with capabilities in printed circuit board assembly, custom cable and wire harnesses, etc. Since the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and to assess

its performance, the entire operations are to be classified as a single business segment, namely EMS.

17 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting equity dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

18 Share issue expense

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

19 Cash & Cash Equivalents

Cash and cash equivalents comprises cash on hand and at banks and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

20 Exceptional items

Exceptional items are those items that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

3 CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the critical judgements, assumptions concerning the future, and key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next Financial year.

3.1. Useful lives of property, plant and equipment

As described above, the charge in respect of periodic depreciation for the year is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

3.2. Employee Benefits

The cost of defined benefit plans are determined using actuarial valuation, which involves making assumptions about discount rates, expected rates of return on assets, future salary increases, and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

3.3. Taxation

Significant assumptions and judgements are involved in determining the provision for tax based on tax enactments, relevant judicial pronouncements and tax expert opinions, including an estimation of the likely outcome of any open tax assessments / litigations.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available, based on estimates thereof. Significant assumptions are also involved in evaluating the recoverability of deferred tax assets recognised on unused tax losses.

3.4 Provisions and contingencies

Critical judgements are involved in measurement of provisions and contingencies and estimation of the likelihood of occurrence thereof based on factors such as expert opinion, past experience etc.

3.5 Impairment of Trade receivable - Expected Credit loss

The impairment provisions for trade receivables are based on assumptions about risk of default. The Company uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on Company's past history at the end of each reporting period

3.6 Estimation of uncertainties relating to the global health pandemic due to COVID-19 (COVID-19):

The Company, based on the internal and external information available up to the date of approval of these Standalone Financial Statements, has concluded that no adjustments are required in the carrying amounts of its Financial assets and other assets. Given the uncertainties associated with the nature and duration of the pandemic, actual results may differ from those estimated as at the date of approval of the Standalone Financial Information. The Company will continue to monitor future economic conditions and update its assessment.

4 RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards 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) Amendment Rules, 2023, as below:

Notes to Standalone Financial Statements

Significant accounting policies to Standalone Financial Statements

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from

changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 2: PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	As at		As at		As at	
	March 31, 2023		March 31, 2022		April 1, 2021	
Carrying amounts of:						
Free hold Buildings		136.40		144.03		150.42
Plant and equipment		206.20		178.31		154.54
Air conditioners		2.14		2.54		2.17
Computer		31.50		25.37		23.62
Electrical Fittings		6.12		6.91		4.51
Furniture and Fittings		3.69		3.76		3.50
Vehicle		3.67		5.05		6.93
Office Equipments		1.60		0.75		0.58
Fire Protection Equipments		1.05		1.13		1.07
Sub-Total		392.37		367.85		347.34
Capital Work-in-progress		121.89		19.65		-
Total		514.26		387.50		347.34
Gross carrying value						
Freehold Buildings	150.42	154.54	2.17	23.62	4.51	3.50
Plant and equipment	1.21	66.13	0.98	4.31	3.06	0.94
Air conditioners	-	(7.58)	-	-	-	(0.50)
Computer	151.63	213.09	3.15	27.93	7.57	4.44
Electrical Fittings	-	51.25	-	10.52	0.05	0.33
Furniture and Fittings	-	(1.34)	-	-	-	-
Vehicle	151.63	263.00	3.15	38.45	7.62	4.77
Office Equipments	-	-	-	-	-	-
Fire Protection Equipments	-	-	-	-	-	-
Balance as at April 1, 2021 (Deemed Cost)						
Additions						
Disposals						
Balance as at March 31, 2022						
Additions						
Disposals						
Balance As at March 31, 2023						
Accumulated Depreciation						
Freehold Buildings	-	-	-	-	-	-
Plant and equipment	7.61	35.24	0.61	2.56	0.66	0.68
Air conditioners	-	(0.46)	-	-	-	(0.08)
Computer	7.61	34.78	0.61	2.56	0.66	0.68
Electrical Fittings	7.62	22.02	0.40	4.39	0.84	0.40
Furniture and Fittings	-	-	-	-	-	-
Vehicle	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-
Fire Protection Equipments	-	-	-	-	-	-
Balance as at April 1, 2021						
Depreciation expense						
Eliminated on disposals						
Balance As at March 31, 2022						
Depreciation expense						
Eliminated on disposals						
Balance As at March 31, 2023						

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Free hold Buildings	Plant and equipment	Air conditioners	Computer fittings	Electrical fittings	Furniture and Fittings	Vehicle	Office Equipments	Fire Protection Equipments	Total
Carrying amount as on April 1, 2021	150.42	154.54	2.17	23.62	4.51	3.50	6.93	0.58	1.07	347.34
Carrying amount as on March 31, 2022	144.03	178.31	2.54	25.37	6.91	3.76	5.05	0.75	1.13	367.85
Carrying amount as on March 31, 2023	136.40	206.20	2.14	31.50	6.12	3.69	3.67	1.60	1.05	392.37

Capital Work-in-progress

Class-wise breakup of CWIP

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Plant and equipment	38.80	12.08	-
Factory building	80.00	5.19	-
Electrical Fittings	2.08	1.87	-
Software	1.01	0.51	-
Total	121.89	19.65	-

Ageing breakup of CWIP

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
- Less than 1 year	104.60	19.65	-
- 1-2 years	17.29	-	-
- 2-3 years	-	-	-
- More than 3 years	-	-	-
Total	121.89	19.65	-

The above capital work in progress is estimated to be completed within one year from the year end.

Status of Capital Work-in-progress

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Projects in progress *			
Factory building**	80.00	5.19	-
Electrical fittings	2.08	1.87	-
Plant and Machinery	38.80	12.08	-
Others	1.01	0.51	-
Subtotal	121.89	19.65	-
Projects temporarily suspended	-	-	-
Total	121.89	19.65	-

*In respect of the above projects there are no time overruns or cost overruns

The title deeds of all immovable properties (other than properties where the company is lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company

**Amount of borrowing cost capitalised during the year ended March 2023 is INR 2.95 million (March 2022 - Nil)

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 3A - RIGHT-OF-USE ASSETS

a) Right-of-Use Assets

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Carrying amounts of			
Lease hold Assets	57.50	41.63	45.12
Computers	1.01	3.13	5.20
Vehicles	8.03	10.34	-
Total	66.54	55.10	50.32

Gross carrying value	Lease hold Assets	Computers	Vehicles	Total
Balance As at April 1, 2021	45.12	5.20	-	50.32
Additions	-	-	11.47	11.47
Deletions	-	-	-	-
Balance As at March 31, 2022	45.12	5.20	11.47	61.79
Additions	22.63	-	-	22.63
Deletions	-	-	-	-
Balance As at March 31, 2023	67.75	5.20	11.47	84.42

Accumulated amortisation	Lease hold Assets	Computers	Vehicles	Total
Balance As at April 1, 2021	-	-	-	-
Amortisation	3.49	2.07	1.14	6.70
Eliminated on disposals	-	-	-	-
Balance As at March 31, 2022	3.49	2.07	1.14	6.70
Amortisation	6.76	2.12	2.30	11.18
Eliminated on disposals	-	-	-	-
Balance As at March 31, 2023	10.25	4.19	3.44	17.88

Particulars	Lease hold Assets	Computers	Vehicles	Total
Carrying amount as on April 1, 2021	45.12	5.20	-	50.32
Carrying amount as on March 31, 2022	41.63	3.13	10.34	55.10
Carrying amount as on March 31, 2023	57.50	1.01	8.03	66.54

b) Break-up of current and non-current lease liabilities :

The following is the break-up of current and non-current lease liabilities as at the year end:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Current lease liabilities	6.25	4.64	2.60
Non-current lease liabilities	48.94	39.78	33.88
Total	55.19	44.42	36.48

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

c) Movement in Lease liabilities :

The following is the movement in lease liabilities during the year:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Opening Balance	44.42	36.48	36.48
Reclassified on account of adoption of IND AS 116	-	-	-
Additions	16.48	11.47	-
Finance costs accrued during the period	5.90	4.68	-
Deletions	-	-	-
Payment of Lease liabilities	(11.61)	(8.21)	-
Closing balance	55.19	44.42	36.48

d) The table below provides details regarding the contractual maturities of lease liabilities :

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Less than one year	6.25	4.64	2.60
One to five years	25.24	14.71	6.98
More than five years	23.70	25.07	26.90
Total	55.19	44.42	36.48

e) Others

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities	5.90	4.68
Expenses relating to short-term leases	0.57	3.46
Total cash outflows for leases	11.61	8.21

f) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain not terminate (or to extend).
- If any lease hold improvements are expected to have a significant remaining value the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise it). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. During the current financial year, there was no revision in the lease terms.

g) Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not with the respective lessor.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 3B - INTANGIBLE ASSETS

Gross carrying amount	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Carrying amounts of:			
Trademark	0.05	0.05	-
Software Licence	1.96	1.83	2.54
Total	2.01	1.88	2.54

Gross carrying amount	Trademark	Software Licence	Total
Balance as As at April 1, 2021 (Deemed Cost)	-	2.54	2.54
Additions	0.05	0.07	0.12
Disposals	-	-	-
Balance as at March 31, 2022	0.05	2.61	2.66
Additions	-	0.20	0.20
Disposals	-	-	-
Balance as at March 31, 2023	0.05	2.81	2.86

Accumulated Amortisation	Trademark	Software Licence	Total
Balance as As at April 1, 2021	-	-	-
Amortisation	-	0.78	0.78
Balance As at March 31, 2022	-	0.78	0.78
Amortisation	-	0.07	0.07
Balance As at March 31, 2023	-	0.85	0.85

Particulars	Trademark	Software Licence	Total
Carrying amount as on April 1, 2021	-	2.54	2.54
Carrying amount as on March 31, 2022	0.05	1.83	1.88
Carrying amount as on March 31, 2023	0.05	1.96	2.01

NOTE: 4 - NON CURRENT - INVESTMENTS

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number (in millions)	Amount	Number (in millions)	Amount	Number (in millions)	Amount
(A) Investments in Equity Instruments						
Unquoted equity shares						
(i) Subsidiaries						
(Measured at cost)						
(a) Avalon Technology & Services Pvt Ltd of ₹ 10 each	0.12	211.87	0.12	211.53	0.12	211.53
(b) Sienna ECAD Technologies Pvt Ltd. of ₹ 10 each fully paid up	3.52	44.38	3.52	44.14	3.31	33.14
(c) ABV Electronics Incorporated (D/B/A Sienna Corporation) of \$ 0.001 each	0.72	74.83	0.72	73.30	-	-
(ii) Other Entities (Measured at Fair Value Through P&L)						
(a) ABV Electronics Incorporated (D/B/A Sienna Corporation) of \$ 0.001 each	-	-	-	-	0.72	73.30

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number (in millions)	Amount	Number (in millions)	Amount	Number (in millions)	Amount
(B) Investments in Other Instruments						
Unquoted Preference shares						
(i) Subsidiaries (Measured at cost)						
(a) ABV Electronics, Inc. (Sienna Corporation) of face value \$1 each - (Series B)	-	544.87	-	544.87		
(ii) Other Entities (Measured at Amortised cost)						
(a) ABV Electronics, Inc. (Sienna Corporation) of face value \$1 each - (Series B)	-	-	-	-	-	544.87
Total	4.36	875.95	4.36	873.84	4.15	862.84

NOTE 5: OTHER FINANCIAL ASSETS - NON CURRENT

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured and considered good unless otherwise stated :			
(a) Security Deposits	14.46	14.38	11.13
(b) Loan to Related parties	140.00	140.00	140.00
(c) Deposits with Statutory authorities	-	-	0.15
(d) Margin Money Deposits having maturity more than 12 months	1.98	-	-
Total	156.44	154.38	151.28

NOTE 5: OTHER FINANCIAL ASSETS - CURRENT

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured and considered good unless otherwise stated :			
(a) Security Deposits	30.00	-	-
(b) Advance recoverable in cash	-	2.43	-
(c) Advance to Related parties	-	-	7.46
Total	30.00	2.43	7.46

Advances to Related Parties

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Promoters	-	-	7.46

The above balances represent advance for expenditure to promoter director pending allotment as at the year end. In the management's opinion, these are not in the nature of loans and advances in the nature of loans. There are no loans and advances in the nature of loans to any other party carried in the Standalone Financial Statements of the company.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 6: OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured and considered good unless otherwise stated :			
Prepaid Expenses	-	0.02	0.12
Total	-	0.02	0.12

NOTE 6: OTHER CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured and considered good unless otherwise stated :			
Advances paid to suppliers	308.62	259.85	67.50
Government Grant Receivable - Stipend Reimbursement	23.02	21.93	15.26
Prepaid Expenses	17.54	18.51	14.12
Balance with Statutory authorities	21.59	5.83	8.25
Advances to Employees	0.01	0.08	-
Others	16.90	21.87	0.15
IPO related expenses*	142.97	-	-
Total	530.65	328.07	105.28

*As at 31st March 2023, the Company has incurred expenses for various services in connection with proposed public offer of equity shares of aggregating to INR 142.97 million (31st March 2022: INR 2.52 million) for Initial Public Offering (IPO). The proposed offer consists of Fresh issue of shares and Offer sale by the existing shareholders. In accordance with the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the portion of offer related expenses that are attributable to Offer sale. Accordingly, the Company will recover these expenses incurred in connection with the issue on completion of IPO. The remaining amounts which are attributable to Fresh issue will be accounted as deduction from Equity on completion of IPO. Presently, the entire amount has been carried forward and disclosed under the head "IPO related expenses" as above.

NOTE 7: INVENTORIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(At lower of cost or net realisable value)			
(a) Raw materials (including Goods In Transit)	1,446.16	988.25	626.68
(b) Work-in-process	202.18	98.95	52.68
(c) Finished goods	81.93	53.30	68.32
(d) Tools & Dies	5.07	2.72	2.11
Total	1,735.34	1,143.22	749.79

Note: 7.1 - The cost of inventories recognised as an expense during the year is as per Note No. 20 and 21

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Cost of inventories recognised as an expense includes write-downs of inventory to net realisable value.	8.01	1.87	7.93

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 8A –CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Balance with banks in current accounts*	4,135.21	52.89	167.60
(b) Balance with banks in deposit accounts	64.00	-	75.65
(c) Cash on hand	0.04	0.02	0.07
Total	4,199.25	52.91	243.32

* Includes ₹4016.28 Million being the amount received from Anchor investors in connection with the IPO that was held in escrow account as at the year end, as required under the extant SEBI Regulations in this regard

NOTE: 8B –OTHER BANK BALANCES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Balances with banks in earmarked accounts			
In Margin Money accounts	3.37	17.11	21.67
Total	3.37	17.11	21.67

NOTE 9: TRADE RECEIVABLES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Trade receivables considered good - Secured		-	-
Trade receivables considered good - Unsecured	1,319.67	1,410.55	1,651.01
Trade receivables - credit impaired	0.02	4.33	6.01
Sub -Total	1,319.69	1,414.88	1,657.02
Allowance for credit impaired (expected credit loss allowance)	(0.02)	(4.33)	(6.01)
Total	1,319.67	1,410.55	1,651.01
Current	1,319.67	1,410.55	1,651.01

9.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

The provision matrix takes into account historical credit loss experience based on past trend of outstanding receivables over a rolling period of past 36 months.

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
The range of provision created as a percentage of outstanding under various age groups	0.00% - 45.74%	0.02% - 53.52%	0.07% - 56.22%

Movement in expected credit loss allowance	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Balance at beginning of the year	4.33	6.01	22.54
Movement in expected credit loss allowance on trade receivables	1.74	9.72	(16.53)
Amount written off during the year	(6.05)	(11.40)	-
Balance at end of the year	0.02	4.33	6.01

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

9.2 Trade receivables considered good - Unsecured

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
	Considered good		
Not Due	1,171.53	1,046.67	1,557.15
Less than 6 months	111.74	330.33	61.90
6 months -1 year	0.86	26.73	4.35
1-2 years	35.52	0.22	3.54
2-3 years	0.02	0.64	12.12
More than 3 years	-	5.96	11.95
Total	1,319.67	1,410.55	1,651.01

9.3 Trade receivables - credit impaired

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
	Credit Impaired		
Not Due	0.00	0.12	0.65
Less than 6 months	0.01	0.06	0.39
6 months -1 year	0.00	0.04	0.27
1-2 years	-	0.05	0.44
2-3 years	0.01	0.71	3.46
More than 3 years	-	3.35	0.80
Total	0.02	4.33	6.01

*There are no trade receivables that are overdue on account of any outstanding legal disputes

NOTE: 10 - EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
AUTHORISED :			
8,50,00,000 Equity Shares of ₹ 2/- each (2,00,000 Equity Shares of ₹ 100/- each)	170.00	20.00	20.00
5,00,000 Preference shares of ₹ 100/- each*	50.00	50.00	50.00
	220.00	70.00	70.00
ISSUED, SUBSCRIBED AND FULLY PAID UP			
5,79,53,128 Equity shares of ₹ 2/- each (March 31, 2022 & April 1, 2021 - 1,59,667 Equity Shares of Face value - ₹ 100/- each, fully paid up)	115.91	15.97	15.97
Total	115.91	15.97	15.97

* For details of issued, subscribed and fully paid-up preference shares, refer note no.13.2 (i)

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

10.1 Reconciliation of number of shares

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	No of Shares (in Nos)	Amount (₹)	No of Shares (in Nos)	Amount (₹)	No of Shares (in Nos)	Amount (₹)
Equity Shares of ₹ 2 each fully paid up						
At the beginning of the year	159,667	15.97	159,667	15.97	152,997	15.30
Add: Adjustment for sub-division of shares during the year (Refer 10.6 below)	7,823,683	-	-	-	-	-
Add: Bonus Shares issued during the year (Refer 10.6 below)	47,900,100	95.80	-	-	-	-
Add: 10% Mandatorily Convertible Preference shares converted during the year (Refer Note No. 13.2(i))	97,796	0.20	-	-	-	-
Add: Shares issued during the year [#]	1,971,882	3.94	-	-	6,670	0.67
At the end of the year	57,953,128	115.91	159,667	15.97	159,667	15.97

#(i) Board of directors in its meeting dated February 20, 2023, issued 11,73,543 Equity Shares at a face value of 2/- (Rupees Two) each for cash, at a premium of 424.06/- per share on private placement basis.

(ii) Board of directors in its meeting dated 30th November 2022, issued 7,98,339 Equity Shares at a face value of 2/- (Rupees Two) each for cash, at a premium of 373.78/- per share on private placement basis.

10.2 Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of ₹ 2/ each. Each holder of the Equity Share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

10.3 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:

Name of the Share holder	No of shares held as at					
	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Nos.	%	Nos.	%	Nos.	%
Kunhamed Bicha	17,430,799	30.08%	61,850	38.74%	63,675	39.88%
Bhaskar Srinivasan	13,505,309	23.30%	53,013	33.20%	52,384	32.81%
Luquman Veedu Ediyannam	5,350,942	9.23%	15,959	10.00%	14,461	9.06%
Sareday Sheshu Kumar	3,396,079	5.86%	11,134	6.97%	11,250	7.05%
Anand Kumar	4,164,792	7.19%	12,570	7.87%	12,701	7.95%
K L Bicha Family Private Trust	3,978,993	6.87%	-	0.00%	-	0.00%
	82.53%		96.78%		96.75%	

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

10.4 Details of Promoter shareholders of Equity shares at the end of the year

Name of the Promoter	No of shares held as at					
	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Nos.	%	Nos.	%	Nos.	%
Promoters						
TP Imbichammad	1,050,587	1.81%	3,762	2.36%	3,802	2.38%
Kunhamed Bicha	17,430,799	30.08%	61,850	38.74%	63,675	39.88%
Bhaskar Srinivasan	13,505,309	23.30%	53,013	33.20%	52,384	32.81%
Mariyam Bicha	482,650	0.83%	1,379	0.86%	1,394	0.87%
Trusts controlled by Promoters						
K L Bicha Family Private Trust	3,978,993	6.87%	-	0.00%	-	0.00%
Rehaan Family Private Trust	1,000	0.00%	-	0.00%	-	0.00%
Sameer Family Private Trust	1,000	0.00%	-	0.00%	-	0.00%
Zayed Family Private Trust	1,000	0.00%	-	0.00%	-	0.00%
Dolphin Family Trust	1,000	0.00%	-	0.00%	-	0.00%
BBS Family Trust	2,273,710	3.92%	-	0.00%	-	0.00%
KBS Family Trust	2,273,710	3.92%	-	0.00%	-	0.00%
	70.74%		75.16%		75.94%	

10.5 Shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash.

During the year 2019-20, pursuant to an agreement entered with the shareholders of a related entity, the company issued 8,386 equity shares of ₹ 100 Each at a price of ₹ 12,700 Share (including premium) in-lieu of the shares held by the said shareholders in the related entity.

10.6 Equity shares movement during 5 years preceding the reporting date

(i) Sub-division of equity shares:

The Shareholders in their extra-ordinary general meeting dated 27.06.2022 approved sub-division of each fully paid up equity share of nominal value of ₹ 100 (Rupees One Hundred Only), into fifty equity shares having a face value of ₹ 2/- (Rupees Two only) each. As a result of the same, the issued share capital has changed from 1,59,667 Equity Shares of ₹ 100/- each to 79,83,350 Equity Shares of ₹ 2/- each.

The Authorised Share Capital of the Company is changed to ₹ 220 millions divided into 8,50,00,000 Equity Shares of ₹ 2 each and 5,00,000 Preference Shares of ₹ 100/-each.

(ii) Issue of Bonus shares

As per recommendation of the Board of Directors in their meeting held on 24.06.2022 and approval of the shareholders dated 27.06.2022 the Company has issued 4,79,00,100 bonus equity shares of face value of ₹ 2/- each in ratio of 6:1 (i.e. 6 Bonus Shares for every 1 Equity Share), which were allotted to the shareholders on 27.06.2022. Consequently, the issued, subscribed and paid-up share capital has increased to ₹ 111.76 Millions comprising of 5,58,83,450 equity shares of face value of ₹ 2/- each.

(iii) There are no shares bought back during the period of 5 years immediately preceding the reporting date.

10(A) Instruments entirely equity in nature

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Preference shares			
(i) 3,50,000 (-) 10% Mandatorily Convertible Preference Shares of ₹ 100/- each fully paid up (Refer Note No. 13.2(i))	-	-	-
Total preference shares	-	-	-

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

10(A).1 Reconciliation of preference shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
10% Mandatorily Convertible Preference Shares of ₹ 100/-	-	-	-	-	-	-
Instruments reclassified from financial liability [Refer Note No. 13.2(i)]	350,000	35.00	-	-	-	-
10% Mandatorily Convertible Preference shares converted to equity share capital during the year (Refer Note No. 13.2(i))	(350,000)	(35.00)	-	-	-	-
Shares outstanding at the end of the year	-	-	-	-	-	-

10(A).2 Terms and rights attached to Mandatorily Convertible Preference Shares: Refer Note No. 13.2(i)

10(A).3 Details of shareholders holding more than 5% preference shares in the Company

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
10% Mandatorily Convertible Preference Shares of ₹ 100/-						
(i) M/s M.A. Murugappan Holdings Private Limited	-	-	-	-	-	-
(ii) Mr. M.A.M. Arunachalam	-	-	-	-	-	-

10A.4 There are no bonus shares issued or shares bought back during the period of 5 years immediately preceding the reporting date.

NOTE 11: OTHER EQUITY

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Securities Premium	1,267.31	534.01	534.01
Special Economic Zone Re-investment Allowance Reserve	46.31	95.66	137.75
ESOP Share reserve	2.96	-	-
Retained Earnings	1,937.45	1,609.20	1,293.11
Share application money pending allotment	3,200.00	-	0.01
	6,454.03	2,238.87	1,964.87

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Securities Premium			
Opening balance	534.01	534.01	534.01
Add: Issue of equity shares during the period	830.87	-	-
Less: Expenses for issue of shares (Refer Note 10.1)	1.77	-	-
Less: Bonus shares issued during the period	95.80	-	-
Closing balance	1,267.31	534.01	534.01

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Special Economic Zone Re-investment Allowance Reserve			
Balance as at the beginning of the year	95.66	137.75	137.75
Add: Transfer from Statement of Profit & Loss	-	-	-
Less: Transferred to Surplus (out FY 2018-19 Reserve)	-	39.40	-
Less: Transferred to Surplus (out FY 2019-20 Reserve)	46.08	2.69	-
Less: Transferred to Surplus (out FY 2020-21 Reserve)	3.27	-	-
Balance as at the end of the year	46.31	95.66	137.75
ESOP Share reserve			
Balance as at the beginning of the year	-	-	-
Add: Share based payment expense (Refer Note 29)	0.85	-	-
Add: Share based payment expense for employees of group companies (Refer Note 29)	2.11	-	-
Balance as at the end of the year	2.96	-	-
Retained Earnings			
Balance at the beginning of the year	1,609.20	1,293.11	1,399.84
Add: Adjustment on account of correction of prior period errors	-	-	(73.07)
Add: Adjustment on account of transition to Ind AS	-	-	(33.66)
Profit for the year	283.69	272.31	-
Other comprehensive income for the year, net of income tax	(2.93)	1.70	-
Add: Transfer from SEZ Reserve (out FY 2018-19 Reserve)	-	39.40	-
Add: Transfer from SEZ Reserve (out FY 2019-20 Reserve)	46.08	2.69	-
Add: Transfer from SEZ Reserve (out FY 2020-21 Reserve)	3.27	-	-
Less: Dividend on 10% mandatorily convertible preference shares (Refer Note 13.2(i))	1.86	-	-
Balance at the end of the year	1,937.45	1,609.20	1,293.11
Share application money pending allotment			
Balance as at the beginning of the year	-	0.01	0.01
Add: Amount received from Anchor investors in connection with IPO	3,200.00	-	-
Less: Excess amount refunded after allotment	-	(0.01)	-
Balance as at the end of the year	3,200.00	-	0.01
Total Other Equity	6,454.03	2,238.87	1,964.87

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Nature and Purpose of Other Reserves

(a) Securities Premium

Represents premium on issue of securities

(b) Special Economic Zone Re-investment Allowance Reserve

The Special Economic Zone (SEZ) Reinvestment Reserve has been created out of profit of eligible SEZ unit as per provisions of section 10AA(1)(ii) of the Income-tax Act, 1961 for acquiring new plant and machinery. Utilisations out of the same as per the extant provisions of the Income Tax Act, 1961, are reclassified from this reserve to retained earnings in the year of utilisation.

(c) ESOP Reserve

The ESOP reserve is used to recognise the grant date fair value of options issued to employees under Avalon - Employees stock option plan (Refer No. 29)

(d) Retained Earnings

Retained Earnings represents Company's cumulative earnings since its formation less the dividends / Capitalisation, if any. These reserves are free reserves which can be utilised for any purpose as may be required. All adjustments arising on account of transition to Ind AS are recorded under this reserve.

The above includes re-classification of the following reserves:

- Revaluation Reserve of the company. The company had elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at date of transition 1 April, 2021 measured as per the previous GAAP (under revaluation model in respect of certain class of assets) and use that carrying value as its deemed cost as of the transition date. The corresponding revaluation reserve on transition date has been grouped under retained earnings.
- Government Grant in the form of Capital Subsidy that was received in earlier years and in respect of which there are no un-fulfilled obligations have also been re-classified from Capital Reserve to Retained Earnings.

(e) Share application money pending allotment

Pursuant to the Initial Public Offering, the Company has opened the bid/offer on 23rd March, 2023 to the Anchor investors and received ₹ 4016.28 Million on March 31, 2023. Out of this, the Company has allocated 73,39,449 towards fresh issue of equity shares and such shares have been issued at a price of ₹ 436/- per share on April 12, 2023. Out of the balance amount, ₹ 123.78 Million has been refunded subsequently and ₹ 692.50 Million relates to the proceeds received by the Company on behalf of selling shareholders. These amounts are carried under Note 15.B - Other financial liabilities.

NOTE: 12.1 - DEFERRED TAX ASSET (NET)

The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Deferred tax assets	22.07	20.78	29.49
Deferred tax liabilities	(14.61)	(9.62)	(4.86)
Net Deferred tax Asset / (Liability)	7.46	11.16	24.63

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

2021-22	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	MAT Credit Utilization	Reclassified from equity to profit or loss	Closing balance
Deferred tax (liabilities)/ asset in relation to						
Property plant and equipment	(4.86)	(4.76)	-	-	-	(9.62)
Expenses allowable under tax on actual payment basis	6.15	0.29	-	-	-	6.44
Provision for impairment loss - ECL	1.67	(0.41)	-	-	-	1.26
Defined benefit obligation - Gratuity	11.03	1.87	(0.70)	-	-	12.20
Leases	0.00	0.88	-	-	-	0.88
Sub-Total	13.99	(2.13)	(0.70)	-	-	11.16
MAT Credit entitlement	10.64	-	-	(10.64)	-	-
Net Deferred tax Asset / (Liability)	24.63	(2.13)	(0.70)	(10.64)	-	11.16

2022-23	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	MAT Credit Utilization	Reclassified from equity to profit or loss	Closing balance
Deferred tax (liabilities)/ asset in relation to						
Property plant and equipment	(9.62)	(4.99)	-	-	-	(14.61)
Expenses allowable under tax on actual payment basis	6.44	0.40	-	-	-	6.83
Provision for impairment loss - ECL	1.26	(1.26)	-	-	-	0.01
Defined benefit obligation - Gratuity	12.20	0.13	0.99	-	-	13.32
Leases	0.88	1.03	-	-	-	1.91
Sub-Total	11.16	(4.69)	0.99	-	-	7.46
MAT Credit entitlement	-	-	-	-	-	-
Net Deferred tax Asset / (Liability)	11.16	(4.69)	0.99	-	-	7.46

Note 12.2: Tax Assets and Liabilities(Net)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Income Tax payable			
Earlier Years	(3.67)	(14.92)	(22.08)
Total	(3.67)	(14.92)	(22.08)
Income Tax payable			
Current Year	(11.22)	(20.77)	(26.53)
Total	(11.22)	(20.77)	(26.53)
Tax Assets / Liabilities	(14.89)	(35.69)	(48.61)

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 13 - BORROWINGS - NON CURRENT

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Term Loans			
(i) From Banks	198.12	160.85	19.66
(ii) From Others	-	10.77	52.82
(b) Liability Component of Compound Financial Instruments			
Nil (March 31, 2022 & April 1, 2021 - 3,50,000) 10% Optionally Convertible Preference Shares of ₹ 100/- each fully paid up	-	35.00	35.00
Total	198.12	206.62	107.48
The above amount includes:-			
Secured Borrowings	198.12	164.28	45.18
Unsecured Borrowings	-	42.34	62.30
Total	198.12	206.62	107.48

Note 13.1 - Details of Long Term Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
GECL Loan - Indian Bank	81.13	76.66	30.19
GECL Loan - HDFC Bank Limited	119.25	119.25	-
Vehicle Loan from Bank of Baroda (I)	-	0.34	1.50
Vehicle Loan from Bank of Baroda (II)	-	0.24	0.51
Hewlett Packard Financial Services Limited	6.68	40.10	50.60
Siemens Equipment Finance Limited	4.30	26.07	45.83
HDFC Bank Limited - Term Loan	46.56	-	-
Less :Current maturities of long term debt	59.80	91.04	56.15
Total	198.12	171.62	72.48

Particulars	Details of Repayment/ Security
GECL Loan - Indian Bank	Repayable in 36 equated monthly instalments commencing from April 2021 Repayable in 60 equated monthly instalments commencing from February 2022 Repayable in 72 equated monthly instalments commencing from July 2024 Secured against Debtors, Creditors and Stock"
GECL Loan - HDFC Bank Limited	Repayable in 60 equated monthly instalments commencing from April 2023 Repayable in 72 equated monthly instalments commencing from April 2024 Secured against Debtors, Creditors and Stock
Vehicle Loan from Bank of Baroda (I)	Repayable in 60 Equated Monthly installments commencing from 18th May, 2017. Secured by personal guarantee of T.P. Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) & Vehicle Purchased mortgaged as security.
Vehicle Loan from Bank of Baroda (II)	Repayable in 60 Equated Monthly installments commencing from 30th December, 2017. Secured by personal guarantee of T.P. Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) & Vehicle Purchased mortgaged as security.
Hewlett Packard Financial Services Limited	Unsecured Loan repayable in 36 Equated Monthly Instalments

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Details of Repayment/ Security
Siemens Equipment Finance Limited	Repayable in 36 Equated Monthly Instalments .Secured by respective Equipment financed
HDFC Bank Limited - Term Loan	Repayable in 60 Equated Monthly installments commencing from 11th August 2022. Secured by personal guarantee of T.P. Imbichammad,Chairman Emeritus (w.e.f 12.07.2022), Kunhamed Bicha,Chairman and Managing Director (w.e.f 12.07.2022) and Bhaskar Srinivasan,President & having exclusive charge on Factory land and Building.

Note 13.2 - Preference Shares

(i) The company has allotted 3,50,000 Cumulative, Non participating, 10% Optionally Convertible Preference shares (OCPS) of ₹ 100 each vide a Share Subscription Agreement (“SSA”) dated March 1, 2018, which shall stand converted within a period of 4 years (conversion period) from the date of issue upon occurrence of the conversion event as per the terms of issue. The OCPS shall be redeemed any time, at the option of the holder, upon expiry of the Conversion period but not later than 20 years. Taking into account the fact that the company does not have a right to convert these shares into equity and that the dividend on the same approximates the market borrowing rate for comparable loans, the said instrument has been classified as a financial liability measured at amortised cost till March 31, 2022.

During the year ended March 31, 2023, in view of the proposed public offering, the company had entered into an amendment agreement to the SSA dated July 22, 2022 which stipulates a mandatory conversion of the 3,50,000 OCPS into a maximum of 97,796 equity shares, before the filing of updated draft of the red herring prospectus (the “UDRHP”) by the Company with the Securities and Exchange Board of India (“SEBI”) or any other authority, as may be required in connection with the initial public offer of the Equity Shares of the Company. Pursuant to the same, vide resolution passed in the EGM of the company held on February 8, 2023, 350,000 Preference Shares of ₹ 100/- each has been converted into 97,796 equity shares of ₹ 2/- each.

In view of the above amendment agreement and the confirmation of the number of shares to be issued and price thereof by the subsequent conversion event, these Preference Shares, which was classified as financial liability under Long Term Borrowing till March 31, 2022 now meets the criterion of Equity and accordingly the amount has been reclassified as ‘Instruments entirely equity in nature’ effective from the date of the aforementioned amendment agreement till the date of conversion into Equity shares as above.

NOTE: 13 - BORROWINGS - CURRENT

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Term Loans			
(i) From Banks	48.82	35.64	16.17
(ii) From Others	10.98	55.40	39.98
(b) Liability Component of Compound Financial Instruments			
3,50,000 (-) 10% Optionally Convertible Preference Shares of ₹ 100/- each fully paid up			-
(c) Loans repayable on demand			
(i) From Banks	961.00	1,095.86	1,179.20
(ii) From Related Parties	-	-	3.75
Total	1,020.80	1,186.90	1,239.10
The above amount includes:-			
Secured Borrowings	1,014.12	1,154.10	1,211.87
Unsecured Borrowings	6.68	32.80	27.23
Total	1,020.80	1,186.90	1,239.10

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 13.3 – Details of Short Term Borrowings

Details of Facility	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Bank of India – Packing Credit Foreign Currency Loan (USD)	192.50	191.92	201.26
Bank of India – Cash credit	-	27.78	22.93
ICICI Bank Ltd. – Packing Credit Foreign Currency Loan (USD)	-	-	183.25
Standard Chartered Bank – Packing Credit Foreign Currency Loan /Bill Discounting (USD/INR)	64.47	247.59	259.63
Axis Bank Ltd. – Packing Credit Foreign Currency Loan (USD)	-	-	114.62
Axis Bank Ltd.- Cash Credit	-	-	99.66
Indian Bank – Packing Credit (EPC) Foreign Currency Loan (USD/INR)	257.91	252.51	297.85
HDFC Bank Limited –Packing Credit	11.13	279.20	-
HDFC Bank Limited –Working capital demand loan	434.99	96.86	-
Total	961.00	1,095.86	1,179.20

Details of Facility	Details of Security
Bank of India – Packing Credit Foreign Currency Loan (USD)	First pari passu charge by way of hypothecation of stocks and book debts of the company and Cash Margin on LC (10%). Second pari passu charge over the existing super structure/buildings constructed or to be constructed on the leased land situated at Plot No: B-7 & B-8, MEPZ Tambaram and other movable Fixed Assets of the company
Bank of India – Cash credit	
ICICI Bank Ltd. – Packing Credit Foreign Currency Loan (USD)	First pari passu charge by way of hypothecation of entire current assets which include the entire current Assets, unencumbered movable fixed assets, and existing super structure. Corporate Guarantee of ABV Electronics Inc (D/B/A Sienna Corporation), USA and Personal Guarantee of Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022).
Standard Chartered Bank – Packing Credit Foreign Currency Loan /Bill Discounting (USD/INR)	Pari Pasu first charge on the entire current assets of the company. Pari Pasu second charges on the entire movable fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Pari Pasu second charge on land and building constructed on the leased land situated at MEPZ Tambaram. Personal Guarantees of Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation), USA.
Axis Bank Ltd. – Packing Credit Foreign Currency Loan (USD)	Pari Pasu first charge on the entire current assets of the company. Pari Pasu second charges on the entire movable fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Pari Pasu second charge on land and building constructed on the leased land situated at MEPZ Tambaram. Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation), USA.
Axis Bank Ltd.- Cash Credit	

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Details of Facility	Details of Security
Indian Bank – Packing Credit (EPC) Foreign Currency Loan (USD/INR)	First pari passu charge on the entire current assets of the company both present and future along with other lenders under Multiple Banking Arrangement . First pari passu charge on the movable fixed assets of the company. Ist Pari Passu charge on the superstructure constructed on the leased lands situated on the leased lands situated in B7 & B8, MEPZ, Phase I & 2, Tambaram, Chennai. Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation).
HDFC Bank Limited – Packing Credit HDFC Bank Limited – Working capital demand loan	Pari Pasu first charge on the entire current assets of the company and movable fixed assets of the company excluding the movable fixed assets. Pari Pasu second charge on land and building constructed on leased land.

13.4 The Company has used the borrowings from banks availed during the year for the specific purpose for which it was taken.

13.5 Reconciliation of information in respect of quarterly returns or statements filed by the Company with banks or financial institutions with the books of accounts:

Name of Bank and Particulars of Security	Period	Particulars	Amount as per books of accounts (A)	Amount disclosed to the Bank (B)	Difference (A - B)	Reasons
Standard Chartered Bank, Indian Bank, Axis Bank, Bank of India and HDFC Bank Ltd : Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q1	Inventory	704.10*	693.63	10.47	Inventories are higher in books due to overhead valuation adjustment and cut-off adjustments incase of customer consigned stocks.
		Trade Receivables	1227.42*	844.19	383.23	Trade receivables are higher in books primarily due to related party balances not being considered in the statement submitted to the bank.
Standard Chartered Bank, Indian Bank, Axis Bank, Bank of India and HDFC Bank Ltd : Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q2	Inventory	842.74*	668.59	174.15	Inventories are higher in books due to overhead valuation adjustments and also due to advances to vendors, which are adjusted in creditors and are not considered in the stock statement submitted to the bank.
		Trade Receivables	1346.57*	985.66	360.90	Trade receivables are higher in books primarily due to related party balances not being considered in the statement submitted to the bank.
Standard Chartered Bank, Indian Bank, Axis Bank, Bank of India and HDFC Bank Ltd : Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q3	Inventory	924.37*	767.10	157.27	Inventories are higher in books due to overhead valuation adjustments and also due to advances to vendors, which are adjusted in creditors and are not considered in the stock statement submitted to the bank.
		Trade Receivables	1115.03*	1,061.62	53.40	Trade receivables are higher in books primarily due to related party balances not being considered in the statement submitted to the bank.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Name of Bank and Particulars of Security	Period	Particulars	Amount as per books of accounts (A)	Amount disclosed to the Bank (B)	Difference (A - B)	Reasons
Standard Chartered Bank, Indian Bank, Axis Bank, Bank of India and HDFC Bank Ltd : Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q4	Inventory	1027.30*	841.27	186.03	Inventories are higher in books due to overhead valuation adjustments and also due to advances to vendors, which are adjusted in creditors and are not considered in the stock statement submitted to the bank.
		Trade Receivables	1141.41*	1,064.10	77.32	Trade receivables are higher in books primarily due to related party balances not being considered in the statement submitted to the bank.

*Unaudited figures

13.6 The company has not created a charge with ROC-Chennai on the land and building acquired out of a borrowing facility of ₹ 10.30 crore from HDFC Bank Limited. The creation of a charge was due on July 17, 2022. The company has repaid the partial loan out of proceeds received from the pre-IPO placement and is in the process of repaying the balance loan out of proceeds received from the initial public offering.

NOTE 14: TRADE PAYABLES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Dues to Micro and Small Enterprise (Refer Note 36)	7.09	10.71	0.24
Others	641.73	557.30	661.60
Total	648.82	568.01	661.84

Ageing of Trade Payables - Other than MSME

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Not Due	182.53	85.11	80.53
Less than 1 Year	442.58	471.56	323.14
1-2 years	16.62	0.20	255.00
2-3 years	-	0.24	0.84
More than 3 years	-	0.19	2.09
Total	641.73	557.30	661.60

Ageing of Trade Payables - MSME

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Not Due	3.97	9.71	-
Less than 1 Year	3.12	1.00	0.24
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	-	-	-
Total	7.09	10.71	0.24

*There are no trade payables that are overdue on account of any outstanding legal disputes

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 15A : LEASE LIABILITIES - NON CURRENT

Particulars	Non-current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Lease Obligations (Refer Note No. 3A)	48.94	39.78	33.88
Total	48.94	39.78	33.88

NOTE 15A : LEASE LIABILITIES - CURRENT

Particulars	Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Current lease liabilities (Refer Note No. 3A)	6.25	4.64	2.60
Total	6.25	4.64	2.60

NOTE 15B: OTHER FINANCIAL LIABILITIES - NON CURRENT

Particulars	Non-current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Payable for capital purchases	0.24	-	-
Total	0.24	-	-

NOTE 15B : OTHER FINANCIAL LIABILITIES - CURRENT

Particulars	Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Interest Accrued but not due	3.91	-	-
Payable for capital purchases	18.82	36.78	6.95
Other payable (Refer Note No. 11(e))	814.51	-	-
Dividend Accrued but not due	2.93	3.50	3.50
Employee Related dues	7.57	29.85	29.15
Total	847.74	70.13	39.60

NOTE: 16 - PROVISIONS - NON CURRENT

Particulars	Non-current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Provision for Employee benefits			
Provision for defined benefit plan	49.15	38.76	34.91
Provision for compensated absences	17.11	13.35	10.65
Total	66.26	52.11	45.56

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 16 – PROVISIONS – CURRENT

Particulars	Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Provision for Employee benefits			
Provision for defined benefit plan	3.78	3.12	4.73
Provision for compensated absences	3.46	2.68	3.23
Total	7.24	5.80	7.96

Note 16(a):

The Company manufactures products in compliance with customer specifications. Though it does not provide warranty covering design defects, it warrants that it will without charge, repair, replace or credit, as it may elect, any products which are proved to be defective as a result of failure in its workmanship for a certain period from the date of delivery, as per the terms of its contract with customers. Since the Company has not experienced material warranty costs in the past, the management has determined that no provision for estimated future warranty obligations is required to be recognised in the books.

NOTE 17: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Advances and Deposits from Customers / Others	7.62	4.22	42.37
Statutory remittances	4.08	9.42	7.76
Total	11.70	13.64	50.13

NOTE 18: REVENUES FROM OPERATIONS

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of Products	4,656.44	4,243.77
Sale of services	129.41	100.48
Sub-Total	4,785.85	4,344.25
Other operating revenues		
Scrap Sales	7.86	1.37
Total	4,793.71	4,345.62

18.1 Revenue from major products and services

The following is the Company's revenue from the continuing operations from its major products and services.

Categories of products sold	For the year ended March 31, 2023	For the year ended March 31, 2022
Printed Circuit Boards (PCBs)	1,747.98	1,719.86
Box Build	2,281.49	1,992.94
Cables	764.24	632.82
Total	4,793.71	4,345.62

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

18.2 Disaggregation of revenue information

The company is engaged in Electronics Manufacturing Services (EMS) with capabilities in Printed Circuit Assembly Boards (PCBA's), custom cable, wire harness, metal, plastic, magnetics components and assemblies with enhanced capabilities in engineering design and development. As per the management, the disaggregation of revenue based on geography are depicted in Note 28.2.

18.3 Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Receivables, included under trade receivables (Refer Note 9)	1,319.67	1,410.55
Unbilled Revenue	-	-
Contract liabilities included under advance from customers (Refer Note 18.4)	7.62	4.22

18.4 Movement of Contract Liabilities

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amounts included in Contract liabilities at the beginning of the year	4.22	42.37
Amount received (adjusted) / (Performance obligation satisfied) during the year (Net)	3.40	(38.15)
Amounts included in Contract liabilities at the end of the year	7.62	4.22

NOTE 19: OTHER INCOME

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Interest income earned		
On Financial assets (at amortised cost)	14.59	17.26
(b) Dividend Income	17.86	12.20
(c) Other non-operating income (net of expenses directly attributable to such income)		
Profit on sale of assets	-	1.13
Foreign Exchange Gain/ (Loss) [Net]	0.00	43.21
Provisions no longer required written back	15.85	-
Others (aggregate of items)	0.54	0.65
Total	48.84	74.45

NOTE 20: COST OF RAW MATERIALS CONSUMED

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw material and components consumed		
Opening inventory	988.25	626.68
Add: Purchases	4,141.10	3,703.40
Less: Inventory at the end of the year	1,446.16	988.25
Total	3,683.19	3,341.83

Consumption based accounting is followed for the issue of materials and accordingly purchase is a derived figure.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock:		
Work-in-progress	98.95	52.68
Finished goods	53.30	68.32
Closing Stock:		
Work-in-progress	202.18	98.95
Finished goods	81.93	53.30
(Increase) / Decrease in Stocks	(131.86)	(31.25)

NOTE 22: EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and Bonus (Refer note 22.1)	351.52	294.97
Contribution to Provident and Other Funds (Refer note 30)	21.65	14.63
Gratuity (Refer note 30)	9.54	7.44
Compensated Absences (Refer note 30)	7.29	4.86
Employee Share based payment Expenses (Refer note 29)	0.85	-
Staff Welfare Expenses	25.65	23.78
Total	416.50	345.68

Note 22.1:

The company has recognised a Government Grant being the estimated value of reimbursement towards stipend paid to apprentices under the National Apprentice Training Scheme, once it is reasonably certain that the company has met the related conditions and also that the grant would be received. The amount has been netted off against corresponding stipend expense in Note No. 22- Employee Cost. Based on the past experience, the company does not anticipate any issues in realisation of the said amount.

Particulars	For the Year ended March 31, 2023	For the year ended March 31, 2022
Stipend reimbursement	1.92	6.67

NOTE 23: FINANCE COSTS

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expense of		
Loans (at amortised cost)	95.04	67.94
Obligations under finance lease	5.90	4.68
Exchange differences regarded as an adjustment to borrowing costs	50.37	23.91
Dividend on Preference Shares considered as borrowings (At Amortized Cost)	1.07	3.50
Other borrowing cost	24.05	23.80
Total	176.43	123.83

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 24: DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Property, plant and equipment (Refer Note-2)	37.45	49.08
Amortisation on Right-of-Use assets (Refer Note 3A)	11.18	6.70
Amortisation of Intangible assets (Refer Note 3B)	0.07	0.78
Total	48.70	56.56

NOTE 25: OTHER EXPENSES

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	0.57	3.46
Rates & Taxes	6.63	3.10
Power & Fuel	33.46	26.07
Consumables	25.38	13.86
Freight Outwards	80.47	80.72
Repairs & Maintenance		
Buildings	12.08	7.52
Plant & Equipments	19.54	14.87
Others	7.60	4.28
Printing & Stationery	5.76	4.46
Insurance	19.16	16.27
Communication Expenses	1.94	1.84
Allowance for expected credit loss (net)	1.74	9.72
Director Sitting Fees	1.11	-
Auditor's Fees (Refer note 25.1)	1.80	1.15
Travelling & Conveyance	8.54	6.01
Professional Charges	20.62	12.96
Business Promotion expenses	1.36	0.58
Foreign Exchange (Gain)/ Loss [Net]	6.91	-
Security Charges	3.01	2.89
General Expenses	4.58	6.45
Contribution towards Corporate Social Responsibility (Refer note 35.2)	3.00	2.83
Total	265.26	219.04

Note No 25.1 - Auditors' Remuneration

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(Excluding ₹ 7.5 million (March 31, 2022 - Nil) which are considered as IPO related expenses under other current assets)		
(a) Audit Fee	1.40	0.85
(b) Tax audit fee	0.25	0.20
(c) Transfer Pricing certification	0.15	0.10
Total	1.80	1.15

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 26 – CURRENT TAX

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax		
In respect of current year	95.95	106.07
In respect of prior years	-	(16.13)
Total	95.95	89.94
Deferred tax		
In respect of current year	4.69	2.13
Minimum Alternate Tax (MAT)	-	-
Deferred tax recognised in profit or loss	4.69	2.13
Total income tax expense	100.64	92.07

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	384.33	364.38
Tax expense calculated at statutory tax rate	96.73	106.26
Effect of expenses that are not deductible in determining taxable profit	0.90	-
Change in deferred tax balances due to change in income tax rate	0.98	-
Tax relating to earlier years	-	(16.13)
Effect of concessions (Sec. 10AA and 80JJAA)	(1.72)	-
Effect of interest u/s 234 B & C	-	2.22
Others	3.75	(0.28)
Income Tax expense recognised in profit or loss	100.64	92.07

Particulars	For the year ended March 31, 2023	As at March 31, 2022
Tax Rate	25.17%	29.12%

As per section 115BAA of the I.T Act inserted by the Taxation Laws (Amendment) Act, 2019, w.e.f. April 1, 2020 i.e., A.Y.2020-21 an option is granted to the domestic companies to compute corporate tax at a reduced rate of 22%, provided the taxpayer does not avail specified exemptions/incentives and complies with other conditions specified in section 115BAA of the I.T Act. Based on an evaluation of relative tax benefits, the company intends to opt for the lower tax regime u/s 115BAA from FY 2022-23 onwards, and accordingly, its tax expenses for the period ended 31st March, 2023 and its deferred tax asset (net) as at 31st March, 2023 has been measured on this basis.

26.1 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	0.99	(0.70)
Total income tax recognised in other comprehensive income	0.99	(0.70)

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 27 EARNINGS PER SHARE

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A) Basic Earnings per share		
Profit for the year attributable to the equity holders of the company (A)	283.69	272.31
Less: Share issue expenses debited to Securities Premium	(1.77)	
Net	281.92	272.31
Weighted average no of shares outstanding (B) (Refer III below)	56,436,363	55,883,450
Total basic earnings per share (A/B) (in ₹)	5.00	4.87
B) Diluted Earnings per share		
Profit for the year attributable to the equity holders of the company (A)	283.69	272.31
Less: Share issue expenses debited to Securities Premium	(1.77)	
Net	281.92	272.31
Weighted average no of shares outstanding (B) (Refer III below)	57,627,367	55,883,450
Total diluted earnings per share (A/B) (in ₹)	4.89	4.87
III) Reconciliation of weighted average number of shares:		
Equity shares	56,436,363	55,883,450
Weighted Average number of shares: Basic	56,436,363	55,883,450
Effect of ESOP	1,191,004	-
Weighted Average number of shares: Diluted	57,627,367	55,883,450

- (i) Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.
- (ii) As required under Ind AS 33 "Earnings per share" the effect of sub-division (refer note no. 10.6) and bonus issue (refer note no. 10.6) has been adjusted retrospectively for the purpose of computing earnings per share for all the periods presented retrospectively.
- (iii) Share transactions that have occurred during the year:
- Issue of shares against mandatorily convertible preference shares (Refer note no. 13.2(i))
 - Issue of ordinary shares - The Company has issued 11,73,543 equity Shares at a face value of 2/- each for cash, at a premium of 424.06/- per share on private placement basis.
 - Issue of ordinary shares - The Company has issued 7,98,339 Equity Shares at a face value of 2/- each for cash, at a premium of 373.78/- per share on private placement basis.
- (iv) Share transactions that have occurred after the reporting period - Refer Note No. II (e).

NOTE: 28 - SEGMENT REPORTING

The Company is engaged in providing Electronics Manufacturing Services (EMS) with capabilities in printed circuit board assembly, custom cable and wire harnesses, etc. Since the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and to assess its performance, the entire operations are to be classified as a single business segment, namely EMS. The geographical segments considered for disclosure are - India and Rest of the World. All the manufacturing facilities are located in India.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

28.1 Product wise break up – Please refer note no. 18.1

28.2 Geographical Information

Particulars	Revenue from external customers	
	For the year ended March 31, 2023	For the year ended March 31, 2022
a) India	2,030.00	2,024.31
b) Rest of World	2,763.71	2,321.31
Total	4,793.71	4,345.62

Particulars	Non-current assets**		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
a) India	582.81	444.48	400.20
b) Rest of World	-	-	-
Total	582.81	444.48	400.20

** Non-current assets are used in the operations of the Company to generate revenues both in India and outside India.

28.3 Information about major customers

Party	For the year ended March 31, 2023	For the year ended March 31, 2022
Customer A	1,464.03	1,240.91
Customer B	705.36	1,090.46
Customer C	499.77	781.12

NOTE: 29 – SHARE BASED PAYMENTS

During the financial year 2022 – 23, in pursuant to resolutions adopted by the Board of Directors and Shareholders both dated July 7, 2022, the Company has instituted the ESOP Scheme, which is an equity settled share based payment scheme.. The ESOP Scheme has been instituted to grant stock options exercisable into Equity Shares to eligible employees of the Company. In terms of the ESOP Scheme, grants to eligible employees will be made by the Nomination and Remuneration Committee or the Board, based on the determination of a criteria described under ESOP Scheme.

The ESOP Scheme has been instituted in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The Shareholders, through their resolution dated July 7, 2022, have approved a maximum of 3,000,000 options, exercisable into 3,000,000 Equity Shares under the ESOP Scheme. The vesting period under the ESOP Scheme shall be a minimum of one and a maximum of seven years, and the specific vesting schedule applicable to each employee will be as mentioned in the letter of grant issued to such employee. Employees covered by the plan are granted an option to purchase shares subject to certain vesting conditions. Each employee share option converts into one equity share of the Company on exercise of option.

Subsequently, the Board of the Company at its meeting held on July 19, 2022 have granted 520,050 options under the ESOP Scheme and none of these options have been vested or exercised till date.

The following table sets forth the particulars of the ESOP Scheme, including options granted thereunder.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(A) Details of options granted under ESOP 2022 are as below

Grant	Grant Date	No. of options granted	No. of options outstanding	Weighted average Exercise price (₹)	Vesting Period	Weighted Average remaining Contractual life as at 31st March, 2023	Fair Value at grant date*
Avalon Technologies Ltd's Employee Stock Option Scheme - 2022 (AVALON ESOP - 2022) GRANT -1	19.07.2022	229,250	229,250	20.00	Ranging from 1 to 2 years	0.80	3.70
Avalon Technologies Ltd's Employee Stock Option Scheme - 2022 (AVALON ESOP - 2022) GRANT -2	19.07.2022	290,800	290,800	20.00	Ranging from 1 to 4 years	1.80	4.66

*Represents cost recorded by the Company based on fair valuation report

(B) Vesting Schedule

Particulars	Grant 1	Grant 2
At the end of 1 year of service from grant date	50%	25%
At the end of 2 years	50%	25%
At the end of 3 years		25%
At the end of 4 years		25%

(C) Reconciliation of outstanding options

Particulars	Grant 1	Weighted average exercise price per Option	Grant 2	Weighted average exercise price per Option
Balance at the beginning of the year	-	-	-	-
Granted during the year	229,250	20.00	290,800	20.00
Vested or exercisable during the year	-	-	-	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Balance at the end of the year	229,250	-	290,800	-

(D) The fair value of the options granted during the year was determined by an Independent Registered Valuer using the Black-Scholes model. The various inputs considered by the valuer in computation of fair value are as follows

Grant date	Grant date share price (Fair value)*	Exercise price	Dividend yield	Risk free interest rate	Expected life of options granted	Expected volatility#
Grant 1 - 19.07.2022	15.12	20.00	0.00%	6.86% - 7.06%	2.5 to 3.5 years	40.02%
Grant 2- 19.07.2022	15.12	20.00	0.00%	6.86% - 7.31%	2.5 to 5.5 years	40.02%

*The grant date share price (Fair value) of underlying shares has been determined by an Independent Registered Valuer under the Discounted Cash Flow Method considering the estimated free cash flows during the explicit future period based on the assumptions and conditions that existed on the date of such valuation.

#The expected volatility was determined on the basis of movement of stock prices of comparable companies for a fixed period prior to the valuation date.

(E) Expense recognised in the statement of Profit and Loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee Share based payment Expenses (Refer note no. 22)	0.85	-
Investment (ESOP issued to employees of subsidiary companies)	2.11	-
Total expense arising from Employee share based payment transactions	2.96	-

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 30 – EMPLOYEE BENEFIT PLANS

A. Defined contribution plans

The Company participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

The major defined contribution plans operated by the Company are as below:

(a) Provident fund and pension

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.

The contributions, as specified under the law, are made to Employee Provident Fund Organisation.

B. Defined benefit plans

The defined benefit plans operated by the Company are as below:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees, which is unfunded. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

The defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government / high quality bond yields; Since the Plan is unfunded, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability;
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

C. Details of defined benefit obligation and plan assets:

Gratuity

(i) Movements in the present value of the defined benefit obligation are as follows.

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	41.88	39.64
Current Service Cost	6.62	4.94
Interest cost	2.92	2.50
Remeasurement (gains) / losses :		-
Actuarial gains and losses arising from changes in demographic assumptions	-	-

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Actuarial gains and losses arising from changes in financial assumptions	(1.59)	(0.73)
Actuarial gains and losses arising from experience adjustments	5.51	(1.67)
Past service cost including losses / (gains) on curtailments	-	-
Transfers in/out	(0.67)	(0.25)
Benefits paid	(1.74)	(2.55)
Closing defined benefit obligation	52.93	41.88

(ii) The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	52.93	41.88
Fair value of plan assets	-	-
Funded status	52.93	41.88
Restrictions on asset recognised	-	-
Others	-	-
Net liability arising from defined benefit obligation	52.93	41.88

(iii) Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Service Cost :		
Current Service cost	6.62	4.94
Past service cost and (gain) / loss from settlements	-	-
Net interest Expense	2.92	2.50
Components of defined benefit costs recognised in profit or loss	9.54	7.44
Remeasurement on the net defined benefit liability :		
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(1.59)	(0.73)
Actuarial (gains) / losses arising from experience adjustments	5.51	(1.67)
Components of defined benefit costs recognised in other comprehensive income	3.92	(2.40)
Total	13.47	5.04

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(iv) Risk Exposure

The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(v) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Valuation	
	As at March 31, 2023	As at March 31, 2022
Discount Rate(s)	7.49%	7.12%
Expected Rate(s) of salary increase	8.00%	8.00%
Attrition Rate	16.07%	16.07%

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Sensitivity Analysis

Change in assumption	As at March 31, 2023	As at March 31, 2022
A. Discount Rate + 100 BP		
Defined Benefit Obligation [PVO]	48.67	38.39
Current Service Cost	(4.26)	(3.49)
B. Discount Rate - 100 BP		
Defined Benefit Obligation [PVO]	57.86	45.95
Current Service Cost	4.94	4.06
C. Salary Escalation Rate + 100 BP		
Defined Benefit Obligation [PVO]	56.58	44.92
Current Service Cost	3.65	3.03
D. Salary Escalation Rate - 100 BP		
Defined Benefit Obligation [PVO]	49.56	38.92
Current Service Cost	(3.37)	(2.97)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Maturity profile of defined benefit obligation:

	As at March 31, 2023	As at March 31, 2022
Year 1	6.22	3.29
Year 2	5.75	2.89
Year 3	3.35	4.52
Year 4	3.00	2.83
Year 5	4.78	2.09
Next 5 Years	18.50	12.68

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

D. Leave obligations

The leave obligations cover the Company's liability for earned leave.

The key assumptions used for the calculation of provision for long term compensated absences are as under:

Principal Actuarial Assumptions at Balance Sheet date	As at March 31, 2023	As at March 31, 2022
Discount rate	7.49%	7.12%
Expected rate of salary increase	8.00%	8.00%
Attrition rate	16.07%	16.07%

NOTE: 31 – FINANCIAL INSTRUMENTS

31.1 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. As at the year end, the Company has only one class of equity shares.

31.2 Categories of financial instruments

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Financial assets			
Measured at Cost			
- Equity investments in Subsidiaries (as per Ind AS 27)	331.08	328.97	244.67
- Investment in Preference shares of Subsidiary	544.87	544.87	-
Measured at amortised cost			
- Investment in Preference shares of Subsidiary	-	-	544.87
- Trade receivables	1,319.67	1,410.55	1,651.01
- Cash and cash equivalents	4,199.25	52.91	243.32
- Other bank balances	3.37	17.11	21.67
- Other financial assets (Current)	30.00	2.43	7.46
- Other financial assets (Non-Current)	156.44	154.38	151.28
Measured at Fair Value through P&L			
- Investment in Equity Instruments	-	-	73.30
Financial liabilities			
Measured at amortised cost			
- Borrowings			
Non current	198.12	206.62	107.48
Current	1,020.80	1,186.90	1,239.10
- Lease Liabilities			
Non current	48.94	39.78	33.88
Current	6.25	4.64	2.60
- Trade Payables	648.82	568.01	661.84
- Other Financial liabilities	847.74	70.13	39.60

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Fair value hierarchy

Particulars	As at	As at	As at	Fair value Hierarchy
	March 31, 2023	March 31, 2022	April 1, 2021	
- Investment in Equity Instruments	-	-	73.30	Level 3

During the year 2020-21, the company had invested in equity instruments of a related entity. The investment was made during the month of January, 2021 at the fair value prevailing on the date of investment. In the management's opinion, owing to the short period between date of investment and the reporting date and taking into account the fact that there were no significant changes in the investee's net assets or market outlook in the interim period, the investment price is regarded as the best estimate of its fair value as at the reporting date. In view of the above, disclosure of the sensitivity of fair value measurement in unobservable inputs is not considered relevant.

In the opinion of the management, the carrying amounts of financial assets and financial liabilities recognised in the financial statements are a reasonable approximation of their fair values. Hence, no separate disclosures of fair value has been made.

31.3 Financial risk management

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks.

The following disclosures summarize the Company's exposure to financial risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

31.3.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk mainly comprises of interest rate risk, currency risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to changes in interest rates primarily relates to the companies outstanding floating rate debt. The company has INR denominated long term debt and a portion of its working capital debt is denominated in foreign currency. These credit facilities are subject to periodic interest rate resets. Based on the past experience the variability of interest on long term loans is not expected to be material. Further there are only short term foreign currency debt in the form of packing credit which are subject to minimal changes in interest rate during its term.

(b) Foreign Currency risk

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Significant portion of the companies purchases and sales are denominated in foreign currency and hence, a natural hedge exists as a result of which, major foreign exchange fluctuations in import payables gets offset export receivables. Apart from the above, exchange rate exposures are also managed within approved policy parameters by constant monitoring.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows :

Particulars	Liabilities as at		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
EURO	0.03	0.08	0.02
GBP	0.04	0.01	-
JPY	70.15	607.22	1,112.27
USD	7.61	23.55	11.74

Particulars	Assets as at		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
EURO	0.22	0.17	0.04
GBP	0.03	-	-
JPY	-	13.64	-
USD	19.46	18.89	17.15

Foreign Currency sensitivity analysis

The below table demonstrates the sensitivity to a 5% increase or decrease in the relevant foreign currency against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonable possible change in foreign exchange rate.

Particulars	Impact on profit or loss for the year		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
A. Financial Assets			
EURO	0.98	0.74	0.16
GBP	0.14	-	-
SGD	-	-	-
JPY	-	0.42	-
USD	80.00	71.52	63.08
CHF	-	-	-
B. Financial Liabilities			
EURO	0.15	0.32	0.08
GBP	0.20	0.03	-
SGD	-	-	-
JPY	2.17	18.80	36.88
USD	31.28	89.17	43.18
CHF	-	-	-
Net Impact (A-B)	47.32	(35.64)	(16.90)

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Impact on total equity as at the end of the reporting period		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
A. Financial Assets			
EURO	0.73	0.52	0.12
GBP	0.10	-	-
SGD	-	-	-
JPY	-	0.30	-
USD	59.86	50.70	45.53
CHF	-	-	-
B. Financial Liabilities			
EURO	0.11	0.23	0.06
GBP	0.15	0.02	-
SGD	-	-	-
JPY	1.62	13.32	26.62
USD	23.41	63.20	31.17
CHF	-	-	-
Net Impact (A-B)	35.40	(25.25)	(12.20)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

31.3.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company's exposure of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The company does not hold collateral as security. The Company has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counterparties are banks with high credit ratings assigned by the international credit rating agencies.

31.3.3 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Less than 1 Year	1-5 years	More than 5 years	Total	Carrying value
March 31, 2023					
Borrowings	1,020.80	198.12	-	1,218.92	1,218.92
Lease Liabilities	6.25	25.24	23.70	55.19	55.19
Trade payables	648.82	-	-	648.82	648.82
Other Financial Liabilities	0.24	847.74	-	847.98	847.98
Total	1,676.11	1,071.10	23.70	2,770.91	2,770.91
March 31, 2022					
Borrowings	1,186.90	206.62	-	1,393.52	1,393.52
Lease Liabilities	4.64	14.71	25.07	44.42	44.42
Trade payables	568.01	-	-	568.01	568.01
Other Financial Liabilities	-	70.13	-	70.13	70.13
Total	1,792.90	221.33	25.07	2,039.30	2,039.30
April 1, 2021					
Borrowings	1,239.10	107.48	-	1,346.58	1,346.58
Lease Liabilities	2.60	6.98	26.90	36.48	36.48
Trade payables	661.84	-	-	661.84	661.84
Other Financial Liabilities	39.60	-	-	39.60	39.60
Total	1,936.19	114.46	26.90	2,077.55	2,077.55

32. FIRST-TIME IND AS ADOPTION

32.1 Mandatory exceptions and optional exemptions

The Company has prepared the opening Balance Sheet as per Ind AS as at date of transition 1 April, 2021 by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities.

However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below: The effect on reported financial position and financial performance of the Company on transition to Ind AS has been provided hereunder, which also includes reconciliations of total equity and total comprehensive income for comparative years under Indian GAAP to those reported for respective years under Ind AS.

Mandatory exceptions to retrospective application

Estimates

On assessment of estimates made under the previous GAAP financial information, the Company has concluded that there is no necessity to revise such estimates under Ind AS, as there is no objective evidence of an error in those estimates.

Classification and measurement of financial assets

The Company has followed classification and measurement of financial assets in accordance with Ind AS 109 – Financial Instruments on the basis of facts and circumstances that existed at the date of transition to Ind AS.

Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

effort to determine the credit risk as at the date that financial instruments were initially recognized in order to compare it with the credit risk as at the transition date.

However, as permitted by Ind AS 101, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transaction occurring on or after date of transition 1 April, 2021.

Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through other comprehensive income (FVTOCI) criteria based on the fact and circumstances that existed as of the transition date.

Optional exemptions from retrospective application

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at date of transition 1 April, 2021 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. The Company had followed the revaluation model for the purpose of subsequent measurement of certain items of its property, plant and equipment. In accordance with the aforementioned election of deemed cost option, the balance in revaluation reserve as on 1st April, 2021 has been re-classified as part of retained earnings.

Deemed cost for investments in subsidiaries

On transition, Ind AS 101 allows an entity to consider carrying values as deemed cost for investments held in subsidiaries, associates and joint ventures. Accordingly, the Company has elected to measure carrying values as per previous GAAP as deemed cost for its investments held in subsidiaries.

32.2 Reconciliation of total equity between previous GAAP and Ind AS

Particulars	Notes	As at March 31, 2022	As at April 1, 2021
Total equity (shareholders' funds) under previous GAAP		2,363.73	2,087.57
Ind AS Adjustments			
Allowance for Expected Credit Loss on Trade Receivables	(i)	0.65	(1.01)
Accounting for Leases as per Ind AS 116	(ii)	(3.01)	-
Measurement of Financial Liabilities at Amortised Cost	(iii)	0.22	0.70
Measurement of Financial Assets at amortised cost	(iv)	(0.01)	(0.01)
Reclassification of Preference Share Capital	(v)	(35.00)	(35.00)
Deferred Tax Adjustments on the above (net)	(vi)	2.14	1.66
Impact of errors/ prior period errors	(vii)	-	-
- Valuation of Inventory	(a)	(90.03)	(88.16)
- Income tax for earlier years	(b)	16.16	-
- Measurement of Deferred Tax Assets/ Liabilities	(c)	-	15.09
Total adjustment to equity		(108.88)	(106.73)
Total equity under Ind AS		2,254.85	1,980.84

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

32.3 Reconciliation of total comprehensive income

Particulars	Notes	Year ended March 31, 2022
Profit as per previous GAAP		279.67
Ind AS Adjustments		
Allowance for Expected Credit Loss on Trade Receivables	(i)	1.66
Accounting for Leases as per Ind AS 116	(ii)	(3.01)
Measurement of Financial Liabilities at Amortised Cost	(iii)	(0.48)
Measurement of Financial Assets at amortised cost	(iv)	-
Reclassification of Preference Dividend	(v)	(3.50)
Deferred Tax Adjustments on the above (net)	(vi)	0.47
Impact of errors/ prior period errors	(vii)	-
- Valuation of Inventory	(a)	(1.87)
- Income tax for earlier years	(b)	16.16
- Measurement of Deferred Tax Assets/ Liabilities	(c)	(15.09)
Other comprehensive Income for the year (net of tax)		-
Total adjustments to P&L		(5.66)
Total comprehensive income under Ind AS		274.01

Explanatory Notes

(i) Allowance for Expected Credit Loss on Trade Receivables

Under previous GAAP, provision for bad and doubtful debts was recognized as per the internal policy of the Company under the incurred loss model. Under Ind AS, the impairment loss allowance on account of Trade receivables is created based on a provision matrix computed under the Expected credit loss model.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Trade Receivables	0.65	(1.01)
	0.65	(1.01)

in Statement of Profit and Loss	Year ended March 31, 2022
Allowance for Expected Credit Loss	1.66
	1.66

(ii) Accounting for Leases as per Ind AS 116

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incident to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Under Ind AS 116, all arrangement that fall under the definition of lease except those for which short-term lease exemption or low value exemption is applied, the Company has recognised a right-of-use assets and a lease liability on the lease commencement date. Right-of-use assets is amortised over the lease term on a straight line basis and lease liability is measured at amortised cost at the present value of future lease payments

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Right of Use Assets	41.42	-
Lease Liabilities	(44.43)	-
	(3.01)	-

in Statement of Profit and Loss	As at March 31, 2022
Rent Expenses	8.22
Interest Expense on Lease Liabilities	(4.68)
Amortisation of RoU Assets	(6.55)
	(3.01)

(iii) Measurement of Financial Liabilities at Amortised Cost

Under IGAAP, financial liabilities were carried at cost. Under Ind AS, certain financial liabilities are subsequently measured at amortised cost which involves the application of effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Borrowings	0.22	0.70
	0.22	0.70

in Statement of Profit and Loss	Year ended March 31, 2022
Finance Costs	(0.48)
	(0.48)

(iv) Measurement of Financial Assets at Amortised Cost

Under previous GAAP, the security deposits paid for lease rent are shown at the transaction value. Whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting year. Accordingly, the difference between the transaction and discounted value of the security deposits paid is recognized as part of the Right of Use Asset and is amortized over the period of the lease term. Further, interest is accreted on the present value of the security deposits paid for lease rent.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Right of Use Assets	(0.56)	(0.45)
Other Financial Assets (Security Deposits)	0.55	0.44
	(0.01)	(0.01)

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

in Statement of Profit and Loss	Year ended March 31, 2022
Interest Income from Financial Assets	0.11
Amortisation of RoU Assets	(0.11)
	-

(v) Reclassification of Preference Share Capital

Under previous GAAP, Preference shares were classified as a part of share capital. However, under Ind AS, financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not its legal form. These Preference share instruments were evaluated and it was concluded that the same does not contain any equity component and hence they have been classified as a financial liability under Ind AS. Further, dividend on these preference shares have been recognised as finance cost as required under Ind AS 109.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Other Equity	35.00	35.00
Borrowings	(35.00)	(35.00)
	-	-

in Statement of Profit and Loss	Year ended March 31, 2022
Finance Costs	(3.50)
	(3.50)

(vi) Deferred Tax Adjustments of the above

Under Previous GAAP, deferred taxes were recognized for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognized using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or through statement of profit and loss or other comprehensive income.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Deferred Tax Asset/ (Liability) (Net)	2.14	1.66
	2.14	1.66

in Statement of Profit and Loss	Year ended March 31, 2022
Profit and Loss	
- Deferred Tax Expense	0.48
Other Comprehensive Income	
- Deferred Tax Expense	-
	0.48

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(vii) Adjustment for Errors/ Prior Period Errors

(a) Valuation of Inventory

The company has developed a policy for evaluating the net reliable value of inventory considering certain technical parameters with due regard to the ageing thereof and basis the same, an analysis of the carrying value of inventory across the periods covered by these financial statements have been carried out. Based on the review as above, necessary impact of write down in respect of value of inventory identified as no longer usable has been given in the respective period in accordance with Ind AS 8.

(b) Income tax for earlier years

The company has carried out a review of the outstanding provisions carried in the Balance Sheet in respect of Income Tax payable towards earlier years and basis the same, certain provisions identified as no longer payable have been written back in these financial statements.

(c) Measurement of Deferred Tax

The company has reviewed and corrected the measurement of deferred tax assets as at the end of each of the reporting periods and the consequent impact is as disclosed hereunder.

(d) Earnings per share adjusted for the effects of errors

in Balance Sheet		As at March 31, 2022
Impact of adjustment for errors		(0.80)
Weighted average no of shares outstanding		55,883,450
Amount of adjustment to Basic Earnings per share (₹)		(0.01)
Impact of adjustment for errors		(0.80)
Weighted average no of shares outstanding		55,883,450
Amount of adjustment to Diluted Earnings per share (₹)		(0.01)

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
(a) Valuation of Inventory	(90.03)	(88.16)
(b) Income tax for earlier years	16.16	-
(c) Measurement of Deferred Tax	-	15.09

in Statement of Profit and Loss	Year ended March 31, 2022	
(a) Valuation of Inventory		(1.87)
(b) Income tax for earlier years		16.16
(c) Measurement of Deferred Tax		(15.09)

32.4 Effect of Ind AS adoption on the statement of cash flows

There are no changes to the cash flows from operating, financing and investing activities as reported in the cash flow statement for the year ended March 31, 2022 drawn up under the previous GAAP on account of transition to Ind AS, other than those arising due to reclassification of the previous year figures to conform to the current year's layout.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 33 – RELATED PARTY DISCLOSURES

(a) Names of Related Parties and nature of relationship :

List of related parties where control exists

(i) Subsidiaries

Avalon Technology & Services Pvt. Ltd. (w.e.f 25.09 2019)
 Sienna ECAD Technologies Pvt. Ltd. (w.e.f 31.03.2021)
 ABV Electronics Inc (D/B/A Sienna Corporation) (w.e.f 31.01.2022)

(ii) Key Management Personnel

Mr. Kunhamed Bicha–Chairman and Managing Director
 (w.e.f 12.07.2022) [Director till 12.07.2022]
 Mr. Bhaskar Srinivasan–Director
 Mr. Sareday Seshu Kumar–Director
 Mr. Luquman Veedu Ediyannam–Director
 Mr. RM Subramanian–Chief Financial Officer
 Mr. Rajesh V – Company Secretary (w.e.f. 02.02.2022)

(iii) Relatives of Key Management Personnel

Mr. T P Imbichammad – Father of Chairman and Managing Director
 [Managing Director till 12.07.2022]
 Mrs. Mariyam Bicha – Mother of Chairman and Managing Director
 Mr. Shamil Bicha – Brother of Chairman and Managing Director

(iv) Entities controlled by (i) or (ii)

Sienna Technology & Services Private Limited*
 Sienna ECAD LLC#

*Struck off pursuant to an application by the company on 30.03.2021, vide public notice dated 12.11.2021.

#Dissolved on 08.06.2020.

The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	Transaction with	For the Year ended March 31, 2023	For the year ended March 31, 2022
a) Sales			
	Avalon Technology & Services Pvt. Ltd.	10.31	19.28
	Sienna ECAD Technologies Pvt. Ltd.	-	21.00
	ABV Electronics Inc (D/B/A Sienna Corporation)	1,464.03	1,240.91
		1,474.34	1,281.19
b) Purchases/Expenses			
	Avalon Technology & Services Pvt. Ltd.	180.55	285.78
	Sienna ECAD Technologies Pvt. Ltd.	0.04	0.40
	ABV Electronics Inc (D/B/A Sienna Corporation)	911.24	1,118.72
		1,091.83	1,404.90
c) Remuneration to KMP*			
	Mr.T P Imbichammad	5.08	18.00
	Mr.Kunhamed Bicha	19.18	12.24
	Mr.Shamil Bicha	9.60	6.16
	Mr.RM Subramanian	10.50	8.01
	Mr.Rajesh V	1.95	0.28
		46.31	44.69

* As the future liabilities of gratuity and compensated absences are provided on an actuarial basis for the company as a whole, the amounts pertaining to key managerial person is not ascertainable separately and therefore, not included above

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(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Transaction with	For the Year ended March 31, 2023	For the year ended March 31, 2022
d) Management Consultancy Fees			
	Mr. T P Imbichammad	7.18	-
		7.18	-
e) Interest Income			
	Avalon Technology & Services Pvt. Ltd.	14.00	14.00
		14.00	14.00
f) Dividend Income			
	ABV Electronics Inc (D/B/A Sienna Corporation)	17.61	12.20
		17.61	12.20
g) Interest expense			
	Mr.Sareday Seshu Kumar	-	0.05
		-	0.05
h) Reimbursement of expenses (receivable/(payable))			
	Sienna ECAD Technologies Pvt. Ltd.	1.35	24.70
	ABV Electronics Inc (D/B/A Sienna Corporation)	(9.01)	17.63
	Avalon Technology & Services Pvt. Ltd.	0.25	(5.61)
		(7.41)	36.72
i) Sale of Fixed Asset			
	Avalon Technology & Services Pvt. Ltd.	-	6.31
		-	6.31
j) Purchase of Fixed Asset			
	Avalon Technology & Services Pvt. Ltd.	-	16.21
	Sienna ECAD Technologies Pvt. Ltd.	-	0.04
		-	16.25
k) Repayment of Loan			
	Mr.Sareday Seshu Kumar	-	3.75
		-	3.75
l) Corporate Guarantee given			
	Avalon Technology & Services Pvt. Ltd.	600.46	494.60
		600.46	494.60
m) Corporate Guarantee received			
	ABV Electronics Inc (D/B/A Sienna Corporation)	780.00	945.81
		780.00	945.81
n) Stock option granted to the employees of subsidiary companies			
	Avalon Technology & Services Pvt. Ltd.	0.34	-
	ABV Electronics Inc (D/B/A Sienna Corporation)	1.53	-
	Sienna ECAD Technologies Pvt. Ltd.	0.24	-
		2.11	-
o) Employee Share Based Payment			
	Mr.RM Subramanian *	-	-
	Mr.V Rajesh **	-	-
		-	-

* 132,300 options at exercise price of ₹ 20 per share were issued to Mr. RM Subramanian in FY 2022-2023.

* 3,150 options at exercise price of ₹ 20 per share were issued to Mr. V Rajesh in FY 2022-2023.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

II. Outstanding Balances at the year end

Particulars	Transaction with	For the Year ended March 31, 2023	For the year ended March 31, 2022
a) Amount owed by related parties			
	Avalon Technology & Services Pvt. Ltd.	313.34	290.73
	Sienna ECAD Technologies Pvt. Ltd.	38.37	48.55
	ABV Electronics Inc (D/B/A Sienna Corporation)	551.07	472.45
		902.78	811.73

NOTE: 34 COMMITMENTS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	87.67	17.13	8.70

NOTE: 35 – CORPORATE SOCIAL RESPONSIBILITY

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Gross amount required to be spent u/s 135 of the Companies Act, 2013	3.90	2.11	1.75
(b) Expenditure towards corporate social responsibility			
(i) Construction / acquisition of any asset	-	-	-
(ii) Purpose other than (i) above	3.00	2.83	1.96
Excess / (Shortfall)	(0.90)	0.72	0.21

35.1 Excess amount Spent

Particulars	Year Ended		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Opening Balance	0.94	0.21	-
Amount required to be spent u/s 135 of the Companies Act, 2013	3.90	2.11	1.75
Expenditure towards corporate social responsibility	3.00	2.83	1.96
Closing Balance	(0.04)	(0.94)	(0.21)

35.2 Corporate Social responsibility – Expenses incurred towards

Particulars	Year Ended		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Donation	0.20	0.32	-
Social Welfare expenses	2.80	2.51	1.96
Total	3.00	2.83	1.96

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 36 – DUES TO MICRO AND SMALL ENTERPRISES

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the company. This has been relied upon by the auditors. According to the records available with the Company certain amount have been identified as dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	7.09	10.71
Interest on the above	0.00	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	19.51	0.02
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.07	-
Interest due and payable towards suppliers registered under MSMED Act at the end of the year	0.07	-
Further interest remaining due and payable for earlier years	-	-

NOTE: 37 – DETAILS OF TRANSACTIONS WITH STRUCK OFF COMPANIES

Name of struck off Company	Nature of transactions with struck-off Company	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Sienna Technology & Services Private Limited	Trade receivables	-	-	-

"-" denotes zero or figures which are below the rounding off norms adopted by the company.

NOTE: 38 CONTINGENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Claims against the company not acknowledged as debt			
Income tax matters*	28.98	28.98	43.27
Provident Fund Demand*	6.57	6.57	-
Others**	40.33	-	-
Total	75.88	35.55	43.27

* the above amount excludes interest and penalty, as they are not ascertainable

** represents potential price variation claims under negotiation with one of the customers. The management expects the same to be concluded in favour of the company.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

- a) Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/decisions pending at various forums/ authorities or final outcome of matter.
- b) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required.

In respect of matters where it is only possible, but not probable that outflow of economic resources would be required to settle the matter, the same are disclosed as contingent liability.

- c) The Company does not expect any reimbursements from third parties in respect of the above contingent liabilities.

NOTE: 39 - ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
a) CIF Value of imports :		
i) Capital goods	14.67	40.77
ii) Raw materials; Components and spare parts;	3,667.78	3,054.63
	3,682.45	3,095.40
b) Expenditure in foreign currency		
Interest and bank charges (Excluding PCFC interest)	9.22	5.60
Repairs and maintenance	3.77	1.49
Others	0.10	0.37
	13.09	7.46

c) Value of imported and indigenous raw materials, components and spares consumed and percentage of each to the total consumption:	2022-23		2021-22	
	Value	%	Value	%
i) Raw Materials				
a) Imported	2,857.69	80%	2,610.64	79%
b) Indigenous	693.64	20%	699.94	21%
ii) Stores and Spare Parts	3,551.33	100%	3,310.58	100%
a) Imported	6.51	26%	2.84	20%
b) Indigenous	18.87	74%	11.02	80%
	25.38	100%	13.86	100%

- 40** 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.

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

41 RATIOS

Sl. No.	Particulars	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	Variance	Reasons
						2023 vs 2022	(%)
1	Current Ratio	Current Assets	Current Liabilities	3.06	1.57	95.04%	1(i)
2	Debt-Equity Ratio	Total Debt (including lease liabilities)	Shareholder's Equity	0.19	0.64	(69.59%)	1(ii)
3	Debt Service Coverage Ratio	Earnings available for debt service (1)	Debt Service (2)	2.14	2.31	(7.05%)	
4	Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	6.43%	24.15%	(73.38%)	1(ii)
5	Inventory Turnover Ratio	Sales	Average Inventory	3.33	4.59	(27.46%)	1(iii)
6	Trade receivables turnover ratio	Net Credit Sales	Avg. Trade Receivables	3.51	2.84	23.70%	
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	6.81	6.02	13.02%	
8	Net capital turnover ratio	Net Sales	Working Capital (3)	0.91	4.06	(77.60%)	1(iv)
9	Net Profit Ratio	Net Profit/(Loss) for the year	Net Sales	5.93%	6.27%	(5.43%)	
10	Return on capital employed	Earning before interest and taxes	Capital Employed (4)	7.20%	13.39%	(46.21%)	1(v)
11	Return on Investment (the Company has only investments in Subsidiaries and hence, RoI is not presented)						

(1) Earning available for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

(2) Debt service = Interest & Lease Payments + Principal Repayments

(3) Working capital shall be calculated as current assets minus current liabilities

(4) Capital Employed = Tangible Net Worth (excluding Intangible Assets) + Total Debt

Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Explanation for Variance in ratios by more than 25%

1. (March 2023 vs march 2022)

- (i) Increase in current ratio is due to receipt of funds from anchor investors.
- (ii) Decrease in Debt - Equity ratio & Return on Equity ratio is due to increase in Equity on account of result of share application money from anchor investors.
- (iii) Decrease in inventory turnover ratio is on account of increase in inventories to meet the increased operational requirements.
- (iv) Reduction in Net Capital turnover ratio is due to improving working capital position on receipt of funds from anchor investors.
- (v) Decrease in Return on Capital Employed ratio is due to increase in capital on receipt of Share application money from anchor investors

42 Pursuant to resolution passed by the Members in the Extraordinary General Meeting dated 06.07.2022 and as approved by Registrar of the Company w.e.f. 29.07.2022 the Company has been converted from Private Limited Company into a Public Limited Company including adoption of new Memorandum of Association and new Articles of Association as applicable to Public Company in place of existing Memorandum of Association and Articles of Association of the Company.

Subsequent to the year end the Company has completed the Initial Public Offering of 19,839,446 equity shares of face value of ₹2 each at an issue price of ₹436 per equity share, consisting of a fresh issue of 7,339,449 equity shares aggregating to ₹3,200 Million and an offer for sale of 12,499,997 equity shares aggregating to ₹5,450 Million. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f April 18, 2023.

The Company completed its Initial Public Offering (IPO) of its equity shares which have been listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") with effect from April 18, 2023. The net proceeds from the fresh issue of the IPO would be utilised towards the following:

- i) Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, i.e. Avalon Technology and Services Private Limited;
- ii) Funding the working capital requirements of our Company; and
- iii) General corporate purposes

43 Previous years figures for the previous years have been regrouped / reclassified wherever necessary to conform to current year's classification / disclosure.

As per our report of even date attached

For and on behalf of the Board

For Varma & Varma

Chartered Accountants

Firm Registration No. 004532S

P R Prasanna Varma

Partner

Membership No. 025854

Chennai

Date: May 26, 2023

Kunhamed Bicha

Chairman & Managing Director

DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Independent Auditor's Report

To
The Members

Avalon Technologies Limited (formerly known as "Avalon Technologies (P) Limited")

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of **Avalon Technologies Limited** (formerly known as "Avalon Technologies (P) Limited") (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate audited financial statements of a subsidiary, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2023, of its consolidated profit and other comprehensive income,

consolidated changes in equity and consolidated cash flows for the year then ended.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of report of the other auditor referred to in paragraph (b) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditors Response
<p>Revenue recognition involves identification of contracts with customers, identification of distinct performance obligations, determination of transaction price and allocation of the transaction price to the distinct performance obligations.</p> <p>Revenue is recognised when (or as) a performance obligation is satisfied i.e. when 'control' of the goods underlying the particular performance obligation is transferred to the customer.</p>	<p>In view of the significance of the matter, the following key audit procedures were performed by us:</p> <ul style="list-style-type: none"> Assessed the compliance of the Holding Company's revenue recognition accounting policies with applicable accounting standards Evaluated the design and implementation of the key internal financial Controls with respect to the timing of revenue recognition and tested the operating effectiveness of such controls on a sample basis.

Key Audit Matter	Auditors Response
<p>The Holding Company and its external stakeholders focus on revenue as a key performance metric, and hence, there may be a possibility for revenue to be overstated or recognised before control has been transferred. Accordingly, Revenue recognition has been identified as a key audit matter.</p> <p>See Note No. 1.2(C)(9) and Note No. 18 to the Consolidated Financial Statements.</p>	<ul style="list-style-type: none"> Performed substantive testing of revenue transactions recorded during the year on a sample basis by verifying the underlying documents including shipping document, customer acknowledgement, dispatch notes, etc. Performed testing for samples of revenue transactions recorded closer to the year-end by verifying underlying documents, to determine the accuracy of the period in which revenue was reconized.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's management and the Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance but does not include the consolidated financial statements, standalone financial statements and our auditor's reports thereon. These reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other Information, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions, if required.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective

Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated 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 Holding Company and its subsidiary companies which are companies incorporated in India, 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 management and Board of Directors.

Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting in preparation of Consolidated 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Consolidated Financial Statements including the disclosures, and whether the Consolidated Financial

Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (b) of the section titled "Other Matters" in this audit report.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Holding Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS:

- (a) The comparative financial information as at and for the year ended March 31, 2022 and the transition date opening balance sheet as at April 1, 2021 included in these Consolidated Financial Statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (IGAAP), audited by the predecessor auditor whose report for the year ended March 31, 2022 dated May 4, 2022 and report for the year ended March 31, 2021 dated November 26, 2021 expressed an unmodified opinion on the respective consolidated financial statements, which have been restated by the Holding Company to comply with Ind AS. Adjustments to the said financial information as disclosed in Note No. 33 have been audited by us.
- (b) The financial information in respect of the subsidiary of the Holding Company incorporated in the United States of America (whose financial statements reflects total Assets of ₹ 2,343.54 million as at 31 March 2023; total Revenues of ₹ 5,456.46 million and Net Cash outflows amounting to ₹ 6.68 million for the year ended on that date) included in the consolidated financial statements are based on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary prepared by the management based on the financial statements prepared in accordance with the US GAAP audited by the said subsidiary's auditor which have been restated by the Holding Company to comply with Ind AS. The audit report of the other auditor on the financial statements of the subsidiary prepared in accordance with the US GAAP for the year ended March 31, 2023, expressed an unmodified opinion on those financial statements. Adjustments to the said financial information of the subsidiary for the differences in accounting principles adopted by the Holding Company on transition to the Ind AS have been audited by us as stated in our report on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary for the year ended March 31, 2023. Our opinion, insofar as it relates to the amounts included in respect of such subsidiary (other than the adjustments arising on transition to Ind AS that has been audited by us) is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditor on separate financial statements of a subsidiary as were audited by the other auditor, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and

the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries which are incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note No. 37 to the consolidated financial statements;
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts due to be transferred to the Investor Education and Protection Fund by the Group.
- iv. (i). The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company

or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (ii). The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances Performed by us on the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, 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, contain any material misstatement.

- v. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Holding Company and its subsidiaries which are companies incorporated in India with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- vi. a. The Holding Company has not declared or paid any dividend on equity shares during the year. Dividend on preference shares has been paid during the year as per the terms of issue and in accordance with section 123 of the Act to the extent applicable.
- b. The subsidiaries of the Holding Company which are companies incorporated in India have not declared or paid any dividend during the year and hence, the related reporting requirements under sub-clause (f) of Rule 11 of the companies (Audit and Auditors) Rules, 2014 is not applicable.

For Varma & Varma
Chartered Accountants
FRN. 004532S

P. R. Prasanna Varma
Partner

Place: Chennai

Date :26th May,2023

M No. 025854
UDIN : 23025854BGRHXQ5989

Annexure A

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AVALON TECHNOLOGIES LIMITED FOR THE YEAR ENDED 31.03.2023

Clause 3(xxi) of Companies (Auditor's Report) Order

In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualifications or adverse remarks given in the respective auditors' reports under the Companies (Auditor's Report) Order, 2020 (CARO):

Sl. No.	Name of the Entity	CIN	Holding Company/ Subsidiary	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Avalon Technology and Services Pvt Ltd	U72100TN2008PTC068955	Subsidiary Company	Clause (ii) (b)

For Varma & Varma
Chartered Accountants
FRN. 004532S

P. R. Prasanna Varma
Partner

M No. 025854

UDIN : 23025854BGRHXQ5989

Place: Chennai

Date :26th May,2023

Annexure B

REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AVALON TECHNOLOGIES LIMITED FOR THE YEAR ENDED 31.03.2023

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to Consolidated Financial Statements of Avalon Technologies Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), which are companies incorporated in India, as of that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective 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”). 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 the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as “the Act”).

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated 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 consolidated 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company’s internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have in all material respects, an adequate internal financial

controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to Consolidated Financial Statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Varma & Varma
Chartered Accountants
FRN. 004532S

P. R. Prasanna Varma
Partner

Place: Chennai
Date :26th May,2023

M No. 025854
UDIN : 23025854BGRHXQ5989

Consolidated Balance Sheet

as at March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

S. No	Particulars	Note no.	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
A.	ASSETS				
	Non-Current Assets				
(a)	Property, plant and equipment	2	908.72	892.01	830.82
(b)	Capital Work in Progress	2	152.78	19.65	-
(c)	Right-of-Use assets	3	342.16	243.94	229.62
(d)	Intangible Assets	4	24.46	6.28	8.17
(e)	Financial Assets				
(i)	Other financial assets	5	53.18	52.80	43.71
(f)	Deferred Tax Asset (Net)	12.1	130.34	158.58	226.43
(g)	Tax assets (Net)	12.2	23.25	17.32	7.98
(h)	Other Non Current Assets	6	31.66	0.84	4.02
	Total non-current assets		1,666.55	1,391.42	1,350.75
	Current Assets				
(a)	Inventories	7	3,178.99	2,330.22	1,457.77
(b)	Financial Assets				
(i)	Trade Receivables	9	2,062.01	1,773.73	1,818.88
(ii)	Cash and Cash Equivalents	8A	4,219.03	77.59	313.38
(iii)	Bank Balances other than (ii) above	8B	3.45	23.80	21.87
(iv)	Other Financial Assets	5	37.66	13.18	14.37
(c)	Other Current Assets	6	635.46	284.34	169.84
	Total current assets		10,136.60	4,502.86	3,796.11
	TOTAL ASSETS		11,803.15	5,894.28	5,146.86
B.	EQUITY AND LIABILITIES				
	Equity				
(a)	Equity Share Capital	10	115.91	15.97	15.97
(b)	Other Equity	11	5,254.28	871.87	604.86
(c)	Non-Controlling Interests		-	-	(315.90)
	Total equity		5,370.19	887.84	304.93
	Liabilities				
	Non-Current Liabilities				
(a)	Financial Liabilities				
(i)	Borrowings	13	655.95	741.83	811.77
(ii)	Lease Liabilities	15A	292.07	168.74	155.07
(iii)	Other Financial Liabilities	15B	9.88	19.65	1.66
(b)	Provisions	16	114.12	86.08	77.40
(c)	Other non-current liabilities	17	-	-	4.36
	Total non-current liabilities		1,072.02	1,016.30	1,050.26
	Current Liabilities				
(a)	Financial Liabilities				
(i)	Borrowings	13	2,406.70	2,198.70	2,141.55
(ii)	Lease Liabilities	15A	65.01	65.96	53.62
(iii)	Trade Payables				
(a)	Micro and small enterprises	14	16.61	11.89	3.44
(b)	Others	14	1,401.12	1,173.01	1,271.15
(iv)	Other Financial Liabilities	15BB	907.85	126.89	99.79
(b)	Other Current Liabilities	17	528.53	359.26	161.10
(c)	Provisions	16	15.71	11.13	12.38
(d)	Current tax Liabilities (Net)	12.2	19.41	43.30	48.64
	Total current liabilities		5,360.94	3,990.14	3,791.67
	Total Liabilities		6,432.96	5,006.44	4,841.93
	TOTAL EQUITY AND LIABILITIES		11,803.15	5,894.28	5,146.86
	Significant Accounting Policies and key accounting estimates and judgements	1			
	See accompanying notes to financial statements				

As per our report of even date attached

For Varma & Varma

Chartered Accountants

Firm Registration No. 004532S

P R Prasanna Varma

Partner

Membership No. 025854

Chennai

Date: May 26, 2023

For and on behalf of the Board

Kunhamed Bicha

Chairman & Managing Director

DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

S. No	Particulars	Note no.	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from Operations	18	9,447.19	8,407.18
II	Other Income	19	143.50	109.32
III	Total Income (I+II)		9,590.69	8,516.50
IV	Expenses:			
	Cost of raw materials consumed	20	6,238.40	5,608.04
	Purchases of Stock-in-Trade		-	-
	Changes in Inventories of finished goods, work-in-progress	21	(171.14)	(66.71)
	Employee benefits expense	22	1,605.45	1,313.53
	Finance costs	23	347.92	248.47
	Depreciation and Amortisation Expenses	24	196.55	180.02
	Other expenses	25	646.58	576.83
	Total Expenses		8,863.76	7,860.18
V	Profit before tax (Before Exceptional items) (III-IV)		726.93	656.32
VI	Exceptional items	26	-	199.90
VII	Profit before tax (After Exceptional items) (V+VI)		726.93	856.22
VIII	Tax Expense:			
	(1) Current Tax	27	160.30	138.72
	(2) Tax of earlier years	27	-	(16.13)
	(3) Deferred Tax	27	41.60	59.05
			201.90	181.64
IX	Profit for the year (VII - VIII)		525.03	674.58
X	Other Comprehensive Income			
	A. i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans - Gratuity	31	(6.80)	5.02
	ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans	27B	1.81	(1.41)
	B. i) Items that may be reclassified to profit or loss			
	a) Exchange differences in translating the financial statements of foreign operations		(72.03)	(27.45)
	Total other comprehensive income A(i+ii) + B(i)		(77.02)	(23.84)
XI	Total Comprehensive Income for the year (IX+X)		448.01	650.74
XII	Profit for the year			
	Attributable to:			
	Equity holders of the parent		525.03	632.08
	Non-controlling interests		-	42.50
XIII	Other comprehensive income/(loss) for the year			
	Attributable to:			
	Equity holders of the parent		(77.02)	(19.28)
	Non-controlling interests		-	(4.56)
XIV	Total comprehensive income for the year			
	Attributable to:			
	Equity holders of the parent		448.01	612.80
	Non-controlling interests		-	37.94
XV	Earnings Per Equity Share of ₹ 2 each, attributable to equity holders of the parent:			
	(a) Basic (In ₹)	28	9.27	11.31
	(b) Diluted (In ₹)	28	9.08	11.31
	Significant Accounting Policies and key accounting estimates and judgements	1		
	See accompanying notes to financial statements			

As per our report of even date attached

For Varma & Varma

Chartered Accountants

Firm Registration No. 004532S

P R Prasanna Varma

Partner

Membership No. 025854

Chennai

Date: May 26, 2023

For and on behalf of the Board

Kunhamed Bicha

Chairman & Managing Director

DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Share Capital			Other Equity			Share Application Money pending allotment (G)	ESOP Reserve (H)	Sub - Total (I) = (B)+(C)+(D)+(E)+(F)+(G)+(H)	Non Controlling interest (J)	Total (K) = (A)+(I)+(J)
	(A) Premium	(B) Foreign Currency Translation Reserve (C)	(D) Capital reserve	(E) Zone Re-investment Allowance Reserve (F)	(F) Retained earnings	(G) Special Economic Zone Re-investment Allowance Reserve (E)					
Balance as at April 1, 2021	15.97	534.01	-	137.75	2,011.44	-	0.01	-	2,683.21	-	2,699.18
Changes in accounting policies / prior period errors (Refer Note 33)	-	-	-	-	(73.07)	-	-	-	(73.07)	-	(73.07)
IndAS transition impact (Refer Note 33)	-	-	-	-	(1.64)	-	-	-	(1.64)	0.03	(1.61)
Adjustment on account of common control business combination (Refer Note 38)	-	5.75	(271.24)	-	(1,738.15)	-	-	-	(2,003.64)	(315.93)	(2,319.57)
Restated Balance as at April 1, 2021	15.97	539.76	(271.24)	137.75	198.58	-	0.01	-	604.86	(315.90)	304.93
2021-22											
Profit for the year	-	-	-	-	632.08	-	-	-	632.08	42.50	674.58
Other comprehensive income for the year, net of income tax	-	-	(22.81)	-	3.60	-	-	-	(19.21)	(4.56)	(23.77)
Adjustment on account of common control business combination (Refer Note No. 38)	-	-	(343.06)	-	-	-	-	-	(343.06)	-	(343.06)
Transfer from / to SEZ Reinvestment Reserve	-	-	-	(42.09)	42.09	-	-	-	-	-	-
Acquisition of non controlling interest	-	(2.86)	-	-	-	-	-	-	(2.86)	277.96	275.10
Other Adjustments	-	-	0.07	-	-	-	(0.01)	-	0.06	-	0.06
Balance as at March 31, 2022	15.97	536.90	(22.74)	95.66	876.35	-	-	-	871.87	-	887.84
2022-23											
Profit for the year	-	-	-	-	525.03	-	-	-	525.03	-	525.03
Other comprehensive income for the year, net of income tax	-	-	(72.03)	-	(4.99)	-	-	-	(77.02)	-	(77.02)
Issue of Equity Shares	3.94	830.87	-	-	-	-	-	-	830.87	-	834.81
Receipt on Share Application money from Anchor investors	-	-	-	-	-	-	3,200.00	-	3,200.00	-	3,200.00
10% Mandatorily Convertible Preference shares converted during the year (Refer Note No. 13.2(i))	0.20	-	-	-	-	-	-	-	-	-	0.20
Transfer from / to SEZ Reinvestment Reserve	-	-	-	(34.58)	34.58	-	-	-	-	-	-
Issue of Bonus Shares	95.80	(95.80)	-	-	-	-	-	-	(95.80)	-	-
Dividend on 10% mandatorily convertible preference shares (Refer Note 13.2(i))	-	-	-	-	1.86	-	-	-	1.86	-	1.86
Expense for issue of shares	-	(1.77)	-	-	-	-	-	-	(1.77)	-	(1.77)
Employee Share based payments	-	-	-	-	-	-	-	2.96	2.96	-	2.96
Balance as at March 31, 2023	115.91	1,270.20	(94.77)	61.08	1,429.11	3,200.00	3,200.00	2.96	5,254.28	-	5,370.19

As per our report of even date attached

For Varma & Varma

Chartered Accountants

Firm Registration No. 0045325

P R Prasanna Varma

Partner

Membership No. 025854

Chennai

Date: May 26, 2023

For and on behalf of the Board

Kunhamed Bicha

Chairman & Managing Director

DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Cash flow from operating activities		
Profit for the year	726.93	856.22
Adjustments for :		
Finance costs recognised in profit or loss	244.37	209.06
Interest Income recognised in profit or loss	(3.61)	(5.01)
Dividend Income recognised in profit or loss	-	-
(Gain) / Loss on disposal of property, plant and equipment	(0.35)	(0.80)
Allowance for Expected Credit Loss	14.05	15.99
Depreciation and Amortisation	196.55	180.02
Provision for Gratuity	1.04	(1.96)
Provision for Leave Encashment	(0.15)	(3.88)
Preference Dividend	33.19	34.29
Loan Forgiveness - Payroll Protection Program	-	(199.90)
Loan Forgiveness - Other Debt	(79.20)	(8.94)
Amounts no longer payable written back	(19.51)	(12.60)
Employee Share based Payment	2.97	-
Net foreign exchange (gain) / loss - Unrealised	64.76	24.53
	1,181.04	1,087.02
Movements in working capital :		
(Increase) / decrease in trade and other receivables	(242.72)	63.50
(Increase) / decrease in inventories	(861.73)	(812.47)
(Increase) / decrease in other assets	(219.50)	(105.65)
Increase / (decrease) in trade payables	168.07	10.69
Increase / (decrease) in provisions	26.53	18.02
Increase / (decrease) in other liabilities	4.12	20.70
Cash generated from operations	55.80	281.81
Income Tax paid	(189.16)	(125.24)
Net cash generated/(used) by operating activities(A)	(133.36)	156.57
B. Cash flow from investing activities		
(Acquisition) / Proceeds from Sale of Property, Plant & Equipment	(272.96)	(177.41)
Interest received	2.30	4.73
Payments for Acquisition of Investments in Subsidiaries	(0.00)	(11.00)
Net cash used in investing activities(B)	(270.66)	(183.68)
C. Cash flow from financing activities		
Proceeds from issue of Equity shares	798.24	-
Receipt of Share Application Money from Anchor Investors	4,016.28	-
Buyback of Common Stock - (Refer note no. 38)	-	(56.62)
Buyback of Preferred Stock	-	(11.18)
Dividends paid on preference shares	(36.69)	(37.79)
Proceeds from Non-Current borrowings	242.92	377.24
Repayment of Non-Current borrowings	54.23	(107.69)
Proceeds from / (Repayment) of Current borrowings	(169.35)	(111.24)
Repayment of Lease liability	(80.09)	(72.13)
Refund of share application money	-	(0.01)
Interest paid	(283.18)	(188.94)
Net cash (used in)/generated by financing activities (C)	4,542.37	(208.35)
Add: Effects of exchange differences on restatement of foreign currency cash and cash equivalents (D)	3.09	(0.33)
Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)+(D)	4,141.44	(235.79)
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	77.59	313.38
Cash and Cash equivalents at the end of the year	4,219.03	77.59

Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(All amounts are in Million Indian Rupees unless otherwise stated)

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash flows.

(b) Cash and Cash equivalents comprises of	As at March 31, 2023	As at March 31, 2022
(i) Cash and Cash Equivalents		
(a) Balance with banks in current accounts	4,154.84	77.53
(b) Balance with banks in deposit accounts	64.00	-
(c) Cash on hand	0.19	0.06
Total	4,219.03	77.59

Non-cash financing activities:

Significant non cash movement in financing activities includes the following

Particulars	As at March 31, 2023	As at March 31, 2022
a) Lease liabilities recognised as per IND AS 116	Refer Note 3A	
b) Foreign exchange fluctuation on borrowings	67.85	23.97

As per our report of even date attached

For Varma & Varma

Chartered Accountants
Firm Registration No. 004532S

P R Prasanna Varma

Partner
Membership No. 025854

Chennai

Date: May 26, 2023

For and on behalf of the Board

Kunhamed Bicha

Chairman & Managing Director
DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

1 CORPORATE INFORMATION

Avalon Technologies Limited (formerly known as Avalon Technologies Private Limited) ("the Company" or "the Holding Company") is a company domiciled and incorporated in India. The company has converted from Private Limited company into a Public Limited Company with effect from 29th July, 2022. The company has its registered office situated at B-7, First Main Road, MEPZ-SEZ, Tambaram, Chennai - 600 045, Tamil Nadu, India. The company has three subsidiaries, two of which are incorporated in India and one in the United States of America. The Company together with its subsidiaries (collectively referred to as the "Group") are Electronics Manufacturing Service (EMS) providers with capabilities in Printed Circuit Assembly Boards (PCBA's), custom cable, wire harness, metal, plastic, magnetics components and assemblies with enhanced capabilities in engineering design and development.

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act

Upto the year ended 31 March, 2021, the Group prepared the financial statements in accordance with the requirements of the previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the 2013 Act.

These are the Group's first Ind AS financial statements. The date of transition to the Ind AS is 01 April, 2021. Refer Note 33 for details of the first-time adoption exceptions and exemptions availed by the Group.

The financial information included in these Consolidated Financial Statements in respect of M/s ABV Electronics Inc (D/B/A Sienna Corporation), a subsidiary of the company incorporated in the United States of America are based on the financial statements prepared in accordance with the US GAAP for the respective years, which have been duly adjusted for differences in accounting policies

as compared to the accounting policy followed by the Group in accordance with Ind AS.

The Consolidated Financial Statements are prepared under historical cost convention except for certain Financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

All assets and liabilities have been classified as Current and non- Current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current Financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of liability that could, at the option of

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current Financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified 12 months as its operating cycle.

The Consolidated Financial Statements have been presented in Indian Rupees (₹ or INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions and decimals thereof, unless otherwise mentioned. Figures in brackets represents negative figures unless otherwise mentioned. "-" denotes zero or figures which are below the rounding off norms adopted by the Group.

B BASIS OF CONSOLIDATION

a. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The Group consolidates the Financial statements of the parent and its subsidiaries on a line by line basis, adding together like items of assets, liabilities, income and expenses. Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment.

b. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit and loss.

d. Common control business combinations (CCBC) transactions

Business combinations of entities under common control are accounted for using the pooling of interests method as follows:

- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts from the controlling parties' perspective.
- (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- (iii) The Financial information in the Financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the Financial statements, irrespective of the actual date of the combination.
- (iv) The balance of the retained earnings appearing in the Financial statements of the transferor is aggregated with the corresponding balance appearing in the Financial statements of the transferee or is adjusted against general reserve.
- (v) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
- (vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

The details of Subsidiaries consolidated in these Financial statements are as given below

Company Name	Country of Incorporation	% of Shares held by the Holding Company		
		31st Mar 2023	31st Mar 2022	1st April 2021
Avalon Technology and Services Private Limited	India	100%	100%	100%
Sienna Ecad Technologies Private Limited	India	100%	100%	94.20%
ABV Electronics Inc (D/B/A Sienna Corporation)	United States of America	100%	100%	5.40%

C SIGNIFICANT ACCOUNTING POLICIES

1 Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with accounting principles generally accepted in India requires the management to make judgements, estimates and assumptions that effect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment in value, if any. Cost includes purchase price, (inclusive of import duties and non – refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended

by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any.

If the Group has acquired a Property, Plant and Equipment on deferred term basis and terms are beyond normal credit terms, property plant and equipment will be recognized on cash price equivalent, i.e. discounted amount.

The cost of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

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

Depreciation

Depreciation on Property, Plant and Equipment (Tangible assets) is generally computed on a pro-rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013 under Straight line method. The useful life of assets prescribed in Schedule II to the Companies Act, 2013 are considered for the purpose of Computation of Depreciation. However, If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on an annual review is different from that envisaged in the aforesaid schedule, depreciation is provided at a such rate based on the useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life as indicated

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

below which is different from that stated in Schedule II to the Companies Act, 2013.

Category	Useful life
Buildings	3 - 60 years
Plant and machinery	1 - 15 years
Computers	3 - 6 years
Office equipment	5 - 15 years
Furniture and fixtures	10 - 15 years
Vehicles	4 - 8 years
Tools*	3 - 5 years

*Useful life of tools are based on internal estimate of the Group. Tools and dies used are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume products are depreciated at higher rate.

Depreciation charge on additions / deletions is restricted to the period of use. Depreciation methods, useful lives and residual values are reviewed annually.

3 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful life as given below.

Category	Useful life
Patent	10 years
Software	4 years

Amortization method and useful lives are reviewed annually.

4 Leases

As lessee

The Group assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

The Group recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases for low value underlying assets. For these short-term and leases for low value underlying assets, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities include these options when it is reasonably certain that the option to extend the lease will be exercised / option to terminate the lease will not be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation/amortization and impairment losses.

Right-of-use assets are depreciated / amortized from the commencement date to the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying asset by the end of lease term or if the cost of right-of-use assets reflects that the purchase option will be exercised. Otherwise, Right-of-use assets are depreciated / amortized from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right-of-use assets 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 Unit (CGU) to which the asset belongs.

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Group changes its assessment whether it will exercise an extension or a termination option.

5 Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. In such cases, impairment losses are reversed to the extent the assets carrying amount does not exceed, the carrying amount that would have been determined if no impairment loss had previously been recognized.

6 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction / production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of that asset. All other borrowing costs are charged to revenue. In accordance with the ICAI Guidance Note on Schedule III to the

Companies Act, 2013, exchange losses (net) relating to foreign currency borrowings to the extent not capitalized in accordance with Ind AS 23 is presented under finance costs.

7 Inventories

Cost of raw materials, components, stores and spares are ascertained on a moving weighted average cost basis. Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead. Such costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates taxes (not recoverable from the taxing authorities) and discounts. Goods that are consigned to the Group are not considered in inventory.

Net realizable 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. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories as identified by the management are duly provided for/ written down to the realizable value, as the case maybe.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

8 Foreign Currency Transaction

Functional Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the Functional currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are reinstated at the end of accounting period.

Exchange differences on reinstatement of all monetary items are recognized in the Statement of Profit and Loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Indian rupees (INR), the functional currency of the Group at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to Indian rupees (INR) at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Foreign currency translation differences are recognised in other comprehensive income and accumulated in equity separately under foreign currency translation reserve. The amounts recognized are transferred to the consolidated statement of profit and loss on disposal of the related foreign subsidiaries.

9 Revenue Recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that the Group is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of

transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and rebates offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow.

Sale of goods

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Advance from customers is recognized under other current liabilities which is released to revenue on satisfaction of performance obligation.

Rendering of Services

Revenue from design services are recognised over the contract term based on the percentage of services that are provided during the period compared with the total estimated services to be provided estimated based on the input method. Income from other service activities are recognized at a point in time on satisfaction of performance obligation towards rendering of such services in accordance with the terms of arrangement.

Revenue is recorded exclusive of goods and service tax.

Other Income

Interest : Interest income is recognized on effective interest method taking into account the amount outstanding and the rate applicable.

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

Dividend: Dividend income is recognized when the right to receive dividend is established.

Insurance Claims : Insurance claims are accounted for on the basis of claims lodged with insurance Group and to the extent that there is a reasonable certainty in realizing the claims.

10 Share Based Payments

Employees (including senior executives) of the Group receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Employee Stock option Plan (ESOP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled, in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period recognised in employee benefits expense represents the movement in cumulative expense recognised as at the beginning and end of that period.

Performance conditions which are market conditions are taken into account when determining the grant date fair value of the awards. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

11 Employee Benefits

1. Short - Term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

2. Defined Contribution Plans

In respect of operations in India :

Contribution towards provident fund/ Employee State Insurance for employees working with the Group's operations in India is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

In respect of operations in United States of America(U.S.A) :

The Group has a 401(k) plan offered to employees working with the Group's operations in U.S.A., which allows employees (meeting certain eligibility conditions) to contribute a predefined portion of salary towards a retirement savings account. The Group may make a discretionary match which will be determined each year, and has no further obligation in this regard.

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

3. Defined Benefit Plan

In respect of operations in India :

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") which is unfunded covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the other comprehensive income in the year in which they arise. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

4. Other Long term employee benefits

In respect of operations in India :

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the Profit and Loss Statement in the year in which they arise.

12 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount

expected to be paid to the tax authorities in accordance with the relevant prevailing tax laws. Tax expenses relating to the items in profit and loss shall be treated as current tax as part of profit and loss and those relating to items in other comprehensive income (OCI) shall be recognized as part of the part of OCI.

Deferred tax is recognized for all the temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and corresponding tax bases used in computation of taxable profit. Deferred tax assets are recognized and carried forward only to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Group re-assesses unrecognized deferred tax assets, if any and the same is recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period. MAT shall be treated as part of deferred tax assets.

13 Financial instruments

Initial recognition

The Group recognizes Financial assets and Financial liabilities when it becomes a party to the contractual provisions of the instruments. All Financial assets and liabilities are recognized at fair value on initial recognition. 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.

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

Financial liabilities and equity instruments: Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Instruments (including convertible preference shares) that meet the definition of 'Equity' in its entirety and which do not have any component of liability, is classified as Equity and grouped under 'Instruments entirely equity in nature'. Equity instruments are recorded at the proceeds received, net of direct issue costs. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

Subsequent measurement

- i. Financial assets carried at amortized cost

A Financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect 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.
- ii. Financial assets at fair value through profit or loss

A Financial asset which is not classified in the above category is subsequently fair valued through profit or loss.
- iii. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. 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.

Derecognition of Financial instruments

The Group derecognizes a Financial asset when the contractual rights to the cash flows from the Financial asset expire or it transfers the Financial asset and the transfer qualifies for derecognition under IND AS 109. A Financial liability (or a part of a Financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Impairment

All Financial assets classified as at amortized cost shall be tested for impairment under Ind AS 109 and measured using Expected Credit Loss (ECL) model.

14 Fair Value

The Group measures Financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – inputs that are unobservable for the asset or liability

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

15 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. All government grants are initially recognized by way of setting up as deferred income. Government grants relating to income are subsequently recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are subsequently recognized in profit or loss on a systematic basis over the expected life of the related depreciable assets. Grants recognized in Profit and Loss as above are presented within other income or adjusted against the corresponding expenditure head as specifically disclosed thereunder.

16 Provisions and Contingent Liabilities

Provisions : Provisions are recognized when there is a present obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value unless the effect of time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

17 Segment Reporting

The Group is engaged in providing Electronics Manufacturing Services (EMS) with capabilities in printed circuit board assembly, custom cable and wire harnesses, etc. Since the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and to assess its performance, the entire operations are to be classified as a single business segment, namely EMS.

18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting equity dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

19 Share issue expense

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

20 Cash & Cash Equivalents

Cash and cash equivalents comprises cash on hand and at banks and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

21 Exceptional items

Exceptional items are those items that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

3. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the critical judgements, assumptions concerning the future, and key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1. Useful lives of property, plant and equipment

As described above, the charge in respect of periodic depreciation for the year is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

3.2. Employee Benefits

The cost of defined benefit plans are determined using actuarial valuation, which involves making assumptions about discount rates, expected rates of return on assets, future salary increases, and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

3.3. Taxation

Significant assumptions and judgements are involved in determining the provision for tax based on tax enactments, relevant judicial pronouncements and tax expert opinions, including an estimation of the likely outcome of any open tax assessments / litigations. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available, based on estimates thereof. Significant assumptions are also involved in evaluating the recoverability of deferred tax assets recognised on unused tax losses.

3.4 Provisions and contingencies

Critical judgements are involved in measurement of provisions and contingencies and estimation of the likelihood of occurrence thereof based on factors such as expert opinion, past experience etc.

3.5 Impairment of Trade receivable - Expected Credit loss

The impairment provisions for trade receivables are based on assumptions about risk of default. The Group uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on Group's past history at the end of each reporting period

3.6 Common Control Business Combination

Significant judgment and factual assessment is involved in identifying whether a business combination is a common control business combination or not in accordance with Appendix C to Ind AS 103.

3.7 Estimation of uncertainties relating to the global health pandemic due to COVID-19 (COVID-19):

The Group, based on the internal and external information available up to the date of approval of these Consolidated Financial Statements, has concluded that no adjustments are required in the carrying amounts of its Financial assets and other assets. Given the uncertainties associated with the nature and duration of the pandemic, actual results may differ from those estimated as at the date of approval of the Consolidated

Notes to Consolidated Financial Statements

Significant accounting policies to Consolidated Financial Statements

Financial Statements. The Group will continue to monitor future economic conditions and update its assessment.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs (“MCA”) notifies new standards 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) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Group’s financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its Group’s financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its Group’s financial statement.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 2: PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	As at		As at		As at	
	March 31, 2023	March 31, 2022	March 31, 2022	April 1, 2021	April 1, 2021	April 1, 2021
Carrying amounts of:						
Freehold Buildings	248.72	260.64	260.64	271.38	271.38	271.38
Plant and equipment	562.29	535.30	535.30	465.38	465.38	465.38
Air conditioners	5.37	5.36	5.36	5.08	5.08	5.08
Computer	42.11	35.11	35.11	32.16	32.16	32.16
Electrical Fittings	23.38	27.40	27.40	26.13	26.13	26.13
Furniture and Fittings	10.76	10.33	10.33	9.37	9.37	9.37
Vehicles	6.95	9.16	9.16	11.89	11.89	11.89
Office Equipments	6.44	5.76	5.76	6.22	6.22	6.22
Fire Protection Equipments	2.70	2.95	2.95	3.21	3.21	3.21
Sub-Total	908.72	892.01	892.01	830.82	830.82	830.82
Capital Work-in-progress	152.78	19.65	19.65	-	-	-
Total	1,061.50	911.66	911.66	830.82	830.82	830.82
Gross carrying value						
Freehold Buildings	150.44	174.02	174.02	4.51	3.97	6.95
Plant and equipment	120.94	291.36	291.36	21.62	5.40	4.94
Air conditioners	1.14	1.14	1.14	5.43	2.79	-
Computer	(0.04)	(1.04)	(1.04)	(0.07)	(0.50)	-
Electrical Fittings	6.22	31.50	31.50	0.32	1.53	-
Furniture and Fittings	0.07	91.47	91.47	0.32	1.53	-
Vehicles	-	(3.47)	(3.47)	-	(0.03)	-
Office Equipments	0.05	35.55	35.55	0.02	0.57	-
Fire Protection Equipments	0.03	0.03	0.03	0.02	0.57	-
Balance as at April 1, 2021 (Deemed Cost)	272.65	745.85	745.85	31.84	14.17	11.39
Adjustments on account of business combination	1.28	145.45	145.45	5.43	2.79	-
Additions	-	(1.29)	(1.29)	(0.04)	(0.07)	(0.50)
Disposals	-	12.76	12.76	-	-	-
Currency Translation differences	0.07	91.47	91.47	0.32	1.53	-
Balance as at March 31, 2022	272.65	622.30	622.30	31.50	12.10	11.39
Additions	0.07	91.47	91.47	0.32	1.53	-
Disposals	-	(3.47)	(3.47)	-	(0.03)	-
Currency Translation differences	0.05	35.55	35.55	0.02	0.57	-
Balance as at March 31, 2023	272.77	745.85	745.85	31.84	14.17	11.39
Accumulated Depreciation						
Freehold Buildings	12.01	79.90	79.90	4.10	1.76	2.31
Plant and equipment	(0.47)	(0.47)	(0.47)	-	(0.08)	-
Air conditioners	-	7.57	7.57	-	0.01	-
Computer	-	-	-	-	-	-
Electrical Fittings	12.01	87.00	87.00	4.10	1.77	2.23
Furniture and Fittings	12.04	79.67	79.67	4.35	1.62	2.21
Vehicles	-	(0.74)	(0.74)	-	-	-
Office Equipments	-	17.63	17.63	0.01	0.02	-
Fire Protection Equipments	-	-	-	0.01	0.02	-
Balance as at April 1, 2021	24.05	183.56	183.56	8.46	3.41	4.44
Depreciation expense	12.01	79.90	79.90	4.10	1.76	2.31
Eliminated on disposals	-	(0.47)	(0.47)	-	(0.08)	-
Currency Translation differences	-	7.57	7.57	-	0.01	-
Balance as at March 31, 2022	12.01	87.00	87.00	4.10	1.77	2.23
Depreciation expense	12.04	79.67	79.67	4.35	1.62	2.21
Eliminated on disposals	-	(0.74)	(0.74)	-	-	-
Currency Translation differences	-	17.63	17.63	0.01	0.02	-
Balance as at March 31, 2023	24.05	183.56	183.56	8.46	3.41	4.44
Total	24.05	183.56	183.56	8.46	3.41	4.44
Balance as at April 1, 2021	24.05	183.56	183.56	8.46	3.41	4.44
Depreciation expense	12.01	79.90	79.90	4.10	1.76	2.31
Eliminated on disposals	-	(0.47)	(0.47)	-	(0.08)	-
Currency Translation differences	-	7.57	7.57	-	0.01	-
Balance as at March 31, 2022	12.01	87.00	87.00	4.10	1.77	2.23
Depreciation expense	12.04	79.67	79.67	4.35	1.62	2.21
Eliminated on disposals	-	(0.74)	(0.74)	-	-	-
Currency Translation differences	-	17.63	17.63	0.01	0.02	-
Balance as at March 31, 2023	24.05	183.56	183.56	8.46	3.41	4.44
Accumulated Depreciation						
Freehold Buildings	12.01	79.90	79.90	4.10	1.76	2.31
Plant and equipment	(0.47)	(0.47)	(0.47)	-	(0.08)	-
Air conditioners	-	7.57	7.57	-	0.01	-
Computer	-	-	-	-	-	-
Electrical Fittings	12.01	87.00	87.00	4.10	1.77	2.23
Furniture and Fittings	12.04	79.67	79.67	4.35	1.62	2.21
Vehicles	-	(0.74)	(0.74)	-	-	-
Office Equipments	-	17.63	17.63	0.01	0.02	-
Fire Protection Equipments	-	-	-	0.01	0.02	-
Balance as at April 1, 2021	24.05	183.56	183.56	8.46	3.41	4.44
Depreciation expense	12.01	79.90	79.90	4.10	1.76	2.31
Eliminated on disposals	-	(0.47)	(0.47)	-	(0.08)	-
Currency Translation differences	-	7.57	7.57	-	0.01	-
Balance as at March 31, 2022	12.01	87.00	87.00	4.10	1.77	2.23
Depreciation expense	12.04	79.67	79.67	4.35	1.62	2.21
Eliminated on disposals	-	(0.74)	(0.74)	-	-	-
Currency Translation differences	-	17.63	17.63	0.01	0.02	-
Balance as at March 31, 2023	24.05	183.56	183.56	8.46	3.41	4.44
Accumulated Depreciation						
Freehold Buildings	12.01	79.90	79.90	4.10	1.76	2.31
Plant and equipment	(0.47)	(0.47)	(0.47)	-	(0.08)	-
Air conditioners	-	7.57	7.57	-	0.01	-
Computer	-	-	-	-	-	-
Electrical Fittings	12.01	87.00	87.00	4.10	1.77	2.23
Furniture and Fittings	12.04	79.67	79.67	4.35	1.62	2.21
Vehicles	-	(0.74)	(0.74)	-	-	-
Office Equipments	-	17.63	17.63	0.01	0.02	-
Fire Protection Equipments	-	-	-	0.01	0.02	-
Balance as at April 1, 2021	24.05	183.56	183.56	8.46	3.41	4.44
Depreciation expense	12.01	79.90	79.90	4.10	1.76	2.31
Eliminated on disposals	-	(0.47)	(0.47)	-	(0.08)	-
Currency Translation differences	-	7.57	7.57	-	0.01	-
Balance as at March 31, 2022	12.01	87.00	87.00	4.10	1.77	2.23
Depreciation expense	12.04	79.67	79.67	4.35	1.62	2.21
Eliminated on disposals	-	(0.74)	(0.74)	-	-	-
Currency Translation differences	-	17.63	17.63	0.01	0.02	-
Balance as at March 31, 2023	24.05	183.56	183.56	8.46	3.41	4.44
Accumulated Depreciation						
Freehold Buildings	12.01	79.90	79.90	4.10	1.76	2.31
Plant and equipment	(0.47)	(0.47)	(0.47)	-	(0.08)	-
Air conditioners	-	7.57	7.57	-	0.01	-
Computer	-	-	-	-	-	-
Electrical Fittings	12.01	87.00	87.00	4.10	1.77	2.23
Furniture and Fittings	12.04	79.67	79.67	4.35	1.62	2.21
Vehicles	-	(0.74)	(0.74)	-	-	-
Office Equipments	-	17.63	17.63	0.01	0.02	-
Fire Protection Equipments	-	-	-	0.01	0.02	-
Balance as at April 1, 2021	24.05	183.56	183.56	8.46	3.41	4.44
Depreciation expense	12.01	79.90	79.90	4.10	1.76	2.31
Eliminated on disposals	-	(0.47)	(0.47)	-	(0.08)	-
Currency Translation differences	-	7.57	7.57	-	0.01	-
Balance as at March 31, 2022	12.01	87.00	87.00	4.10	1.77	2.23
Depreciation expense	12.04	79.67	79.67	4.35	1.62	2.21
Eliminated on disposals	-	(0.74)	(0.74)	-	-	-
Currency Translation differences	-	17.63	17.63	0.01	0.02	-
Balance as at March 31, 2023	24.05	183.56	183.56	8.46	3.41	4.44
Accumulated Depreciation						
Freehold Buildings	12.01	79.90	79.90	4.10	1.76	2.31
Plant and equipment	(0.47)	(0.47)	(0.47)	-	(0.08)	-
Air conditioners	-	7.57	7.57	-	0.01	-
Computer	-	-	-	-	-	-
Electrical Fittings	12.01	87.00	87.00	4.10	1.77	2.23
Furniture and Fittings	12.04	79.67	79.67	4.35	1.62	2.21
Vehicles	-	(0.74)	(0.74)	-	-	-
Office Equipments	-	17.63	17.63	0.01	0.02	-
Fire Protection Equipments	-	-	-	0.01	0.02	-
Balance as at April 1, 2021	24.05	183.56	183.56	8.46	3.41	4.44
Depreciation expense	12.01	79.90	79.90	4.10	1.76	2.31
Eliminated on disposals	-	(0.47)	(0.47)	-	(0.08)	-
Currency Translation differences	-	7.57	7.57	-	0.01	-
Balance as at March 31, 2022	12.01	87.00	87.00	4.10	1.77	2.23
Depreciation expense	12.04	79.67	79.67	4.35	1.62	2.21
Eliminated on disposals	-	(0.74)	(0.74)	-	-	-
Currency Translation differences	-	17.63	17.63	0.01	0.02	-
Balance as at March 31, 2023	24.05	183.56	183.56	8.46	3.41	4.44
Accumulated Depreciation						
Freehold Buildings	12.01	79.90	79.90	4.10	1.76	2.31
Plant and equipment	(0.47)	(0.47)	(0.47)	-	(0.08)	-
Air conditioners	-	7.57	7.57	-	0.01	-
Computer	-	-	-	-	-	-
Electrical Fittings	12.01	87.00	87.00	4.10	1.77	2.23
Furniture and Fittings	12.04	79.67	79.67	4.35	1.62	2.21
Vehicles	-	(0.74)	(0.74)	-	-	-
Office Equipments	-	17.63	17.63	0.01	0.02	-
Fire Protection Equipments	-	-	-	0.01	0.02	-
Balance as at April 1, 2021	24.05	183.56	183.56	8.46	3.41	4.44
Depreciation expense	12.01	79.90	79.90	4.10	1.76	2.31
Eliminated on disposals	-	(0.47)	(0.47)	-	(0.08)	-
Currency Translation differences	-	7.57	7.57	-	0.01	-
Balance as at March 31, 2022	12.01	87.00	87.00	4.10	1.77	2.23
Depreciation expense	12.04	79.67	79.67	4.35	1.62	2.21

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Free hold Buildings	Plant and equipment	Air conditioners	Computer	Electrical Fittings	Furniture and Fittings	Vehicle	Office Equipments	Fire Protection Equipments	Total
Carrying amount as on April 1, 2021	271.38	465.38	5.08	32.16	26.13	9.37	11.89	6.22	3.21	830.82
Carrying amount as on March 31, 2022	260.64	535.30	5.36	35.11	27.40	10.33	9.16	5.76	2.95	892.01
Carrying amount as on March 31, 2023	248.72	562.29	5.37	42.11	23.38	10.76	6.95	6.44	2.70	908.72

Capital Work-in-progress

Class-wise breakup of CWIP

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Factory building	80.00	5.19	-
Electrical Fittings	2.08	1.87	-
Plant and equipment	69.69	12.08	-
Others	1.01	0.51	-
Total	152.78	19.65	-

Ageing breakup of CWIP

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
- Less Than 1 year	135.49	19.65	-
- 1-2 Years	17.29	-	-
- 2-3 Years	-	-	-
- More than 3 Years	-	-	-
Total	152.78	19.65	-

The above capital work in progress is estimated to be completed within one year from the year end.

Status of Capital Work-in-progress

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Projects in progress *			
Factory building	80.00	5.19	-
Electrical Fittings	2.08	1.87	-
Plant and equipment	69.69	12.08	-
Air conditioners	-	-	-
Furniture and Fittings	-	-	-
Others	1.01	0.51	-
Subtotal	152.78	19.65	-
Projects temporarily suspended	-	-	-
Total	152.78	19.65	-

*In respect of the above projects there are no time overruns or cost overruns

The title deeds of all immovable properties (other than properties where the company is lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

Amount of borrowing cost capitalised during the year ended 31st March 2023 INR 2.95 million (31st March 2022- INR Nil million).

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE: 3 - RIGHT-OF-USE ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Carrying amounts of			
Leasehold land	84.60	71.79	77.45
Buildings	248.52	150.53	133.64
Computers	1.01	3.13	5.20
Machinery and Equipment	-	8.16	13.33
Vehicles	8.03	10.33	-
Total	342.16	243.94	229.62

a) Right-of-Use Assets

Gross carrying value	Leasehold land	Buildings	Computers	Machinery & Equipment	Vehicles	Total
Balance as at April 1, 2021	77.45	133.64	5.20	13.33	-	229.62
Additions	-	69.88	-	-	11.47	81.35
Disposals	-	-	-	(2.83)	-	(2.83)
Currency Translation differences	-	4.72	-	11.66	-	16.38
Balance as at March 31, 2022	77.45	208.24	5.20	22.16	11.47	324.52
Additions	22.63	154.69	-	-	-	177.32
Disposals	-	-	-	(6.10)	-	(6.10)
Currency Translation differences	-	13.41	-	0.44	-	13.85
Balance as at March 31, 2023	100.08	376.34	5.20	16.50	11.47	509.59

Accumulated amortisation	Leasehold land	Buildings	Computers	Machinery & Equipment	Vehicles	Total
Balance as at April 1, 2021	-	-	-	-	-	-
Eliminated on disposals	-	-	-	-	-	-
Amortisation expense	5.66	56.66	2.07	2.69	1.14	68.22
Currency Translation differences	-	1.05	-	11.31	-	12.36
Balance as at March 31, 2022	5.66	57.71	2.07	14.00	1.14	80.58
Eliminated on disposals	-	-	-	-	-	-
Amortisation expense	9.82	66.72	2.11	1.28	2.30	82.23
Currency Translation differences	-	3.39	0.01	1.22	-	4.62
Balance as at March 31, 2023	15.48	127.82	4.19	16.50	3.44	167.43

Particulars	Leasehold land	Buildings	Computers	Machinery & Equipment	Vehicles	Total
Carrying amount as on April 1, 2021	77.45	133.64	5.20	13.33	-	229.62
Carrying amount as on March 31, 2022	71.79	150.53	3.13	8.16	10.33	243.94
Carrying amount as on March 31, 2023	84.60	248.52	1.01	-	8.03	342.16

b) Break-up of current and non-current lease liabilities :

The following is the break-up of current and non-current lease liabilities as at the year end:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Current lease liabilities	65.01	65.96	53.62
Non-current lease liabilities	292.07	168.74	155.07
Total	357.08	234.70	208.69

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

c) Movement in Lease liabilities :

The following is the movement in lease liabilities during the year:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Opening balance	234.70	208.69	208.69
Reclassified on account of adoption of IND AS 116	-	(6.49)	-
Additions	171.18	80.83	-
Finance costs accrued during the year	30.29	22.31	-
Deletions	-	-	-
Payment of Lease liabilities	(85.02)	(72.66)	-
Currency translation differences	5.94	2.02	-
Closing balance	357.08	234.70	208.69

d) The table below provides details regarding the contractual maturities of lease liabilities :

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Less than one year	65.01	65.96	53.62
One to five years	227.76	98.90	83.72
More than five years	64.31	69.84	71.35
Total	357.08	234.70	208.69

e) Others

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities	30.29	22.31
Expenses relating to short-term leases	14.78	20.19
Total cash outflows for leases	85.02	72.66

f) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to not terminate (or to extend).
- If any lease hold improvements are expected to have a significant remaining value the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise it). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. During the current financial year, there were no material revisions in the lease terms.

g) Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 4: INTANGIBLE ASSETS

Gross carrying amount	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Carrying amounts of:			
Trademark	0.05	0.05	-
Software Licence	24.41	6.23	8.17
Total	24.46	6.28	8.17

Gross carrying amount	Trademark	Software Licence	Total
Balance as at April 1, 2021	-	8.17	8.17
Additions	0.05	0.26	0.31
Disposals	-	(0.09)	(0.09)
Balance as at March 31, 2022	0.05	8.34	8.39
Additions	-	20.15	20.15
Disposals	-	-	-
Balance as at March 31, 2023	0.05	28.49	28.54

Accumulated Amortisation	Trademark	Software Licence	Total
Balance as at April 1, 2021	-	-	-
Amortisation expense	-	2.11	2.11
Balance as at March 31, 2022	-	2.11	2.11
Amortisation expense	-	1.97	1.97
Balance as at March 31, 2023	-	4.08	4.08

Particulars	Trademark	Software Licence	Total
Carrying amount as on April 1, 2021	-	8.17	8.17
Carrying amount as on March 31, 2022	0.05	6.23	6.28
Carrying amount as on March 31, 2023	0.05	24.41	24.46

NOTE 5: OTHER FINANCIAL ASSETS - NON CURRENT

Particulars	Non Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured and considered good unless otherwise stated :			
(a) Security Deposits	42.35	44.31	35.66
(b) Others	8.85	8.16	7.90
(c) Deposits with Statutory authorities	-	-	0.15
(d) Margin money deposits having maturity more than 12 months	1.98	0.33	-
Total	53.18	52.80	43.71

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 5: OTHER FINANCIAL ASSETS - CURRENT

Particulars	Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured and considered good unless otherwise stated :			
(a) Security Deposits	30.17	0.17	-
(b) Unbilled Revenue	6.67	9.58	4.79
(c) Advances recoverable in cash	0.82	0.88	0.78
(d) Advance to Related parties	-	-	7.46
(e) Others	-	2.55	-
(f) Deposits with Statutory authorities	-	-	1.34
Total	37.66	13.18	14.37

Advances to Related Parties

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Promoters	-	-	7.46

The above balances represent advance for expenditure to a Promoter director pending settlement as at the year end. In the management's opinion, these are not in the nature of loans or advances in the nature of loans. There are no loans or advances in the nature of loans to any other party carried in the Consolidated Financial Statements.

NOTE 6: OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured and considered good unless otherwise stated :			
Capital Advances	31.51	0.26	0.26
Prepaid Expenses	0.15	0.58	0.15
Others	-	-	3.61
Total	31.66	0.84	4.02

NOTE 6: OTHER CURRENT ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured and considered good unless otherwise stated:			
Advances paid to suppliers	350.75	183.75	97.20
Government Grant Receivable - Stipend Reimbursement	25.23	23.90	15.26
Prepaid Expenses	33.07	29.18	20.78
Balance with Statutory authorities	65.98	24.95	19.27
Advances to employees	0.55	0.68	0.77
Insurance Claim Receivable	-	-	13.46
Others	16.91	19.35	3.10
IPO Related Expenses*	142.97	2.53	-
Total	635.46	284.34	169.84

* As at 31st March 2023, the Holding Company has incurred expenses for various services in connection with proposed public offer of equity shares of aggregating to INR 142.97 million (31 March 2022: INR 2.53 million) for Initial Public Offering (IPO). The proposed offer consists of Fresh issue of shares and Offer sale by the existing shareholders. In accordance with the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the portion of offer related expenses that are attributable to Offer sale. Accordingly, the Holding Company will recover these expenses incurred in connection with the issue on completion of IPO. The remaining amounts which are attributable to Fresh issue will be accounted as deduction from Equity on completion of IPO. Presently, the entire amount has been carried forward and disclosed under the head "IPO related expenses" as above.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 7: INVENTORIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(At lower of cost or net realisable value)			
(a) Raw materials (including Goods In transit)	2,591.52	1,934.46	1,129.85
(b) Work-in-process	276.19	163.70	103.28
(c) Finished goods	286.68	228.03	221.74
(d) Consumables, tools and Dies	24.60	4.03	2.90
Total	3,178.99	2,330.22	1,457.77

The cost of inventories recognised as an expense during the year is as per Note No. 20 and 21

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Cost of inventories recognised as an expense includes write-downs of inventory to net realisable value.	21.45	23.05	28.80

NOTE 8 CASH AND BANK BALANCES

Note 8A: Cash and Cash Equivalents

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Balance with banks in current accounts	4,154.84	77.53	237.63
(b) Balance with banks in deposit accounts	64.00	-	75.65
(c) Cash on hand	0.19	0.06	0.10
Total	4,219.03	77.59	313.38

Note 8B: Other Bank Balances

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Balances with banks in earmarked accounts			
- In Margin Money accounts	3.45	23.80	21.87
Total	3.45	23.80	21.87

NOTE 9: TRADE RECEIVABLES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Trade receivables considered good - Secured		-	-
Trade receivables considered good - Unsecured	2,062.01	1,773.73	1,818.88
Trade receivables - credit impaired	10.65	12.85	18.19
Sub -Total	2,072.66	1,786.58	1,837.07
Allowance for credit impaired (expected credit loss allowance)	(10.65)	(12.85)	(18.19)
Total	2,062.01	1,773.73	1,818.88
Current	2,062.01	1,773.73	1,818.88
Non-current	-	-	-

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

9.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

The provision matrix takes into account historical credit loss experience based on past trend of outstanding receivables over a rolling period of past 36 months.

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
The range of provision created as a percentage of outstanding under various age groups	0.02% - 78.80%	0.02% - 53.52%	0.07% - 56.22%

Movement in expected credit loss allowance	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Balance at beginning of the year	12.85	18.19	40.18
Movement in expected credit loss allowance on trade receivables	14.05	15.99	(7.80)
Amount written off during the year	(16.25)	(21.33)	(14.19)
Balance at end of the year	10.65	12.85	18.19

9.2 Trade receivables considered good - Unsecured

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
	Considered good		
Not Due	1,609.70	1,331.61	1,679.11
Less than 6 months	440.94	437.70	53.01
6 months -1 year	5.50	2.88	23.02
1-2 years	5.38	1.40	57.76
2-3 years	0.49	0.14	5.98
More than 3 years	-	-	-
Total	2,062.01	1,773.73	1,818.88

9.3 Trade receivables - credit impaired

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
	Considered good		
Not Due	0.36	1.89	0.92
Less than 6 months	0.62	0.47	0.67
6 months -1 year	1.53	0.34	0.57
1-2 years	1.76	1.45	0.79
2-3 years	0.56	1.16	6.33
More than 3 years	5.82	7.54	8.91
Total	10.65	12.85	18.19

*There are no trade receivables that are overdue on account of any outstanding legal disputes

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 10 SHARE CAPITAL

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
AUTHORISED :			
8,50,00,000 Equity Shares of ₹ 2/- each (2,00,000 Equity Shares of ₹ 100/- each)	170.00	20.00	20.00
5,00,000 Preference shares of ₹ 100/- each*	50.00	50.00	50.00
	220.00	70.00	70.00
ISSUED, SUBSCRIBED AND FULLY PAID UP			
5,79,53,128 Equity shares of ₹ 2/- each (March 31, 2022 & April 1, 2021 - 1,59,667 Equity Shares of Face value - ₹ 100/- each, fully paid up)	115.91	15.97	15.97
Total	115.91	15.97	15.97

* For details of issued, subscribed and fully paid-up preference shares, refer note no.13.2 (i)

10.1 Reconciliation of number of shares

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	No of Shares (in Nos)	Amount (₹)	No of Shares (in Nos)	Amount (₹)	No of Shares (in Nos)	Amount (₹)
Equity Shares of ₹ 2 each fully paid up						
At the beginning of the year	159,667	15.97	159,667	15.97	152,997	15.30
Add: Adjustment for sub-division of shares during the year (Refer 10.6 below)	7,823,683	-	-	-	-	-
Add: Bonus Shares issued during the year (Refer 10.6 below)	47,900,100	95.80	-	-	-	-
Add: 10% Mandatorily Convertible Preference shares converted during the year (Refer Note No. 13.2(i))	97,796	0.20	-	-	-	-
Add: Shares issued during the year#	1,971,882	3.94	-	-	6,670	0.67
At the end of the year	57,953,128	115.91	159,667	15.97	159,667	15.97

(i) Board of directors in its meeting dated 20th February 2023, issued 11,73,543 Equity Shares at a face value of 2/- (Rupees Two) each for cash, at a premium of 424.06/- per share on private placement basis.

(ii) Board of directors in its meeting dated 30th November 2022, issued 7,98,339 Equity Shares at a face value of 2/- (Rupees Two) each for cash, at a premium of 373.78/- per share on private placement basis.

10.2 Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of ₹ 2/ each. Each holder of the Equity Share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

10.3 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:

Name of the Share holder	No of shares held as at					
	March 31, 2023		March 31, 2022		April 1, 2021	
	Nos.	%	Nos.	%	Nos.	%
Kunhamed Bicha	17,430,799	30.08%	61,850	38.74%	63,675	39.88%
Bhaskar Srinivasan	13,505,309	23.30%	53,013	33.20%	52,384	32.81%
Luquman Veedu Ediyannam	5,350,942	9.23%	15,959	10.00%	14,461	9.06%
Sareday Sheshu Kumar	3,396,079	5.86%	11,134	6.97%	11,250	7.05%
Anand Kumar	4,164,792	7.19%	12,570	7.87%	12,701	7.95%
KL Bicha FPT	3,978,993	6.87%	-	0.00%	-	0.00%
	43,847,921	82.53%	154,526	96.78%	154,471	96.75%

10.4 Details of Equity shares held by Promoters/ Promoter Group

Name of the Promoter	No of shares held as at					
	March 31, 2023		March 31, 2022		April 1, 2021	
	Nos.	%	Nos.	%	Nos.	%
TP Imbichammad	1,050,587	1.81%	3,762	2.36%	3,802	2.38%
Kunhamed Bicha	17,430,799	30.08%	61,850	38.74%	63,675	39.88%
Bhaskar Srinivasan	13,505,309	23.30%	53,013	33.20%	52,384	32.81%
Mariyam Bicha	482,650	0.83%	1,379	0.86%	1,394	0.87%
K L Bicha Family Private Trust	3,978,993	6.87%	-	0.00%	-	0.00%
Rehaan Family Private Trust	1,000	0.00%	-	0.00%	-	0.00%
Sameer Family Private Trust	1,000	0.00%	-	0.00%	-	0.00%
Zayed Family Private Trust	1,000	0.00%	-	0.00%	-	0.00%
Dolphin Family Trust	1,000	0.00%	-	0.00%	-	0.00%
BBS Family Trust	2,273,710	3.92%	-	0.00%	-	0.00%
KBS Family Trust	2,273,710	3.92%	-	0.00%	-	0.00%
		70.74%		75.16%		75.94%

10.5 Shares allotted as fully paid-up for consideration other than cash

During the year 2019-20, pursuant to an agreement entered with the shareholders of a related entity, the company issued 8,386 equity shares of ₹ 100 Each at a price of ₹ 12,700 Share (including premium) in-lieu of the shares held by the said shareholders in the related entity (Refer Note No.38)

10.6 Equity shares movement during 5 years preceding the reporting date

(i) Sub-division of equity shares:

The Shareholders in their extra-ordinary general meeting dated 27.06.2022 approved sub-division of each fully paid up equity share of nominal value of ₹ 100 (Rupees One Hundred Only), into fifty equity shares having a face value of ₹ 2/- (Rupees Two only) each. As a result of the same, the issued share capital has changed from 1,59,667 Equity Shares of ₹ 100/- each to 79,83,350 Equity Shares of ₹ 2/- each.

The Authorised Share Capital of the Company is changed to ₹ 220 millions divided into 8,50,00,000 Equity Shares of ₹ 2 each and 5,00,000 Preference Shares of ₹ 100/-each.

(ii) Bonus shares issued

As per recommendation of the Board of Directors in their meeting held on 24.06.2022 and approval of the shareholders dated 27.06.2022 the Company has issued 4,79,00,100 bonus equity shares of face value of ₹ 2/- each in ratio of 6:1 (i.e. 6 Bonus Shares for every 1 Equity Share), which were allotted to the shareholders on 27.06.2022. Consequently, the issued, subscribed and paid-up share capital has increased to ₹ 111.76 Millions comprising of 5,58,83,450 equity shares of face value of ₹ 2/- each.

(iii) There are no shares bought back during the period of 5 years immediately preceding the reporting date.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 10(A): Instruments entirely equity in nature

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Preference shares			
(i) 3,50,000, 10% Mandatorily Convertible Preference Shares of ₹ 100/- each fully paid up (Refer Note No: 13.2(i))	-	-	-
Total preference shares	-	-	-

10A.1 Reconciliation of preference shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
10% Mandatorily Convertible Preference Shares of ₹ 100/-	-	-	-	-	-	-
Instruments reclassified from financial liability [Refer Note No. 13.2(i)]	350,000	35.00	-	-	-	-
10% Mandatorily Convertible Preference shares converted to equity share capital during the year (Refer Note No. 13.2(i))	(350,000)	(35.00)	-	-	-	-
Shares outstanding at the end of the year	-	-	-	-	-	-

10A.2 Terms and rights attached to Mandatorily Convertible Preference Shares: Refer Note No. 13.2(i)

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of Shares	% of holdings	Number of Shares	% of holdings	Number of Shares	% of holdings
10% Mandatorily Convertible Preference Shares of ₹ 100/-						
1. M/s M.A. Murugappan Holdings Private Limited	-	-	-	-	-	-
2. Mr. M.A.M. Arunachalam	-	-	-	-	-	-

10A.4 There are no bonus shares issued or shares bought back during the period of 5 years immediately preceding the reporting date.

NOTE 11: OTHER EQUITY

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Foreign Currency Translation Reserve	(94.77)	(22.74)	-
Securities Premium	1,270.20	536.90	539.76
Capital reserve	(614.30)	(614.30)	(271.24)
Special Economic Zone Re-investment Allowance Reserve	61.08	95.66	137.75
Retained Earnings	1,429.11	876.35	198.58
Share application money pending allotment	3,200.00	-	0.01
ESOP Reserve	2.96	-	-
	5,254.28	871.87	604.86

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Foreign Currency Translation Reserve			
Opening balance	(22.74)	-	-
Add : Recognised in OCI during the year	(72.03)	(22.81)	-
Less: Other Adjustments	-	(0.07)	-
Closing balance	(94.77)	(22.74)	-
(b) Securities Premium			
Opening balance	536.90	539.76	534.01
Adjustment to Opening Balance on account of Common Control Business Combination (Refer Note No.38)	-	-	5.75
Add : Issue of equity shares during the period	830.87	-	-
Less : Buy-back of equity shares	-	2.86	-
Less : Expense for issue of shares	1.77	-	-
Less : Bonus shares issued during the period	95.80	-	-
Closing balance	1,270.20	536.90	539.76
(c) Capital Reserve			
Opening balance	(614.30)	(271.24)	-
Adjustment to Opening Balance on account of Common Control Business Combination (Refer Note No.38)	-	-	(90.16)
Add: Adjustment on account of acquisition/ buy-back of shares in companies under common control	-	(343.06)	(181.09)
Closing balance	(614.30)	(614.30)	(271.24)
Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(d) Special Economic Zone Re-investment Allowance Reserve			
Balance as at the beginning of the year	95.66	137.75	137.75
Add: Transfer from Statement of Profit & Loss	14.77	-	-
Less : Transferred to Surplus (out FY 2018-19 Reserve)	-	39.40	-
Less : Transferred to Surplus (out FY 2019-20 Reserve)	46.08	2.69	-
Less : Transferred to Surplus (out FY 2020-21 Reserve)	3.27	-	-
Balance as at the end of the year	61.08	95.66	137.75
(e) Retained Earnings			
Balance at the beginning of the year (Including Ind AS re-classifications within Other Equity as stated in foot note below)	876.35	198.58	2,011.44
Add: Adjustment on account of correction of prior period errors	-	-	(73.07)
Add: Adjustment on account of IND AS transition	-	-	(1.64)
Add: Adjustment on account of common control business combination (Refer Note No.38)	-	-	(1,738.15)

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Profit for the year	525.03	632.08	-
Other comprehensive income for the year, net of income tax	(4.99)	3.60	-
Add: Transfer from SEZ Reserve (out FY 2018-19 Reserve)	-	39.40	-
Add: Transfer from SEZ Reserve (out FY 2019-20 Reserve)	46.08	2.69	-
Add: Transfer from SEZ Reserve (out FY 2020-21 Reserve)	3.27	-	-
Less: Transfer to Special Economic Zone Re-investment Allowance Reserve Account	(14.77)	-	-
Less: Dividend on 10% mandatorily convertible preference shares (Refer Note 13.2(i))	1.86	-	-
Balance at the end of the year	1,429.11	876.35	198.58
(f) ESOP Reserve			
Balance as at the beginning of the year	-	-	-
Add: Share based payment expense - Holding company (Refer Note: 30)	0.85	-	-
Add: Share based payment expense - Other group companies (Refer Note: 30)	2.11	-	-
Balance as at the end of the year	2.96	-	-
(g) Share application money pending allotment			
Balance as at the beginning of the year	-	0.01	0.01
Add : Receipt on Share Application money from Anchor Investors	3,200.00	-	-
Less : Excess amount refunded after allotment	-	(0.01)	-
Balance as at the end of the year	3,200.00	-	0.01
Total	5,254.28	871.87	604.86

Nature and Purpose of Other Reserves

(a) Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

(b) Securities Premium

Represents premium on issue of securities

(c) Capital Reserve

This represents the capital reserve arising on accounting for common control business combinations and acquisition of non-controlling interest in Subsidiaries (Refer Note No.38). The amount of capital reserve represents the following

- difference between the consideration paid for acquisition and the share capital plus related securities premium of the acquired entities.
- difference between the consideration paid for acquisition of non-controlling interests and the amount carried in the books in respect of non-controlling interests as on the date of acquisition.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(d) Special Economic Zone Re-investment Allowance Reserve

The Special Economic Zone (SEZ) Reinvestment Reserve has been created out of profit of eligible SEZ unit as per provisions of section 10AA(1)(ii) of the Income-tax Act, 1961 for acquiring new plant and machinery. Utilisations out of the same as per the extant provisions of the Income Tax Act, 1961, are reclassified from this reserve to retained earnings in the year of utilisation.

(e) Retained Earnings

Retained Earnings represents Group's cumulative earnings since its formation less the dividends / Capitalisation, if any. These reserves are free reserves which can be utilised for any purpose as may be required. All adjustments arising on account of transition to Ind AS are recorded under this reserve.

The above includes re-classification of the following reserves :

- Revaluation Reserve of the holding company. The holding company had elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at date of transition 1 April, 2021 measured as per the previous GAAP (under revaluation model in respect of certain class of assets) and use that carrying value as its deemed cost as of the transition date. The corresponding revaluation reserve on transition date has been grouped under retained earnings as given below
- Government Grant in the form of Capital Subsidy that was received in earlier years and in respect of which there are no un-fulfilled obligations have also been re-classified from Capital Reserve to Retained Earnings.

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Revaluation Reserve	-	54.65	59.35
Capital Reserve	-	2.24	2.24

(f) ESOP Reserve

The ESOP reserve is used to recognise the grant date fair value of options issued to employees under Avalon - Employees stock option plan.

(g) Share application money pending allotment

Pursuant to the Initial Public Offering, the Holding Company has opened the bid/offer on 23rd March, 2023 to the Anchor investors and received ₹ 4016.28 Million on March 31, 2023. Out of this, the Holding Company has allocated 73,39,449 towards fresh issue of equity shares and such shares have been issued at a price of ₹ 436/- per share on April 12, 2023 and refunded ₹ 123.78 Million subsequently. Balance of ₹ 692.50 Million relates to the proceeds received by the Holding Company on behalf of selling shareholders and has been accounted as payable to selling shareholders under Note 15.B - Other financial liabilities.

NOTE 12.1: DEFERRED TAX ASSET AND LIABILITIES

The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Deferred tax assets	185.49	209.88	263.25
Deferred tax liabilities	(55.15)	(51.30)	(36.82)
Net Deferred tax Asset / (Liability)	130.34	158.58	226.43

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Recognized Deferred Tax Assets and Liabilities	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Deferred tax assets are attributable to the following :			
Property plant and equipment & intangible assets	-	1.22	0.19
Expenses allowable under tax on actual payment basis	11.20	9.05	8.55
Provision for impairment loss on trade receivables	1.74	3.23	4.65
Defined benefit obligation - Gratuity (allowable on payment basis)	21.64	18.55	16.34
Leases	4.10	4.36	0.56
Unused tax losses	129.08	158.42	196.69
Other Temporary Timing Differences	4.86	2.18	10.99
MAT Credit Entitlement	12.87	12.87	25.28
Total Deferred tax asset (A)	185.49	209.88	263.25
Deferred tax liabilities are attributable to the following :			
Property plant and equipment & intangible assets	(55.15)	(51.30)	(36.82)
Total Deferred tax liability (B)	(55.15)	(51.30)	(36.82)
Net deferred tax Asset (A+B)	130.34	158.58	226.43

Movement in temporary differences during the period

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Opening balance	158.58	226.43	226.43
Tax income / (expense) during the year recognized in restated Profit or loss	(41.60)	(59.05)	-
Tax income / (expense) during the year recognised in OCI	1.81	(1.41)	-
Exchange differences in deferred tax asset/ liabilities arising on translation of the financial statements of foreign operations	11.55	5.02	-
MAT Credit Entitlement/ Utilisation	-	(12.41)	-
Closing balance	130.34	158.58	226.43

Considering the forecasts of future performance and resultant cash flows, the management is of the opinion that the balance deferred tax assets (including deferred tax asset recognised in respect of unused tax losses) available as at the year end will be realized against future taxable profits.

Unrecognised deferred tax assets

As a matter of prudence, deferred tax assets on account of losses in one of the subsidiaries of the Group in India has not been recognised. The details of unused tax losses on which deferred tax asset has not been recognised as follows:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unabsorbed depreciation brought forward	-	-	-
Tax loss brought forward	-	-	2.47
Total	-	-	2.47

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 12.2: Tax Assets and Liabilities(Net)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Tax Assets			
Advance payment of Tax and Tax Deducted at Source	23.25	17.32	7.98
Total	23.25	17.32	7.98

Tax liabilities

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Income Tax payable			
Earlier years	3.67	14.92	22.08
Current year	15.74	28.38	26.56
Total	19.41	43.30	48.64

NOTE 13: BORROWINGS

Particulars	Non Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Term Loans (Refer Note 13.1 below)			
From Banks	273.23	268.06	98.86
From Related parties	-	74.67	70.93
From Others	-	11.22	253.79
(b) Financial Instruments classified as Liability (Refer Note 13.2 below)			
Nil (March 31,2022 & April 1, 2021 - 3,50,000) 10% Optionally Convertible Preference Shares of ₹ 100/- each fully paid up	-	35.00	35.00
46,55,000 (March 31,2022 & April 1, 2021 - 48,05,000) of 10% Series A Cumulative preference shares issued at face value of \$1	382.72	352.88	353.19
Total	655.95	741.83	811.77
The above amount includes:-			
Secured Borrowings	273.23	278.04	148.24
Unsecured Borrowings	382.72	463.79	663.53
Total	655.95	741.83	811.77

NOTE 13: BORROWINGS

Particulars	Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Term Loans			
From Banks	117.48	68.29	22.08
From Others	11.47	58.65	66.96
(b) Loans repayable on demand (Refer Note 13.3 below)			
From Banks	2,277.75	2,071.76	2,031.90
From Related parties	-	-	3.75
From Others	-	-	16.86
Total	2,406.70	2,198.70	2,141.55

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
The above amount includes:-			
Secured Borrowings	2,400.02	2,165.90	2,097.46
Unsecured Borrowings	6.68	32.80	44.09
Total	2,406.70	2,198.70	2,141.55

Note 13.1 - Details of Long Term Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Avalon Technologies Limited			
GECL Loan - Indian Bank	81.13	76.66	30.19
GECL Loan - HDFC Bank Limited	119.25	119.25	-
Vehicle Loan from Bank of Baroda (I)	-	0.34	1.50
Vehicle Loan from Bank of Baroda (II)	-	0.24	0.51
Hewlett Packard Financial Services Limited	6.68	40.10	50.60
Siemens Equipment Finance Limited	4.30	26.07	45.83
HDFC Bank Limited - Term loan	46.56	-	-
ABV Electronics Inc (D/B/A Sienna Corporation)			
Small Business Administration - EIDL LOAN	62.41	33.12	11.02
Regions Bank - Equipment Loan	5.00	5.07	20.08
Unsecured Loan - Anand Kumar	-	74.67	70.93
Pay check Protection Program - Forgivable Loan	-	-	197.19
Avalon Technology & Services Pvt. Ltd.			
Term Loan from M/s. Cholamandalam Investment and Finance Company Limited	0.45	3.70	6.77
Working Capital Term (GECL) from Indian Bank	44.76	69.67	78.00
Working Capital Term (GECL 1.0) from Indian Bank	31.64	32.00	-
Less :Current maturities of long term debt	128.95	126.94	89.04
	273.23	353.95	423.58

Interest is charged by the lender on the above borrowings as per the respective terms of sanction or as laid out in the respective agreements.

Particulars	Details of Repayment/ Security
Avalon Technologies Limited	
GECL Loan - Indian Bank	Repayable in 36 equated monthly installments commencing from April 2021 Repayable in 60 equated monthly installments commencing from February 2022 Repayable in 72 equated monthly installments commencing from July 2024 Secured against Debtors, Creditors and Stock
GECL Loan - HDFC Bank Limited	Repayable in 60 equated monthly installments commencing from April 2023 Repayable in 72 equated monthly installments commencing from April 2024 Secured against Debtors, Creditors and Stock
Vehicle Loan from Bank of Baroda (I)	Repayable in 60 Equated Monthly installments commencing from 18th May, 2017. Secured by personal guarantee of T.P. Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) & Vehicle Purchased mortgaged as security.
Vehicle Loan from Bank of Baroda (II)	Repayable in 60 Equated Monthly installments commencing from 30th December, 2017. Secured by personal guarantee of T.P. Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) & Vehicle Purchased mortgaged as security.
Hewlett Packard Financial Services Limited	Unsecured Loan repayable in 36 Equated Monthly Installments

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Details of Repayment/ Security
Avalon Technologies Limited	
Siemens Equipment Finance Limited	Repayable in 36 Equated Monthly installments. Secured by respective Equipment financed
Term loan - HDFC Bank Limited	Repayable in 60 Equated Monthly installments commencing from 11th August 2022. Secured by personal guarantee of T.P. Imbichammad, Chairman Emeritus (w.e.f 12.07.2022), Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022) and Bhaskar Srinivasan, President & having exclusive charge on Factory land and Building.
ABV Electronics Inc (D/B/A Sienna Corporation)	
Small Business Administration - EIDL LOAN	Economic Injury Disaster Loan payable on monthly principal instalment of \$ 731 plus interest through July 2051; collateralized by the assets of the company.
Regions Bank - Equipment Loan	Regions Equipment LLC Loan payable in monthly principal instalments of \$ 7358 plus interest through July 2026; collateralized by equipment.
Unsecured Loan - Anand Kumar	Loan from Shareholder Mr. Anand Kumar originally consisting of four different principal draws originating from April 2009 through January 2018. All loans are unsecured and subordinated to the debt with financial institutions.
Pay check Protection Program - Forgivable Loan	PPP loan program obtained as part of CARES Act and was implemented by the SBA with cooperation from private banks. In June and September 2021, the company was informed that loans have been approved for total forgiveness.
Avalon Technology & Services Pvt. Ltd.	
Term Loan from M/s. Cholamandalam Investment and Finance Company Limited	Repayable in 36 equal monthly instalments of ₹ 1,71,573/- commencing from Mar-20 (Hypothecation of machinery).
Working Capital Term (GECL) from Indian Bank	Repayable in 36 equal monthly instalments commencing from Nov-21. Hypothecation of Movable Assets and Other Fixed Assets.
Working Capital Term (GECL 1.0) from Indian Bank	Repayable in 36 equal monthly instalments commencing from Jan-24. Hypothecation of Movable Assets and Other Fixed Assets.

Note 13.2 - Preference Shares

- (i) The holding company has allotted 3,50,000 Cumulative, Non participating, 10% Optionally Convertible Preference shares (OCPS) of ₹ 100 each vide a Share Subscription Agreement ("SSA") dated 1st March, 2018, which shall stand converted within a period of 4 years (conversion period) from the date of issue upon occurrence of the conversion event as per the terms of issue. The OCPS shall be redeemed any time, at the option of the holder, upon expiry of the Conversion period but not later than 20 years. Taking into account the fact that the holding company does not have a right to convert these shares into equity and that the dividend on the same approximates the market borrowing rate for comparable loans, the said instrument has been classified as a financial liability measured at amortised cost till 31st March, 2022.

During the year ended 31st March, 2023, in view of the proposed public offering, the holding company had entered into an amendment agreement to the SSA dated 22nd July, 2022 which stipulates a mandatory conversion of THE 3,50,000 OCPS into a maximum of 97,796 equity shares, before the filing of updated draft of the red herring prospectus (the "UDRHP") by the Holding Company with the Securities and Exchange Board of India ("SEBI") or any other authority, as may be required in connection with the initial public offer of the Equity Shares of the Company. Pursuant to the same, vide resolution passed in the EGM of the holding company held on February 8, 2023, 350,000 Preference Shares of ₹ 100/- each has been converted into 97,796 equity shares of ₹ 2/- each and accordingly the amount has been reclassified as 'Equity Share Capital' effective from the date of conversion.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

- (ii) ABV Electronics Inc. (D/B/A Sienna corporation) has allotted 46,55,000 (48,05,000) Cumulative, Non Participating, 10% Preferred stock with no par value (Series A) of \$1 which is redeemable by either the company or the holder at any point of time by giving appropriate notice in accordance with the terms of issue. During 2021-22, the subsidiary carried out a buy back of preference shares of \$0.15 Millions (₹ 11.80 Millions).

Note 13.3 – Details of Short Term Borrowings

Details of Facility	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Avalon Technologies Limited			
Bank of India - Packing Credit Foreign Currency Loan (USD)	192.50	191.92	201.26
Bank of India - Cash credit	-	27.78	22.93
ICICI Bank Ltd. - Packing Credit Foreign Currency Loan (USD)	-	-	183.25
Standard Chartered Bank - Packing Credit Foreign Currency Loan /Bill Discounting (USD/INR)	64.47	247.59	259.63
Axis Bank Ltd. - Packing Credit Foreign Currency Loan (USD)	-	-	114.62
Axis Bank Ltd.- Cash Credit	-	-	99.68
Indian Bank - Packing Credit (EPC) Foreign Currency Loan (USD/INR)	257.91	252.51	297.85
HDFC Bank Limited -Packing Credit	11.14	279.20	-
HDFC Bank Limited-Working capital demand loan	434.99	96.86	-

Details of Facility	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
ABV Electronics Inc (D/B/A Sienna Corporation)			
Regions Bank - Line of Credit (Working Capital Loan)	813.89	622.99	460.25
Regions Operating Account - Bank Overdraft	25.61	19.02	11.09
Unsecured Loan - Individuals	-	-	16.86
Avalon Technology & Services Pvt. Ltd.			
Indian Bank -Packing Credit Foreign Currency Loan(INR)	245.70	56.32	141.60
Indian Bank - Open Cash Credit(OCC)/WC DL	231.54	277.57	239.74
	2,277.75	2,071.76	2,048.76

Details of Facility	Details of Security
Avalon Technologies Limited	
Bank of India - Packing Credit Foreign Currency Loan (USD)	First pari passu charge by way of hypothecation of stocks and book debts of the company and Cash Margin on LC (10%). Second pari passu charge over the existing super structure/buildings constructed or to be constructed on the leased land situated at Plot No: B-7 & B-8, MEPZ Tambaram and other movable Fixed Assets of the company
Bank of India - Cash credit	
ICICI Bank Ltd. - Packing Credit Foreign Currency Loan (USD)	First pari passu charge by way of hypothecation of entire current assets which include the entire current Assets, unencumbered movable fixed assets, and existing super structure. Corporate Guarantee of ABV Electronics Inc (D/B/A Sienna Corporation), USA and Personal Guarantee of Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022).

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Details of Facility	Details of Security
Standard Chartered Bank - Packing Credit Foreign Currency Loan /Bill Discounting (USD/INR)	Pari Pasu first charge on the entire current assets of the company. Pari Pasu second charges on the entire movable fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Pari Pasu second charge on land and building constructed on the leased land situated at MEPZ Tambaram. Personal Guarantees of Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation), USA.
Axis Bank Ltd. - Packing Credit Foreign Currency Loan (USD)	Pari Pasu first charge on the entire current assets of the company. Pari Pasu second charges on the entire movable fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Pari Pasu second charge on land and building constructed on the leased land situated at MEPZ Tambaram. Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation), USA.
Axis Bank Ltd.- Cash Credit	Pari Pasu first charge on the entire current assets of the company. Pari Pasu second charges on the entire movable fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Pari Pasu second charge on land and building constructed on the leased land situated at MEPZ Tambaram. Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation), USA.
Details of Facility	Details of Security
Avalon Technologies Limited	
Indian Bank - Packing Credit (EPC) Foreign Currency Loan (USD/INR)	First pari passu charge on the entire current assets of the company both present and future along with other lenders under Multiple Banking Arrangement. First pari passu charge on the movable fixed assets of the company. 1st Pari Passu charge on the superstructure constructed on the leased lands situated on the leased lands situated in B7 & B8, MEPZ, Phase 1 & 2, Tambaram, Chennai. Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha, Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation).
HDFC Bank Limited -Packing Credit	Pari Pasu first charge on the entire current assets of the company and
HDFC Bank Limited-Working capital demand loan	movable fixed assets of the company excluding the movable fixed assets. Pari Pasu second charge on land and building constructed on leased land.
ABV Electronics Inc (D/B/A Sienna Corporation)	
Regions Bank - Line of Credit (Working Capital Loan)	The revolving LOC has a limit of \$12 Million and bears interest at a rate per annum equal to the sum of LIBOR plus 2.5% (7.16% at March 31,2023)
Regions Operating Account - Bank Overdraft	The company entered into a LOC financing agreement with Regions in April 2020. The LOC is due annually on its maturity date, when it is normally renewed for another year. Sanctioned Limit is \$10000000.
Unsecured Loan - Individuals	Loan from individuals originated on various dates from February 2018 to April 2019 bearing interest rate of 10%. Interest is paid on the 05 th of each month. Due on demand with 15 days notice or at specifically agreed maturity for individual loans.
Avalon Technology & Services Pvt. Ltd.	
Indian Bank -Packing Credit Foreign Currency Loan (INR)	(i) Primary: Exclusive charge on the current assets of the company, hypothecation of stocks and book debts, underlying export bills.
Indian Bank - Open Cash Credit (OCC) / WC DL	(ii) Guarantee: Personal guarantee of three directors of the company and corporate guarantee of an Associate company.
	Terms of Repayment : Repayable on Demand

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

13.4 The Group has used the borrowings from banks availed during the year for the specific purpose for which it was taken.

13.5 The Quarterly stock statements filed by the Company with banks in accordance with the terms of sanction of respective credit facilities compared with the books of accounts are as follows:

Avalon Technologies Limited

Name of Bank and Particulars of Security	Period	Particulars	Amount as per books of accounts (A)	Amount disclosed to the Bank (B)	Difference (A - B)	Reasons
Standard Chartered Bank, Indian Bank, Axis Bank, Bank of India and HDFC Bank Ltd : Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q1	Inventory	704.10*	693.63	10.47	Inventories are higher in books due to overhead valuation adjustment and cut-off adjustments incase of customer consigned stocks.
		Trade Receivables	1227.42*	844.19	383.23	Trade receivables are higher in books primarily due to related party balances not being considered in the statement submitted to the bank.
Standard Chartered Bank, Indian Bank, Axis Bank, Bank of India and HDFC Bank Ltd : Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q2	Inventory	842.74*	668.59	174.15	Inventories are higher in books due to overhead valuation adjustments and also due to advances to vendors, which are adjusted in creditors and are not considered in the stock statement submitted to the bank.
		Trade Receivables	1346.57*	985.66	360.90	Trade receivables are higher in books primarily due to related party balances not being considered in the statement submitted to the bank.
Standard Chartered Bank, Indian Bank, Axis Bank, Bank of India and HDFC Bank Ltd : Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q3	Inventory	924.37*	767.10	157.27	Inventories are higher in books due to overhead valuation adjustments and also due to advances to vendors, which are adjusted in creditors and are not considered in the stock statement submitted to the bank.
		Trade Receivables	1115.03*	1,061.62	53.40	Trade receivables are higher in books primarily due to related party balances not being considered in the statement submitted to the bank.
Standard Chartered Bank, Indian Bank, Axis Bank, Bank of India and HDFC Bank Ltd : Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q4	Inventory	1,027.30	841.27	186.03	Inventories are higher in books due to overhead valuation adjustments and also due to advances to vendors, which are adjusted in creditors and are not considered in the stock statement submitted to the bank.
		Trade Receivables	1,141.41	1,064.10	77.32	Trade receivables are higher in books primarily due to related party balances not being considered in the statement submitted to the bank.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Avalon Technology & Services Pvt. Ltd.

Name of Bank and Particulars of Security	Period	Particulars	Amount as per books of accounts (A)	Amount disclosed to the Bank (B)	Difference (A - B)	Reasons
Indian Bank: Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q1	Inventory	142.44*	262.59	-120.15	The amount reported to bank is the value of entire inventory without ageing impact while the amount as per books is only inventory with ageing of less than six months.
		Trade Receivables	317.32*	355.34	-38.02	Due to details being submitted on the basis of provisional books/financial statements.
Indian Bank: Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q2	Inventory	163.52*	336.54	-173.02	The amount reported to bank is the value of entire inventory without ageing impact while the amount as per books is only inventory with ageing of less than six months.
		Trade Receivables	319.85*	406.94	-87.10	Due to details being submitted on the basis of provisional books/financial statements.
Indian Bank: Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q3	Inventory	205.05*	381.16	-176.12	The amount reported to bank is the value of entire inventory without ageing impact while the amount as per books is only inventory with ageing of less than six months.
		Trade Receivables	296.81*	369.11	-72.29	Due to details being submitted on the basis of provisional books/financial statements.
Indian Bank: Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms	Q4	Inventory	143.92	342.96	-199.03	The amount reported to bank is the value of entire inventory without ageing impact while the amount as per books is only inventory with ageing of less than six months.
		Trade Receivables	396.37	444.60	-48.23	Due to details being submitted on the basis of provisional books/financial statements.

*Unaudited Figures

13.6 The Holding Company has not created a charge with ROC-Chennai on the land and building acquired out of a borrowing facility of ₹ 10.30 crore from HDFC Bank Limited. The creation of a charge was due on July 17, 2022. The holding company has repaid the partial loan out of proceeds received from the pre-IPO placement and is in the process of repaying the balance loan out of proceeds received from the initial public offering.

13.7 During the year, there were a few instances of delays in the payment of principal and interest on loans by the Holding Company. As of March 31, 2023, there were no pending defaults on any principal or interest payments.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 14: TRADE PAYABLES

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Dues to Micro and Small Enterprises	16.61	11.89	3.44
Others	1,401.12	1,173.01	1,271.15
Total	1,417.73	1,184.90	1,274.59

Ageing of Trade Payables - Other than MSME

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Not Due	542.41	351.51	255.93
Less than 1 Year	716.07	691.14	679.98
1-2 years	17.75	21.84	309.06
2-3 years	54.35	57.85	0.84
More than 3 years	70.54	50.67	25.34
Total	1,401.12	1,173.01	1,271.15

Ageing of Trade Payables - MSME

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Not Due	6.41	10.36	1.17
Less than 1 Year	10.20	1.53	2.27
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	-	-	-
Total	16.61	11.89	3.44

*There are no trade payables that are overdue on account of any outstanding legal disputes

NOTE 15A: LEASE LIABILITIES

Particulars	Non-current		
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Lease obligations (Refer Note No. 3A)	292.07	168.74	155.07
Total	292.07	168.74	155.07

NOTE 15A : LEASE LIABILITIES

Particulars	Current		
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Lease obligations (Refer Note No. 3A)	65.01	65.96	53.62
Total	65.01	65.96	53.62

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 15B: OTHER FINANCIAL LIABILITIES

Particulars	Non-current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Other payable	9.88	19.65	1.66
Total	9.88	19.65	1.66

NOTE 15B : OTHER FINANCIAL LIABILITIES

Particulars	Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Current maturities of Borrowings			
Interest accrued but not due on Borrowings	3.91	0.21	6.74
Employee related dues	22.67	60.37	57.81
Dividend Accrued but not due	5.87	9.29	21.27
Other payable	814.51	-	-
Payable for capital expenditure	60.89	57.02	13.97
Total	907.85	126.89	99.79

NOTE 16: PROVISIONS

Particulars	Non-current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Provision for Employee benefits			
Provision for defined benefit plan	81.90	63.82	58.38
Provision for compensated absences	32.22	22.26	19.02
Total	114.12	86.08	77.40

NOTE 16: PROVISIONS

Particulars	Current		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Provision for Employee benefits			
Provision for defined benefit plan	9.35	6.79	7.07
Provision for compensated absences	6.36	4.34	5.31
Total	15.71	11.13	12.38

Note 16(a):

The group manufactures products in compliance with customer specifications. Though it does not provide warranty covering design defects, it warrants that it will without charge, repair, replace or credit, as it may elect, any products which are proved to be defective as a result of failure in its workmanship for a certain period from the date of delivery, as per the terms of its contract with customers. Since the group has not experienced material warranty costs in the past, the management has determined that no provision for estimated future warranty obligations is required to be recognised in the books

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 17: OTHER NON CURRENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Others	-	-	4.36
Total	-	-	4.36

NOTE 17: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Advances and Deposits from Customers / Others	435.45	291.76	112.55
Statutory Payables	38.57	22.35	19.13
Others	54.51	45.15	29.42
Total	528.53	359.26	161.10

NOTE 18: REVENUES FROM OPERATIONS

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of Products	8,568.09	7,717.80
Sale of services	858.43	675.44
Sub-Total	9,426.52	8,393.24
Other operating revenues		
Scrap Sales	20.67	13.94
Total	9,447.19	8,407.18

18.1 PRODUCT LINE WISE BREAKUP OF REVENUE

The following is the Company's revenue from operations from its major product lines

Categories of products sold	For the year ended March 31, 2023	For the year ended March 31, 2022
Box Build	5,081.92	3,739.86
Printed Circuit Board	2,644.77	2,961.71
Cables	890.98	846.36
Metal	349.10	351.56
Magnetics	216.10	265.65
Design	179.55	184.68
Plastics	84.77	57.36
Total	9,447.19	8,407.18

18.2 Disaggregation of revenue information

The group is engaged in Electronics Manufacturing Services (EMS) with capabilities in Printed Circuit Assembly Boards (PCBA's), custom cable, wire harness, metal, plastic, magnetics components and assemblies with enhanced capabilities in engineering design and development. As per the management, the disaggregation of revenue based on geography are depicted in Note 29.3.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

18.3 Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Categories of products sold	For the year ended March 31, 2023	For the year ended March 31, 2022
Receivables, included under trade receivables (Refer Note 9)	2,062.01	1,773.73
Unbilled Revenue (Refer Note 5)	6.67	9.58
Contract liabilities included under advance from customers (Refer Note 18.4)	435.45	291.76

18.4 Movement of Contract Liabilities

Categories of products sold	For the year ended March 31, 2023	For the year ended March 31, 2022
Amounts included in Contract liabilities at the beginning of the year	291.76	112.55
Amounts received (adjusted) / (Performance obligation satisfied) during the year (Net)	143.69	179.21
Amounts included in Contract liabilities at the end of the year	435.45	291.76

NOTE 19: OTHER INCOME

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income earned		
On Financial assets (at amortised cost)	2.64	5.01
Amounts no longer payable written back	19.70	38.12
Other non-operating income (net of expenses directly attributable to such income)		
Insurance Claim received (Net)	1.00	1.36
Profit on sale of assets (Net)	0.35	1.13
Gain/ (Loss) on account of foreign exchange fluctuations (Net)	27.54	40.21
Others (aggregate of items) (Refer Note no: 19.1)	92.27	23.49
Total	143.50	109.32

Note 19.1: Others include ₹ 79.20 Million for the period ended March 31, 2023 (year ended March 31, 2022 - ₹ 9.10 Million) being the amount of interest accrued but not paid on loans availed from a related party which was forgiven by the related party.

NOTE 20: COST OF RAW MATERIALS CONSUMED

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw material and components consumed		
Opening inventory	1,934.46	1,129.84
Add : Purchases	6,895.46	6,412.66
Less : Inventory at the end of the year	2,591.52	1,934.46
Total	6,238.40	5,608.04

Consumption based accounting is followed for the issue of materials and accordingly purchase is a derived figure.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock:		
Work-in-progress	163.70	103.28
Finished goods	228.03	221.74
Closing Stock:		
Work-in-progress	276.19	163.70
Finished goods	286.68	228.03
(Increase) / Decrease in Stocks	(171.14)	(66.71)

NOTE 22: EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and Bonus (Refer Note 22.1)	1,423.74	1,180.49
Contribution to Provident and Other Funds (Refer Note 31)	53.89	38.60
Gratuity (Refer Note 31)	18.76	14.27
Compensated Absences (Refer Note 31)	18.05	4.57
Staff Welfare Expenses	88.05	75.60
Share Based Payment Expense (Refer Note 30)	2.96	-
Total	1,605.45	1,313.53

Note 22.1:

The group has recognised a Government Grant being the estimated value of reimbursement towards stipend paid to apprentices under the National Apprentice Training Scheme, once it is reasonably certain that the group has met the related conditions and also that the grant would be received. The amount has been netted off against corresponding stipend expense in Note No. 22- Employee Benefit Expenses. Based on the past experience, the group does not anticipate any issues in realisation of the said amount.

Particulars	2022-23	2021-22
Stipend reimbursement	2.16	8.64

NOTE 23: FINANCE COSTS

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expense of		
Loans (at amortised cost)	179.65	129.76
Obligations under finance lease	30.29	22.31
Exchange differences regarded as an adjustment to borrowing costs	67.41	23.91
Dividend on Preference Shares considered as borrowings (at Amortized Cost)	34.26	37.86
Other borrowing costs and charges	36.31	34.63
Total	347.92	248.47

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 24: DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Property, plant and equipment (Refer Note 2)	112.35	109.69
Amortisation of Right-of-Use assets (Refer Note 3)	82.23	68.22
Amortisation of Intangible assets (Refer Note 4)	1.97	2.11
Total Depreciation and amortisation expenses	196.55	180.02

NOTE 25: OTHER EXPENSES

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	14.78	20.19
Rates & Taxes	22.12	10.90
Power & Fuel	61.52	50.68
Consumables	54.64	44.70
Tools & Dies	19.65	10.88
Freight Outwards	118.76	119.33
Repairs & Maintenance		
Buildings	21.62	16.67
Plant & Equipments	50.73	31.82
Others	15.54	10.59
Vehicle Maintenance	0.13	0.55
Printing & Stationery	8.15	6.94
Insurance	26.18	25.02
Communication Expenses	12.08	11.62
Allowance for expected credit loss (net)	14.05	15.99
Directors sitting fees	1.11	-
Auditor's Fees*	3.29	3.92
Travelling & Conveyance	41.05	23.48
Professional Charges	41.55	74.26
Business Promotion expenses	19.85	10.10
Foreign Exchange (Gain) / Loss [Net]	20.77	-
Security Charges	7.23	7.18
Loss on Sale of Property, Plant and Equipment (Net)	-	0.33
Software license charges	18.67	15.27
Other IT Expenses	0.15	3.95
Contribution towards Corporate Social Responsibility	4.74	2.83
Miscellaneous Expenses	48.22	59.63
Total	646.58	576.83

*Excluding ₹ 7.5 million (March 31, 2022 - Nil) which are considered as IPO related expenses under other current assets

NOTE 26: EXCEPTIONAL ITEMS

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Exceptional items (Refer Note 26.1)	-	199.90

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

26.1 In April 2020 and February 2021, the company's subsidiary in USA applied for and received Pay check Protection Program ("PPP") loans under the new federal program designed to support small businesses during the pandemic. The PPP loans was part of the CARES Act, which was signed into law on March 27, 2020 and implemented by the SBA with cooperation from private banks. As per the extant terms, the loans were to be forgiven to the extent that the loan proceeds were used for eligible expenses such as payroll and other expenses described by the CARES ACT. The company's subsidiary had utilised the loan proceeds for eligible purposes and based on it's application, in June and September 2021, it was informed that both PPP loans had been approved for total forgiveness. In view of the non-routine nature of the transaction and its significant impact in the Statement of P&L, the above item which is in the nature of government grant has been classified as an exceptional item for better understanding of the financial statements.

NOTE 27 INCOME TAX EXPENSE

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax		
In respect of current year	160.30	138.72
In respect of earlier years	-	(16.13)
Total	160.30	122.59
Deferred tax		
In respect of current year	41.60	59.05
Minimum Alternate Tax (MAT)	-	-
Deferred tax recognised in profit or loss	41.60	59.05
Total income tax expense	201.90	181.64

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	726.93	856.22
Income Tax expense calculated at statutory tax rates	194.26	242.28
Effect of expenses that are not deductible in determining taxable profit	15.66	11.96
Effect of concessions (Sec.10AA and 80JJAA)	(10.02)	(15.01)
Effect of income that is exempt from taxation	-	(53.27)
Change in deferred tax balances due to change in income tax rate	0.98	-
Tax relating to earlier years	-	(17.98)
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(0.69)	5.66
Effect of interest u/s 234 B & C	-	2.22
Others	1.69	5.78
Income Tax expense recognised in profit or loss	201.90	181.64

Particulars	As at March 31, 2023	As at March 31, 2022
The Range of enacted tax rate across various tax jurisdictions in which group operates	25.17% to 29.12%	26% to 29.12%

As per section 115BAA of the I.T Act inserted by the Taxation Laws (Amendment) Act, 2019, w.e.f. April 1, 2020 i.e., A.Y.2020-21 an option is granted to the domestic companies to compute corporate tax at a reduced rate of 22%, provided the taxpayer does not avail specified exemptions/incentives and complies with other conditions specified in section 115BAA of the I.T Act. Based on an evaluation of relative tax benefits, the Holding Company intends to opt for the lower tax regime u/s 115BAA from FY 2022-23 onwards, and accordingly, its tax expenses for the period ended 31st March, 2023 and its deferred tax asset (net) as at 31st March, 2023 has been measured on this basis

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

27.B INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	1.81	(1.41)
Total income tax recognised in other comprehensive income	1.81	(1.41)

NOTE 28 EARNINGS PER SHARE

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
I) Basic Earnings per share		
Profit for the year attributable to the equity holders of the company (A)	525.03	632.08
Less: Share issue expenses debited to Securities Premium	(1.77)	-
Net	523.26	632.08
Weighted average no of shares outstanding (B) (Refer III below)	56,436,363	55,883,450
Total basic earnings per share (A/B) (in ₹)	9.27	11.31
II) Diluted Earnings per share		
Profit for the year attributable to the equity holders of the company (A)	525.03	632.08
Less: Share issue expenses debited to Securities Premium	(1.77)	-
Net	523.26	632.08
Weighted average no of shares outstanding (B) (Refer III below)	57,627,367	55,883,450
Total diluted earnings per share (A/B) (in ₹)	9.08	11.31
III) Reconciliation of weighted average number of shares:		
Equity shares	56,436,363	55,883,450
Weighted Average number of shares: Basic	56,436,363	55,883,450
Effect of ESOP	1,138,097	-
Weighted Average number of shares: Diluted	57,574,461	55,883,450

- (i) Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.
- (ii) As required under Ind AS 33 "Earnings per share" the effect of sub-division (refer note no. 10.6) and bonus issue (refer note no. 10.6) has been adjusted retrospectively for the purpose of computing earnings per share for all the periods presented retrospectively.
- (iii) Share transactions that have occurred during the year:
- Issue of shares against mandatorily convertible preference shares (Refer note no. 13.2(i))
 - Issue of ordinary shares - The Company has issued 11,73,543 equity Shares at a face value of 2/- each for cash, at a premium of 424.06/- per share on private placement basis.
 - Issue of ordinary shares - The Company has issued 7,98,339 Equity Shares at a face value of 2/- each for cash, at a premium of 373.78/- per share on private placement basis.
- (iv) Share transactions that have occurred after the reporting period - Refer Note No. 11(g).

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 29. SEGMENT REPORTING

The Group is engaged in providing Electronics Manufacturing Services (EMS) with capabilities in printed circuit board assembly, custom cable and wire harnesses, etc. Since the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and to assess its performance, the entire operations are to be classified as a single business segment, namely EMS. The geographical segments considered for disclosure are – India, U.S.A and Rest of the World.

29.1 Details of manufacturing facilities :

All the manufacturing facilities are located in India and in the United States of America

Facilities located in India – Chennai and Bangalore.

Facilities located in U.S.A – Atlanta and Fremont.

29.2 Product line wise break up

Categories of products sold	Revenue from external customers	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Box Build	5,081.92	3,739.86
Printed Circuit Board	2,644.77	2,961.71
Cables	890.98	846.36
Metal	349.10	351.56
Magnetics	216.10	265.65
Design	179.55	184.68
Plastics	84.77	57.36
Total	9,447.19	8,407.18

29.3 Geographical Information

Particulars	Revenue from external customers	
	For the year ended March 31, 2023	For the year ended March 31, 2022
India	3,511.41	2,888.93
U.S.A	5,471.02	5,316.53
Rest of World	464.76	201.72
Total	9,447.19	8,407.18

Particulars	Non-current assets**		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
India	1,049.95	921.11	860.91
U.S.A	378.17	240.77	207.70
Total	1,428.12	1,161.88	1,068.61

** Non-current assets are used in the operations of the Company to generate revenues both in India and outside India.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

29.4 Information about major customers (>10% of total sales)

Customer	For the year ended March 31, 2023	For the year ended March 31, 2022
Customer A	934.03	1090.94
Customer B	705.36	1,082.74
Customer C	635.49	868.22
Customer D	499.77	682.52
Total	2,774.65	3,724.42

NOTE: 30 – SHARE BASED PAYMENTS

During the financial year 2022 – 23, pursuant to resolutions adopted by our Board of Directors and Shareholders both dated July 7, 2022, the Holding company has instituted the ESOP Scheme, which is an equity settled share based payment scheme. The ESOP Scheme has been instituted to grant stock options exercisable into Equity Shares to eligible employees of our Company. In terms of the ESOP Scheme, grants to eligible employees will be made by the Nomination and Remuneration Committee or the Board, based on the determination of a criteria described under the ESOP Scheme.

The ESOP Scheme has been instituted in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The Shareholders, through their resolution dated July 7, 2022, have approved a maximum of 30,00,000 options, exercisable into 30,00,000 Equity Shares under the ESOP Scheme. The vesting period under the ESOP Scheme shall be a minimum of one and a maximum of seven years, and the specific vesting schedule applicable to each employee will be as mentioned in the letter of grant issued to such employee. Employees covered by the plan are granted an option to purchase shares subject to certain vesting conditions. Each employee share option converts into one equity share of the Holding Company on exercise of option

Subsequently, the Board of the Company at its meeting held on July 19, 2022 have granted 17,79,750 options under the ESOP Scheme and none of these options have been vested or exercised till date.

The following table sets forth the particulars of the ESOP Scheme, including options granted thereunder.

(A) Details of options granted under ESOP 2022 are as below

Grant	Grant Date	No. of options granted	No. of options outstanding	Weighted average Exercise price (₹)	Vesting Period	Weighted Average remaining Contractual life as at 31st March, 2023	Weighted Average Fair Value at grant date*
Avalon Technologies Ltd's Employee Stock Option Scheme – 2022 (AVALON ESOP – 2022) GRANT -1	19.07.2022	888,300	888,300	20.00	Ranging from 1 to 2 years	0.80	3.70
Avalon Technologies Ltd's Employee Stock Option Scheme – 2022 (AVALON ESOP – 2022) GRANT -2	19.07.2022	891,450	891,450	20.00	Ranging from 1 to 4 years	1.80	4.66

*Represents cost recorded by the holding Company based on fair valuation report

(B) Vesting Schedule

Particulars	Grant 1	Grant 2
At the end of 1 year of service from grant date	50%	25%
At the end of 2 years	50%	25%
At the end of 3 years	-	25%
At the end of 4 years	-	25%

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(C) Reconciliation of outstanding options

Particulars	Grant 1	Weighted average exercise price per Option	Grant 2	Weighted average exercise price per Option
Balance at the beginning of the year	-	-	-	-
Granted during the year	888,300	20.00	891,450	20.00
Vested or exercisable during the year	-	-	-	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Balance at the end of the year	888,300	-	891,450	-

(D) The fair value of the options granted during the year was determined by an Independent Registered Valuer using the Black-Scholes model. The various inputs considered by the valuer in computation of fair value are as follows

Grant date	Grant date share price (Fair value)*	Exercise price	Dividend yield	Risk free interest rate	Expected life of options granted	Expected volatility#
Grant 1 - 19.07.2022	15.12	20.00	0.00%	6.86% - 7.06%	2.5 to 3.5 years	40.02%
Grant 2 - 19.07.2022	15.12	20.00	0.00%	6.86% - 7.31%	2.5 to 5.5 years	40.02%

*The grant date share price (Fair value) of underlying shares has been determined by an Independent Registered Valuer under the Discounted Cash Flow Method considering the estimated free cash flows during the explicit future period based on the assumptions and conditions that existed on the date of such valuation.

The expected volatility was determined on the basis of movement of stock prices of comparable companies for a fixed period prior to the valuation date

(E) Expense recognised in the statement of Profit and Loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee Share based payment Expenses (Refer note no. 22)	0.85	-
Investment (ESOP issued to employees of subsidiary companies)	2.11	-
Total expense arising from Employee share based payment transactions	2.96	-

NOTE 31 EMPLOYEE BENEFIT PLANS

A. Defined contribution plans

The Group (except ABV Electronics Inc (D/B/A Sienna Corporation)) participates in a defined contribution plan on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Group at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

ABV Electronics Inc (D/B/A Sienna Corporation) has a 401(k) plan offered to employees meeting certain eligibility requirements which allows employees to contribute a predefined portion of salary towards a retirement savings account and the Group may make a discretionary match which will be determined each year.

The major defined contribution plans operated by the Group (except ABV Electronics Inc (D/B/A Sienna Corporation)) are as below:

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(a) Provident fund and pension

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary.

(b) Employees State Insurance

In accordance with the Employee's State Insurance Act, 1948, eligible employees of the Group are entitled to receive benefits in respect of employee insurance, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary.

B. Defined benefit plans

The defined benefit plans operated by the Group (except ABV Electronics Inc (D/B/A Sienna Corporation)) are as below:

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees, which is unfunded. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

The defined benefit plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government / high quality bond yields; Since the Plan is unfunded, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability;
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Details of defined benefit obligation and plan assets:

C. Gratuity

(i) Movements in the present value of the defined benefit obligation are as follows.

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Opening defined benefit obligation	70.64	65.48	61.18
Current Service Cost	13.83	10.01	9.59
Interest cost	4.93	4.26	3.91
Remeasurement (gains) / losses :	-	-	-
Actuarial gains and losses arising from changes in demographic assumptions	-	-	(0.26)
Actuarial gains and losses arising from changes in financial assumptions	(3.43)	(1.46)	0.43
Actuarial gains and losses arising from experience adjustments	10.23	(3.57)	(4.56)
Benefits paid	(4.93)	(4.09)	(4.81)
Closing defined benefit obligation	91.28	70.64	65.48

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(ii) Movements in the fair value of the plan assets

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Opening fair value of plan assets	0.03	0.03	0.23
Interest income	-	-	0.01
Remeasurement gain (loss) :	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-	0.01
Contributions from the Employer	3.63	0.53	-
Benefits paid	(3.63)	(0.53)	(0.22)
Closing fair value of plan assets	0.03	0.03	0.03

(iii) The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Present value of defined benefit obligation	91.28	70.64	65.48
Less : Fair value of plan assets	0.03	0.03	0.03
Funded status	91.25	70.61	65.45
Restrictions on asset recognised	-	-	-
Others	-	-	-
Net liability arising from defined benefit obligation	91.25	70.61	65.45

(iv) Amounts recognised in Statement of Profit and Loss (including other comprehensive income) in respect of these defined benefit plans are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Service Cost :		
Current Service cost	13.83	10.01
Past service cost and (gain) / loss from settlements		
Net interest Expense	4.93	4.26
Components of defined benefit costs recognised in profit or loss	18.76	14.27
Remeasurement on the net defined benefit liability :		
Return on plan assets (excluding amounts included in net interest expense)		
Actuarial (gains) / losses arising from changes in demographic assumptions	(1.40)	-
Actuarial (gains) / losses arising from changes in financial assumptions	0.98	(1.46)
Actuarial (gains) / losses arising from experience adjustments	7.22	(3.57)
Components of defined benefit costs recognised in other comprehensive income	6.80	(5.03)
Total	25.57	9.25

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(v) Risk Exposure

The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(vi) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Valuation	
	As at March 31, 2023	As at March 31, 2022
Discount Rate(s)	7.40% - 7.64%	7.12% - 7.48%
Expected Rate(s) of salary increase	5.00% - 10.00%	8.00% - 10.00%
Attrition Rate	14.00% - 20.00%	14.00% - 20.00%

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Sensitivity Analysis

Change in assumption	As at March 31, 2023	As at March 31, 2022
A. Discount Rate + 100 BP		
Defined Benefit Obligation [PVO]	83.82	64.62
Current Service Cost	(7.48)	(6.02)
B. Discount Rate - 100 BP		
Defined Benefit Obligation [PVO]	100.02	77.70
Current Service Cost	8.73	7.05
C. Salary Escalation Rate + 100 BP		
Defined Benefit Obligation [PVO]	98.04	76.12
Current Service Cost	6.75	5.48
D. Salary Escalation Rate - 100 BP		
Defined Benefit Obligation [PVO]	85.18	65.51
Current Service Cost	(6.11)	(5.14)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis for all the periods presented.

Maturity profile of defined benefit obligation:

	As at March 31, 2023	As at March 31, 2022
Year 1	9.05	5.01
Year 2	8.09	4.50
Year 3	10.41	5.74
Year 4	4.85	8.30
Year 5	6.52	2.95
Next 5 Years	30.60	17.61

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

D. Leave obligations

The leave obligations cover the Group (except ABV Electronics Inc (D/B/A Sienna Corporation)) liability for earned leave.

The key assumptions used for the calculation of provision for long term compensated absences are as under:

Principal Actuarial Assumptions at Balance Sheet date	As at March 31, 2023	As at March 31, 2022
Discount rate	7.40% - 7.64%	7.12% - 7.48%
Expected rate of salary increase	5.00% - 10.00%	8.00% - 10.00%
Attrition rate	14.00% - 20.00%	14.00% - 20.00%

NOTE 32 FINANCIAL INSTRUMENTS

32.1 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. As at the year end, the Group has only one class of equity shares.

32.2 Categories of financial instruments

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Financial assets			
Measured at fair value through profit or loss (FVTPL)			
(a) Mandatorily measured:			
- Equity investments	-	-	-
Measured at amortised cost			
- Trade receivables	2,062.01	1,773.73	1,818.88
- Cash and cash equivalents	4,219.03	77.59	313.38
- Other bank balances	3.45	23.80	21.87
- Other financial assets (Current)	37.66	13.18	14.37
- Other financial assets (Non-Current)	53.18	52.80	43.71
Financial liabilities			
Measured at amortised cost			
- Borrowings			
Non current	655.95	741.83	811.77
Current	2,406.70	2,198.70	2,141.55
- Lease Liabilities			
Non current	292.07	168.74	155.07
Current	65.01	65.96	53.62
- Trade payables	1,417.73	1,184.90	1,274.59
- Other Financial liabilities	917.73	146.54	101.45

In the opinion of the management, the carrying amounts of financial assets and financial liabilities recognised in the financial statements are a reasonable approximation of their fair values. Hence no separate disclosures of fair value has been made.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

32.3 Financial risk management

The Group is exposed to Market risk, Credit risk and Liquidity risk. The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks.

The following disclosures summarize the Group's exposure to financial risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market risks on the financial results, cash flows and financial position of the Group.

32.3.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk mainly comprises of interest risk and currency risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are being managed and measured.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates primarily relates to outstanding floating rate debt. The Group has INR and USD denominated long term debt and a portion of its working capital debt is denominated in foreign currency. These credit facilities are subject to periodic interest rate resets. Based on the past experience the variability of interest on long term loans is not expected to be material. Further there are only short term foreign currency debt in the form of packing credit which are subject to minimal changes in interest rate during its term.

(b) Foreign Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Significant portion of the Group's purchases and sales are denominated in foreign currency and hence, a natural hedge exists as a result of which, major foreign exchange fluctuations in import payables gets offset against export receivables. Apart from the above, exchange rate exposures are also managed within approved policy parameters by constant monitoring.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows :

Particulars	Liabilities as at		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
EURO	0.03	0.11	3.69
GBP	0.07	0.02	0.02
JPY	209.12	827.89	1,309.94
USD	8.66	24.38	13.10
SEK	0.01	-	-

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Assets as at		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
EURO	0.26	0.27	0.06
GBP	0.03	0.04	-
JPY	-	13.64	-
USD	24.21	24.23	20.19

Foreign Currency sensitivity analysis

The below table demonstrates the sensitivity to a 5% increase or decrease in the relevant foreign currency against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of reasonable possible change in foreign exchange rate. Assets and Liabilities denominated in USD in respect of the Company's subsidiary in U.S.A has not been considered for the below disclosure since the functional currency of the said subsidiary is US Dollars.

Particulars	Impact on profit or loss for the year		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
A. Financial Assets			
EURO	1.14	1.12	0.25
GBP	0.14	0.19	-
JPY	-	0.42	-
USD	96.19	91.73	74.24
B. Financial Liabilities			
EURO	0.15	0.48	0.11
GBP	0.34	0.08	0.08
JPY	6.47	26.15	43.59
USD	35.58	92.30	48.16
Net Impact (A-B)	54.93	(25.55)	(17.45)

Particulars	Impact on total equity as at the end of the reporting period		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
A. Financial Assets			
EURO	0.84	0.89	0.19
GBP	0.01	0.19	-
JPY	-	0.30	-
USD	71.33	70.78	56.60
B. Financial Liabilities			
EURO	0.18	0.39	0.08
GBP	0.18	0.08	0.07
JPY	15.95	19.53	31.94
USD	60.16	66.33	36.08
Net Impact (A-B)	(4.29)	(14.17)	(11.38)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

32.3.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure to its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counterparties are banks with high credit ratings assigned by the international credit rating agencies.

32.3.3 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Particulars	Less than 1 Year	1-5 years	More than 5 years	Total	Carrying value
March 31, 2023					
Borrowings	2,406.70	655.95	-	3,062.65	3,062.65
Lease Liabilities	65.01	227.76	64.31	357.08	357.08
Trade payables	1,417.73	-	-	1,417.73	1,417.73
Other Financial Liabilities	907.85	9.88	-	917.73	917.73
Total	4,797.29	893.59	64.31	5,755.19	5,755.19
March 31, 2022					
Borrowings	2,198.70	741.83	-	2,940.53	2,940.53
Lease Liabilities	65.96	98.90	69.84	234.70	234.70
Trade payables	1,184.90	-	-	1,184.90	1,184.90
Other Financial Liabilities	126.89	19.65	-	146.54	146.54
Total	3,576.45	860.38	69.84	4,506.67	4,506.67
April 1, 2021					
Borrowings	2,141.55	811.77	-	2,953.32	2,953.32
Lease Liabilities	53.62	83.72	71.35	208.69	208.69
Trade payables	1,274.59	-	-	1,274.59	1,274.59
Other Financial Liabilities	99.79	-	-	99.79	99.79
Total	3,569.55	895.49	71.35	4,536.39	4,536.39

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

33. FIRST-TIME IND AS ADOPTION

33.1 Mandatory exceptions and optional exemptions

The Group has prepared the opening Balance Sheet as per Ind AS as at date of transition 1 April, 2021 by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities.

However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Group as detailed below: The effect on reported financial position and financial performance of the Group on transition to Ind AS has been provided hereunder, which also includes reconciliations of total equity and total comprehensive income for comparative years under Indian GAAP to those reported for respective years under Ind AS.

Mandatory exceptions to retrospective application

Estimates

On assessment of estimates made under the previous GAAP financial Information, the Group has concluded that there is no necessity to revise such estimates under Ind AS, as there is no objective evidence of an error in those estimates.

Classification and measurement of financial assets

The Group has followed classification and measurement of financial assets in accordance with Ind AS 109 - Financial Instruments on the basis of facts and circumstances that existed at the date of transition to Ind AS.

Impairment of Financial Assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk as at the date that financial instruments were initially recognized in order to compare it with the credit risk as at the transition date.

However, as permitted by Ind AS 101, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition

Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transaction occurring on or after date of transition 1 April, 2021.

Classification of debt instruments

The Group has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through other comprehensive income (FVTOCI) criteria based on the fact and circumstances that existed as of the transition date.

Optional exemptions from retrospective application

Deemed cost for property, plant and equipment and intangible assets

The Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at date of transition 1 April, 2021 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. The Holding Company had followed the revaluation model for the purpose of subsequent measurement of certain items of its property, plant and equipment. In accordance with the aforementioned election of deemed cost option, the balance in revaluation reserve as on 1st April, 2021 has been re-classified as part of retained earnings.

Cumulative Transition differences in respect of Foreign Operations

The Group company has elected the option available in respect of cumulative translation differences that existed at the date of transition to Ind AS and accordingly, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to Ind AS.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

33.2 Reconciliation of total equity between previous GAAP and Ind AS

Particulars	Notes	As at March 31, 2022	As at April 1, 2021
Total equity (shareholders' funds) under previous GAAP		2,953.39	2,152.75
Ind AS Adjustments *			
Allowance for Expected Credit Loss on Trade Receivables	(i)	(2.96)	(6.12)
Accounting for Leases as per Ind AS 116	(ii)	(18.02)	(2.75)
Measurement of Financial Liabilities at Amortised Cost	(iii)	0.22	0.70
Measurement of Financial Assets at amortised cost	(iv)	3.93	2.48
Reclassification of Preference Share Capital	(v)	(387.46)	(35.00)
Deferred Tax Adjustments on the above (net)	(vi)	6.84	4.08
* Ind AS adjustments in subsidiaries restated in prior periods pursuant to common control business combination			
Impact of errors/ prior period errors	(vii)		
- Valuation of Inventory	(a)	(90.03)	(88.16)
- Income tax for earlier years	(b)	16.16	-
- Measurement of Deferred Tax Assets/ Liabilities	(c)	-	15.09
Impact of Common Control Business Combination	38		
Net Impact of Reserves and surplus as per IGAAP of subsidiaries consolidated in the respective heads other equity in accordance with pooling of interest method including restatement of prior periods under common control business combination		(1,549.43)	(1,707.55)
Net Impact of elimination of unrealised profit on intra group inventory movement restated in prior periods under common control business combination		(17.36)	(30.64)
Net Impact of foreign currency translation reserve recognised in respect of foreign subsidiary, restated in prior periods under common control business combination		(27.44)	0.04
Total adjustment to equity		(2,065.55)	(1,847.83)
Total equity under Ind AS		887.84	304.93

33.3 Reconciliation of total comprehensive income

Particulars	Notes	As at March 31, 2022
Profit as per previous GAAP		435.33
Ind AS Adjustments *		-
Allowance for Expected Credit Loss on Trade Receivables	(i)	3.16
Accounting for Leases as per Ind AS 116	(ii)	(15.44)
Measurement of Financial Liabilities at Amortised Cost	(iii)	(0.48)
Measurement of Financial Assets at amortised cost	(iv)	1.45
Reclassification of Preference dividend	(v)	(49.98)
Deferred Tax Adjustments on the above (net)	(vi)	2.76
* Ind AS adjustments in subsidiaries restated in prior periods pursuant to common control business combination		
Impact of errors/ prior period errors	(vii)	-
- Valuation of Inventory	(a)	(1.87)
- Income tax for earlier years	(b)	16.16
- Measurement of Deferred Tax Assets/ Liabilities	(c)	(15.09)

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(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2022
Impact of Common Control Business Combination	38	
Net Impact of Profit and loss as per IGAAP of subsidiaries restated in prior periods under common control business combination		295.18
Net Impact of elimination of unrealised profit on intra group inventory movement restated in prior periods under common control business combination		7.02
Net Impact of foreign currency translation reserve recognised in Other comprehensive in respect of foreign subsidiary, restated in prior periods under common control business combination		(27.45)
Total adjustments to P&L		215.41
Total comprehensive income under Ind AS		650.74

Explanatory Notes

(i) Allowance for Expected Credit Loss on Trade Receivables

Under previous GAAP, provision for bad and doubtful debts was recognized as per the internal policy of the Group under the incurred loss model. Under Ind AS, the impairment loss allowance on account of Trade receivables is created based on a provision matrix computed under the Expected credit loss model.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Trade Receivables	(2.96)	(6.12)
	(2.96)	(6.12)

in Statement of Profit and Loss

	As at March 31, 2022
Allowance for Expected Credit Loss	3.16
	3.16

(ii) Accounting for Leases as per Ind AS 116

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incident to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Under Ind AS 116, all arrangement that fall under the definition of lease except those for which short-term lease exemption or low value exemption is applied, the Group has recognised a right-of-use assets and a lease liability on the lease commencement date. Right-of-use assets is amortised over the lease term on a straight line basis and lease liability is measured at amortised cost at the present value of future lease payments.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Right of Use Assets	36.59	78.88
Lease Liabilities	(54.61)	(81.63)
	(18.02)	(2.75)

in Statement of Profit and Loss

	As at March 31, 2022
Rent Expenses	5.90
Interest Expense on Lease Liabilities	(22.31)
Amortisation of RoU Assets	0.97
	(15.44)

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(iii) Measurement of Financial Liabilities at Amortised Cost

Under IGAAP, financial liabilities were carried at cost. Under Ind AS, certain financial liabilities are subsequently measured at amortised cost which involves the application of effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Borrowings	0.22	0.70
	0.22	0.70

in Statement of Profit and Loss	As at March 31, 2022
Finance Costs	(0.48)
	(0.48)

(iv) Measurement of Financial Assets at Amortised Cost

Under previous GAAP, the security deposits paid for lease rent are shown at the transaction value. Whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting year. Accordingly, the difference between the transaction and discounted value of the security deposits paid is recognized as part of the Right of Use Asset and is amortized over the period of the lease term. Further, interest is accreted on the present value of the security deposits paid for lease rent.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at April 1, 2021
Right of Use Assets	(0.39)	(0.28)
Other Financial Assets (Security Deposits)	4.32	2.76
	3.93	2.48

in Statement of Profit and Loss	As at March 31, 2022
Interest Income from Financial Assets	1.62
Amortisation of RoU Assets	(0.17)
	1.45

(v) Reclassification of Preference Share Capital

Under previous GAAP, Preference shares were classified as a part of share capital. However, under Ind AS, financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not its legal form. These Preference share instruments were evaluated and it was concluded that the same does not contain any equity component and hence they have been classified as a financial liability under Ind AS till 31st March, 2022. During the period ended 30th November, 2022, in view of the fact stated in Note No.13.2 (i), preference share capital issued by the holding company amounting to ₹ 35 million was reclassified from financial liability to instruments entirely equity in nature effective from 22nd July, 2022.

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(All amounts are in Million Indian Rupees unless otherwise stated)

Impact of the above

in Balance Sheet	As at	As at
	March 31, 2022	April 1, 2021
Other Equity	387.46	35.00
Borrowings	(387.46)	(35.00)
	-	-
in Statement of Profit and Loss		
		As at
		March 31, 2022
Finance Costs		(49.98)
		-
		(49.98)

(vi) Deferred Tax Adjustments of the above

Under Previous GAAP, deferred taxes were recognized for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognized using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or through statement of profit and loss or other comprehensive income.

Impact of the above

in Balance Sheet	As at	As at
	March 31, 2022	April 1, 2021
Deferred Tax Asset/ (Liability) (Net)	6.84	4.08
	6.84	4.08
in Statement of Profit and Loss		
		As at
		March 31, 2022
Profit and Loss		
- Deferred Tax Expense		2.75
Other Comprehensive Income		
- Deferred Tax Expense		-
		2.75

(vii) Adjustment for Errors/ Prior Period Errors

(a) Valuation of Inventory

The Group has developed a policy for evaluating the net realisable value of inventory considering certain technical parameters with due regard to the ageing there of and basis the same, an analysis of the carrying value of inventory across the periods covered by these financial statements have been carried out. Based on the review as above, necessary impact of write down in respect of value of inventory identified as no longer usable has been given in the respective period in accordance with Ind AS 8.

(b) Income tax for earlier years

The Group has carried out a review of the outstanding provisions carried in the Balance Sheet in respect of Income Tax payable towards earlier years and basis the same, certain provisions identified as no longer payable have been written back in these financial statements.

(c) Measurement of Deferred Tax

The Group has reviewed and corrected the measurement of deferred tax assets as at the end of each of the reporting periods and the consequent impact is as disclosed hereunder.

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(d) Others

Earnings per share adjusted for the effects of errors	As at March 31, 2022	As at April 1, 2021
Impact of adjustment for errors	(0.80)	(9.34)
Weighted average no of shares outstanding	55,883,450	53,580,929
Amount of adjustment for Basic Earnings per share	(0.01)	(0.17)
Impact of adjustment for errors	(0.80)	(9.34)
Weighted average no of shares outstanding	55,883,450	53,580,929
Amount of adjustment for Diluted Earnings per share	(0.01)	(0.17)

Impact of the above in Balance Sheet	As at March 31, 2022	As at April 1, 2021
(a) Valuation of Inventory	(90.03)	(88.16)
(b) Income tax for earlier years	16.16	-
(c) Measurement of Deferred Tax	-	15.09
	(73.87)	(73.07)

in Statement of Profit and Loss	As at March 31, 2022
(a) Valuation of Inventory	(1.87)
(b) Income tax for earlier years	16.16
(c) Measurement of Deferred Tax	(15.09)
	(0.80)

33.4 Effect of Ind AS adoption on the statement of cash flows

There are no changes to the cash flows from operating, financing and investing activities as reported in the cash flow statement for the year ended March 31, 2022 drawn up under the previous GAAP on account of transition to Ind AS, other than those arising due to reclassification of the previous year figures to conform to the current year's layout and on account of restatement of prior periods to give effect to common control business combination (Refer Note No. 38)

NOTE 34 - RELATED PARTY DISCLOSURES

(a) Names of Related Parties and nature of relationship :

List of related parties where control exists

(i) Subsidiaries

Avalon Technology & Services Pvt. Ltd. (w.e.f 25.09 2019)*
 Sienna ECAD Technologies Pvt. Ltd. (w.e.f 31.03.2021)*
 ABV Electronics Inc (D/B/A Sienna Corporation) (w.e.f 31.01.2022)*
 *Also Refer Note no. 38

(ii) Key Management Personnel

Mr. Kunhamed Bicha-Chairman and Managing Director (w.e.f 12.07.2022) [Director till 12.07.2022]
 Mr. Bhaskar Srinivasan-President
 Mr. Sareday Seshu Kumar-Director
 Mr. Luquman Veedu Ediyannam-Director
 Mr. RM Subramanian-Chief Financial Officer
 Mr. Rajesh V - Company Secretary (w.e.f. 02.02.2022)
 Mr. O J Sathish - CEO of Sienna ECAD Technologies Pvt. Ltd.
 Mr. Robinson, Michael - Chief Operating Officer US Operations

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(iii) Relatives of Key Management Personnel
 Mr. T P Imbichammad – Father of Chairman and Managing Director [Managing Director till 12.07.2022]
 Mrs. Mariyam Bicha – Mother of Chairman and Managing Director
 Mr. Shamil Bicha – Brother of Chairman and Managing Director

(iv) Entities controlled by (i) or (ii)
 Sienna Technology & Services Private Limited*
 Sienna ECAD LLC#
 *Struck off pursuant to an application by the company on 30.03.2021, vide public notice dated 12.11.2021.
 #Dissolved on 08.06.2020.

The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company

a) Remuneration to KMP/ Relative of KMP

Particulars	In the books of	Transaction with	For the year ended March 31, 2023	For the year ended March 31, 2022
I. Details of Transactions				
a) Remuneration to KMP/ Relative of KMP				
	Avalon Technologies Limited	Mr. T P Imbichammad	5.08	18.00
		Mr. Kunhamed Bicha	19.18	12.24
		Mr. Shamil Bicha	9.77	6.16
		Mr. RM Subramanian	10.76	8.01
		Mr. Rajesh V	2.00	0.28
	Avalon Technology & Services Pvt. Ltd.	Mr. T P Imbichammad	-	-
		Mr. Kunhamed Bicha	-	-
	Sienna ECAD Technologies Pvt. Ltd.	Mr. O J Sathish	4.66	3.49
	ABV Electronics Inc (D/B/A Sienna Corporation)	Mr. Kunhamed Bicha	13.17	11.96
		Mr. Robinson, Michael	29.83	25.86
		Mr. Bhaskar Srinivasan	31.49	28.69
			125.94	114.69
b) Management Consultancy Fees				
	Avalon Technologies Limited	Mr. T P Imbichammad	7.18	-
			7.18	-
c) Interest expense				
	Avalon Technologies Limited	Mr. Sareday Seshu Kumar	-	0.05
			14.00	14.05
d) Repayment of Loan				
	Avalon Technologies Limited	Mr. Sareday Seshu Kumar	-	3.75
			-	3.75

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Particulars	In the books of	Transaction with	For the year ended March 31, 2023	For the year ended March 31, 2022
e) Corporate Guarantee given				
	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	600.46	494.60
	ABV Electronics Inc (D/B/A Sienna Corporation)	Avalon Technologies Limited	780.00	945.81
			1,380.46	1,440.41
f) Corporate Guarantee received				
	Avalon Technologies Limited	ABV Electronics Inc (D/B/A Sienna Corporation)	780.00	945.81
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	600.46	494.60
			1,380.46	1,440.41
g) Buy Back of Common stock shares				
	ABV Electronics Inc (D/B/A Sienna Corporation)	Mr. Kunhamed Bicha	-	24.81
		Mr. Bhaskar Srinivasan	-	19.87
		Mr.Sareday Seshu Kumar	-	4.47
		luquman Veedu Ediyanam	-	5.99
			-	55.14
h) Stock option granted to employee of group companies				
	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	0.34	-
		ABV Electronics Inc (D/B/A Sienna Corporation)	1.53	-
		Sienna ECAD Technologies Pvt. Ltd.	0.24	-
			2.11	-
i) Employee Share Based Payment *				
	Avalon Technologies Limited	Mr.RM Subramanian		-
		Mr.V Rajesh		-
	ABV Electronics Inc (D/B/A Sienna Corporation)	Mr.Robinson, Michael		-
		Sienna ECAD Technologies Pvt. Ltd.	Mr.OJ Sathish	
			-	-

* 132,300 options at exercise price of ₹ 20 per share were issued to Mr. RM Subramanian in FY 2022-2023.

* 3,150 options at exercise price of ₹ 20 per share were issued to Mr. V Rajesh in FY 2022-2023.

* 132,300 options at exercise price of ₹ 20 per share were issued to Mr. Robinson, Michael in FY 2022-2023.

* 65,800 options at exercise price of ₹ 20 per share were issued to Mr. OJ Sathish in FY 2022-2023.

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NOTE: 35 COMMITMENTS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	105.16	34.37	30.54
(b) Other Commitments	17.80	-	-

NOTE: 36 DETAILS OF TRANSACTIONS WITH STRUCK OFF COMPANIES

Name of struck off Company	Nature of transactions with struck-off Company	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Sienna Technologies & Services Private Limited	Trade receivables	-	-	-
Elixir (India) Private Limited	Trade receivables	-	-	-
Sunrise Auto electronics Private Limited	Trade Payable	-	-	-
Duratech Solutions	Advance to Vendors	-	-	-
Smartlivz Technologies India Private Limited	Provision	-	0.01	0.01

"-" denotes zero or figures which are below the rounding off norms adopted by the Group.

NOTE: 37 CONTINGENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Claims against the company not acknowledged as debt			
Income tax demand*	29.24	29.24	43.39
Provident Fund demand*	6.57	6.57	-
Indirect tax matters*	1.36	-	-
Others**	40.33	-	-
Total	77.50	35.81	43.39

*the above amounts excludes interest and penalty, as they are not ascertainable.

** represents potential price variation claims under negotiation with one of the customers. The management expects the same to be concluded in favour of the company.

- Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/decisions pending at various forums/ authorities or final outcome of matter.
- The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required.

In respect of matters where it is only possible, but not probable that outflow of economic resources would be required to settle the matter, the same are disclosed as contingent liability.

- The group does not expect any reimbursements from third parties in respect of the above contingent liabilities.

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(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 38 COMMON CONTROL BUSINESS COMBINATIONS

The Company has acquired controlling stakes in certain group companies on different dates between September 2019 to January, 2022 as stated below. The four shareholders identified as Promoters and Promoter group in Note No. 10.4 ("Parties exercising common control") together held majority stake (as detailed below) in these companies prior to the respective dates of acquisition of majority stake therein by the Company and as a result of a contractual arrangement, they collectively had the power to govern the respective company's financial and operating policies.

Company Name	Nature of Business	Date of Acquisition by the Company	% Stake Acquired by the Company	% Stake held by Parties exercising common control prior to Acquisition by Company
ABV Electronics Inc	Electronics	30th January, 2021	5.40%	74.65%
(D/B/A Sienna Corporation) [#] , United States of America	Manufacturing Services (EMS) providers	31st January, 2022	94.60%	80.05%

#In the case of Sienna Corporation, the Company had originally acquired 7,22,595 Common Stock Shares having a par value of \$0.001/ Share aggregating to 5.40% of its total share capital during the year 2020-21. Thereafter, during January 2022, the Board of Directors of Sienna Corporation passed an "Action of Unanimous Consent" whereby the Board agreed to repurchase and retire 12,644,405 shares of common stock held by its other shareholders out of total common stock shares of 13,387,000 (buy back transaction). As a result of this buy back transaction, Sienna Corporation became a wholly owned subsidiary of the Company effective 31st January, 2022.

Since both the Company and the respective acquiree entities are controlled by the same group of individuals acting together under a contractual arrangement both before and after the acquisition, the above transactions are treated as a common control business combination in accordance with Appendix C to Ind AS 103 and accounted in accordance with the accounting policy disclosed in Note No. 1. Accordingly, financial information in respect of prior periods is restated as if the business combination had occurred from the beginning of the earliest period presented.

Ownership interests in the above companies held by the Shareholders other than the Company or the Parties exercising common control have been disclosed under Non-Controlling Interest until the date of subsidiarisation of these companies.

Other Disclosures in respect of Common Control Business Combination In the case of ABV Electronics Inc (D/B/A Sienna Corporation)

Particulars	Amount	Amount
Date of Acquisition	1/30/2021	1/31/2022
% of Shares Acquired	5.40%	94.60%
Consideration transferred (A)	73.30	56.57
Carrying amount (as per books) of identifiable net assets acquired* (B)	(80.74)	(1,283.67)
Difference (A)-(B)	154.04	1,340.24
Treatment in Books of Account		
Difference between Consideration and Share Capital (including related securities premium, if any) recognised in Capital Reserve as per Ind AS 103	160.69	330.75
Balance in Reserves and Surplus recognised under Other Equity under respective heads under Pooling of Interest method as per Ind AS 103	(6.65)	1,009.49
Total	154.04	1,340.24

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(All amounts are in Million Indian Rupees unless otherwise stated)

39 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 Group 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 Group (Ultimate Beneficiaries).

The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

40 RATIOS

Sl. No.	Particulars	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022
1	Current Ratio	Current Assets	Current Liabilities	1.89	1.13
2	Debt-Equity Ratio	Total borrowings (including lease liabilities)	Total Equity attributable to equity holders of the parent	0.64	3.58
3	Debt Service Coverage Ratio	Earnings available for debt service (1)	Debt Service (2)	3.46	2.99
4	Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity (5)	16.78%	113.11%
5	Inventory Turnover Ratio	Sales	Average Inventory	3.42	4.43
6	Trade receivables turnover ratio	Net Credit Sales	Avg. Trade Receivables	4.92	4.67
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	5.30	5.21
8	Net capital turnover ratio	Net Sales	Working Capital (3)	1.97	16.37
9	Net Profit Ratio	Net Profit for the year	Net Sales	5.57%	8.04%
10	Return on capital employed	Earning before interest and taxes	Capital Employed (4)	12.78%	28.90%
11	Return on Investment (The Group does not have any income bearing investments)				

Sl. No.	Particulars	Variance (%)		Reasons
		2022 vs 2023	2022 vs 2023	
1	Current Ratio	67.55%		1(i)
2	Debt-Equity Ratio	(82.19%)		1(ii)
3	Debt Service Coverage Ratio	15.77%		
4	Return on Equity Ratio	(85.17%)		1(ii)
5	Inventory Turnover Ratio	(22.78%)		
6	Trade receivables turnover ratio	5.19%		
7	Trade payables turnover ratio	1.61%		
8	Net capital turnover ratio	(87.94%)		1(iii)
9	Net Profit Ratio	(30.70%)		1(iv)
10	Return on capital employed	(55.77%)		1(v)

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

- (1) Earning available for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.
- (2) Debt service = Interest & Lease Payments + Principal Repayments
- (3) Working capital shall be calculated as current assets minus current liabilities
- (4) Capital Employed = Tangible Net Worth (excluding Intangible Assets) + Total Debt
- (5) Total Equity (including non-controlling interest) is considered

Explanation for Variance in ratios by more than 25%

1. (March 2023 vs march 2022)

- (i) Increase in current ratio is due to receipt of funds from anchor investors.
- (ii) Decrease in Debt - Equity ratio & Return on Equity ratio is due to increase in Equity on account of result of share application money from anchor investors.
- (iii) Decrease in Net Capital turnover ratio is due to improving working capital position on receipt of funds from anchor investors.
- (iv) Decrease in Net Profit ratio is due to higher profit in the previous period on account of income arising in respect of the exceptional item (refer note no.26).
- (v) Decrease in Return on Capital Employed ratio is due to increase in capital on receipt of Share application money from anchor investors.

41 CONVERSION OF THE COMPANY FROM PRIVATE LIMITED TO PUBLIC LIMITED

Pursuant to resolution passed by the Members in the Extraordinary General Meeting dated 06.07.2022 and as approved by Registrar of the Holding Company w.e.f. 29.07.2022, the Holding company has been converted from Private Limited Company into a Public Limited Company including adoption of new Memorandum of Association and new Articles of Association as applicable to Public Company in place of existing Memorandum of Association and Articles of Association of the Holding company.

Subsequent to the year end the Holding company has completed the Initial Public Offering of 19,839,446 equity shares of face value of ₹2 each at an issue price of ₹436 per equity share, consisting of a fresh issue of 7,339,449 equity shares aggregating to ₹3,200 Million and an offer for sale of 12,499,997 equity shares aggregating to ₹5,450 Million. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f April 18, 2023.

The Holding company completed its Initial Public Offering (IPO) of its equity shares which have been listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") with effect from April 18, 2023. The net proceeds from the fresh issue of the IPO would be utilised towards the following:

- i) Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, i.e. Avalon Technology and Services Private Limited;
- ii) Funding the working capital requirements of our Company; and
- iii) General corporate purposes

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

42 ADDITIONAL INFORMATION IN RESPECT OF THE ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Name of the entity in the group	Country of Incorporation	% of Voting power	Net Assets i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
			As % of consolidated net assets	INR	As % of profit and loss	INR	As % of other comprehensive income	INR	As % of total comprehensive income	INR
Parent										
Avalon Technologies Limited										
For the year ended 31st March 2023	India	100.00%	122.34%	6,569.96	54.03%	283.69	3.80%	(2.93)	62.67%	280.76
For the year ended 31st March 2022		100.00%	253.63%	2,251.85	40.43%	272.74	(7.13)%	1.70	42.18%	274.45
Subsidiaries										
1.Avalon Technology & Services Pvt. Ltd. (w.e.f 25.09 2019)										
For the year ended 31st March 2023	India	100.00%	10.82%	580.81	34.52%	181.22	1.17%	(0.90)	40.25%	180.32
For the year ended 31st March 2022		100.00%	44.06%	391.14	18.94%	127.78	(5.58)%	1.33	19.84%	129.11
2.Sienna ECAD Technologies Pvt. Ltd. (w.e.f 31.03.2021)										
For the year ended 31st March 2023	India	100.00%	0.10%	5.62	1.75%	9.20	(0.22)%	(1.16)	1.53%	8.04
For the year ended 31st March 2022		100.00%	(0.30)%	(2.68)	3.42%	23.09	(2.43)%	0.58	3.64%	23.67
3.ABV Electronics Inc (D/B/A Sienna Corporation) USA (w.e.f 31.01.2022)										
For the year ended 31st March 2023	USA	100.00%	(36.07)%	(1,937.07)	9.79%	51.40	93.52%	(72.03)	(4.60)%	(20.63)
For the year ended 31st March 2022		100.00%	(158.79)%	(1,409.84)	30.85%	208.13	97.65%	(23.28)	28.41%	184.85
Non controlling interest										
For the year ended 31st March 2023		0.00%	0.00%	-	-	-	-	-	-	-
For the year ended 31st March 2022		0.00%	-	-	6.30%	42.50	19.12%	(4.56)	5.83%	37.94
Adjustment on account of consolidation										
For the year ended 31st March 2023			2.81%	150.87	(0.09)%	(0.48)	1.73%	-	0.16%	(0.48)
For the year ended 31st March 2022			(38.59)%	(342.63)	0.05%	0.34	(1.63)%	0.39	0.11%	0.72
For the year ended 31st March 2023			100.00%	5,370.19	100.00%	525.03	100.00%	(77.02)	100.00%	448.01
For the year ended 31st March 2022			100.00%	887.84	100.00%	674.58	100.00%	(23.84)	100.00%	650.74

43 INTEREST IN OTHER ENTITIES

(i) (a) Subsidiaries

The Group's subsidiaries as at the year end are given below

Name of the company	Principal Place of business	% voting power/ownership interest held by the group		
		As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Avalon Technology & Services Pvt. Ltd.	India	100.00%	100.00%	100.00%
Sienna ECAD Technologies Pvt. Ltd.	India	100.00%	100.00%	94.20%
ABV Electronics Inc (D/B/A Sienna Corporation)	USA	100.00%	100.00%	80.05%

Name of the company	Principal Place of business	% voting power/ownership interest held by the NCI		
		As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Avalon Technology & Services Pvt. Ltd.	India	0.00%	0.00%	0.00%
Sienna ECAD Technologies Pvt. Ltd.	India	0.00%	0.00%	5.80%
ABV Electronics Inc (D/B/A Sienna Corporation)	USA	0.00%	0.00%	19.95%

Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(ii) Non-controlling interest

Given below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

1) ABV Electronics Inc (D/B/A Sienna Corporation)

Summarized balance sheet	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Current assets	1,831.50	1,371.30	1,030.12
Less: Current liabilities	2,615.93	2,115.01	1,799.84
Net current assets	(784.43)	(743.71)	(769.72)
Non-current assets	512.04	400.88	414.57
Less: Non-current liabilities	1,152.64	1,063.09	1,220.76
Net non-current assets	(640.60)	(662.21)	(806.19)
Total net assets	(1,425.03)	(1,405.92)	(1,575.91)
Accumulated non controlling interest	-	-	(315.90)

Summarized Statement of profit and loss	As at March 31, 2023	As at March 31, 2022
Revenue	5,456.46	5,256.50
Profit/(loss) for the year	51.40	254.30
Other comprehensive income/(loss)	(72.03)	(27.45)
Total comprehensive income	(20.63)	226.85
Profit allocated to non-controlling interest	-	37.94

Summarized Statement of Cash flows	As at March 31, 2023	As at March 31, 2022
Net cash used in/generated from operating activities	9.46	68.38
Net cash used in/generated from investing activities	(39.75)	(25.46)
Net cash used in/generated financing activities	23.61	(38.15)
Net increase/ (decrease) in cash and cash equivalents	(6.68)	4.77

44 The company has opted for following exemptions with respect to disclosure of certain matters as per general requirements section of Guidance note on Division II -Ind AS schedule III issued by ICAI.

Additional Information for disclosure:

- (i) Payments to auditors,
- (ii) Disclosures in respect of CSR expenditure,
- (iii) Disclosures required as per the MSMED Act, 2006.

45 Previous years figures for the previous years have been regrouped/ reclassified wherever necessary to conform to current year's classification/ disclosure.

As per our report of even date attached

For and on behalf of the Board

For Varma & Varma

Chartered Accountants
Firm Registration No. 004532S

P R Prasanna Varma

Partner
Membership No. 025854

Chennai

Date: May 26, 2023

Kunhamed Bicha

Chairman & Managing Director
DIN:00819707

Rajesh V

Company Secretary

RM Subramanian

Chief Financial Officer



Avalon Technologies
Chennai, India