| To: | To: |
|---|---|
| BSE Limited<br>Corporate Relationship Department<br>PJ Towers,<br>Dalal Street,<br>Mumbai -400001<br>**BSE SCRIP CODE: 543896** | The Manager<br>Listing Department<br>The National Stock Exchange of India Limited<br>"Exchange Plaza", Bandra – Kurla Complex,<br>Bandra (EAST), Mumbai – 400051<br>**NSE SYMBOL: AVALON** |

**Sir(s)/Madam,**

**Sub: -**

(i) Circulation of the Notice of the 25th Annual General Meeting and

(ii) Circulation of the Annual Report for the Financial Year 2023-24 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 25th Annual General Meeting (AGM) scheduled to be held on **Wednesday, September 25, 2024, at 02.30 pm (IST)** through Video Conferencing/Other Audio Visual Means (VC/OAVM) together with the Annual Report for the Financial Year 2023-24, 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 28th August, 2024.

The Notice and Annual Report for the Financial Year 2023-24 have been uploaded on the website of the Company, as per the following (link) details:

1. Notice of AGM:
   https://www.avalontec.com/wp-content/uploads/2024/08/FY24_Notice_of_AGM.pdf

2. Annual Report:
   https://www.avalontec.com/wp-content/uploads/2024/08/FY24_Avalon_Annual_Report.pdf

Pursuant to Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose a copy of the Notice of AGM and the Annual Report for the Financial Year 2023-24 which is 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 | Wednesday, September 25, 2024, at 02.30 PM (IST) |
| Mode of AGM | Video Conferencing ("VC") &<br>Other Audio-Visual Means ("OAVM") |
| Company Website | www.avalontec.com |
| Cut-off date for e-voting | September 18, 2024 |
| E-voting start date and time | Sunday, 22 September 2024 @ 09.00 AM (IST) |
| E-voting end date and time | Tuesday, 24 September 2024 @ 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 V
Digitally signed by RAJESH V
Date: 2024.08.31 18:14:17 +05'30'

**Name of the Person**: Dr. V. Rajesh
**Designation**: Company Secretary
**Membership Number:** F9213
**Date**: August 31, 2024
**Encl**: Annual Report – 2024

Avalon
manufacturing your success

# FORGING FORWARD

## Towards Greater Horizons

2023-24
ANNUAL REPORT


25
Years
of Manufacturing
Excellence

# FORGING FORWARD

## Towards Greater Horizons



Avalon Technologies is a well-established leader in the Electronics Manufacturing Services industry, renowned for its manufacturing excellence. We specialize in manufacturing complex products with a flexible manufacturing system and proudly serve a wide range of industries worldwide, offering a suite of solutions from individual product capabilities to complete system integration with a special focus on design-for-manufacturing and assembly for our customers.

As India gains recognition as a global manufacturing destination, the Indian EMS sector is witnessing significant growth, driven by both domestic and export demands. After navigating a challenging year, we have emerged stronger and more resilient. This year marks a pivotal point in our growth journey, setting the stage for the future as momentum builds across multiple segments.

Despite short-term macroeconomic challenges, we have successfully retained all our customers. Our existing US customer base is shifting from 'destocking' to 'restocking' mode at varying rates, underscoring the strength of our long-standing customer relationships. Additionally, our recent wins in the industrial, clean energy, and auto sectors with leading US companies are progressing from design or prototype stages to commercial and ramp-up production this year. The US, our major export geography, remains one of the largest markets in the world. With over two decades of presence, strong customer relationships, and a fortified balance sheet, we are well-positioned to fully capitalize on our market opportunities. Our pipeline is brimming with potential.

In the fast-growing Indian market, our intensified focus over the last 1-2 years has led to key wins in the industrial, power, rail, aero, clean energy, communication and defence sectors, which we believe will advance to commercial production over the course of this year. We are excited to seize the tremendous growth opportunities now unfolding in this vibrant domestic market.

We are laying the groundwork that will drive our growth. We are expanding our infrastructure and capabilities by adding two more units in India to meet the growing demand from both export and domestic markets. We have brought on board top talent at the senior and mid-management levels to drive our company forward and capture the significant growth opportunities ahead. Our investments in infrastructure, manufacturing process, talent and technology are set to pay off, allowing us to deliver even greater value to our customers. This positions us at the forefront of successful execution and meeting customer demands.

**As we commemorate 25 years of manufacturing excellence, we have a clear vision for the future and are ready to forge ahead and seize the opportunities that await us. We are poised for growth.**

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

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Kunhamed Bicha**
Chairman & Managing Director
DIN: 00819707
A S R

**Mr. Bhaskar Srinivasan**
Non-Executive Director
DIN: 02561215
S C

**Mr. Sareday Seshukumar**
Non-Executive Director
DIN: 01646703
N C

**Mr. Luquman Veedu Ediyanam**
Non-Executive Director
DIN: 06493214

**Mr. Chandar Pattabhiram**
Independent Director
DIN: 09606151
N

**Mr. Venkataramani Anantharamakrishnan**
Independent Director
DIN: 00277816
A

**Mr. Byas Unnikrishnan Nambisan**
Independent Director
DIN: 01342141
A R

**Ms. Nandita Abraham**
Independent Director
DIN: 01006030
N S C

## SENIOR MANAGEMENT

**Mr. Shriram Vijayaraghavan**
Chief Operating Officer
R

**Mr. RM Subramanian**
Chief Financial Officer
R

**Mr. Venky Venkatesh**
Chief Sales Officer

## KEY MANAGERIAL PERSONNEL

**Mr. Kunhamed Bicha**
Managing Director

**Mr. RM Subramanian**
Chief Financial Officer

**Dr. Rajesh V**
Company Secretary

## REGISTERED OFFICE

**Avalon Technologies Limited**
B-7, First Main Road, MEPZ-SEZ,
Tambaram, Chennai – 600045
CIN: L30007TN1999PLC043479
E-mail: investorsrelations@avalontec.com
Website: www.avalontec.com

## STATUTORY AUDITOR

M/s. Varma & Varma, Chartered Accountants

## SECRETARIAL AUDITOR

M/s. M. Alagar & Associates,
Practicing Company Secretaries

## INTERNAL AUDITOR

M/s. Grant Thornton Bharat LLP

## REGISTRAR AND SHARE TRANSFER AGENT

**Link Intime India Private Ltd**
C-101, 247 Park, 1st Floor,
LBS Marg, Vikhroli (West),
Mumbai, Maharashtra – 400083
E-mail: mumbai@linkintime.co.in

## BANKERS

Standard Chartered Bank
HDFC Bank
Indian Bank
Bank of India

A Audit Committee
N Nomination & Remuneration Committee
S Stakeholders Relationship Committee
C Corporate Social Responsibility Committee
R Risk Management Committee

■ Chairperson □ Member

# 25 YEARS AND COUNTING: POISED FOR GROWTH

For 25 years, Avalon has been a pillar of manufacturing excellence in the Electronics Manufacturing Services (EMS) industry. Our unwavering commitment to quality and customer satisfaction, coupled with our key differentiators have driven us forward. As we move ahead, we will continue to strengthen our diverse capabilities and seize emerging opportunities for a prosperous future.

Founded in 1999 with a modest portfolio and limited market presence, Avalon Technologies has experienced exceptional growth over the past 25 years. Initially focussing on PCB assembly, we have since expanded to deliver fully integrated, in-house end to end box-build solutions, encompassing the entire EMS Value Chain from PCBA Analysis, Design, Cable Assembly, Wire Harness, Sheet Metal Fabrications, Machining, Injection Molded Plastics, Magnetics to Logistics. With both global customer base and global manufacturing footprint, we have expanded our reach by delivering to industry-leading customers across diverse geographies and market segments.

## OUR JOURNEY SO FAR

**1997:** Our journey began, with a vision of establishing world-class electronics manufacturing in India.

**1999:** We successfully established our Electronics Manufacturing Services company in 1999 within the Madras Export Processing Zone, Special Economic Zone (MEPZ-SEZ) in Chennai, by demonstrating our significant export potential and manufacturing expertise in a thriving software sector.

**2000:** Within three months of establishing the company, we completed our first export, earning significant recognition in MEPZ.

**2002:** We earned our first certification, ISO 9000.

**2003:** We successfully designed a complex board consisting of approximately 10,000 components for a top Indian multinational in the IT sector.

**2013:** We were chosen as the Indian manufacturing partner for a leading Japanese manufacturer of advanced signalling solutions.

**2016:** We enhanced our Box build capabilities.

**2023:** We listed our shares in the Indian Stock Exchanges (NSE and BSE).

**2024:** Two additional facilities set to commence operations for growing domestic and export demands.

## OUR GROWTH AND EXPANSION OVER THE YEARS

| | Capabilities | Manufacturing Facilities | Regions Catered | Industries Served | Team Size |
|---|---|---|---|---|---|
| **The Beginning** | PCB assembly | 3,000 Sq. ft facility in MEPZ, Chennai | Major business from USA | • Power<br>• Communication | 9-10 employees |
| **Evolution to Present** | **1999-2005**<br>PCB Assembly<br>**2006-2010**<br>• PCB Assembly<br>• **Metals**<br>• **Cables assembly and wire harness**<br>• **In-house design**<br>**2011-Present**<br>• PCB assembly<br>• Metals<br>• Cables assembly and wire harness<br>• In-house Design<br>• **Plastics**<br>• **Magnetics**<br>• **System Integration** | **2005**<br>Inaugurated a facility for Cables division<br>**2008**<br>Inaugurated a facility for PCBA division<br>**2009**<br>Acquired design capabilities<br>**2011**<br>Opened facility in Bengaluru, Karnataka<br>**Current Manufacturing Footprint**<br>Spans 575k sq. ft Design & Manufacturing Facilities | • India<br>• US<br>• Europe<br>• Japan | • Power & Industrial<br>• Communication<br>• Mobility<br>• Clean Energy<br>• Medical, Defence & Others | 2,000+ employees |
| **Ongoing Developments** | Focussing on complex PCBA, Box Build Solutions for emerging market segments. | Two additional facilities in India are set to commence operations to cater to the growing export and domestic demands. | • Actively working to increase our share of wallet with existing U.S. customers<br>• Acquiring new customers across various market segments in the U.S.<br>• Strengthening our presence in the domestic market | • Fortifying presence in established segments such as industrial, rail, aero, and auto<br>• Expanding in emerging areas such as solar, electric vehicles, defence, servers etc. | Strategic recruitments at leadership level are being made to drive our company forward. |

# MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR



KUNHAMED BICHA
Chairman & Managing Director

**Dear Shareholders,**

**I am pleased to reach out to you with our 25th Annual Report, that underscores an important milestone in our journey of manufacturing excellence. This also marks the completion of the 1st year of operations post our listing. We are grateful for your steadfast support and commitment, which have been instrumental in our journey. We are dedicated to upholding and nurturing the confidence you have placed in us as we move forward.**

## 25 YEARS OF MANUFACTURING EXCELLENCE

As a leading player in the Electronics Manufacturing Services (EMS) sector with a worldwide presence, Avalon Technologies has a strong and distinctive edge that has helped in carving out a prominent position for itself in the industry. Today, as we mark 25 years of delivering manufacturing excellence to our growing clientele, we take pride in our reputation for high-mix, flexible-volume production. This equips us to cater to a wide array of industries with complex, integrated solutions that demand substantial engineering expertise. Our operations currently encompass 14 manufacturing sites across India and the United States, which includes two additional units in India, set to begin operations soon. These expansions, catering to our growing domestic and export demands, will position us to advance toward greater horizons of growth and development.

Avalon Technologies excels in its global outreach, with 54% of our revenue originating from the US. Our US manufacturing presence plays a crucial role as it acts as a gateway to acquiring customers. This has allowed us to gain a deep understanding of operating in a globally interconnected economy. Our US Operations functions as our "front end," streamlining customer onboarding and serves as a "Beachhead" to expand our market footprint. Our presence in export markets historically provided us with a competitive edge; however, it exposed us to regional economic headwinds, such as the temporary macro-economic challenges we experienced during the Fiscal Year 2023-24.

## A REVIEW OF FISCAL YEAR 2023-24

The Fiscal Year 2023-24 brought with it, a combination of challenges for the industry, particularly in the US economic landscape. Around

this time last year, when we anticipated the destocking by our established US customers, we adopted a more prudent stance for the Fiscal Year 2023-24. These ongoing difficulties in the US market resulted in a decline in our US operations, leading to losses that temporarily overshadowed the strong performance of our Indian operations. The 8% decrease in revenue that we eventually reported in Fiscal Year 2023-24 was largely attributable to a 16% year-on-year reduction in our US revenue.

There are signs of recovery as our existing US customers have begun restocking at varying levels. Further, our focused efforts in the Indian market will soon start showing results. This combined progress is expected to lead to a significant momentum in Fiscal Year 2024-25. We would like to reiterate that we are seeing our anticipated growth materialize sooner rather than later.

Our operating leverage was negatively impacted by lower revenues and higher fixed costs, which further reduced our profitability. Nevertheless, our manufacturing operations in India, which cater to both our domestic and international clientele accounting for about 77% of our business, continued to be highly profitable. During the Fiscal Year 2023-24, our Indian operations maintained robust operating margins of 12.7% and Profit After Tax (PAT) margins of 8.5%.

Notwithstanding the challenging macro environment, Avalon posted an 11% year-on-year increase in its order book, reaching INR 1,366 crores as at the end of the Financial Year, which are executable over an average period of 14 months and saw a 58% year-on-year growth in long-term contracts, totalling INR 949 crores, which provides a healthy visibility for the next two to three years.

We would also like to share that our focused efforts on inventory management led to a marginal reduction in our absolute inventory levels in the latter half of Fiscal Year 2023-24. We are also on course to decrease our net working capital days by 10 to 15 days in Fiscal Year 2024-25, which will add to the overall efficiency of the organization.

**Notwithstanding the challenging macro environment, Avalon posted an 11% year-on-year increase in its order book, reaching INR 1,366 crores as at the end of the Financial Year, with fulfilment expected over the next 14 months and saw a 58% year-on-year growth in long-term contracts, totalling INR 949 crores, which provides a healthy visibility for the next two to three years.**

Furthermore we are addressing the short-term challenges in the U.S. to enhance our operational efficiency through two strategic initiatives. Firstly, we are implementing cost rationalization measures in our US Operations. Optimization of personnel cost continues to be a key driving factor and the results of the same will be visible in the coming quarters. Additionally, we successfully transferred 45-50% of production from our US Plant to our India Plant, including the manufacturing for key US customers that represented a significant portion of our US revenue. We expect to see continued benefits from this strategy as we execute the remaining transfers during the Fiscal Year 2024-25.

We strengthened our management team considerably during the Fiscal Year 2023-24. Mr. Shriram Vijayaraghavan joined as our new Group Chief Operating Officer, bringing valuable operational experience from his previous leadership roles at major

companies. Mr. Venky Venkatesh, who joined as our new Chief Sales Officer, has three decades of experience in leading successful global sales teams and securing large contracts in our target verticals.

On the infrastructure front, we are pleased to report that we have completed a new plant in Chennai dedicated to export operations and are in the process of starting production. Additionally, concerning our Brownfield expansion in Chennai to meet the growing domestic demand, Phase 1 is complete, and Phase 2 is expected to commence in the second half of Fiscal Year 2024-25.

In summary, we have successfully navigated a challenging year, and we anticipate a recovery in H1, followed by increased momentum in H2 of Fiscal Year 2024-25. The outlook for the coming years looks promising, with Fiscal Year 2024-25 being crucial for our growth trajectory.

## OUR ROADMAP FOR GROWTH

The prospects for the future, as evident, are strong, and Avalon is well-positioned to maximize the opportunities to drive long-term growth and value creation. We have identified three growth engines for the future and are continually reinforcing the same to push the bar of our performance going forward.

Our first growth engine is our existing industry leading customers in the US with whom we maintain long-standing relationships. We believe this will play an important role in our growth strategy as we forge ahead towards greater scale. Inventory reductions and macroeconomic uncertainties caused this segment to encounter substantial challenges in the Fiscal Year 2023-24. We now believe that the inventory destocking phase has bottomed out, with our US clients entering a re-stocking phase, albeit at different levels. A few of them have already reached 100% of their original offtake, and we expect that the transition from de-stocking to re-stocking will become more pronounced in the second half of Fiscal Year 2024-25. Coupled with our efforts to increase our wallet share of customer spending, this is already beginning to yield positive results for our Company.

Our second engine of growth is the acquisition of new

**We are poised to harness the vast opportunities ahead. With our strong foundation, strengthened leadership and expanding customer base, we remain focused in growing our strategic presence in dynamic market segments, forging a path for continuous growth.**

customers in the US. Regarding one of our major clean energy customers, we are pleased to announce that the long-awaited product compliance certification for the home electrification system has been approved, and as previously conveyed, we expect the commercial rollout to commence towards the end of the first half of Fiscal Year 2024-25, with ramp-up in production projected for the second half of the year. We anticipate this business to gain enhanced scale in Fiscal Year 2025-26, thus paving the way for the Company to boost its growth momentum. Going forward, we also expect to reap the benefits of the boost in clean energy manufacturing, which the US customers and their end-users are set to derive from the Inflation Reduction Act (IRA).

Coming now to the third engine of our growth, our Indian customer base has emerged as another strong propeller for steering the Company's future performance. From a primarily export-driven business five years ago, when about 75% of our revenue came from outside India, Avalon has consciously shifted its focus to the Indian market over the past 18 months. This strategic move augurs well for the Company, given the momentum being witnessed in the Indian market across all sectors.

Our three growth engines are gaining momentum at different stages, boosting our confidence and setting the stage for significant revenue growth over the next three years.

While these developments will drive our revenue growth, we also anticipate that the operational leverage will significantly contribute to our profitability & success. We expect profit growth to surpass revenue

growth, driven by a multitude of factors. These include our consistent maintenance of industry-leading gross margins by not pursuing low-margin businesses. We aim to maintain our gross margins, though they may vary with product mix and scale. Further, most of our costs below material costs are fixed, allowing operating leverage to flow through as revenue ramps in the Fiscal Year 2024-25. Our commitment to improve working capital management will help release further cash, aiding our growth and profitability.

The upcoming years will be crucial for our growth and it is important that we stay focused on our long-term vision and opportunities, even as we navigate short-term macroeconomic challenges. The shift from de-stocking to re-stocking in the US market is, in particular, expected to have a notable positive influence on our growth. We are gearing up our entire organization and its resources for the decadal growth opportunities that lie ahead.

## KEY CUSTOMER WINS

We are consistently attracting new customers and expanding our clientele across diverse sectors, including rail, aero, power, clean energy, EVs, industrials, automotive and medical. With increasing demand from our clients, we are focusing on enhancing our capabilities.

In the US, we are onboarding two auto-component companies that are leaders in battery management and motion control systems. Additionally, we have secured significant contracts with two major industrial companies. These are well-established companies operating for decades and are market leaders in their domain. Our presence in the aero industry over the last 8 to 10 years is now yielding significant new business wins. We expanded into cable harnesses and lighting products in the aerospace sector and have signed a 15-year master term agreement with one of the leading global aerospace players. We also expect to start execution of our recent aerospace order wins in the latter half of Fiscal Year 2024-25 and to scale up in Fiscal Year 2025-26.

Our active focus in the Indian Market helped us in achieving significant new wins in rail, aero and industrial, defence and EV verticals, with contracts secured from large multinational companies. We are actively working with our industry leading customers in the rail segment on anti-collision Kavach systems which we believe holds significant business potential. Additionally, we have acquired new business from leading companies in the industrial and energy sectors. With prototype orders already in place, we anticipate an increase in production during Fiscal Year 2024-25. These new relationships are expected to contribute substantially to our revenue in the latter part of Fiscal Year 2024-25 & 2025-26. We have also made considerable progress in the defence and communications sectors, and this is expected to translate into sizeable order bookings in the Fiscal Year 2024-25, with execution slated for Fiscal Year 2025-26.

In summary, the momentum and progress we are seeing in our new wins and our addressable opportunities are giving us confidence to double our revenues by Fiscal Year 2026-27.

## CONCLUDING NOTE

I would like to reiterate our persistent commitment to fostering a business that prioritizes sustainable and profitable growth over the long term, rather than pursuing expansion at any cost in the short term.

We are poised to harness the vast opportunities ahead. With our strong foundation, strengthened leadership and expanding customer base, we remain focused in growing our strategic presence in dynamic market segments, forging a path for continuous growth.

I would also like to extend my heartfelt gratitude to all the stakeholders involved – our respected shareholders, whose faith and collaboration are essential to our progress; our valued customers, whose ongoing patronage is the cornerstone of our success; and the Governments of India and the United States for creating a conducive business climate. With your unwavering support, we are committed to achieving our future goals and collectively creating a more robust and vibrant company.

Warm regards,

**KUNHAMED BICHA**

Chairman & Managing Director

# MESSAGE FROM THE CFO



**Dear Shareholders,**

**I take this opportunity to thank you for your support, especially during the first year of our listing. The Electronics Manufacturing Services (EMS) sector continues to be a key enabler of global technological advancement, driven by global trends in digitization, the transition to electric vehicles and supply chain realignments. India's EMS market is expected to expand its share from 2.2% in 2021 to 7% in 2026.**

The Indian EMS sector remains dominated by a handful of specialized companies, among which Avalon Technologies is uniquely positioned to lead in this evolving sector. Our integrated hybrid model combines cost-effective manufacturing in India with strategic operations in the USA and caters to high value global market along with fast-growing domestic market. With this, Avalon remains well-placed to capitalize on the emerging opportunities in the sector.

## PERFORMANCE REVIEW OF FISCAL YEAR 2023-24

The first year of listing brought in a mix of significant challenges led by macro-economic conditions in our key market of USA and significant opportunities for long-term growth for Avalon. Despite these temporary macro-economic challenges, Avalon held up resiliently and we believe our commitment to manufacturing excellence and continued focus on execution, positions us well for our future growth.

## FINANCIAL HIGHLIGHTS

While our diversified customer base across U.S. and India, coupled with our hybrid operations, has historically been advantageous, it also exposed us to short-term macro economic challenges during the Fiscal Year 2023-24. The temporary slowdown and inventory destocking in the US impacted our overall results, overshadowing the strong performance of our Indian operations.

Notwithstanding these challenges, we retained all our customers, expanded our order book by acquiring marquee global customers and grew our presence across various segments. Despite macroeconomic challenges in the US market during Fiscal Year 2023-24, our focus on high-growth segments such as industrial, EVs, clean energy and advanced communication systems helped us sustain momentum. Looking ahead, as the US market is anticipated to recover in Fiscal Year 2024-25, Avalon is fully prepared to drive sustainable growth backed by our solid operational foundation and strategic foresight. This year's performance underscores our commitment to building long-term value for all stakeholders while navigating industry shifts with agility and confidence. We remain focused on leveraging our strengths to further our position as a leading player in the global EMS landscape.

Here are some of the key financial highlights of the Company on a consolidated basis for the Fiscal Year 2023-24:

- **Revenue:** Amidst the significant shifts in the US macro environment, our consolidated revenue from operations decreased by 8.2% YoY to INR 867 crores. Despite the overall muted revenue, our Indian manufacturing operations continued to deliver robust performance, contributing to about 77% of the total revenue at INR 670 crores.
- **Gross Margins:** Our gross margins are industry-leading at 36.3%, indicating our ability to deliver high-mix products in high margin segments. We maintain our premium standards and uphold our position as key partners to our customers. Maintaining gross margins is one of our key value drivers and we are happy to report that we maintained the same in spite of the challenging economic environment last year.
- **EBITDA:** Lower revenues combined with higher fixed costs negatively impacted our operating leverage, leading to lower profits. Consequently, our EBITDA for the year stood at INR 62 crores, with an EBITDA margin of 7.2%. Nonetheless, our Indian manufacturing, which serves both our Indian and global customers, remained profitable with an EBITDA margin of 12.7%.

- **PAT:** Our consolidated Profit After Tax (PAT) stood at INR 28 crores, with a PAT margin of 3.2%. Our US manufacturing operations, representing about 23% of our business reported a post-tax loss of INR 30 crores. However, our Indian manufacturing achieved a high PAT margin of 8.5%, which represents three-fourths of the manufacturing operations.
- **Cash flow, debt and liquidity:** Our cash flow from operations, after adjustments for working capital changes was INR 17 crores. Our Liquid Cash and Investments, as at the end of March 2024, stood at INR 118 crores. Of this, INR 50 crores has been earmarked for debt repayment in our US subsidiary, with the balance cash acting as reserve and growth capital. We continue to maintain existing working capital lines amounting to INR 185 crores for our India operations. Our strong cash position and ready working capital lines provide us with the financial flexibility needed for executing larger orders and equip us to invest in strategic growth opportunities as and when it arises.

## OPERATIONAL HIGHLIGHTS

The Fiscal Year 2023-24 was marked by several operational achievements and strategic initiatives that have equipped us to move proactively towards enhanced growth in the coming years. In a challenging macroeconomic environment, our commitment to operational excellence and cost optimization enabled us to navigate the year effectively. I would like to share with you some of the key operational highlights that signified the Company's deep-rooted resilience and commitment to long-term value creation during the year.

- **Strategic Initiatives in the US:** We are actively addressing the short-term challenges in the US, by implementing cost optimization initiatives, and transfer of production from US Plant to India Plant, which we believe will be more visible in the upcoming financial year's performance.
- **Supply Chain Normalization:** Led by a normalizing "global supply chain" and our concerted endeavours, our supply chain challenges has now normalized. This has allowed us to meet customer demands better, and to concurrently reduce the risk of supply chain disruptions that previously impacted our operations. Moving forward, we expect to derive significant benefits from this stability.
- **Working Capital Management:** Our working capital management showed marginal improvement during the year. As of March 2024, our Net Working Capital (NWC) days stood at 161 days, comprising 118 days of inventory, 79 days of receivables, and 36 days of payables. Our NWC, which has been on a rising trend over couple of years due to global supply chain challenges has started stabilizing and will show further improvement (decrease) going forward. This is the result of our focussed efforts to rationalize operations amid an improving customer demand in the US and normalizing global supply chain. We aim to reduce our working capital cycle by 10-15 days in the next Fiscal year.
- **Leadership Strengthening:** As part of our future-driven growth strategy, we have strengthened our leadership team, making strategic hires at the CXO level. We completed the hiring of the group Chief Sales Officer (CSO) and the group Chief Operating Officer (COO) during the year. The CXO level hires are leading to significant strengthening and structuring of our organization at various levels, which will form the foundation for the growth engines and make us future-ready.

These notable operational highlights reflect our commitment to enhancing efficiency, reducing costs, and positioning ourselves for sustained growth. We believe that the strategic initiatives undertaken during Fiscal Year 2023-24 will pave the way for a stronger organization in the years ahead.

## CLOSING COMMENTS

As we approach Fiscal Year 2024-25, we are encouraged by the positive indicators of future success. Given the growing demand, expanding order book, strong cash flows, and comfortable liquidity position, we are optimistic about our performance. With profits closely linked to production scale and revenue, the outlook for the coming years is promising. This year shall be a pivotal point that will lay the foundation for long-term growth over the coming decade.

In conclusion, we believe that our sustained focus on laying a strong foundation for the future and focussing on profitable growth will steer the growth for Avalon in the years ahead. Our robust business model, diverse product portfolio, and healthy balance sheet places us in an ideal space to leverage the emerging opportunities at the back of our core strengths. We are confident that the strategic initiatives undertaken during the challenging Fiscal Year 2023-24 will bear fruit in Fiscal Year 2024-25 and beyond.

The path ahead holds promise and anticipation, and we are fully geared to embrace the possibilities and opportunities of the future. With your trust and confidence in our vision, strategy, and execution, we remain confident of propelling sustainable growth, which will deliver superior value to all our stakeholders.

Warm regards,

**RM SUBRAMANIAN**
Chief Financial Officer
Avalon Group

# OUR GROWTH ENGINES

## Driving Decadal Growth Ahead

### Existing Customer Base in the US

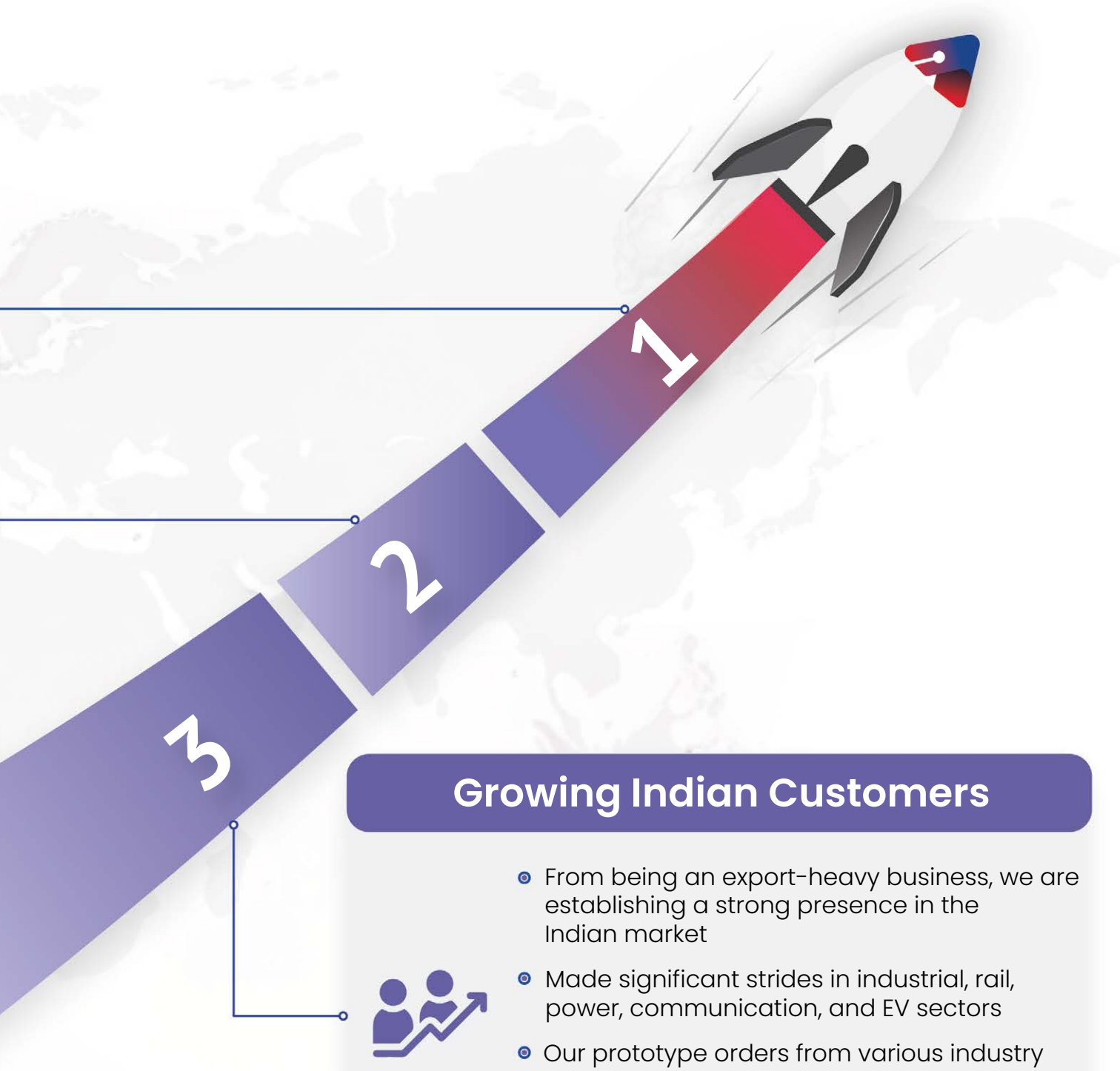
- Inventory destocking phase of our US customers has nearly bottomed out, and restocking cycle has begun at varied rates
- We maintain long-standing partnerships with established industry leaders across diverse market segments
- We are increasing our wallet share with our US customers, strengthening our position and expanding our business with them



### New Customers in the US

- Recent wins in the US across clean energy, automotive, and industrial sectors are progressing from design & prototype stages to commercial launches & production ramp-ups this year
- US market size and our addressable opportunities have expanded, enabling us to secure significant new opportunities and grow our customer base






## Growing Indian Customers

- From being an export-heavy business, we are establishing a strong presence in the Indian market
- Made significant strides in industrial, rail, power, communication, and EV sectors
- Our prototype orders from various industry leading customers are moving towards commercial production, marking a key milestone in our domestic growth

Avalon
manufacturing your success

**About the Company**

# AVALON AT A GLANCE

Avalon Technologies is one of India's leading, fully integrated Electronics Manufacturing Services (EMS) company with a global footprint. Avalon offers vertical integration with end-to-end offerings across the entire EMS value chain to our growing expanse of customers around the world. Our focus on designing smarter, building faster, and delivering better has solidified our reputation for delivering unparalleled manufacturing excellence.

## OUR CORPORATE STRUCTURE




## WHAT WE OFFER

Avalon Technologies delivers a range of comprehensive services, with a strong focus on precision-engineered solutions of substantial value. We act as a one-stop shop for customers, offering services in PCB Design & Assembly, New Product Development, complete Box-Build solutions and logistics support.

Excellence in electronic manufacturing, backed by leadership in high mix, flexible volume manufacturing, servicing a diverse range of industry verticals with complex integrated solutions.

## NUMBERS THAT DEFINE US

**14***
Manufacturing units across US / India

**575K+***
Sq. ft. Design & Manufacturing Facilities

**26%**
Y-o-Y increase in Order book + Long-term contracts

**36.3%**
Gross Margin

**7.2%**
EBITDA Margin

**INR 34 CR**
Cash Flow from Operations

**50%**
Box-build Revenue

**INR 1,366 CR#**
Order book

**INR 949 CR****
Long-term Contracts

**46%**
Revenue from Indian market customers

**54%**
Revenue from US market customers

**77%**
Manufacturing in India

**8.3**
Asset turn - Capex light model

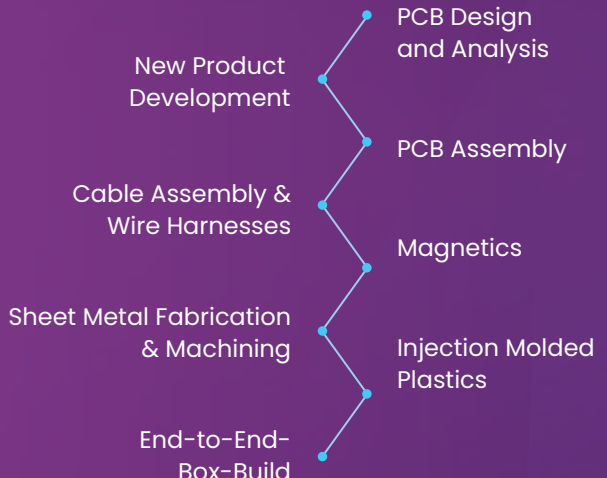
Note: Numbers are presented for the Fiscal Year 2023-24
*Includes two new plants under construction
#Order Book executable over avg. period of 14 Months
**Long-term contracts executable over 14 Months to 3 years



# OUR KEY DIFFERENTIATORS

## 1 VERTICAL INTEGRATION

We are a one-stop shop offering end to end Box-Build solutions, from PCB design, analysis and assembly, new product development, cable assembly & wire harness, sheet metal fabrication, injection molded plastics, magnetics, testing and logistics.




## 2 HYBRID BUSINESS MODEL

Our global presence encompasses both extensive manufacturing capabilities and a wide-ranging customer base, delivering excellence on an international scale and aligning with our customer's vision.



## 3 OPTIMAL MIX OF DIVERSE INDUSTRIES

We serve a balanced mix of well-established industries such as industrial, rail, aerospace, medical, and communication, alongside emerging sectors like clean energy, defence, servers etc.

## THE AVALON WAY

### 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

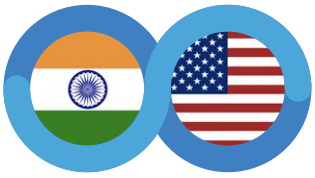
Speed and quality enabled by optimized processes underpin our strategy, ensuring prompt completion of projects while upholding stringent standards. Our agility is underscored by ongoing improvements to surpass customer expectations and swiftness in responding to evolving needs, solidifying our reputation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

## OUR GROWTH STRATEGY

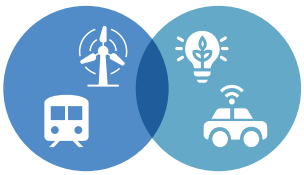
Blend of



### Geography

- Cater to the world's fastest growing EMS markets – India & US
- Capitalise on India manufacturing and US onboarding
- Harnessing the business potential and manufacturing prowess of India and the US

Combination of



### Today's & Tomorrow's Technology

- Established Sectors – Reinforcing our robust presence in industrial, aero, rail segments by collaborating, growing wallet share via up-selling & cross-selling
- Emerging Sectors - Partner with industry pioneers in the EV, Servers, Medical and Defence segments

Balance of



### Profitability & Growth

- Cater to profitable segments, e.g., Aerospace, complex & mission critical products, Box-Builds
- Win using integrated capabilities, e.g. start with design services and reach Box-Build

# ONE-STOP SHOP

AUTOMOTIVE

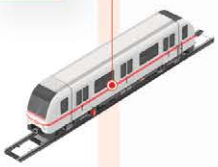




AIR

**Diverse Market Segments**

RAIL

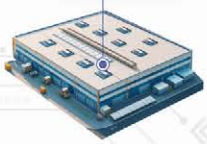


**Diverse Capabilities**

CABLE ASSEMBLY



SHEET METAL



MEDICAL



NPD



PCB ASSEMBLY



DESIGN



COMMUNICATION





DIGITAL INFRASTRUCTURE



DEFENCE

INDUSTRIES

CAPABILITIES

INDUSTRIAL



SOLAR



ELECTRIC VEHICLES



MACHINING



MAGNETICS



SYSTEM INTEGRATION




HYDROGEN



LOGISTICS

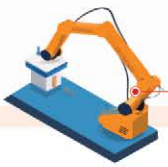


PLASTICS





SERVER



AUTOMATION



ENERGY SYSTEM

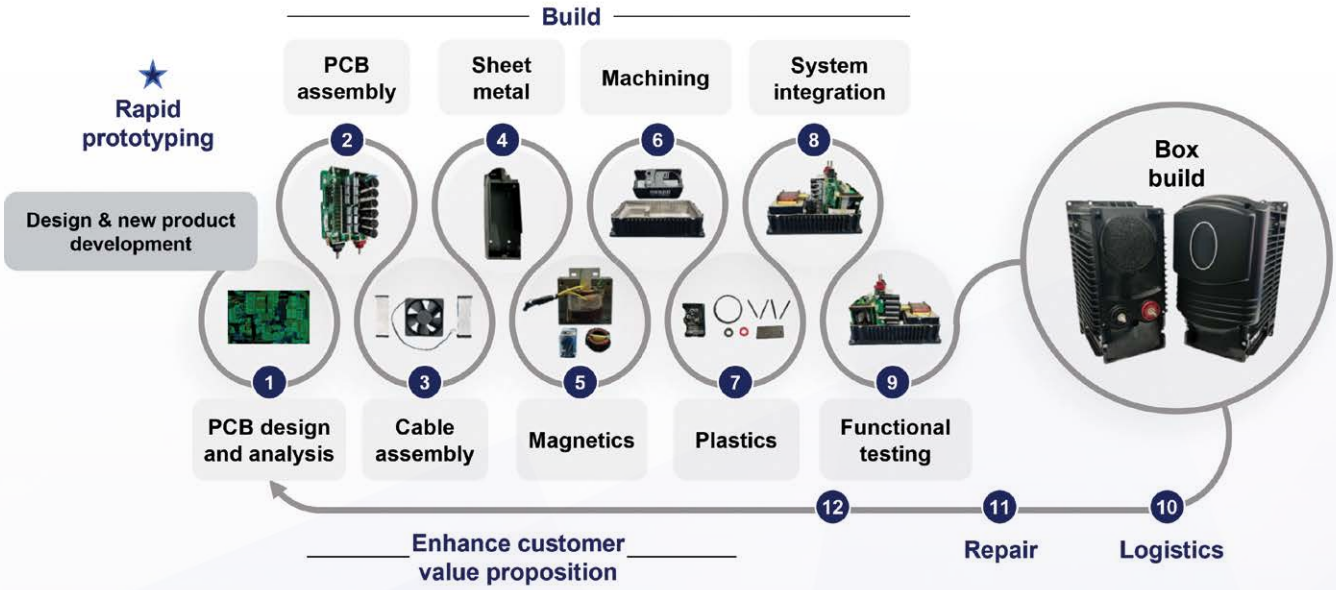
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**Our Capabilities & Solutions**

# LEADING THROUGH VERTICAL INTEGRATION

Avalon's commitment to providing vertically integrated and diverse EMS services across various industries has fortified our core capabilities, particularly in the Box-Build segment. Over the years, our evolving competencies have positioned us as a one-stop shop for end-to-end solutions throughout the customer's product lifecycle. This focus has established Avalon as one of the leading EMS companies in India and has driven our ongoing journey toward greater horizons of growth and expansion.

## OUR LIFECYCLE OFFERINGS



## DESIGN SERVICES

Our state-of-the-art design division, based in the US and Bengaluru, specializes in design-for-manufacturing across various segments. This includes the design layout for the placement and assembly of multiple electronic components on single or highly complex multi-layered PCBs. We leverage cutting-edge technology and expert insight to bring global perspectives to local challenges, providing tailored solutions and driving innovation in PCB design and analysis for our diverse client base.

- We use advanced techniques for signal integrity (SI), power integrity (PI), thermal integrity (TI), and electromagnetic interference (EMI) analysis to ensure the PCBs are robust and efficient.
- Our focus on design for excellence (DFX) – including design for assembly (DFA), design for fabrication (DFF), and design for test (DFT) – ensures each PCB is reliable, durable, and cost-effective, while also reducing time to market.

### The Avalon design edge

| | |
|---|---|
| **>25,000** layouts per IPC standards | ISO Certified |
| **120 + EDA** high performance tools | On-time delivery |
| **>99%** First-time Right Designs | Flex and Flexi-Rigid |




## NEW PRODUCT DEVELOPMENT (NPD)

Our NPD division provides end-to-end solutions for transforming complex designs into prototypes, utilizing the latest technologies and supported by an expert team with a focus on cost and time efficiency.

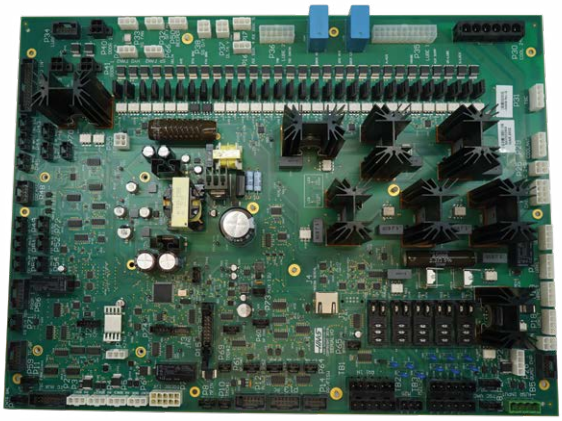
- We offer prototype build services, with our NPD team serving as a bridge between the design and production teams to deliver prototypes for verification and testing at an accelerated pace.
- Our expertise in NPD lies in the areas of hardware design, PCB design and analysis, system testing, electromechanical integration, pre-certification support, production test development, and final certification support.
- Our strategy includes separate sourcing teams for NPD and production, where NPD Sourcing focuses on speed for prototype builds and Production Sourcing emphasizes overall cost efficiency.

## PCB ASSEMBLY (PCBA)

With over two decades of experience in PCB assembly, we offer end-to-end PCBA solutions ranging from product concept to design/prototype, and commercial production which are designed to save time and money. Our PCB assembly facilities support chip mounting for rapid prototyping and high/medium/low volume manufacturing, with SMT lines capable of handling complex double-sided assemblies and achieving very high yields. Our expertise in DFM reviews and yield analysis enable assembling up to 56 BGAs on a single PCBA.

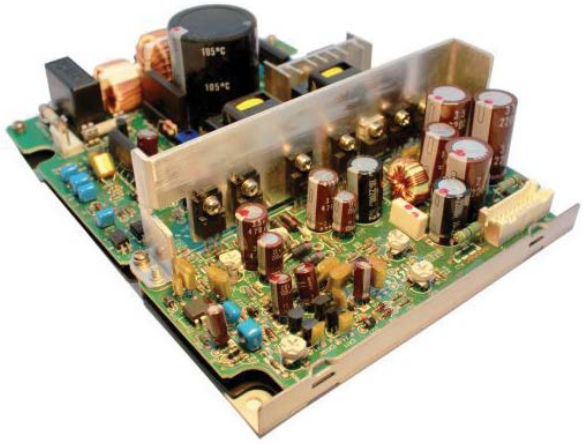
Additionally, we provide a comprehensive range of testing facilities for our customers:

- 11 Assemby Lines
- IATF 16949 Certified
- ISO 9001:2015 Certified
- Clean room Capability Class 1000/ISO 6
- >98% Yield









## CABLES & WIRE HARNESSES

Equipped with the latest over-molding, soldering, and harness braiding technologies, our facility produces durable wire harnesses designed to perform reliably under tough conditions. We offer a wide range of cable and wire harness assemblies, each designed to meet specific client needs, which includes complex wiring looms/assemblies, terminal block & complete fan tray assembly, flat ribbon & RF cable assembly, as well as cable assemblies with over moulding, potting etc. Our competencies in crimp cross section facilities, ultrasonic welding, and extensive tool management give us an added edge. Further, through thorough testing, we guarantee the safety and effectiveness of our cable wire harnesses.

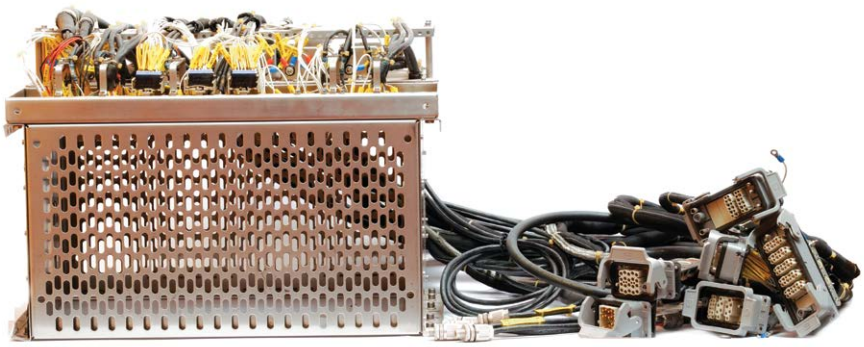
ISO 9001:2015 certified

AS9100 D certified

UL ZPFW2, ZPFW8 Certified

ATF 16949:2016 certified

IPC/WHMA-A-620 Certified professionals

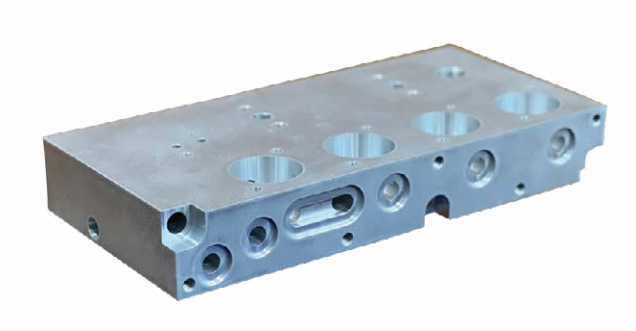




## SHEET METAL FABRICATION

Avalon provides customized fabrication and complex assemblies, utilizing advanced equipment for manufacturing and contract fabrication of sheet metal enclosures. We provide simple to complex fabricated assemblies, in addition to comprehensive Box-Build capabilities, to support our customers in this segment. In-house tool design and development coupled with our reverse engineering capability and special process ecosystem ensures the highest level of quality of the fabricated assemblies and gives us a powerful edge in this business.

- AS9100 Certified
- NADCAP Certified for Welding
- >99% First-Time Right



## INJECTION MOLDED PLASTICS

Avalon's manufacturing capabilities encompass a range of high-end plastic devices. Our integrated plastic injection molding facility is capable of producing precision plastic parts and products, with our extensive range of services including injection molding of parts, over and insert molding, assembly of plastic parts and accessories, ultrasonic welding, certification of plastic parts, and secondary process such as surface treatments. We are proficient in all types of plastics, including high-performance plastics, engineering plastics, and general/commercial plastics. First-time right execution of complex welded seal proof assemblies underscores our strength in this segment.

- ISO 9001: 2015 & AS 9100 Rev D
- UL QMYY2 recognised
- Closer to 100% first-time right parts
- Strong NPD & engineering resources



## MAGNETICS

Avalon specializes in manufacturing electro-magnetic components, including transformers, inductors, chokes, solenoids and current transformers for various industrial applications. Our expertise extends to custom assemblies and testing, tailored to meet specific requirements. Equipped with a certified insulation system, fireproof temperature controlled chemical storage facility, and heavy duty medium rise storage rack facility, our offerings in magnetics include linear winding, toroidal winding, varnishing and testing.

- ISO 9001:2015 Certified
- UL OBJS2 & UL OBJY2 Certified Insulation System
- PPAP/FAI process in place



## SYSTEM INTEGRATION

Our system integration facility, supported by ~50 dedicated engineers, offers a competitive edge through comprehensive product lifecycle management and obsolescence support. We are the preferred supplier for industry-leading customers due to our vertically integrated approach, which leverages capabilities from various feeder plants, including design, cables, magnetics, and plastics. This integration allows us to manufacture complex electromechanical assemblies, both turnkey products and critical sub-systems or sub-assemblies for OEMs. Our expertise in box-build solutions further enhances our global reputation as an industry leader in Electronics Manufacturing Services (EMS). Our expertise spans complex box-build and functional testing, reverse engineering, and scalable cost models, which help reduce timelines. We handle procurement, assembly, integration, testing, and compliance, ensuring efficient and reliable manufacturing solutions.

- 99% first-time right complex box-builds
- ISO certified
- CMM, VMM. TRIMASS & tensile strength testing

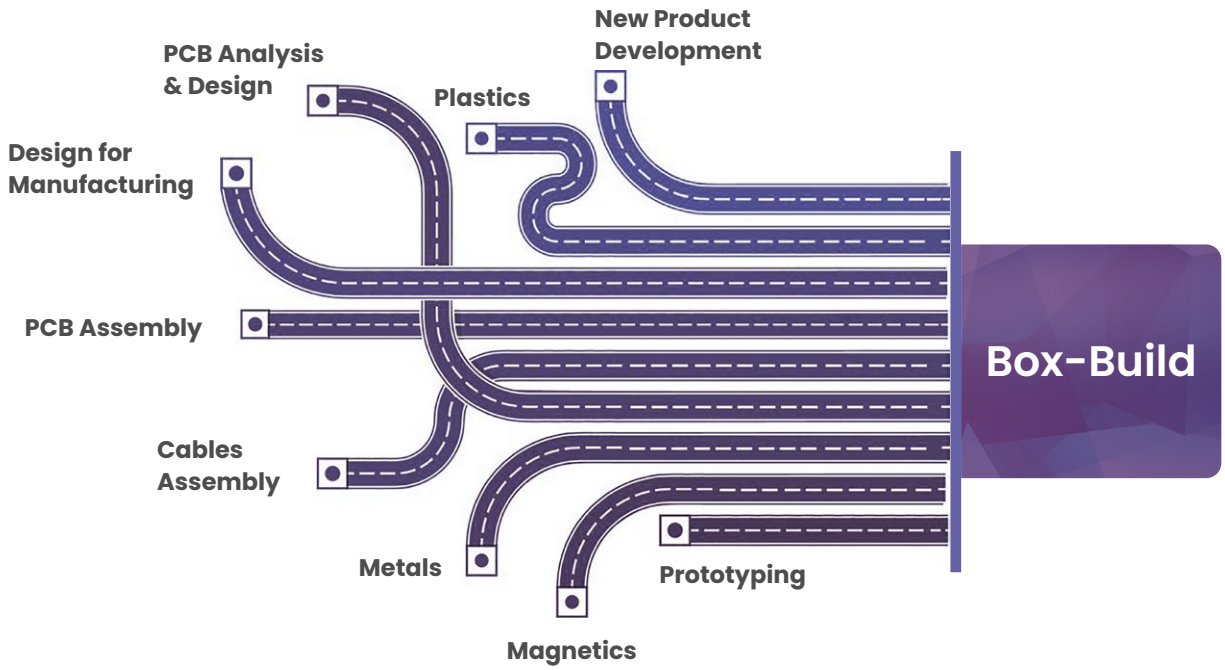


### Client Delivery Model

Strong Focus on Up-selling and Cross-selling

**50%**

Revenue from Box-Build solutions
in Fiscal Year 2023-24



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**Markets Served**

# OPERATING ACROSS DIVERSE MARKET SEGMENTS

Avalon boasts a robust presence across diverse industries with a wide-ranging customer base. Our two decades of global presence, coupled with our diverse capabilities, equip us to serve both established and emerging markets. Leveraging our expertise in New Product Development (NPD) and design services, we have strategically enhanced our presence in Clean Energy, Mobility, Industrials, Communications, Medical & other segments, which offer immense potential for our growth and we are poised to harness the opportunity at the back of our manufacturing excellence and expertise.

## ACCELERATING GROWTH IN SOLAR ENERGY

- India's solar capacity has surged from 2.8 GW in 2014 to over 82.6 GW by April 2024, with a record annual installation of 15 GW in Fiscal Year 2023-24. By December 2023, solar power accounted for 16.9% of India's total installed power capacity and 40.1% of its total renewable capacity. Reflecting the strategic focus on renewable energy, the Union Budget for 2024-25 allocated INR 10,000 crores for solar power projects, a 110% increase from the previous year.
- The U.S. solar market is also experiencing remarkable growth, driven by the introduction and extension of new policies and market trends. Key legislative initiatives such as the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) are set to accelerate U.S. solar market growth over the next decade, potentially adding up to 475 GW by 2030. This growth is supported by over USD 600 billion in investments, domestic manufacturing credits, and extended tax incentives.
- Avalon's global presence and expertise through vertically integrated manufacturing services in concept-to-scale manufacturing for varied products, such as solar hybrid power systems, inverters and charge controllers with display unit, equip us to support companies from design inception to end-of-life solutions.

### Our offerings



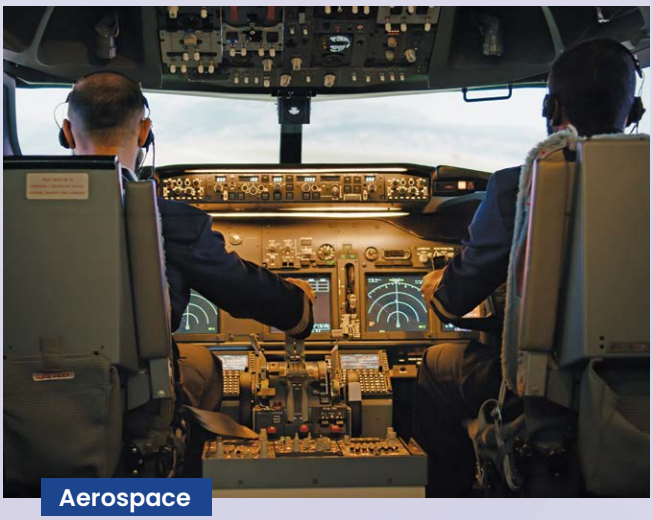
**Solar**

- Home Electrification Systems
- Inverters
- Charge Controllers with display unit
- Row controllers and Zone controllers that are used in Solar Trackers

## PROPELLING FORWARD IN AERO

- The Indian aerospace component manufacturing industry, currently valued at USD 250 million, is poised for rapid expansion over the next decade, driven by robust growth drivers. India's aircraft manufacturing market size is estimated to be around 1.5% to 2% in the global market.
- The commercial aerospace industry is witnessing substantial growth, fuelled by an increase in aircraft deliveries and the replacement of ageing fleets, both of which are major growth drivers. In India, the Aerospace and Defence sector is experiencing a transformative phase, driven by modernization and indigenization initiatives aimed at reducing dependency on imports and bolstering domestic manufacturing capabilities.
- Since its founding, Avalon has progressed in the aerospace sector, achieving AS9100 Rev D and NADCAP certifications for sheet metal fabrications, plastics, and cables. Our focus on this sector drives us to adapt and meet its evolving challenges. Operating as a build-to-print company, Avalon prioritizes reliability and consistency. Our initial expertise in engine parts has expanded to include components for interiors, seating, lighting, cargo, sensors, and integrated systems. In addition to sheet metal fabrication, we provide injection molded plastics, cables, and wire harnessing, catering to a wide array of aircraft and helicopter needs.

### Our offerings



**Aerospace**

Metals, cables, plastics and systems in

- Aircraft Seating
- Aircraft Cabins
- Aircraft Consoles including smoke detectors
- Combustion Liner
- Smoke Detectors

## BUILDING MOMENTUM IN RAIL

- As the fourth-largest railway network globally, Indian Railways runs 13,523 passenger trains and 9,146 freight trains daily. In the Budget for 2024-25, INR 2.52 lakh crores (USD 30.3 billion) has been allocated for railway advancements. This includes converting 15,000 kilometres to automatic signalling and equipping 37,000 kilometres with 'KAVACH', a domestically developed Train Collision Avoidance System.
- For Fiscal Year 2024-25, the goal is to upgrade 40,000 conventional rail bogies to meet 'Vande Bharat' standards. Additionally, Indian Railways plans to introduce semi-high speed 'Vande Bharat' trains by 2025-26, aiming to cover 10-12 lakh kilometres with 75 trains over three years. The plan also includes targeting exports to European, South American, and East Asian markets for 'Made in India' trains.
- Avalon has established a strong presence in the rail industry over the past decade. We collaborate with leading global OEMs as well as rail operators in the development of railway systems. With some of our industry-leading customers approved for the Kavach system and having secured a significant portion of the Vande Bharat business, our active collaboration in these initiatives not only deepens our relationship but also boosts our growth potential in the rail segment.

### Our offerings




**Railway**

- Anti-collision signalling systems (Kavach)
- Electronic Interlocking System
- Braking Systems
- Speed sensors

## DRIVING PROGRESS IN AUTOMOTIVE

- The United States is one of the largest automotive markets in the world. The growth of the market is driven by factors such as government incentives for eco-friendly vehicles, increasing demand for electric vehicles, and growing consumer preference for SUV's and trucks. Approximately, 75% of the U.S. population has access to their own car, driving high motor vehicle demand and fuelling an active automotive industry.
- The Indian automotive market was valued at USD 121.5 billion in 2024 and is projected to reach USD 247.4 billion by 2033, growing at a CAGR of 7.13% during this period. Government initiatives such as Make in India and the Automotive Mission Plan 2026 aim to triple the industry's growth, establishing India as a major automotive manufacturing and export hub.
- The transformation of the automotive industry is also being driven by customer demand for in-vehicle digital experiences and the growth of embedded linked services. To meet these evolving demands, Avalon offers a range of automotive products, including GPS trackers for trucks, camera systems, electronic dashboards, and controller systems.

### Our offerings



**Automotive**

- GPS Trackers for Trucks
- Camera Systems
- Electronic Dashboard
- Controller & Systems
- Battery Management System
- Motion Control Systems

## CHARGING AHEAD IN EV

- India's EV sector is rapidly expanding, driven by government incentives, rising environmental concerns, and technological advancements. The Indian EV market is expected to grow from USD 3.21 billion in 2022 to USD 113.99 billion by 2029, reflecting a notable CAGR of 66.52%. India benefits from a cost-effective manufacturing base that reduces production costs by 10-25% compared to Europe and Latin America.
- In the United States, the EV market is projected to reach USD 82.8 billion in 2024 and is expected to grow at an annual rate of 18.20% from 2024 to 2028, reaching USD 161.6 billion by 2028. This growth is driven by several key factors, including increasing consumer demand, federal tax credits, state rebates, and advancements in battery technology which have spurred substantial investments in charging infrastructure, an increasing number of electric medium and heavy-duty vehicles, and additional manufacturing of vehicles, batteries, and charging equipment.
- We aid EV manufacturers in catering to the increasing demands of consumers in this segment and are poised to capitalize on the growth potential in this sector. Our product offerings in this segment ranges from onboard charging unit, motor controllers, sensor boards and battery management system.

### Our offerings



EVs

- Onboard Charging Unit
- Converters
- Motor Controllers
- Sensor Boards
- Display Systems
- Dashboards
- Battery Management System

## SCALING NEW HEIGHTS IN COMMUNICATION

- The communication industry in India is one of the fastest-growing sectors, driven by rapid technological advancements, and widespread mobile usage. Innovations in 5G technology, artificial intelligence, and the Internet of Things (IoT) are driving further advancements, enabling faster and more reliable communication.
- Simultaneously, advancements in electronics are leading to miniaturization, increased performance, and enhanced functionality of communication devices. These developments are bolstering the growth of mobile networks, broadband services, and emerging technologies such as augmented reality (AR) and virtual reality (VR). The market is also experiencing a surge in demand for reliable and secure communication solutions due to the rising need for data protection.
- Avalon does PCB design with Signal Integrity/ Power Integrity analysis, and manufacture essential products like Baseband unit (BBU), Digital Front End (DFE), Analog Front End and DA cards for 5G - Gnode B. We support industry leaders by integrating our telemetry and geolocation technology expertise with our manufacturing capabilities to develop satellite-enabled location-based solutions, such as base station antenna systems, digital antennas, and control panel systems.
- We also extend our support to the manufacturers of 5G network equipment through concept-to-realisation and turnkey builds, serving a wide variety of essential components.

### Our offerings




Communication

- Base Band Unit (BBU)
- Digital Antenna
- Control Panel System
- Fleet Management
- Vehicle Tracking System

## FORTIFYING GROWTH IN INDUSTRIALS SEGMENT

- The Industrial segment, which includes power and automation, is projected to grow at a CAGR of 18.7%, to reach INR 115 billion by Fiscal Year 2025-26 in India. Power electronics are pivotal in electrified vehicle applications, providing compact and highly efficient power conversion solutions. These devices are anticipated to drive future advancements, improving system efficiency and performance in energy-saving and automotive sectors.
- Additionally, there is a growing demand for energy-efficient solutions, with power electronics playing a crucial role in electrified vehicle applications and renewable energy integration, providing compact and efficient power conversion solutions.
- Our integrated design and manufacturing solutions, facilitate innovation across various technologies, including power electronics and transformers, while benefiting from our global manufacturing footprint. We aid industry leaders in power generation, transmission, distribution, storage, and conditioning systems and enable them to develop cutting-edge products for a smarter world.

### Our offerings



**Industrials**

- Instrumentation and analyser systems
- Control panel systems for power generation products
- Motor Controllers
- Industrial Controllers

## STRENTHENING PRESENCE IN THE MEDICAL SEGMENT

- The Indian medical device market, valued at ~USD 11 billion in 2022, is anticipated to grow to USD 50 billion by 2030, with a CAGR of 16.4%. Currently, India holds a 1.65% share in the global medical device market, ranking as the fourth largest market in Asia, following Japan, China, and South Korea.
- Medical sector is heavily reliant on imports, with 70-80% of medical devices being sourced from countries such as the US, China, and Germany. Despite this, India also exports medical devices to key markets including the US, Germany, China, Brazil, and Iran.
- Given that medical devices are of paramount importance in patient care, the prototyping stage is particularly vital. This is where Avalon Technologies, steps in to guide the development from concept to market-ready innovations.
- Our state-of-the-art technology and deep medical expertise ensure that each prototype/product is developed with the utmost reliability and efficiency. With a strong emphasis on technological sophistication, regulatory compliance, and collaborative development, Avalon is ideally positioned to navigate the complexities, ensuring that each prototype/product not only leads to innovative medical solutions but also adheres to the highest standards of patient safety and care.

### Our offerings



**Medical**

- Clean Air Monitoring System
- Oxygen Concentrators
- Testing Equipment Harness
- Micro-motor Controllers

## POWERING INNOVATION THROUGH DESIGN

- The PCB design and layout industry is experiencing significant growth, driven by advancements in technology and increasing demand across various sectors. PCBs are the foundation of modern electronics, providing the platform for mounting and interconnecting electronic components. The industry has evolved from simple single-layer boards to multi-layer designs that support complex circuitry and high-speed signal transmission.
- Our comprehensive services include complex layouts that meet the specific needs of modern electronics, Signal Integrity (SI), Power Integrity (PI), Thermal & Electromagnetic Interference (EMI) Analysis to ensure efficiency of the PCBs, DFX for durable and cost-efficient PCBs with our state-of-the-art technologies and global expertise across various segments.
- From complex PCB layouts to comprehensive analysis, Avalon focusses on delivering solutions that drive our electronic products to the next level.

## EXPANDING OUR FOOTPRINT IN HYDROGEN, DEFENCE AND OTHER SEGMENTS

- Green hydrogen is central to India's strategy for achieving energy independence by 2047 and net-zero emissions by 2070. Its potential to decarbonize sectors such as transportation, shipping, and steel, along with its use as a backup energy source for renewable energy facilities, underscores its growing importance. Identifying this emerging need, Avalon works on product lines from DC Power Supply, AC/DC Converter and Inverter, power drivers & subsystems for Electrolyzers.
- The defence sector is expected to continue expanding due to rising security needs, military modernization, increasing defence budgets, and strategic goals. For Fiscal Year 2024-25, the Interim Budget has allocated USD 2.9 billion to the Defence Research and Development Organization (DRDO). We provide high-end defence research needs, including control cards and RF cards. Our services in this sector support the ongoing advancements and modernization efforts within the defence industry.
- High-performance computing (HPC) servers' market in India is expected to grow, driven by increasing demand, increasing adoption of cloud-based HPC and government initiatives and investments in HPC Infrastructure. The Indian government has initiated several projects and investments in HPC infrastructure, such as the National Supercomputing Mission (NSM), to boost the country's HPC capabilities and drive economic growth.

### Our offerings




**Others (Hydrogen, Defence, Server etc.)**

- Power Drivers and other sub-systems for Electrolysers
- High Performance Servers
- Control Cards

Avalon
manufacturing your success

**Manufacturing Excellence**

# BUILDING LOCAL. EXPANDING GLOBAL.

The Avalon manufacturing excellence is driven by its hybrid manufacturing operations, encompassing 14 manufacturing facilities in India and United States, which includes two new manufacturing units set to add to the manufacturing prowess in India. We are the only Indian EMS player to have full-fledged manufacturing facilities in the US. Powered by our 'Build Local. Expand Global' vision, the plants are designed to make in India for the Indian market as well as exports, and to make in US for the US market.

## ACCREDITED WITH GLOBAL QUALITY STANDARDS AND CERTIFICATION

**TUV SUD ISO 9001:2015**
All facilities

**TUV SUD IATF 16949:2016**
PCBA & Cables
Avalon

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

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

**Nadcap Accredited**
Metals ATS

**DNV-GL ISO 9001:2015**
Sienna, Atlanta

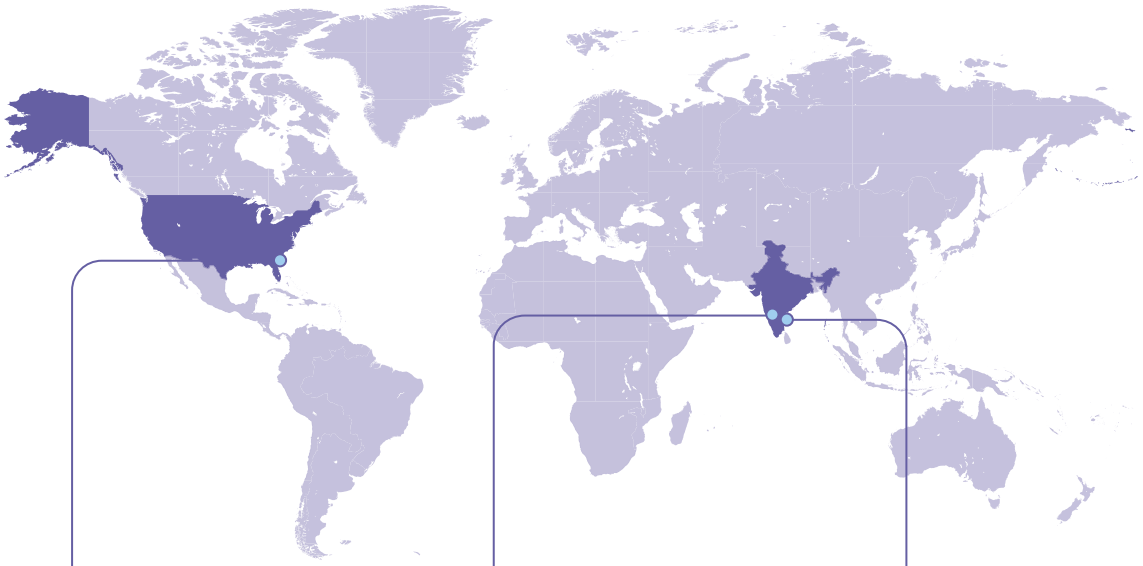
**ISO 9001:2015**
Sienna, ECAD

**ISO 13485: 2016**
Sienna, Atlanta


Certificate

**ISO/IEC 27001:2013**
Sienna, ECAD

## GLOBAL MANUFACTURING FOOTPRINT



Atlanta



Bengaluru







Chennai









**~575K SQ. FT.**
design & mfg. facilities

**11**
SMT lines

**BUFFER CAPACITY**
to ramp up production

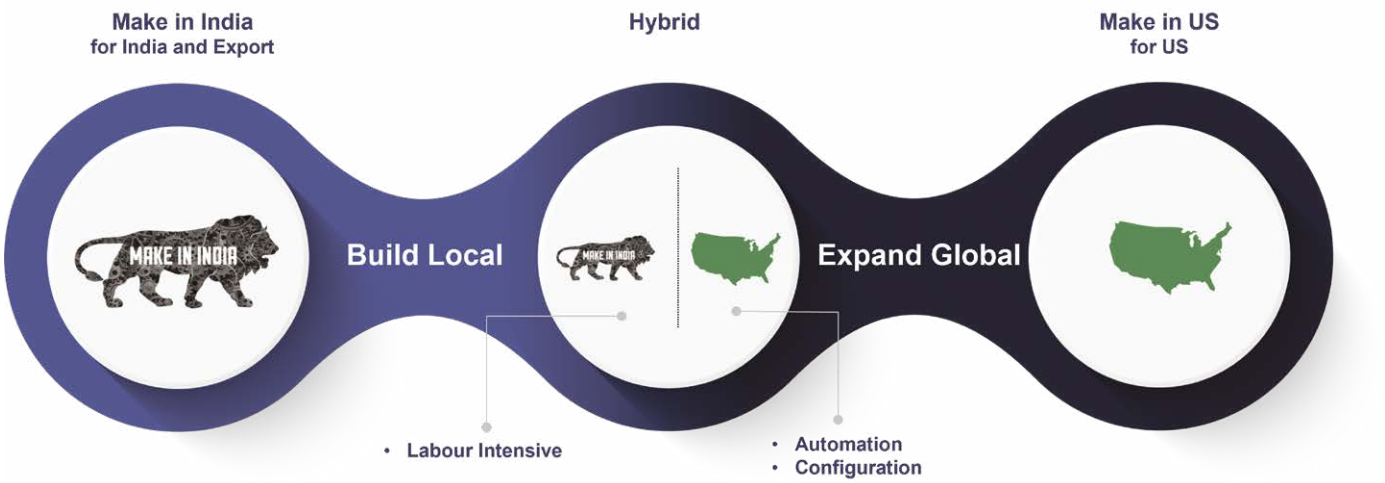
Notes: Numbers have been rounded-off. Manufacturing Facilities include the additional plants under construction.
SMT - Surface Mount Technology

## THE MANUFACTURING EDGE OF AVALON

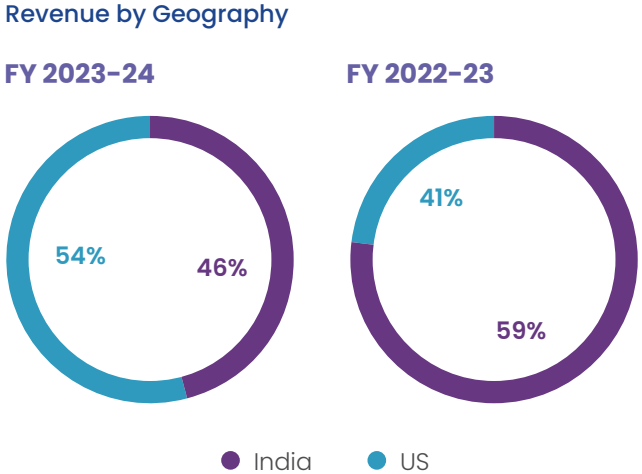
Our manufacturing facilities have integrated operations encompassing production, warehousing and logistics. These include the two new plants at MEPZ, Chennai, to be used for bigger Box-builds, specialised metal processes, and expansion of our plastics capabilities, catering to the growing export and domestic demands. We plan to further expand our existing facilities to address the needs of our growing domestic business.

- Our manufacturing plants are equipped with modern, state-of-the-art machinery
- They are operated through advanced assembly lines that function with high levels of precision and quality
- We have dedicated assembly lines for sheet metal fabrication, machining, cable assembly, wire harnesses, magnetics, and plastics

Our efforts are geared towards continuous promotion of operational efficiency through lean manufacturing practices, backed by automation, technological excellence and digitalisation. Led by experts in electrical and electronics, mechanical, aeronautical, plastics engineering, and mechatronics, we deliver innovative and cost-effective solutions to our customers across industries, including the high-precision sectors of Aerospace, Defence, and Medical. Exceptional quality assurance is stringently maintained across the production value chain to deliver efficiently to customer needs.



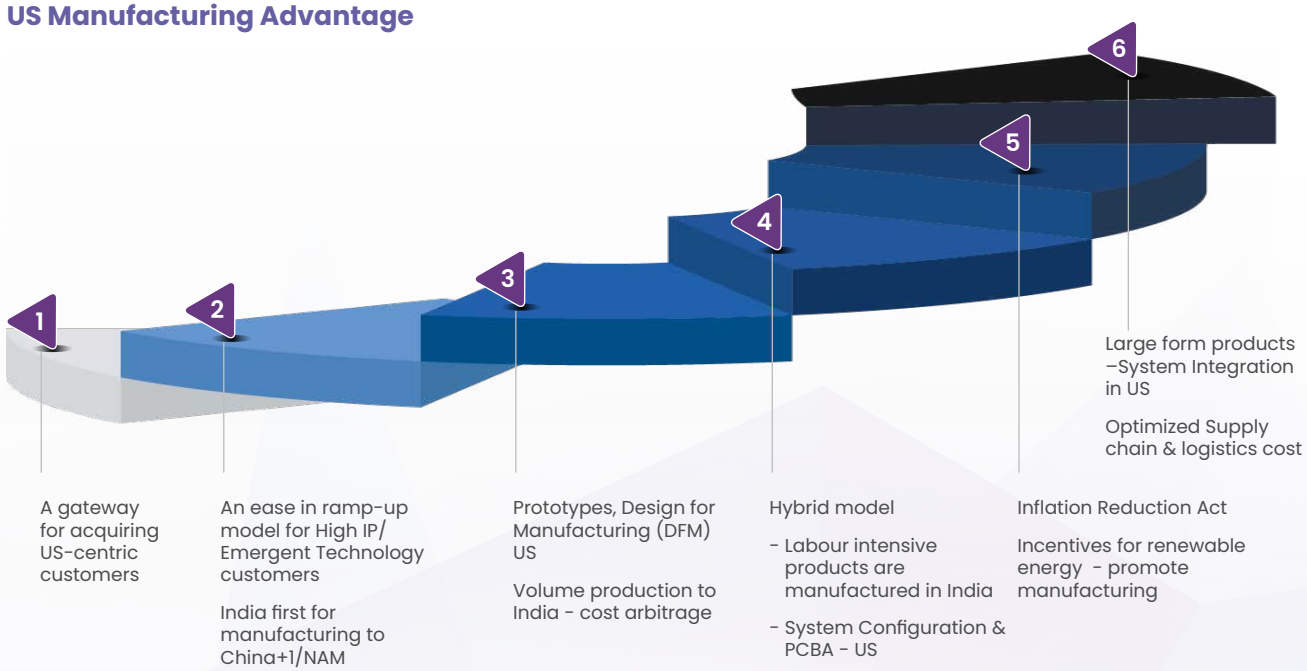

### Revenue by Geography




## OUR GLOBAL DELIVERY ADVANTAGE

Our hybrid delivery model caters to customers globally by leveraging our manufacturing capabilities in the high-growth markets of US and India. Our Indian manufacturing facilities focus on manual labour-intensive work, including component and sub-assembly level manufacturing. The US-based facilities are driven by automation, backed by high-end processes, especially in end-product configuration and system integration. Our Chennai facilities are strategically located in a special economic zone, in proximity to ports, and have the advantage of various government incentives, lending us cost-efficiencies.

## US Manufacturing Advantage




### HYBRID MANUFACTURING ADVANTAGE

The presence of manufacturing facilities in the US and India gives Avalon a unique edge. Our hybrid manufacturing model offers customers the choice to purchase from India or the US, enabling us to benefit from the 'Made in USA' or 'Made in India' incentives and benefits, as the case may be.

### GOVERNMENT INCENTIVES

The Inflation Reduction Act (IRA), signed into effect in August 2022 in the US, represents a landmark piece of legislation aimed at tackling climate change and advancing clean energy. This historic bill is designed to position the United States as a global leader in sustainable technology.

**Amount earmarked by India Government for PLI scheme**

**INR 1.97 LAKH CRORE**
**(AROUND USD 26.4 BILLION)**

**Amount earmarked by US Federal Government for IRA scheme**

**USD 394 BILLION**

### THE IRA ADVANTAGE

IRA includes incentives on both the production and demand sides, contingent upon eligibility and the year of installation. It provides manufacturers with incentives for production, and to consumers for adoption of clean energy technologies, spanning solar, wind, battery components, and critical minerals.

The legislation offers additional discounts on locally produced eligible parts, prompting US customers to favour domestic (US) production for these components.

Avalon, operating in both the US and India, benefits from this arrangement. Presence of manufacturing facility in US aids US customers in availing benefit of the IRA Act through domestic (US) production for eligible components.

For parts ineligible for incentives, production can be moved to Indian manufacturing facilities as a cost-efficient alternative since Avalon has a hybrid manufacturing model.

Customer Centricity

# FORGING CUSTOMER DELIGHT TO SCALE GROWTH

Customer centricity is at the heart of Avalon's growth strategy. It inspires us to excel across our business value chain and motivates us to enhance our manufacturing excellence through innovation and deployment of state-of-the-art technology. We pride ourselves on servicing our customers' manufacturing needs, with incremental value addition being a key metric in delivering our services.

**OUR CUSTOMER VALUE PROPOSITION IS PILLARED ON THE VALUES OF**

**Customer Centricity**
Prioritizing serving our Customer's Manufacturing Needs

**Integrity**
Working for the Greater Good

**Teamwork**
Coming together as an Organization for meeting our Customer's Vision

**Excellence**
Ensuring that we deliver only High Quality Products



Our unique selling proposition lies in our edge as a one-stop shop for our customers, aimed at driving synergies across the supply chain in controlling cost, quality and speed of delivery. We make focused efforts to align our organization internally, thereby ensuring that we provide end-to-end support for our customers, spanning Design, NPD, Manufacturing, Logistics and After Sales Support.

Our global presence aids us in aligning with our customers' vision and strategy, and helps us meet their delivery and growth objectives via focussed teams and attention to detail in all customer interactions.

## OUR CUSTOMER SERVICE MODEL

We have developed a robust customer service model designed to delight customers through lifecycle engagement. We engage with our customers with the right level of attention at various stages of our partnership.



### Business Development (BD) Team

Partners with the customers to understand their needs to provide the best value proposition and proposal for their new and existing product lines. Helps take the value proposition from RFQ (Request for Quote) to PO (Purchase Order).



### NPD Team

Works with customer teams to take the value proposition from PO to production, and seamlessly coordinates all Proto, Tooling, Validation and related requirements at the time of handing off to the production team..



### Program Management Team

Ensures regular production to meet the customer's need with OTIF (On Time In Full) Delivery.



### Account Management Team

Engages with customer stakeholders on current and new engagements to ensure the best of Avalon to the customer. Single point of contact for all customer needs.

## LEVERAGING STRENGTHS TO ENHANCE CUSTOMER EXPERIENCE

We pride ourselves in our long-standing customer relationships, with a strong focus on elevating the customer experience in every interaction. Some of the initiatives taken by Avalon to drive customer delight in their partnership with the Company are listed below:

- Continuous improvement, focussed on improving process efficiencies, material cost reductions, alternate sources, etc.
- Value-added DFX (Design for Excellence) + engineering services to provide recommendations on new and existing product improvements
- State-of-the-art facilities with room for scalability, flexibility and adaptability for customer business expansion
- Global manufacturing abilities to meet customer needs on optimized manufacturing and delivery to avail incentives by respective countries

Avalon
manufacturing your success

Success Stories

# MANUFACTURING YOUR SUCCESS

SUCCESS STORY #1

## Serving Leading Aerospace OEM as Reliable Partner

### Need

A leading Aerospace OEM approached Avalon for the transfer of its Aircraft and Helicopter Wiper Blade Assembly plant and to give continuity and sustainability for their operations. Although originally conceived as a transfer project, it soon turned into a greenfield project that had to be ramped up in record time.

### Solution

Avalon was the sole company among many suppliers that stepped up to take on the enormity and challenge involved. Avalon has successfully delivered wiper blade assemblies and we have moved to production, passing the rigorous inspection gates.

### Impact

Avalon's timely intervention has minimized AOG (Aircraft On Ground) situations for want of this assembly. Notwithstanding the benefits to the end customer, Avalon has proved to be a reliable and long-standing partner to the customer in terms of continuity of this particular business.

SUCCESS STORY #2

## Partnering Seamlessly for High-Level HVDC Transmission System

### Need

Our Customer, a market and technology leader in transmission needed a local partner, as their high-level assemblies were imported from Sweden. They also expected a shorter turn-around for manufacturing, given the title end project timeline.

### Solution

We specifically catered to high-level cabinet assemblies for them. Additionally, the team ensured delivery on-time through extensive planning by addressing all the bottlenecks.

### Impact

With our support, the project with of our Customer was successful, and the customer has already initiated processes to supply and cater to the global demand.

SUCCESS STORY #3

## Collaborating with Leading Provider of Green Hydrogen Solutions

### Need

Our Customer needed a strong partner with strong product development expertise to deliver high-level power-intense assemblies that are very much in the initial stages of design for their PEM-based hydrogen electrolysers.

### Solution

Avalon developed a staggering set of complex commodities, Sheet Metal Enclosures and high-level assemblies at an optimized development and tooling cost. The manufacturing also involved UL compliance.

### Impact

Avalon has been established as a single partner for all their high-level assemblies and commodities for their initial mass production volumes.

SUCCESS STORY #4

## Crafting Complex PCB Design for 5G Testbed Project

### Need

The customer needed our support for the development of complex PCB designs for their 5G Testbed Project.

### Solution

Avalon did PCB design with Signal Integrity/Power Integrity analysis, and manufactured the Baseband unit (BBU), Digital Front End (DFE)„ Analog Front End and DA cards for the 5G - Gnode B.

In addition to this, the Remote Radio Head and MIMO Antennas were also manufactured at the Bengaluru facility of Avalon.

### Impact

This technology was transferred to one of India's largest conglomerates for mass production, marking a programme success for our customer by earning them good revenues, and helping them to undertake further research in this area. The product is also being tested in the field by our Defence personnel.

Currently, Avalon is redesigning the product with a view to reducing the cost so that it is ready for mass market implementation.

SUCCESS STORY #5

## Modernizing Railway Signalling Equipment

### Need

The Indian government wanted to modernize 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.

### 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 #6

## 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.

# BOARD OF DIRECTORS



### Kunhamed Bicha

Promoter, Chairman & Managing Director

- Recipient of "CII Connect 2017 Award for Entrepreneur of the Year (Manufacturing)"
- Bachelor's degree in Mechanical Engineering from PSG College and Master's degree in Science (Industrial Engineering) from Wichita State University



### Bhaskar Srinivasan

Promoter & Non-executive Director

- MBA from Cochin University of Science & Technology; Master's degree in Science (Industrial Engineering) from Wichita State University
- Prior experience with Applied Materials, Inc.



### Luquman Veedu Ediyanam

Non-executive Director

- Bachelor's degree in Technology from University of Calicut
- Currently, the legal partner and MD at Dhafir Technologies, UAE



### Sareday Seshu Kumar

Non-Executive Director

- Attended Osmania University to pursue a Bachelor's degree in Arts
- Participated in Accelerated Management Programme conducted by ISB
- Prior experience: Founder and CEO of Emantras Interactive Technologies Pvt. Ltd.



### Venkataramani Anantharamakrishnan

Independent Director

- MBA from University of Chicago
- Currently serves as the MD of IP Rings Ltd. (a part of Amalgamations group)



### Chandar Pattabhiram

Independent Director

- Bachelor's degree in Mechanical Engineering from PSG College
- Currently serves as the Chief Marketing Officer of Coupa Software Incorporated
- Prior experience with Badgeville, Inc. and Marketo, Inc.



### Byas Unnikrishnan Nambisan

Independent Director

- Master's degree in Science (Industrial Administration) from Carnegie-Mellon University
- Currently serves as the CEO & Director on the Board of Ezetap Mobile Solutions Pvt. Ltd.



### Nandita Abraham

Independent Director

- Master's degree in Science from Philadelphia College of Textiles and Science, and a Diploma in Apparel Marketing and Merchandising from NIFT, New Delhi
- Currently serves as the Dean in BITS School of Design, Mumbai

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**Footnote:** ISB = Indian School of Business; PGDM = Post Graduate Diploma in Management.
1. Awarded by Confederation of Indian Industry.

# LEADERSHIP TEAM



### Shriram Vijayaraghavan

Chief Operating Officer

- Responsible for overall operations of Avalon Technologies Ltd. & its subsidiaries
- Holds a BE (Mechanical) degree from SVCE (Anna University), an MS (Mechanical) from the University of Michigan Ann Arbor, and an MBA from the Kellogg School of Management
- Prior experience: President at Wheels India, Vice President at Hertz Corporation (USA), Engagement Manager at McKinsey & Co (USA)
- Co-contributed to research at Caterpillar Inc and the University of Michigan



### RM Subramanian

Chief Financial Officer

- Responsible for financial functions of Avalon Technologies Ltd. and its subsidiaries
- Holds a Bachelor's degree in Civil Engineering from BITS and PGDM from IIM, Bangalore
- Prior experience with A.F. Ferguson & Co Cairn Energy India Pty. Ltd. and Essar Oil Ltd.



### Venky Venkatesh

Chief Sales Officer

- Responsible for Global Sales & Marketing functions of Avalon Technologies Ltd & its subsidiaries
- Holds a Bachelor's degree in Mechanical Engineering from PSG College of Technology and a Master's in Industrial Management from Northern Illinois University
- Prior experience in Fortune 500 companies like Accenture, PwC, IBM & Infosys



### Michael Robinson

Chief Operating Officer[2]

- Responsible for overall manufacturing operations in the US
- Holds a Bachelor's degree in Science from Worcester Polytechnic Institute, US
- Prior experience: Motorola Inc., Wconect LLC
- Co-invented "Battery Identification Apparatus" & "Weldless Battery Pack" (both US-patented)



### Kesavan P

Vice President, Operations

- Several years of experience in Operations – PCB and Cables division
- Attended first year of Diploma in Telecommunication course from MEI Polytechnic, Bengaluru
- Prior experience: Quest Smartech Pvt. Ltd., Texmaxo Micro Indo Utama, Sun Fibre Optics Pvt. Ltd., MiniCircuits Ltd



### Shamil Bicha

Vice President, Business Development

- Responsible for sales, business development and marketing functions
- Holds a Bachelor's in Mechanical Engineering from University of Madras
- Prior experience: Applied Materials, Inc.



### Savita R Ganjigatti

Vice President, Engineering[3]
Head of PCB Design and Analysis team[3]

- Holds a Bachelor's in Engineering and Master's in Technology from Visvesvaraya Technology University, Belgaum
- Prior experience: Karnataka Telecom Ltd., Alpha-Imager Pvt. Ltd.
- Member of TLP[1] of IPC Design, US



### Arjun Balakrishnan

Vice President, Business Development

- Responsible for Business Development
- Holds an MS (engineering) from University of Texas, US and an MBA from Harvard University, Boston, US
- Prior experience: Holm Industries, GE Power Controls India Ltd., Panasonic India Pvt. Ltd



### O J Sathish

Vice President[3]
Head of PCB & Semiconductor Engineering[3]

- Holds Bachelor's in Engineering from Annamalai University and PGDM (Operations Management) from IGNOU
- Prior experience: Alpha-Imager Pvt. Ltd.

**Footnote:**

BITS = Birla Institute of Technology;
B.Com = Bachelors in Commerce;
M.Com = Masters in Commerce;
BA = Bachelors in Arts;
MA = Masters in Arts;
B.Tech = Bachelors in Technology;
MS = Masters in Science;
MBA = Masters in Business Administration;
PGDM = Post Graduate Diploma in Management;
IGNOU = Indira Gandhi National Open University.

1. Thought Leadership Programme.
2. of Sienna.
3. of Sienna ECAD.
4. VP of Avalon Technology & Services.

# AWARDS & RECOGNITIONS




COVID-19 business resilience award 2023 by Portescap India for Avalon PCBA division




Outstanding performance and unwavering dedication (Supply Chain Conclave-2023) by Forbes Marshall for ATS




Preferred Partner Award 2023 by CE+T Customer for Avalon PCBA division




Hand soldering competition - Runner award 2023 by IPC for Avalon PCBA division




Premier award for outstanding achievement in collaboration & customer service 2023 by RTX= Collins for ATS




CII Entrepreneur of the Year Kunhamed Bicha




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




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




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




**Supplier Conference Partnership Recognised for growth by Baker Hughes**
















**Platinum, Gold and Silver Award at the 18th CII National 3M Competition issued by Confederation of Indian Industry to the PCBA Division of Avalon**

# Management Discussion and Analysis

## ECONOMIC OVERVIEW

### Global Economy

The global economy is navigating a dynamic landscape, amidst a spectrum of challenges and opportunities. Geopolitical tensions, such as the conflict in Ukraine, higher inflation, prolonged higher interest rates, a sluggish recovery in China, and volatility in energy prices and food markets contributed to the slowdown of global economic growth. Furthermore, the Red Sea crisis has triggered the largest diversion of global trade in decades, resulting in delays and increased shipping costs.

According to the International Monetary Fund (IMF), the global economy achieved a modest growth rate of 3.2% in 2023. The forecast for 2024 is revised up by 10 basis points to 3.3% from January 2024. This outlook is supported by the expectation of continued disinflation and a soft landing for the global economy. For advanced economies, growth is projected to rise from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025.

There has been a faster-than-expected decline in inflation rates across most regions, attributed to favourable supply-side developments and restrictive monetary policies. Global headline inflation is estimated to have fallen to 6.8% in 2023 from its peak in 2022.

The resilience in global economic activity was compatible with falling inflation, which can be attributed to the post-pandemic expansion on the supply side and increased labour force. With inflation easing, there is an expectation of a gradual decline in interest rates, contributing to a more favourable economic environment in 2024. Advanced economies are returning to their inflation targets sooner than emerging market and developing economies, fostering optimism for continued easing of financial conditions and improvement of monetary policy frameworks.

(Sources: International Monetary Fund, World Economic Forum, JP Morgan Economic Outlook Report, World Trade Organization)

### US Economy

While the US economy started out in 2023 facing recessionary headwinds, high inflation and muted demand owing to economic and political volatility, it outperformed expectations in three key areas: growing economic output, labour market resilience, and slowing inflation. The resilience of the US economy and swift containment of a looming banking crisis have contributed to its strongest recovery. Their focus on supply-side measures via the Bipartisan Infrastructure Law, the CHIPS and Science Act, and the Inflation Reduction Act is working to expand productive capacity to create space for faster growth without stoking inflation.

The United States and several large emerging market and middle-income economies displayed the greatest overperformance, with aggregate demand supported by stronger-than-expected private consumption amidst easing labour markets. In the United States, growth is projected to increase to 2.7% in 2024, before slowing to 1.9% in 2025, due to the gradual tightening of fiscal policy, a softening in labour markets and moderate consumption.

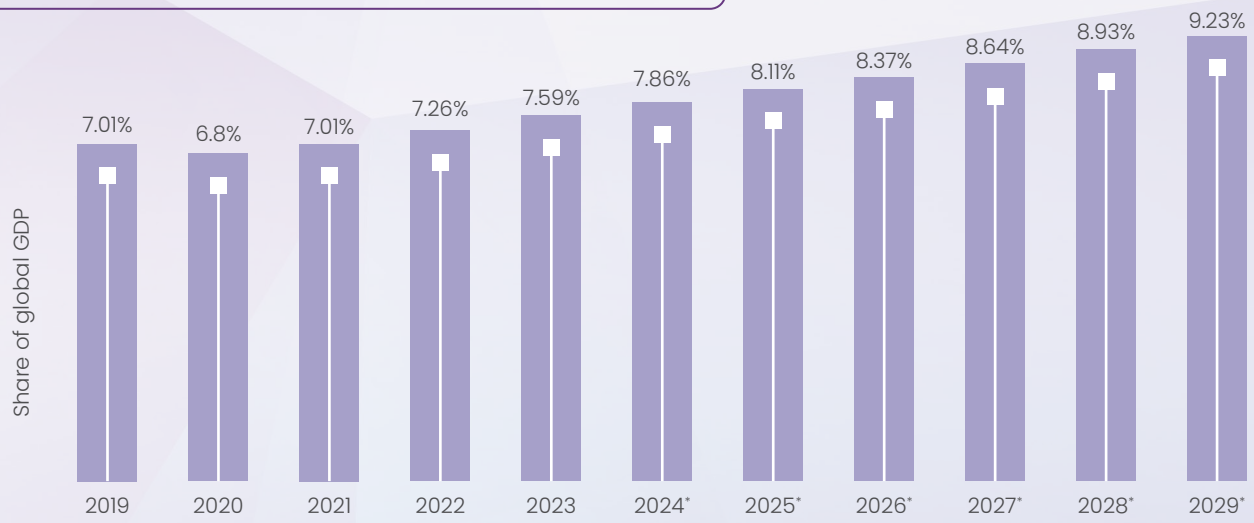
### Indian Economy

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers over the next 10-15 years, backed by its robust democracy and strong partnerships.

Strong economic growth in the first quarter of Fiscal Year 2022-23 helped India solidify its position as the fifth-largest economy in the world. According to the provisional estimates of GDP growth released by the National Statistical Office (NSO), India's GDP growth rate reached 8.2% in Fiscal Year 2023-24 compared to 7.0% in Fiscal Year 2022-23. The overall economic growth was supported by strong domestic demand, increased investment, moderate inflation and a stable interest rate environment.

India's share of global gross domestic product (GDP) rose to 7.59% in 2023 from 7.26% in 2022, when adjusted for purchasing power parity (PPP). This was projected to increase to 9.23% by 2029, reflecting the growth of the Indian Economy.

**India's share of global gross domestic product (GDP)***




* adjusted for Purchasing Power Parity (PPP) from 2019 to 2029

(Sources: Statista)

India's Index of Industrial Production (IIP) recorded a growth rate of 5.8% in Fiscal Year 2023-24, marking an increase from 5.2% in the previous year. The growth observed in the Index of Industrial Production (IIP), Goods & Services Tax (GST) collections, manufacturing Purchasing Managers' Index (PMI), per capita income, and increasing private capital expenditure collectively signify strong economic momentum.

### Exports

The overall exports by India (merchandise and services) stood at USD 778.00 billion for the Fiscal Year 2023-24 compared to USD 776.40 billion for Fiscal Year 2022-23. Major drivers of merchandise export growth in Fiscal Year 2023-24 include Electronic Goods, Drugs & Pharmaceuticals, Engineering Goods, Iron Ore, Cotton Yarn/Fabs, Handloom Products, Ceramic Products & Glassware.

Electronic goods exports increased by 23.64% from USD 23.55 billion in Fiscal Year 2022-23 to USD 29.12 billion in Fiscal Year 2023-24. The share of electronics goods in India's merchandise exports increased from 2.7% in Fiscal Year 2018-19 to 6.7% in Fiscal Year 2023-24. India's electronic exports have witnessed substantial growth over time, primarily driven by the implementation of the PLI scheme. India's electronic exports to the US have transitioned from a trade deficit of USD 0.6 billion in Fiscal Year 2016-17 to a trade surplus of USD 8.7 billion in Fiscal Year 2023-24, highlighting a significant increase in value addition.

The government places a strong focus on electronics hardware manufacturing, which is a key aspect of both the 'Make in India' and 'Digital India' initiatives. 'Make in India' aims to bolster India's status as a global manufacturing hub by fostering domestic production and reducing reliance on imports. By enhancing export capabilities and reducing import dependence, India is poised to become a net exporter of electronics.

The Indian government's focus on economic reforms, including initiatives to improve the ease of doing business, attract foreign investment, and promote digitalization, has contributed to the positive growth outlook. The IMF forecasts India's growth to remain strong at 6.8% in Fiscal Year 2024-25 and 6.5% in Fiscal Year 2025-26, supported by resilience in domestic demand and ongoing structural reforms.

The Indian economy stands to gain significantly from the demographic dividend, robust domestic demand, a broad-based revival in manufacturing and services sectors, proactive government policies, increased capital expenditure, and improving rural consumption prospects, providing impetus to the growth momentum. Further, Government initiatives such as, Ease of Doing Business and PLI scheme are expected to bolster the infrastructural and manufacturing base, enhance economies of scale, boost exports and position India as a global manufacturing hub.

(Source: IMF - World Economic Outlook April 2024, Ministry of Statistics & Programme Implementation, Ministry of Commerce & Industry, Reserve Bank of India, S&P Global Ratings India Outlook, EY India Economic Pulse, Economic Times, Economic Survey 2023-24, Statista)

## INDUSTRY OVERVIEW

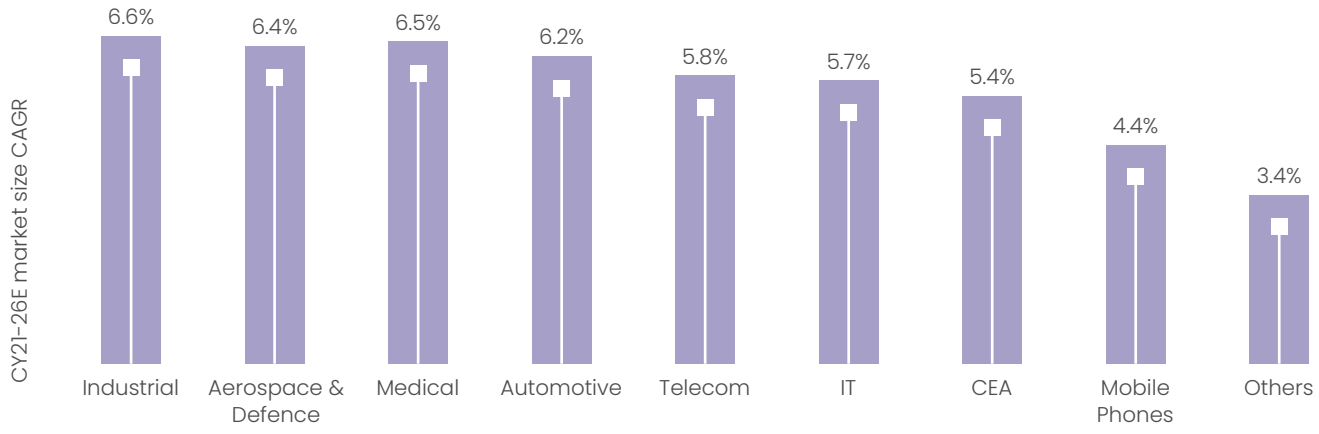
### Global EMS Industry

The Electronics Manufacturing Services (EMS) market has been experiencing steady growth in recent years, driven by the rising global demand for electronic devices. The global Electronics Manufacturing Services (EMS) market is projected to reach USD 1,145 billion by 2026, registering a CAGR of 5.4% during the forecast period of 2021-2026. Industry 4.0 is contributing to the growing demand for electronics, with a growing emphasis on smart and connected devices. This shift requires advanced circuitry and software, leading to a higher skill requirement for specialized manufacturing.

The EMS market typically comprises companies that manufacture electronic products, including box-builds for original equipment manufacturers (OEM) and assembling components on printed circuit boards (PCB). Additionally, with the advent of the digital era driven by escalating reliance on data, automation, and artificial intelligence, there is a growing requirement for electronics in products across all sectors. Many OEMs are outsourcing their operations to EMS vendors to streamline their core business activities. Thus, the EMS market is evolving rapidly, driven by a rising demand for electronic components and outsourced manufacturing services.

EMS offerings in the Business to Business (B2B) sector generally consist of flexible volume-high margin products primarily delivered to OEMs. These products tend to be significantly more complex and require manufacturing and industry specialists in the ideation, design, prototyping and manufacturing process. The B2B segment primarily caters to high-value products in key sectors such as industrial, automotive, medical, rail, aerospace, EV, communication and defence, driving substantial market growth. The proliferation of connected devices and data bandwidth is fuelling expansion and upgrades in data centres, thereby creating additional revenue opportunities for EMS providers. In the EMS market, power, clean energy, railways, aerospace, and medical sectors are characterized by long product lifecycles. Continued capital expenditure in the industrial sector, coupled with robust growth drivers, ensures sustained high growth momentum in the B2B segment.

**Sector-wise CAGR - Global**




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

### US EMS Industry

The North American Electronics Manufacturing Services (EMS) Market is expected to witness market growth of 6.9% CAGR during the forecast period (2023-2030). The US market dominated the North American Electronics Manufacturing Services (EMS) Market by Country in 2022 and would continue to be a dominant market till 2030.

The EMS market in the United States is projected to grow at a CAGR of 6.1%, reaching USD 188 billion by 2026. This growth is driven by increasing demand for electronic devices, a robust EMS infrastructure, the adoption of digitization and Industry 4.0 by companies, and government policies promoting local production. Additionally, stringent environmental regulations are accelerating the adoption of electric vehicles and prompting automakers to turn to electronics manufacturing services. The market is also benefiting

from US-China trade tensions, which is prompting a reshoring of manufacturing operations to the US. Furthermore, the Inflation Reduction Act (IRA) and Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act are designed to bolster the competitiveness of the US in technologies such as semiconductors, renewable energy, electric vehicles (EVs), and batteries. These laws provide various production and investment incentives in semiconductor manufacturing and clean energy production in the US. The CHIPS Act emphasizes the localization of semiconductor manufacturing and supply chains in the US.
(Source: KBV Research, Frost & Sullivan Report – Market Assessment for Indian EMS Industry, KPMG)

## Indian EMS Industry

India has positioned itself as one of the top alternate manufacturing destinations for global multinational companies, with the China + 1 strategy in focus. It has become one of the forerunners in terms of investment and innovation in the EMS sector. With government policies such as the establishment of Special Economic Zones (SEZs), along with favourable export policies and a highly skilled, cost-effective workforce, India is increasingly attracting foreign manufacturers. These factors position the country as a potential new global leader in electronics manufacturing.

The total addressable market for domestic EMS players is expected to grow at a 27% CAGR to reach USD 100 billion by Fiscal Year 2026-27. This growth is driven by a decline in finished goods imports and an increase in component production, which is currently growing at 13% CAGR and is projected to surge to 19% CAGR in Fiscal Year 2023-27. This growth is anticipated to be fuelled by the increase in outsourcing by Original Equipment Manufacturers, decline in imported finished goods, growing production of components and increased local sourcing of components, as leading global companies and others expand their operations in India.
(Source: www.indiabusinesstrade.in)

### Trends driving the growth of the Indian EMS Industry:

- **High Outsourcing by Original Equipment Manufacturers (OEMs):** There is an increasing trend of OEMs looking to outsource manufacturing to specialists to allow for higher-quality output. The growing number of partnerships between OEMs and Indian EMS providers for value-added services is majorly due to the increasing complexity of electronic products, the need to reduce costs, and their desire to focus on core competencies. (Source: EY)

- **Growing Demand of Electronics:** India's increasing consumption of electronics, coupled with the government's target to achieve USD 300 billion in domestic electronics manufacturing by Fiscal Year 2025-26, presents a significant opportunity for the EMS industry, allowing it to expand and capitalise on a broad range of opportunities. This rising demand along with increased labour costs in other parts of the world and the trend among larger OEMs to outsource manufacturing makes India a preferred destination for EMS on a global scale. Moreover, emerging opportunities such as EVs, IoT, and Electronic Security systems (including Cameras and Storage) are creating new electronic markets in India, driven by the 'Make in India' initiative. (Source: Frost & Sullivan)

- **Large Domestic Market:** India has a large and rapidly growing electronics market, driven by an increasing middle-class population, rising disposable incomes, and growing consumer demand for electronic products. Furthermore, the presence of young and skilled workforce, provides a competitive advantage in terms of labour availability and costs. This abundant pool of talent can help companies establish efficient and cost-effective manufacturing operations. Factors such as the inclination towards next-gen technologies like electric vehicles (EVs) and alternative energy, technology transitions such as the rollout of 5G networks, the rise of virtual and augmented reality, the surge in e-commerce, and growing demand from rural markets contribute to this momentum.
(Source: Invest India, Economic Times)

- **'China +1' Strategy:** High dependence on China for electronics manufacturing has led to many OEMs looking to diversify risk. This was further propelled by the rising geopolitical tension and the US-China trade conflict. This has led to other countries, including Vietnam, Thailand, India, and Mexico trying to gain market share in the world's manufacturing.

- **Government Initiatives:** Recognizing the potential of the EMS industry, the Indian government has implemented policies and initiatives aimed at expanding the electronics sector. These initiatives include schemes like the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS), Modified Electronic Manufacturing Clusters (EMC 2.0), Production Linked Incentive (PLI) scheme for various electronics sectors, and the Phased Manufacturing Programme (PMP). The government has also allocated INR 76,000 crores and approved the establishment of three semiconductor units for the development of semiconductors and display manufacturing ecosystem in India. (Source: Government of India, Cabinet)

The Indian EMS industry is set for strong growth and aims to become a leading electronics manufacturing hub in the next decade, driven by rising demand, enhanced export competitiveness, competitive costs, skilled labour, and government support.

## COMPANY OVERVIEW

Avalon Technologies Limited (referred to as "Avalon" or "the Company") is a leading fully integrated Electronics Manufacturing Services (EMS) company, with 25 years of industry expertise. The Company offers end-to-end product offerings with vertically integrated solutions and has solidified its position as a "One-Stop Shop" for customers from diverse segments and locations. The Company takes pride in its leadership in high mix, flexible volume manufacturing, servicing a diverse range of industry verticals in complex integrated solutions that require significant engineering expertise.

The Company operates globally and provides value to a diverse customer base across various industries, including clean energy, mobility, industrials, communication, medical devices, defence and others. It provides a full stack product and solution suite, including Printed Circuit Board (PCB) design, analysis and assembly, cable and wire harness, sheet metal fabrication and machining, injection molded plastics, magnetics, and complete Box-Build solutions. Avalon caters to global Original Equipment Manufacturers (OEMs) located in the United States, India, Europe, and Japan through a unique global delivery model.

### Manufacturing Presence

Avalon's strength lies in its 14 advanced manufacturing facilities, including two new facilities set to commence operations this fiscal year. These strategically positioned facilities span across India and the United States. Avalon stands out as the only Indian EMS player with fully operational manufacturing facilities 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).

### Key Strengths

1. **Vertical Integration** – Avalon's distinct advantage lies in its ability to provide vertically integrated solutions, acting as a one-stop shop offering for box-build solutions. The Company offers end-to-end solutions that encompass PCB design and assembly, cable assembly, sheet metal fabrication, plastics, magnetics, and thorough testing. Additionally, it manages the entire supply chain and logistics, and offers support for new product development, ensuring a seamless and efficient process for its customers.
2. **Hybrid Business Model** – Avalon's unique model of 'Make in India, Sell Globally' enables it to leverage its manufacturing facilities in India and the US to manufacture high-quality products at competitive costs. Avalon capitalizes on labour arbitrage and favourable government policies to maintain its market niche.
3. **Presence in Sunrise Sectors** – The Company has invested significant time and effort to establish strong relationships with customers across sectors characterised by high barriers to entry, such as clean energy, railways and aerospace, among others. Many of these sectors require deep sector expertise and certifications, allowing Avalon to remain a frontrunner in terms of new customer acquisitions and maintain a strong presence in these ecosystems.

## OPPORTUNITIES

**Government Focus on Clean Energy:** The Indian government aims to achieve 500 GW of renewable energy capacity by 2030, aligning with global shifts towards carbon neutrality. Furthermore, the US Inflation Reduction Act is driving investment in clean energy with a broad range of tax incentives. Since the passage of the IRA, 155 GW of new production capacity has been announced across the solar supply chain.
(Source: Invest India)

The United States also leading the charge toward sustainable and widespread electric vehicle (EV) use. In 2022, the United States saw a whopping 55% surge in electric car sales, pushing its global market share to a significant 8%.
(Source: Confederation of Indian Industry, Bolt.Earth)

**India and the US becoming Key Manufacturing Hubs:** The Indian EMS industry is well positioned to capitalise on the 'China +1' strategy, as global companies including large OEMs are diversifying their supply chains to reduce dependency on China by choosing India as their preferred manufacturing destination. India's potential to emerge as a key manufacturing hub is drawing interest from major global players, who are increasingly choosing India for electronics manufacturing. India has competitive advantages such as low labour costs, diverse product offerings, geographical diversification, and robust government support. Additionally, strong efforts by the US to localise its supply chain amidst escalating trade tensions with China are expected to benefit EMS players in the US.

**Government initiatives promoting domestic manufacturing and import substitution:** The EMS industry is poised to benefit from the Indian government's import substitution initiatives aimed at boosting local manufacturing of electronic components through the PLI scheme, Electronics

Manufacturing Clusters (EMC), Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS), etc. While India has successfully attracted leading global companies to manufacture smartphones and wearable devices, the non-mobile EMS market continues to heavily rely on imports, presenting substantial untapped potential. Further, initiatives by the US government such as the Inflation Reduction Act to promote domestic manufacturing of clean energy technologies, such as electric vehicles, solar panels, and wind turbines, through tax incentives and subsidies and the CHIPS Act to support semiconductor manufacturing and research in the US are some of the several initiatives to bolster domestic manufacturing, aiming to enhance competitiveness, ensure supply chain resilience, and foster innovation. (Source: Systematix Group)

**Expansion of Railway Infrastructure:** The Indian government's emphasis on infrastructure development, including electrification and modernization of railways, metro train expansions, and the construction of highways and airports, is anticipated to increase demand for electrical products and new electronic applications. The Kavach System implemented by the Indian Railways is a significant opportunity that can be capitalised by EMS Companies. (Source: Business Standard).

**Trends in the Industrial Segment:** Industrial clients are demanding more customized solutions to meet specific operational needs. EMS providers are responding by offering tailored manufacturing services, including bespoke design and production processes. Further, EMS providers are increasingly integrating Internet of Things (IoT) technologies into industrial applications. This includes developing smart sensors, connected devices, and automation systems that enhance operational efficiency and provide real-time data for industrial processes. This trend is driven by the need for improved monitoring and control in industrial environments.

**Growth in the Aerospace and Defence (A&D) Sector:** The Indian government has implemented several initiatives under the 'Make in India' framework to promote indigenous design, development, and manufacturing of defence equipment. Significant reforms include the Defence Acquisition Procedure 2020 (DAP 2020), Defence Production and Export Promotion Policy (DPEPP), and the iDEX programme for MSMEs and start-ups. Additionally, an allocation of INR 6.21 lakh crores for the defence sector in the Union Budget 2024-25 will further strengthen defence capabilities and foster self-reliance in defence technology and manufacturing. The aerospace and defence manufacturing sector in India is poised for significant growth in the coming years, creating promising opportunities for EMS providers in the sector. (Source: India Aerospace & Defence Bulletin, Ministry of Defence)

**Increasing Potential in Automotive Industry:** The US automotive industry is expected to continue evolving with a strong focus on sustainability, technological innovation, and adapting to changing market demands. Investments in EV technology and autonomous vehicles will likely drive growth, while the industry works to address challenges related to supply chains and global competition. The integration of advanced technologies, such as artificial intelligence, IoT (Internet of Things), and smart manufacturing practices, is enhancing vehicle performance, safety, and manufacturing processes, which is a significant opportunity that can be harnessed by Electronics Manufacturing Services Companies.

**Developments in the Communication Sector:** The rollout of 5G networks has been a major focus for EMS providers in the communications sector. Companies are increasingly involved in manufacturing components and equipment required for 5G infrastructure, including base stations, antennas, and network modules. This shift is driven by the need for faster data speeds, lower latency, and increased connectivity.

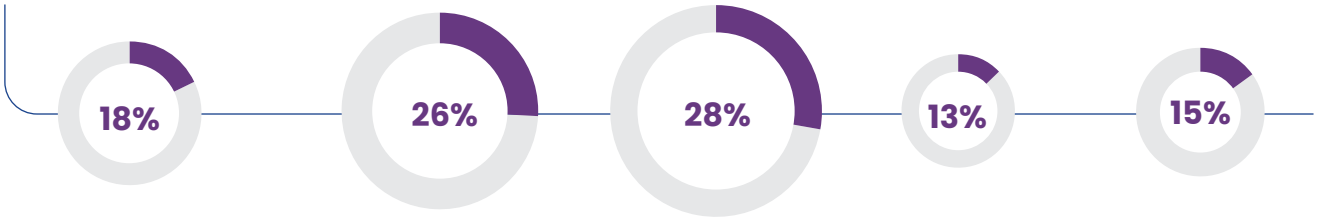
**Advancements in the Medical Industry:** The Indian medical device sector is a sunrise sector, ranking as the fourth-largest market in Asia after Japan, China, and South Korea. The sector is undergoing significant transformation due to the adoption of advanced technologies, evolving clinical and administrative requirements, emphasis on establishing innovation centres for diagnostics, and stringent regulatory measures. The digitalization of medical devices will keep advancing, with OEMs integrating digital technologies into their devices and operations.

## SEGMENT OVERVIEW AND PERFORMANCE

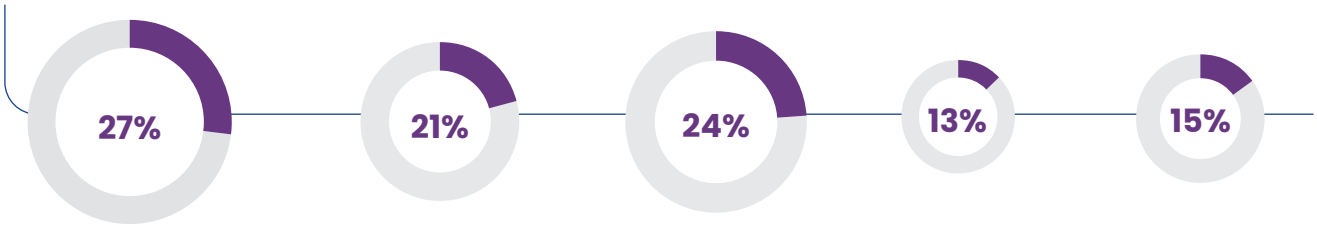
The Company's segment-wise revenue stood as depicted below:

| Clean Energy | Mobility/Transportation | Industrials | Communication | Medical & Others |
|---|---|---|---|---|
| Solar, Electric Vehicle, Hydrogen | Railways, Automotive, Aerospace | Power & Automation | Telecom & Satellite, Digital Infrastructure | Medical, Defence & Others |

**Revenue – FY 2024**




**Revenue – FY 2023**




Revenue from the Industrials segment rose from 24% in Fiscal Year 2022-23 to 28% in Fiscal Year 2023-24, demonstrating robust growth in this area. Similarly, revenue from the mobility sector increased to 26% in Fiscal Year 2023-24, up from 21% the previous year, highlighting a significant expansion in this segment. Meanwhile, revenue from clean energy declined from 27% in Fiscal Year 2022-23 to 18% in Fiscal Year 2023-24, due to a period of destocking among existing customers and a temporary slowdown in the clean energy sector. Additionally, the aerospace segment experienced a slight reduction in activity.

## CLEAN ENERGY

The Company is operating in key product categories in the clean energy sector, including Solar, Hydrogen and Electric Vehicles (EVs). Leveraging its extensive experience in concept-to-scale manufacturing in varied products such as solar hybrid power systems and inverters, Avalon supports the manufacturing requirements of clean energy companies that employ sustainable technologies through intelligent systems and solar tracking. It utilises its expertise in prototyping, turnkey design, and manufacturing of inverters, charge controllers, and home energy systems for solar equipment manufacturers and sustainable solution companies. Additionally, its comprehensive capabilities span from design to end-of-life solutions, aiding electric vehicle manufacturers in addressing the increasing demands of consumers. With a reasonable track record, the Company is well-positioned to capitalise on the robust growth of the clean energy sector. It has achieved significant wins in this sector and over the period, it is anticipated that this segment will grow at a pace surpassing many of Avalon's other industry verticals.

### Product offerings:

- **Solar:** Solar Trackers, Solar Inverters, Solar Chargers, Solar Pump Controllers, Energy Storage System
- **Hydrogen:** DC Power Supply,, AC/DC Converter, Inverter, Sub System for Electrolyser
- **EVs:** Onboard Charging Unit, Converters, Motor Controllers, Electronic Dashboard, Battery Management System, Sensor Boards



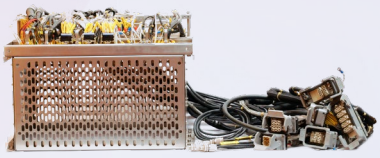
## MOBILITY

Avalon Technologies is at the forefront of the mobility industry's advancement, driving the development of resilient and sustainable systems for the future. The Company collaborates with clients across air, rail, and automotive transportation sectors to deliver innovative solutions that meet the demands of a rapidly evolving industry. It manufactures complex sheet metal fabrications, machining, and injection-moulded plastics specifically for the aerospace sector. Avalon holds AS9100D and NADCAP certification for fusion and resistance welding. Its capabilities include manufacturing support for aircraft seating, lighting systems, cargo solutions, smoke detectors, enclosures for auxiliary power equipment, and engine components.

The Company consistently adapts to address the evolving challenges of the aerospace sector. Originally specializing in the manufacturing of complex engine components, the Company has since expanded its portfolio to include a wide range of aerospace components. This diversification has strengthened its presence across multiple aircraft and helicopter platforms, further establishing its role as a key player in the aerospace industry. Avalon partners with leading OEMs globally and rail operators to support the development of railway systems. As an RDSO-approved manufacturer, it aids international railway transport manufacturers in India while also contributing to e-mobility technologies. Its expertise in electronic control units and telematics provides a distinct competitive edge to its automotive clients.

### Product offerings:

- **Aerospace:** Aircraft engine parts, Pilot seat frame, Crew seat frame, Business class seat Actuator parts, Smoke detector enclosure, Lighting part & enclosure, Cargo parts, Auxiliary power enclosure, Combustion liner
- **Railway:** Signalling and Braking System, Pilot Seating, Tracking System, HVAC, Anti Collision Braking System, Electronic Interlocking System, Speed Sensors, Wheel Slide Protection System, Motors & Converters, Platform Sliding Door-Systems, Metro Signalling System
- **Automotive:** Electronic Dashboard, Digital Cockpit, Telematic Control Unit, Battery Management System, GPS Trackers for Trucks, Dash Cam System



## COMMUNICATION

Avalon aids manufacturers of 5G network equipment through concept-to-realisation and turnkey builds. Its integrated vertical manufacturing includes antenna boxes, remote radio heads (RRH), and baseband units (BBU), serving customers in the realm of 5G technologies. Furthermore, Avalon supports market leaders and innovators by combining its expertise in telemetry and geolocation technologies with integrated manufacturing capabilities to 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, Vehicle Tracking System, Vision System

## INDUSTRIAL

Avalon's integrated design and manufacturing solutions drive innovation across technologies like power electronics and transformers. By merging vertical expertise with proven capabilities in technology, communication, and electronics, Avalon aids industry leaders in power generation, transmission, distribution, storage, and conditioning systems, enabling the development of cutting-edge products for a smarter world. Its clientele spans the power spectrum, encompassing companies engaged in power generation, transmission, distribution, storage, and conditioning systems.

### Product offerings:

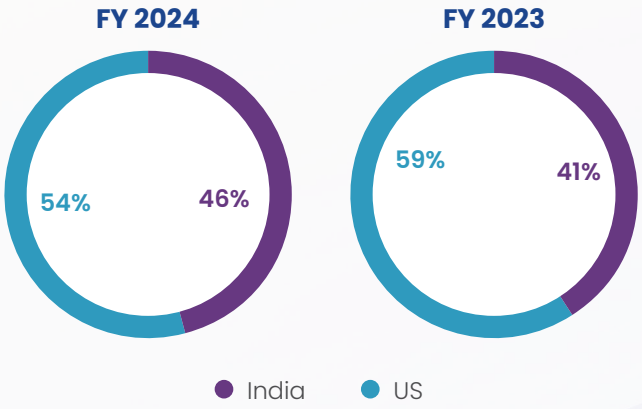
The Company's key offerings in this segment include PCBAs, magnetics for CNC machines, power cables, controllers for power pumps, controller panels and piston assemblies, fuel dispenser system, etc.

## MEDICAL AND OTHERS

With technological sophistication, stringent regulatory compliance, and collaborative development, Avalon is uniquely equipped to manage the complexities of medical device prototyping. This ensures that each prototype not only pioneers innovative medical solutions but also upholds the highest standards of patient safety and care. In this segment, the Company offers PCBAs for oxygen concentrators, PCBAs for blood analyser instruments and cables for flow meters, etc.

Avalon is partnering with the Center for Development of Advanced Computing (CDAC) to enhance its server solutions and to integrate innovative advancements into its server infrastructure, providing clients with enhanced performance and scalability.

## Revenue split based on Customer Geography




**50%**
Box-build Revenue

**8.3**
Asset turn - Capex light model

**77%**
Manufacturing in India

## BUSINESS HIGHLIGHTS

Some of the key highlights for the Fiscal Year 2023-24 are provided below:

- Avalon received the "Premier Partner" award from Raytheon in 2023 for overall excellence in Competitiveness, Collaboration and Customer service.
- The Company successfully entered new geographies and won new orders in PCB Design & Development (high speed simulation).
- Avalon won significant customers in the US across sectors such as industrial video surveillance, grid flexibility in clean energy, automotive heat transfer products and agro technology systems.
- The Company's new manufacturing plant for exports is scheduled to commence operations in Fiscal Year 2024-25.
- The Company's order book and long-term contracts increased by 26% YoY. The order book increased from INR 1,231 crores in March 2023 to INR 1,366 crores in March 2024. (Order Book executable over an average period of 14 months).
- The Company successfully delivered the first wiper blade assembly sample, marking a key milestone in the Aerospace segment.
- Avalon is now a strategic manufacturing partner for C-DAC, playing a pivotal role in advancing India's capabilities in High-Performance Computing through, the 'RUDRA' programme.
- The Company appointed Mr. Shriram Vijayaraghavan as their new Group Chief Operating Officer.
- The Company onboarded Mr. Venky Venkatesh as the Group Chief Sales Officer.

## BUSINESS OUTLOOK

As India emerges as a prominent global manufacturing hub, the Indian EMS sector is poised for substantial growth, catering to both domestic and international demands. Following a challenging year posed by short-term macroeconomic externalities, we are seeing the green shoots of recovery. This year marks a turning point in our journey, with momentum building across various segments. Despite the macroeconomic challenges, we have retained all our customers. Our US customer base is transitioning from inventory destocking to restocking at varied rates, underscoring the strength of our long-standing partnerships. We have also strategically shifted our focus towards the Indian market, making substantial progress in the industrial, rail, defence, and EV sectors.

Further, to meet the increasing demand from both export and domestic markets, we are expanding our infrastructure with the addition of two new units in India, which are set to commence operations in this year. We have also onboarded top talent at senior and mid-management levels to drive our growth and seize the significant opportunities ahead.

We see the signs of recovery as our existing US customers have begun restocking at varying levels. Our efforts in the Indian market are also yielding us the desired results. This combined progress is expected to drive significant momentum in the upcoming Fiscal Year. We remain on track with our outlined path and are seeing our anticipated growth materialize sooner than expected. Further, we are confident in our ability to sustain industry-leading gross margins due to our key differentiators and our operational efficiency. Our Company anticipates customer spending to return strongly and production to ramp up significantly. While we believe we can comfortably double our revenues over the next three years, we remain cautiously optimistic for the Fiscal Year 2024-25. Accordingly, we are forecasting a revenue growth rate of 16% to 20% for the year.

Our investments in infrastructure, talent, and technology are poised to deliver enhanced value to our customers, positioning us for successful execution and meeting customer demands effectively. With this, we believe this year marks a pivotal point in our journey, setting the stage for growth over the next decade. Avalon is dedicated to fostering a business that achieves sustained, profitable growth and prioritizes long-term success over short-term gains.

## FINANCIAL OVERVIEW

### Financial Performance

Some of the key financial highlights for the Fiscal Year 2023-24 are provided below:

(INR in million)

| Particulars | FY 2024 | FY 2023 | YoY Change |
|---|---|---|---|
| Revenue from Operations | 8,672 | 9,447 | -8.2% |
| Gross Margin | 3,148 | 3,479 | -9.5% |
| Gross Margin (%) | 36.3% | 36.8% | -52 bps |
| EBITDA | 625 | 1,126 | -44.5% |
| EBITDA (%) | 7.2% | 11.9% | -472 bps |
| Depreciation | 229 | 197 | 16.5% |
| Finance Cost | 164 | 348 | -52.9% |
| Profit before tax (PBT) | 381 | 727 | -47.6% |
| Profit after tax (PAT) | 280 | 525 | -46.7% |
| PAT (%) | 3.2% | 5.5% | -230 bps |

Note: Figures are provided on a consolidated basis.

The Company's consolidated revenue amounted to INR 8,672 million, reflecting a decrease of 8.2% from INR 9,447 million in Fiscal Year 2022-23. The Company's Indian manufacturing, which represents about 77% of its business, reported operating margins of 12.7% and PAT margins of 8.5%. However, losses in the US operations are temporarily overshadowing the strong performance of the Company's Indian operations and have impacted the consolidated results.

The gross margin was 36.3% for the Fiscal Year 2023-24, a marginal decline from 36.8% in the previous year. Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) was INR 625 million, reflecting a 44.5% decrease compared to INR 1,128 million the previous year. The Profit After Tax (PAT) for the Fiscal Year 2023-24 stood at INR 280 million, a decrease from INR 525 million in the preceding year.

### Financial Ratios

| Particulars | FY 2024 | FY 2023 |
|---|---|---|
| ROCE (%) | 10.0* | 24.6* |
| Asset Turnover (x) | 8.3x | 10.4x |
| Net Debt to EBITDA (x) | -0.3x | 2.7x |
| Inventory Days | 118 | 106 |
| Trade Receivables Days | 79 | 80 |
| Trade Payables | 36 | 41 |
| Net Working Capital Days | 161 | 144 |

*Calculated excluding IPO cash proceeds

1. **ROCE:** Higher fixed costs and reduced revenue, coupled with the increase in equity from the funds raised in IPO, has led to a lower ROCE for the Fiscal Year 2023-24.

2. **Asset Turnover:** Asset Turnover Ratio is 8.3x as we follow a capex-light model.

3. **Net Debt to EBITDA:** A portion of the proceeds from the IPO were used for debt repayment. Therefore, Net debt after accounting for Cash became negative. Accordingly, Net Debt to EBITDA has reduced to -0.3x compared to 2.7x in the previous year.

4. **Inventory Days:** Although the absolute inventory levels of Fiscal Year 2023-24 stayed muted in comparison to Fiscal Year 2022-23, the decrease in revenue has increased the inventory days by 12.

5. **Trade Receivables Days:** The absolute trade receivables period is 79 days for Fiscal Year 2023-24, improving by 1 day from 80 days in the previous fiscal year.

6. **Trade Payable Days:** A decrease in both trade payables and revenue in the Fiscal Year 2023-24, has resulted in 5 days of reduction in payable days.

7. **Net Working Capital Days:** An increase in Net Working Capital Days is a result of an increase in inventory days and a reduction in payable days.

## RISK MANAGEMENT

The Company has a well-structured risk management framework to promptly and effectively identify, evaluate, and mitigate key business and operational risks. Avalon remains committed to proactively managing risks through meticulous planning, strong partnerships, diversification, strategic investments, and a steadfast focus on technology and innovation. These strategies collectively fortify the Company's resilience, enabling it to navigate uncertainties and foster sustained growth in a dynamic market environment. The Company's key risks and their corresponding mitigation measures are depicted below:

| Risk | Impact | Mitigation |
|---|---|---|
| **Macroeconomic Risk** | Economic slowdown, inflation, and other macroeconomic factors have the potential to dampen demand for electronics and electronics manufacturing services (EMS) and adversely impact the Company's imports and export operations. | While global macroeconomic challenges pose risks to the Indian EMS industry, economic growth in India and decreasing inflation are expected to stimulate growth across sectors. Digital transformation continues to be a pivotal focus, presenting significant opportunities for Indian EMS players. Despite economic uncertainties, the Company remains optimistic about achieving growth due to its strong customer base and favourable market conditions.<br><br>The Company ensures regular communication with its customers to their comfort and convenience in working with Avalon. |
| **Raw Material Risk** | Increased costs, delays, shortages, or interruptions in raw material supply may affect the Company's operations and financial performance. | The Company maintains optimum levels of component inventory to ensure operational efficiency and prioritises reliable suppliers with established relationships for the timely delivery of quality supplies. |
| **Currency Fluctuations Risk** | Foreign exchange volatility can impact the Company's margins due to its imports and exports to various countries. | The Company vigilantly monitors currency movements and adjusts orders accordingly, leveraging its export focus as a natural hedge. Effective hedging strategies mitigate the short-term impact of currency fluctuations. |

| Risk | Impact | Mitigation |
|---|---|---|
| **Operational Risk** | Manufacturing facility breakdowns, supply chain disruptions, or external factors can lead to operational slowdowns or shutdowns, resulting in loss of business. | By prioritising regular maintenance and strict compliance with directives, the Company ensures operational stability. Its facilities are equipped to handle unexpected challenges effectively. |
| **Customer Concentration Risk** | Overreliance on a few customers may adversely impact the Company's revenues and profitability. | The Company's strategy of fostering robust relationships with key customers and diversifying across industries helps mitigate concentration risk. |
| **Geographic Concentration Risk** | Changes in economic conditions in specific regions may impact the Company's exports and revenues. | The Company's diverse customer base across multiple sectors and geographic regions reduces its dependence on any specific region, creating a natural hedge. |

## HUMAN RESOURCES

### Culture at Avalon:

The Company views its employees as its most valuable asset and the foundation to its success. Avalon is dedicated to creating and maintaining a supportive, and respectful work environment, ensuring that employees are treated with dignity and courtesy. The Company ensures that there is no discrimination or harassment against any person based on race, colour, religion, disability, age, sex, marital status, or personal preferences. Avalon also continues to be an equal-opportunity employer. As on March 31, 2024, the Company had a total strength of 2,096 employees on a consolidated basis.

The Company's policies and procedures emphasise fair and ethical ways of doing business. Honesty is the hallmark of Avalon's transactions with all stakeholders. Policies are employee/customer-friendly and reviewed periodically to adapt and include social, economic, professional, cultural and business-related changes.

During the Fiscal Year 2023-24, the Company undertook various HR initiatives including:

1. **Emphasis on Skill Development of Employees**
   - Technical training - Electronic Industry (IPC), Quality Management System (QMS), International Organization for Standardization (ISO), Electrostatic Discharge (ESD), Hazardous Material Handling
   - Non-technical training – Fire & Safety, first aid, Emergency Response Team (ERT), Effective Communication & Negotiation Skills
   - Maintaining a 'Knowledge Centre' for employees which contains learning resources on technical and non-technical aspects
   - POSH refresher training for employees

2. **Financial Assistance to Employees:**
   - Mediclaim insurance for employees and their spouses, children and parents
   - Additional salary increments for educational advancement (E.g. Diploma to Graduation)
   - Marriage Gift
   - Financial assistance to employees in case of emergencies

3. **Employee Well-Being Initiatives:**
   - Employee Master Health Check-up
   - Audiometry examination
   - Eye Check-up
   - Promoting employee engagement in fitness and health initiatives
   - Canteen benefits for all employees without any monetary deduction

4. **Employee Engagement Activities:**
   - Monthly Birthday Celebration
   - Periodic Team Outings
   - Supporting community needs through 'Blood Donation Drives'
   - Women's Day Celebration – Appreciating women's contribution to the Company's growth, women-specific health talk by specialists, and fun activities
   - Safety Week – Safety awareness programmes, safety training, safety pledges, quiz, drawing competition and mock drill
   - World Environment Day – Awareness to employees through posters, quiz, and planting saplings
   - Factory/ Annual Day celebration – Month-long activities such as sports, fun events, and cultural culminating with the final day celebrations at theme parks (location-wise)

**Awards won by employees:**

1. Avalon's employee, Sharan Yabesh won 2nd prize at the National level Hand Soldering competition held at Bangalore organised by IPC. He represented India at the world hand soldering competition held in Germany.
2. Sermakani (PCB Division) won the national runner-up position in the IPC Hand Soldering competition conducted by IPC in Bangalore.

## INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an Internal Control System suitable for its industry, commensurate to the size, scale, and complexity of its operations. The control systems are designed and categorised based on their nature and risk to effectively ensure operational reliability with suitable safety checks.

The Company's internal control system encompasses:

- Upholding and maintaining company assets
- Ensuring the appropriateness of commercial transactions related to the business
- Compliance with prevailing statutes, regulations and policies
- Controlling capital and revenue expenditure against approved budgets

The internal audit function is structured as an independent, robust mechanism aligned with established governance standards. It continuously monitors, assesses, and reports to both management and the audit committee regarding the adequacy and effectiveness of internal controls, operational efficiencies, and risk management processes. This ensures that controls remain effective in mitigating risks and maintaining operational integrity, in line with best practices.

During this Fiscal Year, the company has redefined its Internal Financial Control Framework by incorporating the status of each process which will enhance the overall controls. An independent assessment of the working of established controls is tested on a sample basis.

The Internal Audit function also develops an audit plan covering underlying business operation, inter-corporate, and support functions. It evaluates the effectiveness and adequacy of internal controls, compliance with operating systems, policies, procedures and recommends improvements if necessary. The Audit Committee of the Board periodically reviews these audit plans, observations, and recommendations from internal and external auditors, focusing on significant risk areas and keeps the Board of Directors informed of any annotations. The Committee also oversees the reliability and sufficiency of financial reporting, risk management and internal control systems.

The Company acknowledges that any internal control framework, no matter how well designed, has inherent limitations. Therefore, regular audits and review processes ensure that these systems are constantly updated. The Company has engaged external auditors, M/s Grant Thornton, for assessment of the internal control systems to ensure integrity and independence of the audit.

The Internal Auditors, M/s Grant Thornton, audit the group companies (holding company and its subsidiaries) and have direct access to the Audit Committee of the Board. Follow-up on corrective actions are undertaken to ensure satisfactory controls are maintained. M/s Varma & Varma Chartered Accountants, the Statutory Auditors of the Company, issued an audit report on the Company's internal controls, which does not contain any adverse remarks. Accordingly, based on the findings of the Audit Committee and the Auditors, the Board is of the opinion that the Company's Internal Controls are efficient and have functioned in accordance with the systems in place for the financial year ending on March 31, 2024.

## CAUTIONARY STATEMENT

The Management Discussion and Analysis and any other contents of the Annual Report 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. Such statements are based on informed judgements and estimates. Actual results may differ substantially or materially from those either expressed or implied in the forward-looking statements depending on various 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. The Company undertakes no responsibility to publicly amend, modify or revise any forward-looking statements, whether as a result of any subsequent developments, new information, future events, or otherwise.

Dear Member,

You are cordially invited to attend the twenty fifth (25th) Annual General Meeting of the members of Avalon Technologies Limited ("**the Company**") to be held on Wednesday, September 25, 2024, through Video Conference (VC)/ Other Audio-Visual Means (OAVM) at 02.30 P.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 ("**the LODR 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 25th Annual General Meeting

Notice is hereby given that the Twenty Fifth (25th) Annual General Meeting (AGM) of the members of Avalon Technologies Limited (formerly known as 'Avalon Technologies Private Limited') ("**the Company**") will be held on Wednesday, September 25, 2024, at 02.30 P.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, 2024 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, 2024, 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. APPOINTMENT OF MR. SAREDAY SESHU KUMAR (DIN: 01646703) AS A NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR LIABLE TO RETIRE 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. Sareday Seshu Kumar (DIN: 01646703), 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. CONTINUATION OF MR. LUQUMAN VEEDU EDIYANAM (DIN: 06493214) AS NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR**

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

"**RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') read with Regulation 17(1D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('the SEBI Listing Regulations') (including any statutory modification or re-enactment(s) thereof for the time being in force), the Articles of Association of the Company, approvals and recommendation of the Nomination and Remuneration Committee and that of the Board of Directors, consent of the Members be and is hereby accorded for continuation of Mr. Luquman Veedu Ediyanam (DIN: 06493214) as Director (designated as Non-Executive and Non-Independent Director) of the Company, who shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to or any other Officer(s)/ Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

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

Place: Chennai
Date: August 08, 2024

Registered Office:
**AVALON TECHNOLOGIES LIMITED**
(Formerly known as 'Avalon Technologies Private Limited')
CIN: L30007TN1999PLC043479
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 on 10/2022 dated December 28, 2022, and the latest being 09/2023 dated September 25, 2023 (hereinafter referred to as "**MCA Circulars**") has permitted the holding of the 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 **25th 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.

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/HC/CFD/CFD-PoD(2)/P/CIR/2023/167 dated October 7, 2023 ("**SEBI Circular**") Notice of the **25th AGM** along with the Annual Report for the FY 2023 - 24 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 2023-24 in electronic mode.

   In case any member is desirous of obtaining hard copy of the Annual Report for the FY 2023-24, they may send request to the company via email at investorsrelations@avalontec.com mentioning their DP ID and Client ID.

6. Participation of members through VC/OAVM 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 and investorsrelations@avalontec.com

8. The Certificate issued by the Secretarial Auditor pursuant to Regulation 13 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, 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 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, 2024**. 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) (DPs).

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 P2011TN078800), as the Scrutinizer ("**Scrutinizer**") for conducting e-voting process in a fair and transparent manner.

12. The Scrutinizer will submit their 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 through remote e-voting and votes cast during the AGM), 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, RTA, and will also be published on the Company's website, www.avalontec.com.

13. Members holding shares in dematerialized form, as on cut-off date, i.e., **September 18, 2024**, may cast their votes electronically. The e-voting period commences **on Sunday, September 22, 2024 (9:00 a.m. IST) and ends on Tuesday, September 24, 2024 (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 18, 2024**. A person who is not a member as on the cut-off date is requested to treat this Notice for information purposes only.

14. 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.

15. 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 18, 2024**, 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 18, 2024**, they may follow steps mentioned in the Notice under 'Instructions for e-voting'.

16. Additional information, pursuant to Regulation 17(1D), 36 of the Listing Regulations and the Secretarial Standards – 2 issued by the Institute of Company Secretaries of India, in respect of the Director seeking reappointment at the AGM, forms part of this Notice.

17. The Notice calling the 25th AGM along with the Annual Report for the year 2023-24 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 MEETINGS ARE AS UNDER: (CDSL)

### NOTE:

(i) The e-voting period begins **on Sunday, September 22, 2024 at 9.00 a.m. and ends on Tuesday, September 24, 2024 at 5.00 p.m.** During this period, shareholders of the Company, holding shares in dematerialized form, as on the cut-off date (record date) **September 18, 2024** may cast their vote electronically. The e-voting module shall be disabled by CDSL 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** | 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The 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.<br>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, links are also provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.<br>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. |

| Type of shareholders | Login Method |
|---|---|
| | 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from the 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. |
| Individual Shareholders holding securities in **DEMAT** mode with **NSDL Depository** | 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.nsdl.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.<br><br>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br><br>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.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. |
| Individual Shareholders (holding securities in **DEMAT** mode) login through their **Depository Participants (DP)** | 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. |

**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 **Physical shareholders and 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)<br>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA. |

(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., **240809002** 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 (240809002)** 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 e-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 allow Camera and 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 (on or before September 18, 2024) 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 (on or before September 18, 2024) 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 will only 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')

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

Place: Chennai
Date: August 08, 2024

Registered Office:
**AVALON TECHNOLOGIES LIMITED**
(Formerly known as 'Avalon Technologies Private Limited')
CIN: L30007TN1999PLC043479
B-7, First Main Road,
MEPZ-SEZ, Tambaram
Chennai – 600045

## EXPLANATORY STATEMENT

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

Pursuant 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

**Continuation of Mr. Luquman Veedu Ediyanam (DIN: 06493214) as Non-Executive and Non-Independent Director**

Members may note that as per SEBI's amendment dated July 15, 2023, Regulation 17(1D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, stipulates the following:

With effect from April 01, 2024, the continuation of a Director serving on the Board of Directors of a listed entity shall be subject to the approval by the Members at a general meeting at least once in every five (5) years from the date of their appointment or reappointment, as the case may be.

Further, the continuation of director serving on the Board of Directors of a listed entity as on March 31, 2024, without the approval of the Members for a period of last five (5) years or more shall be subject to the approval of Members in the first general meeting to be held after March 31, 2024.

Mr. Luquman Veedu Ediyanam (DIN: 06493214) was appointed as Non-Executive and Non-Independent Director of the Company, as liable to retire by rotation with effect from March 03, 2017. His appointment was regularized by the Shareholders at the AGM held on September 30, 2017.

Since he has been serving as a Non-Executive Director for more than five years in the Board from the date of his appointment by the members of the Company, it is required to obtain the approval of members in order for him to continue to serve as the Non-Executive Non- Independent Director of the Company.

Mr. Luqman holds a bachelor's degree in technology from University of Calicut. He has been associated with our Company since March 3, 2017. He has been the legal partner and the Managing Director at Dhafir Technologies LLC, United Arab Emirates since its establishment in 1970.

The Board believes that his continuation and guidance on the Board will significantly contribute to Company's growth and long-term value creation.

This being the first General Meeting held after March 31, 2024, and after consideration of his performance over the past years and on recommendation of the Nomination and Remuneration Committee & the Board, the Members are requested to approve the continuation of Mr. Luquman Veedu Ediyanam (DIN: 06493214) as Non-Executive and Non-Independent Director of the Company, who is liable to retire by rotation.

The Board recommends his continuation as Director by way of Ordinary Resolution as set out in Item no 3 of this Notice.

The details of Mr. Luquman as required under Secretarial Standard – 2 and Regulation 36 of the SEBI Listing Regulations, as applicable, are provided as '**Annexure**' to the Notice.

Except Mr. Luquman Veedu Ediyanam and his relatives, none of the other Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

## ANNEXURE TO NOTICE

### Item No: 2

**Additional Information on Directors 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**

| S. No | Details | Particulars |
|---|---|---|
| 1. | Name of the Director | Mr. Sareday Seshukumar |
| 2. | Age | 55 years |
| 3. | Qualification | Bachelor's degree in arts from Osmania University, completed accelerated management programme conducted by Indian School of Business. |
| 4. | Experience (Including a brief resume and expertise in specific functional areas) | Currently, he is a Non – Executive Director and prior to joining our Company, he was associated with Emantras Interactive Technologies Private Limited. |
| 5. | Terms and Conditions of Re-appointment | Pursuant to Section 152 of the Companies Act, 2013, Mr. Sareday Seshukumar is liable to retire by rotation, and being eligible, offers himself for reappointment. |
| 6. | Date of First Appointment on the Board | September 01, 2001 |
| 7. | Remuneration last drawn | Nil from Avalon Technologies Limited. |
| 8. | Shareholding in the Company (Including Beneficial Ownership, if any.) | 1905254 shares (as on March 31, 2024) |
| 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 | 7 out of 8 meetings |
| 11. | Directorships of other Boards, including Listed Entities | Mr. Sareday Seshukumar is also director in the below mentioned companies (subsidiaries of Avalon Technologies Limited):<br>1. Sienna Ecad Technologies Private Limited - India<br>2. ABV Electronics INC (DBA SIENNA CORP) - USA |
| 12. | Membership/ Chairmanship of Committees of other Boards, including Listed Entities | Chairperson of the Corporate Social Responsibility Committee and member of Nomination and Remuneration Committee of Avalon Technologies Limited. |
| 13. | Listed Entities from which the person has resigned in the past three years | Nil |

**Item No. 3**

**Additional Information on Director recommended For Continuation under Regulation 17(1D) of the SEBI Listing Regulations, 2015.**

| S. No | Details | Particulars |
|---|---|---|
| 1. | Name of the Director | Mr. Luquman Veedu Ediyanam |
| 2. | Age | 60 years |
| 3. | Qualification | He holds a bachelor's degree in technology from University of Calicut. |
| 4. | Experience (Including a brief resume and expertise in specific functional areas) | He is the Non-executive Director of our Company. He has been associated with our Company since March 3, 2017. He has been the legal partner and the managing director at Dhafir Technologies LLC, United Arab Emirates since its establishment in 1970. |
| 5. | Terms and Conditions of Re-appointment | Pursuant to Regulation 17(1D) of the SEBI Listing Regulations, 2015. |
| 6. | Date of First Appointment on the Board | March 03, 2017 |
| 7. | Remuneration last drawn | Nil from Avalon Technologies Limited. |
| 8. | Shareholding in the Company (Including Beneficial Ownership, if any.) | 36,19,291 shares (as on March 31, 2024) |
| 9. | Relationship with other Directors, Manager and other Key Managerial Personnel of the company | Except Mr. Kunhamed Bicha, there is no inter-se relationship with other Directors and Key Managerial Personnel of the Company. |
| 10. | Number of Meetings of the Board attended during the year | 1 out of 8 meetings |
| 11. | Directorships of other Boards, including Listed Entities | Mr. Luquman Veedu Ediyanam is also director in the below mentioned companies (subsidiaries of Avalon Technologies Limited):<br>1. Avalon Technology and Services Private Limited - India<br>2. ABV Electronics INC (DBA SIENNA CORP) - USA |
| 12. | Membership/ Chairmanship of Committees of other Boards, including Listed Entities | Nil |
| 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, 2024. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

## 1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

(INR In Millions)

| Description | Standalone | | Consolidated | |
|---|---|---|---|---|
| | FY 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 |
| Revenue from Operations | 4,416.82 | 4,793.71 | 8,671.68 | 9,447.19 |
| Other Income | 192.42 | 50.75 | 148.74 | 145.16 |
| **Total Income** | **4,609.24** | **4,844.46** | **8,820.42** | **9,592.35** |
| Cost of Raw Materials consumed | 3,270.43 | 3,705.38 | 5,522.77 | 6,139.56 |
| Change in Inventory | 69.76 | (131.86) | 0.55 | (171.14) |
| Employee Benefit Expense | 487.86 | 423.73 | 1,849.87 | 1,719.42 |
| Finance Cost | 25.94 | 176.43 | 164.01 | 347.92 |
| Depreciation & Amortization | 51.98 | 48.70 | 228.98 | 196.55 |
| Other Expenses | 270.68 | 237.75 | 673.69 | 633.11 |
| **Total Expenses** | **4,176.65** | **4,460.13** | **8,439.87** | **8,865.42** |
| **Profit Before Tax & Exceptional Items** | **432.59** | **384.33** | **380.55** | **726.93** |
| Exceptional Items | 0 | 0 | 0 | 0 |
| **Profit before Tax** | **432.59** | **384.33** | **380.55** | **726.93** |
| Tax Expenses | 107.73 | 100.64 | 100.7 | 201.90 |
| **Profit after Tax** | **324.86** | **283.69** | **279.85** | **525.03** |
| Other Comprehensive Income | 0.91 | (2.93) | (12.63) | (77.02) |
| **Total Comprehensive Income** | **325.77** | **280.76** | **267.22** | **448.01** |
| **Earnings Per Share** | | | | |
| Basic (In ₹) | 4.98 | 5.00 | 4.29 | 9.27 |
| Diluted (In ₹) | 4.87 | 4.89 | 4.19 | 9.08 |

### State of Affairs and Financial Overview

During the FY 2023-24, the revenue from operations of our Company on a standalone basis was INR 4416.82 Million and the Consolidated Revenue of our Company stood at INR 8671.68 Million.

The profit after tax of our Company on a standalone basis for the FY 2023-24 was INR 324.86 Million vis-à-vis INR 283.69 Million for FY 2022-23 The consolidated profit after tax of our Company for the FY 2023-24 stood at INR 279.85 Million vis-à-vis INR 525.03 Million for the FY 2022-23.

The detailed 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 have not recommended any dividend for the Financial Year ended March 31, 2024.

## 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 Financial Year, there was no change in the nature of business of the Company.

## 5. SHARE CAPITAL

The paid-up share capital of the Company as on March 31, 2024, was INR 13,14,25,384 consisting of 6,57,12,692 equity shares at INR 2 each.

## 6. 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.

## 7. 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.

## 8. SUBSIDIARIES

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 & 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 appended as **Annexure - I** to this Report. Further, we confirm that during the Financial Year, no entities ceased to be a subsidiary of the Company.

## 9. 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 FY 2023-24 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.

## 10. 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.

## 11. 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.

Your company constituted a Risk Management Committee on June 29, 2024.

The Scope of the Committee shall include:

1. To formulate a detailed risk management policy which shall include:

   (a) A framework for identification of internal and external risks specifically faced by the listed entity, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security or any other risk as may be determined by the Committee.

   (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

   (c) Business continuity plan

2. To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company.

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.

4. To review the risk management policy once in two years, considering the changing industry dynamics and evolving complexity.

5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations, and actions to be taken.

6. The appointment, removal, and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

## 12. 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.

## 13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The details of the constitution, meetings and terms of reference of the committee 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** to the Directors' Report.

## 14. HUMAN RESOURCE 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.

On a standalone basis, the Company had 880 permanent employees as of March 31, 2024.

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.

## 15. 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 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) 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**.

During the FY 2023-24, the Company allotted 4,20,115 equity shares to the employees who exercised their ESOP Options.

Pursuant to Regulation 12(1) of the SEBI (SBEB) Regulations, 2021, the shareholders of your Company ratified the Avalon Employee Stock Option Plan – 2022, by passing a special resolution at the 24th Annual General Meeting held on September 25, 2023.

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.

## 16. 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 2024, as stipulated under Regulation 34(3) read with Schedule V of the Listing Regulations forms a part of this Annual Report.

## 17. 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.

## 18. NUMBER OF MEETINGS OF THE BOARD

The Board met eight (8) 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.

## 19. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

As of March 31, 2024, the Board has eight members, consisting of one Executive Director, three Non-Executive and Non-Independent Directors and four Non- Executive - Independent Directors. One of the Independent Directors of the Board is a Woman Director.

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

Mr. Bhaskar Srinivasan (DIN:02561215) was re-appointed as a Director under Non – Independent Category by the shareholders in their meeting held on September 25, 2023.

## 20. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declarations 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 met 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.

## 21. BOARD EVALUATION

During the reporting period, your Company had evaluated the performance of the Board including performance of its committees, Independent Directors, Chairperson of the Board and other Directors.

## 22. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

During the reporting period, the Independent Directors attended various sessions to familiarize themselves with the business operations, overview on industry, corporate governance etc.

The familiarization programme is available on our website www.avalontec.com

## 23. COMMITTEES OF THE BOARD

As on March 31, 2024, the Board had four statutory committees: the Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee.

In addition to the above committees, the Board of Directors of the Company constituted the Risk Management Committee on June 29, 2024.

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 committees is provided in the Corporate Governance Report, which forms part of this Annual Report.

## 24. 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.

## 25. 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 a defined appointment and remuneration criteria which has been approved by the Board.

Attributes such as ethical standards of integrity, qualification and expertise are investigated 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 on the website at https://www.avalontec.com/

## 26. 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 financial year, 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.

## 27. REPORTING OF FRAUDS BY AUDITORS

During the financial year, 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.

## 28. ANNUAL RETURN

In accordance with the Companies Act, 2013, the annual return for the financial year 2022-23 in the prescribed format is available at company's website at https://www.avalontec.com/investors.

## 29. SECRETARIAL STANDARDS

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

## 30. LISTING ON STOCK EXCHANGES

The Company's equity shares are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**").

## 31. 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, 2024, 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.

## 32. AUDIT REPORTS AND AUDITORS

### AUDIT REPORTS

The Statutory Auditors' Report for FY 2023-24 does not contain any qualification, reservation, or adverse remark. The Report is enclosed with the Financial Statements in this Annual Report.

The Secretarial Auditors' Report for Financial Year 2023-24 does not contain any qualification, reservation, or adverse remark except for delay in holding Annual General Meeting for FY 2022-23, for which the Company has decided to make compounding application to the appropriate authority. The Secretarial Auditors' Report is enclosed as **Annexure - VI** to the Directors' 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, were appointed as the Secretarial Auditor of the Company for the FY 2023-24 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.

M/s. M. Alagar & Associates, Practicing Company Secretaries, (Firm Registration Number P2011TN078800) are appointed as Secretarial Auditor of the Company for the FY 2024-25, as required under Section 204 of the Companies Act, 2013 and Rules thereunder.

## 33. 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. However, your Company is maintaining the prescribed Cost Records as stipulated under the applicable Rules.

## 34. DETAILS OF IMPLEMENTATION OF VIGIL MECHANISM

The Company has established a Vigil Mechanism and 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 Chairperson 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.

## 35. 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 financial year, no complaints were received by the Committee.

## 36. 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.

## 37. BUSINESS RESPONSIBILITY AND SUSTAINIBLITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations, your Company is providing the prescribed disclosures on Environment, Social and Governance ("ESG") parameters as part of the

Business Responsibility and Sustainability Report ("BRSR"), which forms a part of the Annual Report. The BRSR includes details on performance against the nine principles of the National Guidelines on Responsible Business Conduct and a report under each principle is provided.

## 38. 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**
Chairman and Managing Director
DIN: 00819707

Place: Chennai
Date: August 08, 2024

## AOC – 1

## 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 | Name 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 for 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 | 2023-24 | INR | 1.30 | 1,015.58 | 2,224.14 | 1,207.26 | 15.18 | 2,046.53 | 175.97 | 40.20 | 135.77 | 0.00 | 100% |
| 2 | Sienna ECAD Technology Private Ltd | 19-03-2021 | 2023-24 | INR | 35.18 | (25.55) | 126.65 | 117.02 | - | 219.00 | 8.22 | 4.69 | 3.53 | 0.00 | 99.99% |
| 3 | ABV Electronics (DBA) SIENNA Corporation | 25-02-2021 | 2023-24 | INR Closing Rate: 83.3739 Average Rate: 82.7887 | 0.05 | (1,625.95) | 2,327.47 | 3,953.37 | - | 4,753.89 | (240.49) | (51.92) | (188.57) | 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, 2024.

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

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

Sd/-
**R.M. Subramanian**
Chief Financial Officer

Sd/-
**Dr. Rajesh V**
Company Secretary

Date: May 16, 2024

**ANNEXURE – II**

## 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, 2024, 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, 2024.

For and behalf of the Board of Directors of
**Avalon Technologies Limited**
(Formerly Known as 'Avalon Technologies Private Limited')

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

Place: Chennai
Date: August 08, 2024

**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 we 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 the CSR Committee as on March 31, 2024 is provided below:**

| Sl. No | Name of the Directors | Designation | Nature of Directorship | No. of meetings of CSR Committee held during the year | No. of meetings of CSR Committee attended during the year |
|---|---|---|---|---|---|
| 01. | Sareday Seshu Kumar | Chairperson | Non - Executive Non - Independent Director | 3 | 3 |
| 02. | Bhaskar Srinivasan | Member | Non - Executive Non - Independent Director | 3 | 2 |
| 03. | Nandita Abraham | Member | Non - Executive Independent Director | 3 | 2 |

### 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. | 2023-24 | 34,071 | 1,10,569 |

### 6. Average Net Profit of the Company as per Section 135(5): INR 29,85,18,677/-

| | | |
|---|---|---|
| a. | Two percent of Average Net Profit of the Company as per Section 135(5): | INR 59,70,374 |
| b. | Surplus arising out of the CSR Projects or programmes or activities of the previous financial years | NIL |
| c. | Amount required to be set off for the financial year | 34,071 |
| d. | Total CSR obligation for the Financial Year (a+b-c) | 59,36,302 |

## 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 60,46,871 | – | – | – | – | – |

## 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) | Location of the Project | | Amount spent in the current financial year (In INR.) | Mode of Implementation – Direct | Mode of Implementation – Through agency | |
| | | | | State | District | | | Name | CSR Reg No. |
| 1. | Promotion of development to the local areas | (i)Rural development projects | Yes | Tamil Nadu | Tambaram | 2,00,000 | Indirect | MEPZMA | CSR00008983 |
| 2. | Funding Education | (ii) Promotion of Educational Activities | No | Karnataka | Bengaluru | 5,00,000 | Indirect | Links Educational and Charitable Trust | CSR00016279 |
| 3. | Promotion of Women Healthcare | Promoting gender equality, empowering women, | No | Karnataka | Bengaluru | 3,00,000 | Indirect | Belaku Trust | CSR00005914 |
| 4. | Promotion of Environmental Activities | (iii) Protection of Flora and Fauna | Yes | Tamil Nadu | Tambaram | 10,16,871 | Direct | - | - |
| 5. | Promotion of Socio Economic Development Activities | Contributions to public funded Universities; Indian Institute of Technology (IITs); | Yes | Tamil Nadu | Chennai | 37,50,000 | Direct | - | - |
| 6. | Promotion of Healthcare | Eradicating hunger, poverty and malnutrition, "promoting health care including preventive health care" | Yes | Tamil Nadu | Chennai | 1,80,000 | Indirect | Schizophrenia Research Foundation | CSR00000884 |
| 7. | | | Yes | Tamil Nadu | Chennai | 1,00,000 | Indirect | Caring Hands | CSR00012385 |
| | **Total** | | | | | **60,46,871** | | | |

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:** ₹ 60,46,871

g. **Excess amount for set-off, if any:** 1,10,569

| Sl. No. | Particulars | Amount (In INR.) |
|---|---|---|
| 1. | Two percent of average net-profits of the Company as per Section 135(5) | 59,70,374 |
| 2. | Total amount spent for the Financial Year | 60,46,871 |
| 3. | Amount carried forward from previous financial year | 34,071 |
| 4. | Excess amount spent for the Financial Year (3+2-1) | 1,10,569 |
| 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) | 1,10,569 |

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

| Sl. No | Preceding Financial Year | Balance Amt. in Unspent CSR Account under Section 135(6) | 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 (5), if any | | Amount remaining to be spent in succeeding financial years (in INR.) | Deficiency, if any |
|---|---|---|---|---|---|---|---|---|
| | | | | | 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) |
|---|---|---|---|---|---|---|---|---|
| S. 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 |
| Not Applicable | | | | | | | | |

**9. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No

**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 behalf of the Board of Directors of
**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 08, 2024

**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 | Director Name | Ratio to Median Remuneration | % Increase /(Decrease) in remuneration in the financial year |
|---|---|---|---|
| | **Executive Directors :** | | |
| 1 | Kunhamed Bicha** | 127.49 | (15%) |
| | **Non- Executive Directors:** | | |
| 1 | Bhaskar Srinivasan * | 122.00 | (17%) |
| 2 | Saradey Seshu Kumar | - | - |
| 3 | Luquman Veedu Ediyanam | - | - |
| | **Independent Directors :-** | | |
| 1 | Venkataramani Anantharamakrishnan^ | 3.71 | 167% |
| 2 | Byas Unnikrishnan Nambisan^ | 5.11 | (27%) |
| 3 | Nandita Abraham^ | 4.64 | 233% |
| 4 | Chandar Pattabhiram^ | 4.18 | 125% |
| | **Key Managerial Personnel** | | |
| 1 | R. M. Subramanian - Chief Financial Officer | 49.95 | 0% |
| 2 | Dr. Rajesh. V - Company Secretary | 10.31 | 11% |

* Remuneration drawn from Sienna corporation (Subsidiary of ATL)

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

^ Remuneration paid as sitting fees for the meetings attended up to 31.3.2024

2. Percentage increase in the median remuneration of employees in the financial year is 13.43%.

3. Number of permanent employees on the rolls of company as on March 31, 2024: 880

4. The average increase in the salary of employees other than Managerial Personnel is 11.99% and the average decrease in the managerial remuneration is 15.11%.

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.

**(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 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 behalf of the Board of Directors of
**Avalon Technologies Limited**
(Formerly Known as 'Avalon Technologies Private Limited')

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

Place: Chennai
Date: August 08, 2024

**ANNEXURE – V**

## DISCLOSURES BY THE BOARD OF DIRECTORS

(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 FY 2023-24.

**B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - 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 ₹ 4.87 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 ESOP | 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.<br><br>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.<br><br>The Exercise Price shall be decided by the Nomination and Remuneration Committee/Board as 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. | The Employee compensation cost for ESOP has been recognized based the fair value. Hence, this disclosure shall not be 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 | 17,79,750 |
| 2. | Number of options granted during the year | 0 |
| 3. | Number of options forfeited / lapsed during the year | 40,188 |
| 4. | Number of options vested during the year | 6,67,265 |
| 5. | Number of options exercised during the year | 4,20,115 |
| 6. | Number of shares arising as a result of exercise of options | 4,20,115 |
| 7. | Money realized by exercise of options (INR), if scheme is implemented directly by the company. | ₹ 84,02,300 |
| 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. | 13,19,447 |
| 10. | Number of options exercisable at the end of the year. | 2,36,388 |

## 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.

The exercise price for the grants made during the year was ₹ 20/- and weighted average exercise price of option was ₹20/-.

## G. Employee wise details of options granted as per ESOP Plan 2022 (till date)

### 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. | Subramanian RM | 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 till date**

| S. No | Name of the Employee | Designation | Entity | No. of Options granted | Exercise Price per Option (In INR) |
|---|---|---|---|---|---|
| 1. | Subramanian RM | 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 – INR 20/-.

For and behalf of the Board of Directors of
**Avalon Technologies Limited**
(Formerly Known as 'Avalon Technologies Private Limited')

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

Place: Chennai
Date: August 08, 2024

## COMPLIANCE CERTIFICATE

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

To,
The Members
**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: L30007TN1999PLC043479 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, 2024.

### 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. Articles of Association of the Company;
3. Resolutions passed at the meeting of the Board of Directors;
4. Resolutions passed at the meeting of the Nomination and Remuneration Committee;
5. Bank Statements towards application money received under the scheme;
6. Shareholders resolution passed at the General Meeting held on July 07, 2022;
7. Relevant Accounting Standards as prescribed by the Central Government;
8. Detailed terms and conditions of the scheme as approved by the Board;
9. Disclosure by the Board of Directors;
10. Valuation Reports;
11. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder;
12. 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) passed by the Shareholders of the Company.

### 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
FCS No: 7488
COP No. 8196
UDIN: F007488F000931752

Place: Chennai
Date : August 08, 2024

**ANNEXURE – VI**

## SECRETARIAL AUDIT REPORT

**FORM NO. MR-3**

for the Financial Year ended March 31, 2024
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
**Avalon Technologies Limited**
B-7 First Main Road,
MEPZ-SEZ, Tambaram,
Chennai - 600045

We have conducted the Secretarial Audit in compliance of applicable statutory provisions and the adherence to good corporate practices by **Avalon Technologies Limited** herein after called ("the Company"). 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 covering the Financial Year ended March 31, 2024 ("**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 have examined the books, papers, minute books, forms and returns filed and other records maintained by "**the Company**" for the Financial Year ended March 31, 2024 according to the provisions of:

1. The Companies Act, 2013 ('Act') and the rules made thereunder, as amended from time to time including applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and as mandated by the Companies Act, 2013.

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, as amended from time to time;

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;

4. 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, as amended from time to time;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time: -

   (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) The 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 **(Not applicable for the Company for the Audit period)**

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding dealing with client; **(Not applicable for the Company for the Audit period)**

   (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (h) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

   (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(There were no events requiring compliance during the audit period)** and

   (j) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 **(There were no events requiring compliance during the audit period)**

6. We report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis, the Company has complied with the following Labour and Industrial Laws specifically applicable to the Company, as listed below, as amended from time to time;

   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

   During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above except a delay in holding Annual General Meeting for FY 2022-23 Further, we were informed that the Company has decided to make compounding application to appropriate authority in this regard.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance or as the case may be, and 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.

Majority decision is carried through while the dissenting members' views (if any) are captured and recorded as part of the minutes.

**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.

**We further report that**, during the audit period, except the events listed below no other events occurred which had any major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards and that the Company has complied with such of those relevant clauses thereto which are applicable:

i. During the FY 2023-24, the Company has allotted 4,20,115 shares at various dates to the Employees pursuant to Avalon ESOP Scheme.

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

**M. Alagar**
Managing Partner
FCS No: 7488
COP No: 8196
UDIN: F007488F000931961

Place: Chennai
Date: August 08, 2024

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**ANNEXURE - A**

## ANNEXURE TO SECRETARIAL AUDIT REPORT

To
The Members
**Avalon Technologies Limited**
Our report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. 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.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

Sd/-
**M. Alagar**
Managing Partner
FCS No: 7488
COP No. 8196
UDIN: F007488F000931961

Place: Chennai
Date: August 08, 2024

**ANNEXURE – VIA**

## SECRETARIAL AUDIT REPORT

**FORM NO. MR-3**

for the Financial Year ended March 31, 2024
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
**Avalon Technology and Services Private Limited**
Plot No. A-6 & A-7,
Phase- 2, MEPZ-SEZ,
Tambaram,
Chennai – 600 045.

We have conducted the Secretarial Audit in compliance of applicable statutory provisions and the adherence to good corporate practices by **AVALON TECHNOLOGY AND SERVICES PRIVATE LIMITED** herein after called ("**the Company**"). 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 covering the Financial Year ended March 31, 2024 ("**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 have examined the books, papers, minute books, forms and returns filed and other records maintained by "**the Company**" for the Financial Year ended March 31, 2024 according to the provisions of:

i. The Companies Act, 2013 ('Act') and the rules made thereunder, as amended from time to time including applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and as mandated by the Companies Act, 2013.

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, as amended from time to time; **Not Applicable**;

iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder, as amended from time to time;

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, as amended from time to time; **Not Applicable**;

v. Since the company is an unlisted deemed public company, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time are **Not Applicable;**

(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) The 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 dealing with client;

(g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(h) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 and

(j) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above except a delay in holding Annual General Meeting for financial year 2022-23. Further, we were informed that the Company has decided to make compounding application to appropriate authority in this regard.

**We further report that** the Board of Directors of the Company is duly constituted. There are no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance or as the case may be, and 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.

Majority decision is carried through while the dissenting members' views (if any) are captured and recorded as part of the minutes.

**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.

**We further report that**, during the audit period, except the events listed below no other events occurred which had any major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards and that the Company has complied with such of those relevant clauses thereto which are applicable.

1. During the financial year 2023-2024, the Company has allotted 8,463 Equity shares of ₹10/- each to Avalon Technologies Limited (Holding Company), at an issue price of ₹ 35,450.27/- each aggregating to ₹30,00,15,635.01/- at the Board meeting held on May 12, 2023 through preferential offer on a private placement basis.

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

Sd/-
**M. Alagar**
Managing Partner
FCS No: 7488
COP No: 8196
UDIN: F007488F000923581

Place: Chennai
Date: August 07, 2024

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**ANNEXURE - A**

## ANNEXURE TO SECRETARIAL AUDIT REPORT

To
The Members
**AVALON TECHNOLOGY AND SERVICES PRIVATE LIMITED**

Our report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. 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.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

Sd/-
**M. Alagar**
Managing Partner
FCS No: 7488
COP No: 8196
UDIN: F007488F000923581

Place: Chennai
Date: August 07, 2024

**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 adopted a mechanism for using renewable energy sources (i.e. Solar) for up to 40% of the overall power utilization, 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.

An energy audit is also conducted to identify energy waste points and improve the efficiency in utilization of energy and also to identify newer avenues for conservation of energy. Company also ensures that regular maintenance checks takes place. We believe that good maintenance can reduce costs by up to 15% over the course of time.

#### (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.
- Upgrading to energy-intensive equipment (AHU Controlled by VFD).

#### (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 products.
- 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

- The Company has recognised the advent of Industry 4.0. Many initiatives on the Software front has been 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.
- Inline Machine (Solder paste Inspection): To promote automated lines, the Inline Solder Paste Inspection Machines were installed and put into operation.
- For soldering specialised Aerospace components, "Soldering using solder ribbon" was used.
- Electric Servo Press Machine: For handling larger press fit connector assembly, a new fully automatic servo press machine (Up to 10 KN) is put into use. This has got inbuilt SPC and traceability.

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

- 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.
- Selective Soldering Machine: The newly installed selective soldering machine improves the quality of the product and reducing process time and pallet cost for the low and mid volume products. This is suitable for soldering specialised components.
- Solder Pastes Printing Machine: To increase the capability of maximum PCB handling size to 810mm size, new solder paste printer was put into use.
- X-Ray Reel Counter: Towards Industry 4.0 and fully automated lines, X-Ray Reel Counter is put into use. This enables faster turnaround time for NPI and reduces cost.
- For routing out small PCBs from the panels, a new CNC router is installed.
- 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 improvement in process and quality.
- IOT devices from several sectors (Farm equipment, Smart Locks) were being produced and validate.
- RFID based Gadget Management system were being produced.
- 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

(INR in Millions)

| S. No | Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|---|---|---|
| 1. | Foreign Exchange Earnings | 3,257.18 | 2,630.79 |
| 2. | Foreign Exchange Outgo | 3,471.05 | 4,456.36 |

For and behalf of the Board of Directors of
**AVALON TECHNOLOGIES LIMITED**
(Formerly Known as 'Avalon Technologies Private Limited')

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

Place: Chennai
Date: August 08, 2024

# 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 our 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. Avalon has a diverse Board with rich industry experience, geographical background, age, ethnicity, gender, knowledge, skills which aids us in sustaining our competitive advantage.

As on March 31, 2024, the Board comprises of eight members, consisting of one Executive Director i.e., Managing Director, three Non – Executive Directors and four Independent Directors including one Woman 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, 2024, 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 Ediyanam | 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 | 4 | 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 FY 2023-24

| BM - Attendance | | | 2022 | | | | | | 2023 | | Held during the tenure | Attended | % of attendance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No | DIN | Name of the Director/Date of the BMs | 07-04-2023 | 24-04-2023 | 26-05-2023 | 10-08-2023 | 28-08-2023 | 08-11-2023 | 01-02-2024 | 08-03-2024 | | | |
| 1 | 00819707 | KB | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 8 | 8 | 100% |
| 2 | 02561215 | BS | ✓ | ✓ | ✓ | ✓ | L | ✓ | ✓ | ✓ | 8 | 7 | 88% |
| 3 | 06493214 | LQ | L | L | ✓ | L | L | L | L | L | 8 | 1 | 13% |
| 4 | 01646703 | SSK | ✓ | ✓ | ✓ | ✓ | L | ✓ | ✓ | ✓ | 8 | 7 | 88% |
| 5 | 00277816 | RAM | L | ✓ | ✓ | ✓ | L | ✓ | L | L | 8 | 4 | 50% |
| 6 | 09606151 | CP | ✓ | ✓ | ✓ | ✓ | L | ✓ | ✓ | L | 8 | 6 | 75% |
| 7 | 01342141 | BN | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | L | 8 | 7 | 88% |
| 9 | 01006030 | NA | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | L | ✓ | 8 | 7 | 88% |
| Total Directors Present | | | 6 | 7 | 8 | 7 | 3 | 7 | 6 | 4 | | | |
| % of Attendance | | | 75% | 88% | 100% | 88% | 38% | 88% | 63% | 50% | | | |

**Attendance of the Directors at the Annual General Meeting held during the FY 2023-24**

| Sl. No | DIN | Name of the Director | Designation | Category | Date of the AGM held during the FY 2023-24 | Whether attended the AGM or not |
|---|---|---|---|---|---|---|
| 1 | 00819707 | Kunhamed Bicha | Chairman & Managing Director | Member of Audit Committee and Stakeholders Relationship Committee | September 25, 2023 | Yes |
| 2 | 02561215 | Bhaskar Srinivasan | Director | Chairperson of Stakeholders Relationship Committee | | Yes |
| 3 | 06493214 | Luquman Veedu Ediyanam | Director | - | | Yes |
| 4 | 01646703 | Saradey Seshu Kumar | Director | Member of Nomination and Remuneration Committee and Chairperson of CSR Committee | | Yes |
| 5 | 00277816 | Venkataramani Anantharamakrishnan | Director | Member of Audit Committee | | No |
| 6 | 09606151 | Chandar Pattabhiram | Director | Chairperson of Nomination and Remuneration Committee | | No |
| 7 | 01342141 | Byas Unnikrishnan Nambisan | Director | Chairperson of Audit Committee and member of Stakeholders Relationship Committee | | Yes |
| 8 | 01006030 | Nandita Abraham | Director | Member of Nomination and Remuneration Committee and CSR Committee | | Yes |

✓ - Present : L – Absent

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, 2024, are as follows.

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

## E. FAMILIARIZATION PROGRAM:

The details of familiarization program conducted to the Independent directors for the reporting period (FY 2023-24) is available at the following link: https://www.avalontec.com/wp-content/uploads/2023/03/Familiarisation-programmes-for-independent-directors.pdf

## 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, 2024 |
|---|---|---|
| 1. | Kunhamed Bicha | 1,44,26,212 |
| 2. | Bhaskar Srinivasan | 95,60,355 |
| 3. | Luquman Veedu Ediyanam | 36,19,291 |
| 4. | Sareday Seshu Kumar | 19,05,254 |

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

Effective Governance 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 director competencies, which involves consideration of the directors' experience, skills, attributes and capabilities. Director competencies encompass two 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. | ✓ | ✓ | - | - | ✓ | ✓ | ✓ | ✓ |

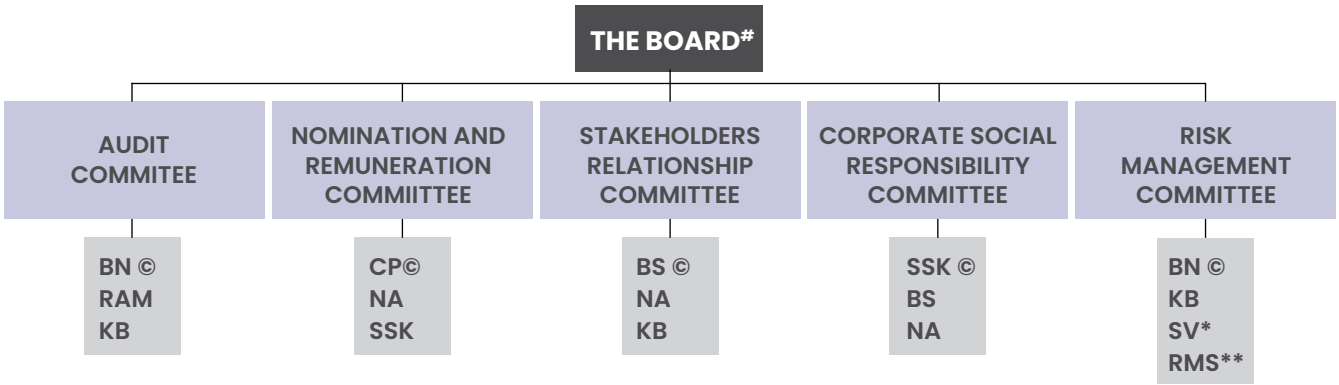
## I. INDEPENDENT DIRECTORS

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
*SV – Shriram Vijayaraghavan – Chief Operating Officer
**RMS – RM Subramanian – Chief Financial Officer
# - Composition as on date

## A. AUDIT COMMITTEE

The Audit Committee was consituted 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 Chief Financial Officer or 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, 2024 are as follows:

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

**The main objectives of the Audit Committee are as follows:**

1. The accuracy, integrity and transparency of the Company's financial statements with adequate and timely disclosures;
2. Compliance with legal and regulatory requirements.
3. The Company's independent auditors' professional qualifications and independence;
4. The performance of the Company's independent auditors and internal auditors; and
5. Any acquisition and investments made by the Company.

### Committee governance:

The Committee fulfills the requirements of:

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

The Audit Committee met 4 times during the reporting period and the details are provided below:

| Sl. No | DIN | Name of the Director/Date of the ACMs | 26-05-2023 | 10-08-2023 | 08-11-2023 | 01-02-2024 | Held during the tenure | Attended | % of attendance |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 01342141 | Byas Unnikrishnan Nambisan | ✓ | ✓ | ✓ | ✓ | 4 | 4 | 100% |
| 2 | 00277816 | Venkataramani Anantharamakrishnan | ✓ | ✓ | ✓ | ✓ | 4 | 4 | 100% |
| 3 | 00819707 | Kunhamed Bicha | ✓ | ✓ | ✓ | ✓ | 4 | 4 | 100% |
| | | Total Directors Present | 3 | 3 | 3 | 3 | | | |
| | | % of attendance | 100% | 100% | 100% | 100% | | | |

✓ - 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, —**

i. 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 provide Omnibus Approval for Related Party Transactions proposed to be entered into by the Company pursuant to the provisions of Section 177 and 188 of the Companies Act, 2013 read with relevant rules and 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.

## B. 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.

The composition of the Nomination and Remuneration Committee as on March 31, 2024 is as follows:

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

(iv) Determining the exercise price of the option under the ESOP Scheme;

(v) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;

(vi) 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;

(vii) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;

(viii) 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;

(ix) 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;

(x) The grant, vest and exercise of option in case of employees who are on long leave;

(xi) Allow exercise of unvested options on such terms and conditions as it may deem fit;

(xii) The procedure for cashless exercise of options;

(xiii) Forfeiture/ cancellation of options granted;

(xiv) 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) 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;

(p) 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;

(q) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Nomination and Remuneration Committee conducted the below meetings during the FY 2023-24.

| Sl. No | DIN | Name of the Director/ Date of the NRCMs | 10-08-2023 | 08-11-2023 | 01-02-2024 | Held during the tenure | Attended | % of attendance |
|---|---|---|---|---|---|---|---|---|
| 1 | 09606151 | Chandar Pattabhiram | ✓ | ✓ | ✓ | 3 | 3 | 100% |
| 2 | 01006030 | Nandita Abraham | ✓ | ✓ | L | 3 | 2 | 67% |
| 3 | 01646703 | Sareday Seshu Kumar | ✓ | ✓ | ✓ | 3 | 3 | 100% |
| | | **Total Directors Present** | **3** | **3** | **2** | | | |
| | | **% of attendance** | **100%** | **100%** | **67%** | | | |

## Evaluation of the Board

During the Financial Year under review, as mandated by the Companies Act, 2013 and the SEBI Listing Regulations, 2015, your Company conducted an evaluation of the performance of the Board, Committees of the Board, Chairperson of the Board, the Independent Directors and the other Directors.

## 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.

## C. 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 requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, rematerialisation etc. of shares, debentures and other securities;

(j) To monitor and expedite the status and process of dematerialization and rematerialisation of shares, debentures and other securities of the Company;

(k) 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

(l) 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, 2024 is provided below:

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

**The Stakeholders Relationship Committee was reconstituted on June 29, 2024 and Ms. Nandita Abraham, Independent Director was appointed as member of the Committee in the place of Mr. Byas Unnikrishnan Nambisan.*

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 FY 2023-24.

Details of SRC Meetings conducted during the reporting period is provided below:

| Sl. No | DIN | Name of the Director/Date of the Stakeholder's CM | 10-08-2023 | 08-11-2023 | 01-02-2024 | Held during the tenure | Attended | % of attendance |
|---|---|---|---|---|---|---|---|---|
| 1 | 02561215 | Bhaskar Srinivasan | ✓ | ✓ | ✓ | 3 | 3 | 100% |
| 2 | 01342141 | Byas Unnikrishnan Nambisan | ✓ | ✓ | L | 3 | 2 | 67% |
| 3 | 00819707 | Kunhamed Bicha | ✓ | ✓ | ✓ | 3 | 3 | 100% |
| | | **Total Directors Present** | **3** | **3** | **2** | | | |
| | | **% of attendance** | **100%** | **100%** | **67%** | | | |

## D. 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 27.02.2023 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 details of constitution of the Committee as on March 31, 2024 are provided below:

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

The Meeting details for the FY 2023-24 are provided below:

| Sl. No | DIN | Name of the Director/ Date of the CRCMs | 10-08-2023 | 08-11-2023 | 01-02-2024 | Held during the tenure | Attended | % of attendance |
|---|---|---|---|---|---|---|---|---|
| 1 | 09606151 | Sareday Seshu Kumar | ✓ | ✓ | ✓ | 3 | 3 | 100% |
| 2 | 01006030 | Nandita Abraham | ✓ | ✓ | L | 3 | 2 | 67% |
| 3 | 01646703 | Bhaskar Srinivasan | ✓ | L | ✓ | 3 | 2 | 67% |
| | | **Total Directors Present** | **3** | **2** | **2** | | | |
| | | **% of attendance** | **100%** | **67%** | **67%** | | | |

## E. RISK MANAGEMENT COMMITTEE

Constitution of Risk Management Committee was not applicable to our Company for the FY 2023-24. However, our Company forms a part of the top 1000 Listed Companies based on Market Capitalization as on March 31, 2024. Therefore, the company has constituted a Risk Management Committee during the FY 2024-25. Their details are provided below:

The details of constitution of the Committee are provided below:

| Sl. No | Name of the Directors | Designation | Chairperson/Member |
|---|---|---|---|
| 01. | Byas Unnikrishnan Nambisan | Independent Director | Chairperson |
| 02. | Kunhamed Bicha | Chairman & Managing Director | Member |
| 03. | Shriram Vijayaraghavan | Chief Operating Officer | Member |
| 04. | RM Subramanian | Chief Financial Officer | Member |

## 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 |
|---|---|---|
| 1. | Mr. Kesavan. P | Vice President – Operations |
| 2. | Mr. Shamil Bicha | Vice President - Business Development |
| 3. | Mr. Shriram Vijayaragavan | Chief Operating Officer* |
| 4. | Mr. Michael Raj. A | General Manager – Human Resources |

### Details of change in Senior Management Personnel:

*Mr. Shriram Vijayaragavan was appointed as the Chief Operating Officer of the Company with effect from October 18, 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. 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 INR Millions)

| Name of the Director | Salary | Variable Pay | Perquisites | Stock Options | Sitting Fees | Commission | Total |
|---|---|---|---|---|---|---|---|
| **Executive Director** | | | | - | | | |
| Kunhamed Bicha^ | 27.46 | - | - | - | - | - | 27.46 |
| **Non-Executive Directors** | | | | | | | |
| Bhaskar Srinivasan^^ | 26.28 | | | - | - | - | 26.28 |
| Saradey Seshu Kumar | - | - | - | - | - | - | - |
| Luquman Veedu Ediyanam | - | - | - | - | - | - | - |

(In INR Millions)

| Name of the Director | Salary | Variable Pay | Perquisites | Stock Options | Sitting Fees | Commission | Total |
|---|---|---|---|---|---|---|---|
| **Independent Directors** | | | | | | | |
| Chandar Pattabhiram | - | - | - | - | 0.90 | | 0.90 |
| Byas Unnikrishnan Nambisan | - | - | - | - | 1.10 | | 1.10 |
| Venkataramani Anantharamakrishnan | - | - | - | - | 0.80 | | 0.80 |
| Nandita Abraham | - | - | - | - | 1.00 | | 1.00 |

^ - Remuneration drawn from Avalon Technologies Ltd and ABV Electronics Inc., USA

^^ - Remuneration drawn from ABV Electronics Inc., USA

### 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 |
|---|---|---|---|---|
| 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 |
| 2022-23 | September 25, 2023 | Registered Office: B7, First Main Road, MEPZ-SEZ, Tambaram, Chennai – 600 045 | 11.00 a.m. | 1. Ratification of ESOP Scheme of the Company |

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<br>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 Stock Exchanges website, both National Stock Exchange Ltd, BSE Ltd and the Company's website |

## GENERAL SHAREHOLDERS INFORMATION:

| | |
|---|---|
| Registered Office: | Avalon Technologies Limited<br>B – 7, First Main Road,<br>MEPZ – SEZ,Tambaram<br>Chennai - 600045 |
| Annual General Meeting<br>Cut Off Date (For eligibility of e-voting) | E- Annual General Meeting has been fixed on **September 25, 2024**<br>Cut-Off Date for e-voting: **September 18, 2024** |

**Financial Calendar:** (Tentative): 01st April 2024 to 31st March 2025

| | |
|---|---|
| **1st Qtr. results** | 08th August 2024 |
| **2nd Qtr. results** | 14th November 2024 |
| **3rd Qtr. results** | 14th February 2025 |
| **4th Qtr. results** | 29th May 2025 |

**Dividend Payment Date:** Not applicable.

## LISTING OF EQUITY SHARES ON THE STOCK EXCHANGES: 18.04.2023

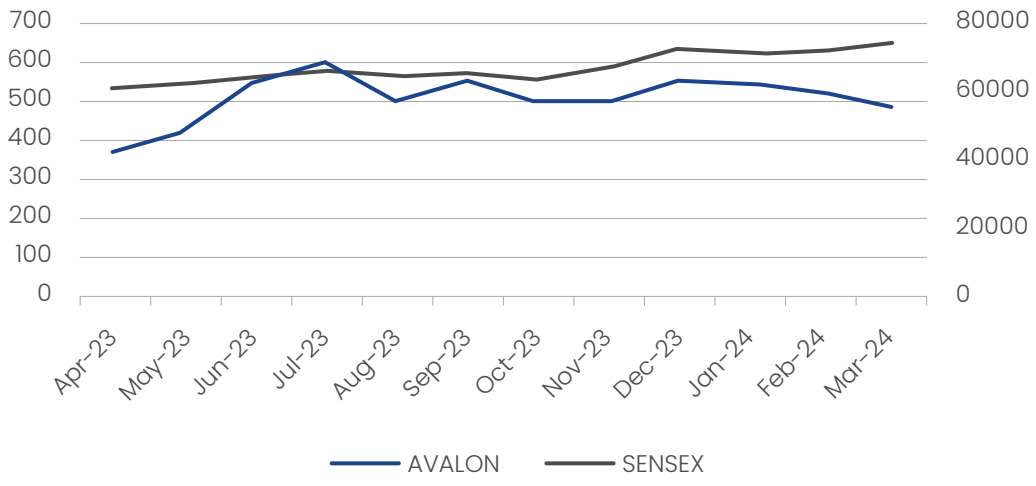
| Stock Exchange where shares are listed | Scrip Code / Symbol and No. of Shares as on March 31, 2024 |
|---|---|
| Demat ISIN In NSDL and CDSL for Equity Shares | INE0LCL01028 |
| BSE Ltd (**BSE**) | 543896 – 6,57,12,692 shares |
| National Stock Exchange of India Limited (**NSE**) | AVALON – 6,57,12,692 shares |

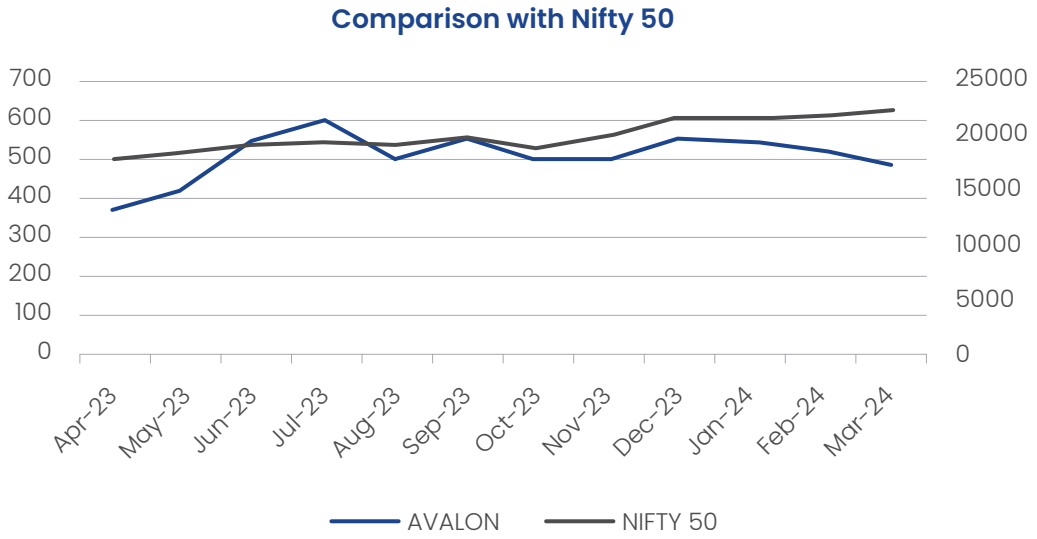
We confirm that the Annual Listing Fees has been paid both to NSE and BSE for the Financial Year 2024-25.

## MARKET PRICE DATA & PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX, CRISIL INDEX:

| Month | BSE | | NSE | |
|---|---|---|---|---|
| | High Price | Low Price | High Price | Low Price |
| April 2023 | 435.30 | 360.15 | 436.00 | 360.15 |
| May 2023 | 448.40 | 347.30 | 449.00 | 348.00 |
| June 2023 | 581.70 | 426.55 | 582.25 | 426.00 |
| July 2023 | 731.95 | 550.05 | 732.10 | 552.85 |
| August 2023 | 609.95 | 448.90 | 607.00 | 449.25 |
| September 2023 | 618.40 | 492.35 | 620.00 | 492.10 |
| October 2023 | 599.10 | 456.40 | 600.00 | 456.15 |
| November 2023 | 514.00 | 470.00 | 514.20 | 470.50 |
| December 2023 | 575.80 | 489.90 | 576.00 | 490.00 |
| January 2024 | 565.45 | 511.95 | 565.00 | 512.25 |
| February 2024 | 548.50 | 467.00 | 549.10 | 467.90 |
| March 2024 | 534.95 | 470.00 | 535.00 | 469.95 |

### Comparison with BSE Sensex






| | |
|---|---|
| Registrar and Share Transfer Agent | Link Intime India Pvt. Ltd,<br>C(101), 247 Park, 1st Floor,<br>L.B.S. Marg, Vikhroli (West),<br>Mumbai,<br>Maharashtra,400083 |

## SHARE TRANSFER SYSTEM

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

## DEMATERIALISATION 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, 2024:

| 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 | 69,334 | 98.44% | 48,35,975 | 7.36% |
| 2 | 1001 | 1,00,000 | 1,062 | 1.51% | 38,46,335 | 5.85% |
| 3 | 1,00,001 | 50,00,000 | 33 | 0.05% | 3,30,43,815 | 50.29% |
| 4 | 50,00,001 | 1,00,00,000 | 1 | 0.00% | 95,60,355 | 14.55% |
| 5 | 1,00,00,001 | 2,00,00,000 | 1 | 0.00% | 1,44,26,212 | 21.95% |
| **Total** | | | **70,431** | **100.00%** | **6,57,12,692** | **100.00%** |

## 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 *(On a Consolidated Basis)*:

| 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)* | 41350, 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

** - Set to commence operations in FY 2024-25

## CREDIT RATING DISCLOSURE:

The Credit Rating obtained by the Company as on March 31, 2024, is provided below:

| Credit Rating Agency | Rating |
|---|---|
| Acuité Ratings and Research Limited | BBB- |
| India Ratings and Research Private Limited | A- |

## 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.

**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 move 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 M/s. M. Alagar & Associates, Company Secretaries 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 as **Annexure A** to this report.

j) **Recommendation of the Committee**

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

k) **Details of Auditor's remuneration for the Financial Year 2023(24):**

| Sl. No | Particulars | Standalone (₹ in lakhs) | Consolidated (₹ in lakhs) |
|---|---|---|---|
| 01. | Statutory Audit | 23.00 | 41.40 |
| 02. | Tax purpose | 2.50 | 5.30 |
| 03. | Other services – Certificates | 6.00 | 7.50 |
| 04. | Out of pocket expenses | - | - |
| | **TOTAL** | **31.50** | **54.20** |

l) **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.

a. Number of complaints filed during the financial year - NIL

b. Number of complaints disposed of during the financial year – NIL

c. 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.

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 | September 5, 2023 |
| 2. | ABV Electronics INC, USA | 26/04/1995 | Forrestall CPAs, LLC, Buford, GA | March 29, 2024 |

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 2023 - 2024.

p) The provisions of Corporate Governance has been complied by the Company. Further the Compliance Certificate from 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 the below 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. Rajesh V**
Company Secretary and Compliance Officer
Avalon Technologies Limited
B-7, First Main Road.
Tambaram, Chennai 600045
Email: investorsrelations@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**

Sd/-
**Kunhamed Bicha**
DIN No: 00819707
Chairman & Managing Director

Place: Chennai
Dated: August 08, 2024

## 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**

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

Place: Chennai
Dated: August 08, 2024

**Annexure A**

## 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: L30007TN1999PLC043479** 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, 2024 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 Re-appointment |
|---|---|---|---|---|
| 1. | Mr. Kunhamed Bicha | 00819707 | Chairperson - Managing Director (MD) | 03.11.1999 (Appointment as MD on 12.07.2022) |
| 2. | Mr. Bhaskar Srinivasan | 02561215 | Non-Executive & Non-Independent Director | 03.11.1999 |
| 3. | Mr. Sareday Seshu Kumar | 01646703 | Non-Executive & Non-Independent Director | 01.09.2001 |
| 4. | Mr. Luquman Veedu Ediyanam | 06493214 | Non-Executive & Non-Independent Director | 03.03.2017 |
| 5. | Mr. Venkataramani Anantharamakrishnan | 00277816 | Independent Director | 07.07.2022 |
| 6. | Mr. Chandar Pattabhiram | 09606151 | Independent Director | 07.07.2022 |
| 7. | Mr. Byas Unnikrishnan Nambisan | 01342141 | Independent Director | 19.07.2022 |
| 8. | Ms. Nandita Abraham | 01006030 | Independent Director | 07.02.2023 |

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
UDIN: F007488F000931831

Place: Chennai
Date: August 08, 2024

**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**

We have examined the compliance of conditions of Corporate Governance by **Avalon Technologies Limited** ("**the Company**") for the period ended March 31, 2024 as stipulated under Securities and Exchange Board of India (**Listing Obligations and Disclosure Requirements**) Regulations, 2015 ("**SEBI LODR**") 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.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI LODR.

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 and Associates
(Practicing Company Secretaries)
Peer Review Certificate No:1707/2022

**M. Alagar**
Managing Partner
FCS No: 7488
COP No. 8196
UDIN: F007488F000931928

Place: Chennai
Date: August 08, 2024

# Business Responsibility & Sustainability Report

## SECTION A: GENERAL DISCLOSURES

### I. Details of the Listed Entity

| | | |
|---|---|---|
| 1 | Corporate Identity Number (CIN) of the Listed Entity | L30007TN1999PLC043479 |
| 2 | Name of the Listed Entity | Avalon Technologies Limited |
| 3 | Year of incorporation | 1999 |
| 4 | Registered Office Address | B-7, First Main Road, MEPZ-SEZ, Tambaram, Chennai -600045, Tamil Nadu, India |
| 5 | Corporate Office Address | B-7, First Main Road, MEPZ-SEZ, Tambaram, Chennai -600045, Tamil Nadu, India |
| 6 | Email | compliance@avalontec.com |
| 7 | Telephone | +9144 4222 0400 |
| 8 | Website | https://www.avalontec.com/ |
| 9 | Financial Year reported | FY 2023-24 |
| 10 | Name of the Stock Exchange(s) where shares are listed | National Stock Exchange of India Limited<br>BSE Limited |
| 11 | Paid up Capital - INR In crores | INR 13.14 Crores |
| 12 | Name and contact details of the person who may be contacted in case of any queries on the BRSR report | Dr. Rajesh V<br>Company Secretary & Compliance Officer<br>E-mail: compliance@avalontec.com<br>Phone: +9144 4222 0400 |
| 13 | Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Standalone Basis |
| 14 | Name of assurance provider | No |
| 15 | Type of assurance obtained | NA |

### II. Products/Services

**16. Details of business activities (accounting for 90% of the turnover):**

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|---|---|---|---|
| 1 | Electronics Manufacturing Services | Our Company offers a comprehensive range of services which includes Printed Circuit Board Assembly (PCBA), box-build solutions, new product development, cable assembly, wire harnesses, sheet metal fabrications, machining, injection molded plastics, and magnetics. This diverse portfolio enables us to meet the varied needs of our clients, ensuring high-quality and efficient production processes across multiple industries. | 100% |

17. **Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

| S. No. | Product/Service | NIC Code | | | % of total turnover contributed |
|---|---|---|---|---|---|
| | | Group | Class | Sub Class | |
| 1. | PCBA, Box Build and Cables | 261 | 2610 | 26104 | More than 90% |

## III. Operations

18. **Number of locations where plants and/or operations/offices of the entity are situated:**

| Location | Number of plants | Number of offices** | Total |
|---|---|---|---|
| National | 5* | 1 | 6 |
| International | - | - | - |

* 1 Plant is under construction and operations are set to commence in FY 2024-25

** - One of our Plants and Registered Office are located in the same address.

On a consolidated basis, our Group consists of 14 plants in India and the US.

19. **Markets served by the entity:**

a. **Number of locations**

| Location | Numbers |
|---|---|
| National (No. of States) | 5 major states in India (Gujarat, Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka) |
| International (No. of Countries) | 18 Major Countries. 70% of export customers are US based & Europe based. |

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

The contribution of export to the turnover is 47%.

c. **A brief on types of customers**

Avalon caters to a diverse range of B2B customers across various high-impact sectors. Our clientele includes companies in the Clean Energy sector, where we support the transition to sustainable power solutions through advanced electronics manufacturing services. In the Mobility sector, our customers benefit from our innovative and reliable solutions that enhance transportation and logistics. The Communication sector relies on our expertise to deliver high-performance electronic components essential for modern connectivity and data transmission. Industrial clients leverage our robust manufacturing capabilities to optimize their production processes and maintain high operational efficiency. Additionally, we serve the medical sector, providing precision-engineered electronic equipment that meets stringent regulatory standards and contributes to advancements in healthcare technology. By addressing the unique needs of these sectors, Avalon continues to foster long-term partnerships and drive progress across multiple industries.

## IV. Employees

### 20. Details as at the end of Financial Year: March 31, 2024

a. Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B/A) | No. (C) | %(C/A) |
| | **Employees** | | | | | |
| 1 | Permanent (D) | 374 | 297 | 79 % | 77 | 21 % |
| 2 | Other than Permanent (E) | 13 | 5 | 38% | 8 | 62% |
| 3 | **Total employees (D+E)** | **387** | **302** | **78%** | **85** | **22%** |
| | **Workers** | | | | | |
| 4 | Permanent (F) | 498 | 437 | 88% | 61 | 12% |
| 5 | Other than Permanent (G) | 111 | 58 | 52% | 53 | 48% |
| 6 | **Total workers (F+G)** | **609** | **495** | **82%** | **114** | **18%** |

b. Differently abled Employees and workers:

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B/A) | No. (C) | %(C/A) |
| | **Differently Abled Employees** | | | | | |
| 1 | Permanent (D) | 1 | 1 | 100 % | NIL | NIL |
| 2 | Other than Permanent (E) | NIL | NIL | NIL | NIL | NIL |
| 3 | **Total differently abled employees (D+E)** | **1** | **1** | **100 %** | **NIL** | **NIL** |
| | **Differently Abled Workers** | | | | | |
| 4 | Permanent (F) | NIL | NIL | NIL | NIL | NIL |
| 5 | Other than Permanent (G) | NIL | NIL | NIL | NIL | NIL |
| 6 | **Total differently abled workers (F+G)** | **NIL** | **NIL** | **NIL** | **NIL** | **NIL** |

### 21. Participation/Inclusion/Representation of women

| | Total (A) | No. and percentage of Females | |
|---|---|---|---|
| | | No. (B) | % (B/A) |
| Board of Directors | 8 | 1 | 12.5% |
| Key Management Personnel | 3 | Nil | Nil |

### 22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

| | FY 2023-24 | | | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 12% | 24% | 15% | 18% | 15% | 17% | 21% | 13% | 20% |
| Permanent Workers | 42% | 32% | 41% | 43% | 39% | 43% | 50% | 49% | 50% |

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

**23. Names of holding / subsidiary / associate companies / joint ventures**

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---|---|---|---|---|
| 1. | Avalon Technology and Services Private Limited | Subsidiary | 100% | Yes |
| 2. | Sienna ECAD Technologies Private Limited | Subsidiary | 99.9972% | Yes |
| 3. | ABV Electronics Inc. (D/B/A Sienna Corporation) | Subsidiary | 100% | No |

## VI. CSR Details

**24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes**

| Threshold | FY 2023-24 | FY 2022-23 |
|---|---|---|
| Turnover (in INR) | 4,41,67,94,477 | 4,79,36,99,847 |
| Net worth (in INR) | 6,73,17,29,204 | 6,56,99,42,359 |

## VII. Transparency and Disclosures Compliances

**25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy) | Current Financial Year 2023-24 | | | Previous Financial Year 2022-23 | | |
|---|---|---|---|---|---|---|---|
| | | No of complaints filed during the year | No of complaints pending resolution at close of the year | Remarks | No of complaints filed during the year | No of complaints pending resolution at close of the year | Remarks |
| Communities | Yes | Nil | Nil | Nil | Nil | Nil | Nil |
| Investors (other than shareholders) | Yes | Nil | Nil | Nil | Nil | Nil | Nil |
| Shareholders | Yes | Nil | Nil | Nil | Nil | Nil | Nil |
| Employees and workers | Yes | Nil | Nil | Nil | Nil | Nil | Nil |
| Customers | Yes | Nil | Nil | Nil | Nil | Nil | Nil |
| Value Chain Partners | Yes | Nil | Nil | Nil | Nil | Nil | Nil |
| Other (please specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Weblink: https://www.avalontec.com/investors/

**26. Overview of the entity's material responsible business conduct issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative) |
|---|---|---|---|---|---|
| 1 | Transparency, Corporate Governance, Business Ethics and Zero corruption | Opportunity | Corporate Governance and Transparency has been a crucial component of our Business. Prioritizing this has ensured that we act in the best interest of our stakeholders and mitigate business risks, which is essential for our sustained growth.<br><br>We are aware that corruption and unethical business practices, whether through our own activities or those of third parties (including partners, suppliers, agents, and potential acquisitions), can result in significant consequences for the company by way of damage to reputation, legal liabilities etc.<br><br>Hence, we ensure that we develop and follow utmost corporate governance practices, which has helped us in building trust with our stakeholders and enhanced our business opportunities. | 1. Implementation of whistleblowing system.<br><br>2. Gauging employees' confidence in reporting unethical conduct.<br><br>3. Ensuring the adequacy, reliability and accuracy of the information being disclosed by the Company to the stakeholders.<br><br>4. Development and enforcement of policies aimed at reducing corruption and preventing bribery. | Positive |
| 2 | GHG emission reduction | Risk and opportunity | **Risk**<br><br>Failure to meet GHG emission targets aligned with 1.50C global warming threshold.<br><br>Reputational damage and loss of trust from customers, employees and investors<br><br>**Opportunity**<br><br>Advancement towards using renewable sources of energy. | 1. Implementing a comprehensive climate strategy for both operations and the supply chain.<br><br>2. Focusing on renewable energy adoption, reducing SF6 leakages, and enhancing energy efficiency. | Positive & Negative |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative) |
|---|---|---|---|---|---|
| 3 | CSR | Opportunity | **Opportunity**<br>The chance to give back to the community.<br>The ability to uplift and support the local community.<br>The opportunity to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs). | 1. A comprehensive CSR policy and framework.<br>2. CSR programs tailored to address community needs. | Positive |
| 4 | Water Stewardship | Risk | Inadequate water management practices will lead to the depletion of vital water resources. | 1. A robust environmental policy.<br>2. An Integrated Management System certified to ISO 14001 standards.<br>3. Environmental Health and Safety (EHS) assessments at each site.<br>4. Implementation of a comprehensive water conservation strategy and action plan across all sites. | Negative |
| 5 | Healthy and Safe working conditions | Risk & Opportunity | **Risk**<br>Serious or fatal employee injuries or illnesses pose significant risks including:<br>- Harm to employees' well-being<br>- Potential property damage<br>- Adverse effects on the company's reputation<br>- Diminished trust from customers<br>- Potential financial penalties<br>**Opportunity**<br>Enhance confidence among current and prospective employees.<br>Continuously improve safety standards and practices. | 1. Comprehensive safety strategy and global safety directives.<br>2. Protocol for investigating serious incidents.<br>3. Environmental Health and Safety (EHS) assessments at each site.<br>4. Objective to reduce the medical incident rate. | Positive and negative |

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURE

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Policy and management processes | | | | | | | | | | | |
| 1. | a. | Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| | b. | Has the policy been approved by the Board? (Yes/No) | Y | N | N | Y | Y | N | NA | N | N |
| | c. | Web Link of the Policies, if available: | https://www.avalontec.com/investors/ | | | | | | | | |
| 2. | | Whether the entity has translated the policy into procedures. (Yes/No) | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 3. | | Do the enlisted policies extend to your value chain partners? (Yes/No) | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 4. | | Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | AS 9100D and ISO 9001: 2015, IATF 16949 | | | | | | | | |
| 5. | | Specific commitments, goals and targets set by the entity with defined timelines, if any. | Avalon has begun to actively advance its initiatives to reduce greenhouse gas (GHG) emissions, slowly advancing towards achieving net zero emissions. Concurrently, we are committed to mitigating the environmental footprint of our operations and products. Through implementing innovative practices and strategic investments, Avalon aims to minimize resource consumption and optimize efficiency across our value chain.<br><br>Central to our corporate ethos is the promotion of equal opportunity through robust diversity and inclusion initiatives, ensuring a workplace culture that values and respects every individual. Moreover, we prioritize sustainability education by providing comprehensive training programs to all employees. These programs equip our workforce with the knowledge and skills necessary to integrate sustainability principles into their daily roles, fostering a collective commitment to environmental stewardship and driving Avalon's sustainability agenda forward. | | | | | | | | |
| 6. | | Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | Not Applicable. | | | | | | | | |

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|

**Governance, leadership and oversight**

| | | |
|---|---|---|
| 7. | Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)<br><br>In the era where Sustainability is determining the future of companies, our commitment to sustainability is undeterred and remains an important aid of our corporate strategy. With a legacy spanning over two decades, Avalon has established itself as a distinct player in the Electronics Manufacturing Services industry, renowned for forging enduring partnerships with industry leaders and innovative ventures in various market segments. Our commitment to sustainability is ingrained in every facet of our operations, reflecting our responsibility to stakeholders, the environment, and future generations. As specialists in engineering, manufacturing, quality assurance, supply chain management, and logistics, Avalon brings a wealth of expertise to the forefront of sustainable practices. We are dedicated to contribute positively to both business success and global sustainability efforts. | |
| 8. | Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Managing Director |
| 9. | Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes, Managing Director |

**10. Details of Review of NGRBCs by the Company**

| Subject for Review | Indicate whether review was undertaken by Director | | | | | | | | | Frequency (Annually) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Y | Y | Y | Y | Y | Y | NA | Y | Y | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances | Y | Y | Y | Y | Y | Y | NA | Y | Y | Y | Y | Y | Y | Y | Y | NA | Y | Y |

**11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.**

| P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|
| NO | NO | NO | NO | NO | NO | NA | NO | NO |

**12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**

| Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| The entity does not consider the principles material to its business (Yes/No) | | | | | NA | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | | | | | NA | | | | |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | | | | | NA | | | | |
| It is planned to be done in the next financial year (Yes/No) | | | | | NA | | | | |
| Any other reason (please specify) | | | | | NA | | | | |

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

## PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

### Essential Indicator

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|---|---|---|---|
| Board of Directors | 2 | Corporate Governance, Updates on our Industry | 100% |
| Key Management Personnel | 2 | Importance of implementing Environment, Social and Governance initiatives in an Organization, | 100% |
| Employees other than BOD and KMPs | 51 | Behavioural and technical trainings like Kaizen, Safety, POSH, IPC Training, QMS, Special Skills Training, Inter-Personal skills Training, ISO Training, Waste Management etc. | 90% |
| Workers | 72 | Firefighting training, First Aid Training, Waste Management, Material Handling Training, Electrical Safety, Chemical Safety, Emergency Response Plan Training. | 100% |

**2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

**Monetary**

| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In ₹) | Brief of the case | Has an appeal been preferred? (Yes/No) |
|---|---|---|---|---|---|
| Penalty/ Fine | Nil | Nil | Nil | Nil | Nil |
| Settlement | Nil | Nil | Nil | Nil | Nil |
| Compounding fee | Nil | Nil | Nil | Nil | Nil |

**Non-Monetary**

| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the case | Has an appeal been preferred? (Yes/No) |
|---|---|---|---|---|
| Imprisonment | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil |

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:** Not Applicable

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|---|---|
| | |

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy:**

   In our commitment to the highest standards of integrity and transparency, Avalon is dedicated to uphold ethical conduct and ensures that all our business operations are conducted with the utmost honesty and fairness.

   Weblink: https://www.avalontec.com/investors/

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

| Segment | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| Board of Directors | Nil | Nil |
| Key Management Personnel | Nil | Nil |
| Employees other than BOD and KMPs | Nil | Nil |
| Workers | Nil | Nil |

6. **Details of complaints with regard to conflict of interest:**

| Segment | Current Financial Year 2023-24 | | Previous Financial Year 2022-23 | |
|---|---|---|---|---|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil | Nil | Nil | Nil |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | Nil | Nil | Nil | Nil |

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

   Not Applicable

8. **Number of days of accounts payables (Accounts payable *365) / Cost of goods/services procured) in the following format:**

| Segment | Current Financial Year 2023-24 | | Previous Financial Year 2022-23 | |
|---|---|---|---|---|
| | Number | Remarks | Number | Remarks |
| Number of days of accounts payables | 50 | - | 57 | - |

**9. Openness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter | Metrics | Current Financial Year 2023-24 | Previous Financial Year 2022-2023 |
|---|---|---|---|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | 67.14% | 54.06% |
| | b. Number of trading houses where purchases are made from | 559 | 556 |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | 28.18% | 27.37% |
| Concentration of Sales | a. Sales to dealers / distributors as % of total sales | Nil | Nil |
| | b. Number of dealers / distributors to whom sales are made | Nil | Nil |
| | c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors | Nil | Nil |
| Share of RPTs in | a. Purchases (Purchases with related parties / Total Purchases) | 25% | 26% |
| | b. Sales (Sales to related parties / Total Sales) | 33% | 31% |
| | c. Loans & advances (Loans & advances given to related parties / Total loans & advances) | 100% | 100% |
| | d. Investments ( Investments in related parties / Total Investments made) | 61% | 100% |

## PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE.

### Essential Indicator

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

| | Current Financial Year 2023-24 | Previous Financial Year 2022-23 | Details of improvements in environmental and social impacts |
|---|---|---|---|
| R & D | Nil | Nil | - |
| CAPEX | Nil | Nil | - |

**2.** a) Does the entity have procedures in place for sustainable sourcing? No

b) If yes, what percentage of inputs were sourced sustainably? NA

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Plastics (including packaging) – Sold to Authorized recyclers.

E- waste –Sold to Authorised recyclers.

Hazardous waste and other waste – Disposed to TNPCB authorised agencies.

4. a) Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities: Yes

b) If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Avalon Technologies Limited adheres to Extended Producer Responsibility (EPR) regulations, as outlined in the Plastic Waste Management Rules of 2016. These regulations provide guidelines for the responsible management of plastic waste generated by producers, with the overarching objective of minimizing the environmental impact of plastic litter through effective waste management practices. We are actively working to comply with these regulations and are currently in the process of registering for EPR with the Pollution Control Board (PCB).

## PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.

### Essential Indicator

1. a) Details of measures for the well-being of employees:

| Category | % of employees covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health Insurance | | Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day Care Facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| **Permanent Employees** | | | | | | | | | | | |
| Male | 297 | 297 | 100% | 297 | 100% | NIL | NIL | NIL | NIL | 297 | 100% |
| Female | 77 | 77 | 100% | 77 | 100% | 77 | 100% | NIL | NIL | 77 | 100% |
| **Total** | **374** | **374** | **100%** | **374** | **100%** | **77** | **21%** | **NIL** | **NIL** | **374** | **100%** |
| **Other than Permanent Employees** | | | | | | | | | | | |
| Male | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Female | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| **Total** | **NIL** | **NIL** | **NIL** | **NIL** | **NIL** | **NIL** | **NIL** | **NIL** | **NIL** | **NIL** | **NIL** |

b) Details of measures for the well-being of workers:

| Category | % of workers covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health Insurance | | Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day Care Facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| **Permanent Workers** | | | | | | | | | | | |
| Male | 437 | 437 | 100% | 437 | 100% | NIL | NIL | NIL | NIL | 437 | 100% |
| Female | 61 | 61 | 100% | 61 | 100% | 61 | 100% | NIL | NIL | 61 | 100% |
| **Total** | **498** | **498** | **100%** | **498** | **100%** | **61** | **12%** | **NIL** | **NIL** | **498** | **100%** |
| **Other than Permanent Workers** | | | | | | | | | | | |
| Male | 58 | 58 | 100% | 58 | 100% | NIL | NIL | NIL | NIL | NIL | NIL |
| Female | 53 | 53 | 100% | 53 | 100% | 53 | 100% | NIL | NIL | NIL | NIL |
| **Total** | **111** | **111** | **100%** | **111** | **100%** | **53** | **48%** | **NIL** | **NIL** | **NIL** | **NIL** |

c) Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format.

| | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| Cost incurred on well-being measures as a % of total revenue of the company | 0.79% | 0.68% |

**2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.**

| Benefits | Current Financial Year 2023-24 | | | Previous Financial Year 2022-23 | | |
|---|---|---|---|---|---|---|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 97% | 94% | Y | 96% | 91% | Y |
| Gratuity | 100% | 100% | N | 100% | 100% | N |
| ESI | 6% | 92% | Y | 16% | 90% | Y |
| Others - Please Specify | NIL | NIL | NIL | NIL | NIL | NIL |

**3. Accessibility of workplaces:**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes – Have accessibility facility such as Wheelchair facility, Lift and means of access such as Pathways, Ramps, Signage, Pedestrian Crossing, etc.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

In alignment with its commitment to diversity, equity, and inclusion (DEI), Avalon maintains an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016. This policy ensures that individuals with disabilities have equal access to employment opportunities, facilities, and career development initiatives within the organization. Avalon strives to create an inclusive workplace culture where all employees, including those with disabilities, are valued for their unique abilities and contributions. By adhering to the provisions of the Act, Avalon not only complies with legal requirements but also fosters an environment that promotes dignity, respect, and equal participation for individuals of diverse abilities.

Weblink: https://www.avalontec.com/investors/

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

| | Permanent Employees | | Permanent Workers | |
|---|---|---|---|---|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | NIL | NIL | NIL | NIL |
| Female | NIL | NIL | NIL | NIL |
| **Total** | **NIL** | **NIL** | **NIL** | **NIL** |

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

| Gender | Yes/No (If Yes, then give details of the mechanism in brief) |
|---|---|
| Permanent Employees | Our grievance mechanism provides an avenue for the stakeholders to voice their concerns and gives transparency on how grievances will be managed internally, which aims to reduce conflict and strengthen relationships. |
| Other than Permanent Employees | |
| Permanent Workers | |
| Other than Permanent Workers | |

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

| Category | Current Financial Year 2023-24 | | | Previous Financial Year 2022-23 | | |
|---|---|---|---|---|---|---|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B/A) | Total employees / workers in respective category (c) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D/C) |
| **Total Permanent Employees** | NA | NA | NA | NA | NA | NA |
| Male | NA | NA | NA | NA | NA | NA |
| Female | NA | NA | NA | NA | NA | NA |
| **Total Permanent Workers** | NA | NA | NA | NA | NA | NA |
| Male | NA | NA | NA | NA | NA | NA |
| Female | NA | NA | NA | NA | NA | NA |

8. Details of training given to employees and workers:

| Category | Current Financial Year 2023-24 | | | | | Previous Financial Year 2022-23 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | On Health and safety measures | | On skill upgradation | | Total (D) | On Health and safety measures | | On skill upgradation | |
| | | Number (B) | % (B/A) | Number (c) | % (C/A) | | Number (E) | % (E/D) | Number (F) | % (F/D) |
| **Employees** | | | | | | | | | | |
| Male | 297 | 234 | 78% | 96 | 32% | 292 | 202 | 69% | 111 | 38% |
| Female | 77 | 70 | 90% | 26 | 34% | 72 | 68 | 94% | 28 | 39% |
| **Total** | **374** | **304** | **81%** | **122** | **33%** | **364** | **270** | **75%** | **139** | **38%** |
| **Workers** | | | | | | | | | | |
| Male | 437 | 397 | 90% | 210 | 48% | 416 | 350 | 84% | 221 | 53% |
| Female | 61 | 51 | 83% | 41 | 67% | 52 | 45 | 86% | 39 | 75% |
| **Total** | **498** | **448** | **89%** | **251** | **50%** | **468** | **395** | **84%** | **260** | **56%** |

9. Details of performance and career development reviews of employees and worker:

| Category | Current Financial Year 2023-24 | | | Previous Financial Year 2022-23 | | |
|---|---|---|---|---|---|---|
| | Total (A) | Number (B) | % (B/A) | Total (C) | Number (D) | % (D/C) |
| **Employees** | | | | | | |
| Male | 297 | 240 | 81% | 292 | 263 | 90% |
| Female | 77 | 53 | 69% | 72 | 52 | 72% |
| **Total** | **374** | **293** | **78%** | **364** | **315** | **87%** |
| **Workers** | | | | | | |
| Male | 437 | 278 | 64% | 416 | 195 | 47% |
| Female | 61 | 36 | 59% | 52 | 27 | 52% |
| **Total** | **498** | **314** | **63%** | **468** | **222** | **47%** |

**10. Health and safety management system:**

a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes, AVALON has implemented an occupational health and safety management system that ensures the safety and well-being of its employees. The coverage of this system includes, identifying potential hazards, assessing risks, and establishing appropriate controls. Also, it ensures compliance with relevant laws and regulations, provision of regular training, health monitoring, and continuous improvement of the safety practices.

b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

1. Identification and closure of identified hazards and potential risks.
2. Recording and addressing near-miss incidents to proactively eliminate hazards.
3. Regular safety committee meetings held to review, and address identified risks and hazards.

c) Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N): Yes

d) Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No): Yes

**11. Details of safety related incidents, in the following format:**

| Safety Incident/Number | Category* | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| Total recordable work-related injuries | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 0 | 0 |

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

The company emphasises on safety practises across the Units. The company has implemented Safety Management System which provides guidelines to employees in their daily activities with the best Safety, Health and Environmental standards. All new entrants (Permanent/ Contract/ etc.,) have been imparted with Safety Induction Training programme covering all the safety aspects. The main objective of Safety department of the Company is to establish health & safety culture across the plant through awareness training and promotional activities. The company ensures all employees and workmen undergo Safety Training.

**13. Number of Complaints on the following made by employees and workers:**

| | Current Financial Year 2023-24 | | | Previous Financial Year 2022-23 | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0 | 0 | Nil | 0 | 0 | Nil |
| Health & Safety | 0 | 0 | Nil | 0 | 0 | Nil |

14. **Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Health and safety practices | 100% |
| Working Conditions | 100% |

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

Not applicable since no safety related incidents and no significant concern arose during the year.

## PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS.

### Essential Indicator

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Stakeholders encompass individuals, groups, and entities affected by the company's business operations and projects. Key stakeholders are those who significantly influence and derive value from the company's activities. They include employees, shareholders/investors, distributors, customers, channel partners, research analysts, vendors, suppliers, regulators, and government agencies, among others. These stakeholders play crucial roles in shaping and supporting the company's operations and strategic direction.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

| Stakeholder Group | Whether identified as Vulnerable & Marginalised Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Customers | No | Phone calls, Visits, One-one Meetings, Seminars, Conferences & Events E-mail, customer care number, customer satisfaction surveys, website, social media | Ongoing, Need Based | New Product Availability, Relationship Management, Product quality & effectiveness, Product pricing Innovation, Customer feedback & grievances |
| Employees | No | Internal Surveys, Internal communication through E-mails, Internal Meetings, Workshops, Events, Trainings, Internal Website, Notice, Boards Newsletters | Ongoing, Need Based | Professional & Personal Improvement, Global & Local Policy changes, Work-life balance, Employee engagement, Diversity and equal opportunity, learning & development |
| Shareholders | No | Annual General Meeting, Annual Report, Website, Newspaper Publications, Analyst Meetings, Investor Presentations | Quarterly, Annually and Need Based | Financial Performance, Business Goals & Strategies, Corporate Governance, Key Business Highlights of the Year |

| Stakeholder Group | Whether identified as Vulnerable & Marginalised Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Communities and NGOs | No | Direct engagement through meetings, websites, Visits and camps CSR Projects Initiation, and Implementation and Monitoring. | Ongoing, Need Based | Education & healthcare, Environmental protection, Social upliftment, Employment opportunities |
| Value Chain Partners | No | Supplier meets & Conferences, Face-face meetings, Phone Calls, Business Reviews Trainings, Events Audits/ Assessments. | Ongoing, Need Based | Business Continuity and Business Development, Relationship Management, Business Transparency, Environment Footprint, Social Accountability, Training and Development of partners and suppliers, Business Ethics and Transparency. |

## PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

### Essential Indicator

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

| Category | Current Financial Year 2023-24 | | | Previous Financial Year 2022-23 | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees / workers covered (D) | % (D/C) |
| **Employees** | | | | | | |
| Permanent | 374 | 374 | 100% | 292 | 292 | 100% |
| Other than permanent | 13 | 13 | 100% | 11 | 11 | 100% |
| **Total Employees** | **387** | **387** | **100%** | **303** | **303** | **100%** |
| **Workers** | | | | | | |
| Permanent | 498 | 498 | 100% | 416 | 416 | 100% |
| Other than permanent | 111 | 111 | 100% | 137 | 137 | 100% |
| **Total Workers** | **609** | **609** | **100%** | **553** | **553** | **100%** |

2. **Details of minimum wages paid to employees and workers, in the following format:**

| Category | Current Financial Year 2023-24 | | | | | Previous Financial Year 2022-23 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Equal to minimum wage | | More than minimum wage | | Total (D) | Equal to minimum wage | | More than minimum wage | |
| | | Number (B) | % (B/A) | Number (c) | % (C/A) | | Number (E) | % (E/D) | Number (F) | % (F/D) |
| **Employees** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 297 | - | - | 297 | 100% | 292 | - | - | 292 | 100% |
| Female | 77 | - | - | 77 | 100% | 72 | - | - | 72 | 100% |
| **Other than permanent** | - | - | - | - | - | - | - | - | - | - |
| Male | 5 | - | - | 5 | 100% | 5 | - | - | 5 | 100% |
| Female | 8 | - | - | 8 | 100% | 6 | - | - | 6 | 100% |
| **Workers** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 437 | - | - | 437 | 100% | 416 | - | - | 416 | 100% |
| Female | 61 | - | - | 61 | 100% | 52 | - | - | 52 | 100% |
| **Other than permanent** | - | - | - | - | - | - | - | - | - | - |
| Male | 58 | 58 | 100% | - | - | 76 | 76 | 100% | - | - |
| Female | 53 | 53 | 100% | - | - | 61 | 61 | 100% | - | - |

3. **Details of remuneration/salary/wages**

a. Median remuneration / wages:

| | Male | | Female | |
|---|---|---|---|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD) | 7 | INR 8,00,000 | 1 | INR 10,00,000 |
| Key Managerial Personnel | 3 | INR 8,90,000 | - | - |
| Employees other than BoD and KMP | 295 | INR 67,500 | 77 | INR 41,800 |
| Workers | 437 | INR 19,000 | 61 | INR 19,000 |

Note: 1. The median remuneration of Board of Directors are calculated on an annual basis for the FY 2023-24. Sitting Fees paid to Independent Directors and remuneration paid to Managing Director are taken into consideration.

2. The median remuneration of KMP, Employees other than BoD & KMP and Workers are calculated based on monthly wages during the FY 2023-24..

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

| | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| Gross wages paid to females as % of total wages | 13% | 13% |

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? Yes**

Yes, Avalon has established dedicated committees such as the Works Committee, Safety Committee, and Sexual Harassment Committee, each serving as focal points for addressing specific aspects of human rights impacts within the company. The Works Committee ensures effective communication and resolution

of labor-related issues, fostering a fair and supportive workplace environment. Meanwhile, the Safety Committee oversees the implementation of safety protocols and addresses health and safety concerns to safeguard employees' well-being. Additionally, the Sexual Harassment Committee is responsible for preventing and addressing instances of harassment, ensuring a respectful and inclusive workplace for all employees. These committees actively monitor, assess, and mitigate human rights impacts caused or contributed to by Avalon's business operations, demonstrating the company's commitment to upholding human rights standards and promoting a positive corporate culture.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Avalon has established robust internal mechanisms to address grievances related to human rights issues, primarily through its Works Committee. This committee convenes periodically or as needed to address and resolve grievances pertaining to human rights within the workplace. The Works Committee facilitates open dialogue between management and employees, ensuring fair treatment, resolving labor-related disputes, and promoting a conducive work environment that upholds human rights principles. These internal mechanisms demonstrate Avalon's commitment to fostering transparency, accountability, and respect for human rights throughout its operations.

**6. Number of Complaints on the following made by employees and workers:**

| | Current Financial Year 2023-24 | | | Previous Financial Year 2022-23 | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | Nil | Nil | Nil | Nil | Nil | Nil |
| Discrimination at workplace | Nil | Nil | Nil | Nil | Nil | Nil |
| Child Labour | Nil | Nil | Nil | Nil | Nil | Nil |
| Forced Labour/ Involuntary Labour | Nil | Nil | Nil | Nil | Nil | Nil |
| Wages | Nil | Nil | Nil | Nil | Nil | Nil |
| Other human rights related issues | Nil | Nil | Nil | Nil | Nil | Nil |

**7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

| | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | Nil | Nil |
| Complaints on POSH as a % of female employees / workers | Nil | Nil |
| Complaints on POSH upheld | Nil | Nil |

**8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

1) The identity of the Aggrieved employee, Respondent, Witnesses, statements and other evidence obtained in the course of inquiry process, recommendations of the committees, action taken by the Employer is considered as confidential and not published or made known to anyone.

2) Management always pays special attention towards complainant working condition and career growth to ensure that there are no adverse consequences due to the complaint.

3) Management consistently prioritizes the working conditions and career development of the complainant to mitigate any negative impact stemming from the complaint. This approach ensures that employees feel supported and reassured of fair treatment throughout the grievance resolution process.

**9. Do human rights requirements form part of your business agreements and contracts? Yes**

Yes, statutory and regulatory requirement clauses stipulate regarding human values, child labour, equal remuneration and social security.

**10. Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Child Labour | 100% |
| Forced/Involuntary Labour | 100% |
| Sexual Harassment | 100% |
| Discrimination at workplace | 100% |
| Wages | 100% |
| Other - Please specify | NIL |

**11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above:**

No risk/ concern has arisen and there is no necessity for corrective action.

## PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

### Essential Indicator

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

| Parameter | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| **Renewable sources** | | |
| Total electricity consumption (A) | Nil | Nil |
| Total fuel consumption (B) | Nil | Nil |
| Energy consumption through other sources (C) | Nil | Nil |
| Total energy consumed from renewable sources (A+B+C) | Nil | Nil |
| **Non-renewable sources** | | |
| Total electricity consumption (D) | 1,24,05,225.60 | 1,20,86,568.00 |
| Total fuel consumption (E) | 38,36,48,000.00 | 29,90,60,000.00 |
| Energy consumption through other sources (F) | Nil | Nil |
| Total energy consumed from non-renewable sources (D+E+F) | 39,60,53,225.60 | 31,11,46,568.00 |
| **Total energy consumed (A+B+C +D+E+F)** | **39,60,53,225.60** | **31,11,46,568.00** |
| Energy intensity per rupee of turnover (Total energy consumed/ Revenue from operations (INR in Millions)) | 89,669.32 | 64,907.26 |
| Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/ Revenue from operations adjusted for PPP (INR in Millions)) | 24,793.16 | 17,946.56 |
| Energy intensity in terms of physical output | 199.2 | 162.7 |
| Energy intensity (optional) – the relevant metric may be selected by the entity | - | - |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.** No

**2.** Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. No

**3. Provide details of the following disclosures related to water, in the following format:**

| Parameter | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| **Water withdrawal by source (in kilolitres)** | | |
| (i) Surface water | Nil | Nil |
| (ii) Groundwater | 20262 | 21709 |
| (iii) Third party water | 432 | 1392 |
| (iv) Seawater / desalinated water | Nil | Nil |
| (v) Others | Nil | Nil |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 20694 | 23101 |
| **Total volume of water consumption (in Kilolitres)** | **20694** | **23101** |
| Water intensity per rupee of turnover (Total water consumption / Revenue from operations (INR in Millions)) | 4.69 | 4.81 |
| Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations (INR in Millions) adjusted for PPP) | 1.30 | 1.33 |
| Water intensity in terms of physical output | 0.01 | 0.01 |
| Water intensity (optional) – the relevant metric may be selected by the entity | - | - |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

**4. Provide the following details related to water discharged:**

| Parameter | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| **Water discharge by destination and level of treatment (in kilolitres)** | | |
| (i) To Surface water | | |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| (ii) To Groundwater | | |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| (iii) To Seawater | | |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| (iv) Sent to Third-parties | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (v) Others | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | Nil | Nil |
| **Total water discharged (in Kilolitres)** | Nil | Nil |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.** No

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.** No

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

| Parameter | Please specify unit | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|---|
| NOx | µg/m3 | 26.49 | 21.75 |
| SOx | µg/m3 | 14.43 | 13.52 |
| Particulate matter (PM) | µg/m3 | 39.44 | 38.79 |
| Persistent organic pollutants (POP) | - | NA | NA |
| Volatile organic compounds (VOC) | - | NA | NA |
| Hazardous air pollutants (HAP) | - | NA | NA |
| Others – please specify | - | NA | NA |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

| Parameter | Unit | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|---|
| Total Scope 1 emissions (Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available) | Metric tonnes of $Co_2$ equivalent | 25.61 | 22.52 |
| Total Scope 2 emissions (Break-up of the GHG into $CO_2$, CH4, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available) | Metric tonnes of $Co_2$ equivalent | 1,909.30 | 2,403.88 |
| Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations (INR in Millions)) | | 0.44 | 0.51 |
| Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations (INR in Millions) adjusted for PPP) | | 0.12 | 0.14 |
| Total Scope 1 and Scope 2 emission intensity in terms of physical output | | 2.20 | 2.64 |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity | | - | - |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.** Yes (TUV SUD)

8. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.** No.

9. **Provide details related to waste management by the entity, in the following format:**

| Parameter | Current Financial Year\| 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| **Total Waste generated (in metric tonnes)** | | |
| Plastic waste (A) | 17.60 | 4.18 |
| E-waste (B) | 4.19 | 8.76 |
| Bio-medical waste (C) | 0.05 | |
| Construction and demolition waste (D) | Nil | Nil |
| Battery waste (E) | 0.52 | 2.84 |
| Radioactive waste (F) | Nil | Nil |
| Other Hazardous waste. Please specify, if any. (G) | Discarded containers – 1.11<br>Spent oil – 0.38KL<br>Waste or residues containing oil -0.015<br>Spent solvents – 37.6KL | Discarded containers - 0.969<br>Spent oil – 0.15KL<br>Waste or residues containing oil -0.065<br>Spent solvents – 47.4KL |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | Aluminium scrap – 15.90<br>Copper scrap – 7.30<br>MS/iron scrap – 149.10<br>Stainless steel – 4.35<br>Waste carton box – 44.34<br>Wooden waste – 29.95<br>General waste – 100.00 | 8.05<br>5.26<br>41.41<br>1.10<br>22.76<br>21.93<br>60.00 |
| **Total (A+B + C + D + E + F + G + H)** | **412.3** | **224.9** |
| Waste intensity per rupee of turnover (Total waste generated / Revenue from operations (INR in Millions)) | 0.09 | 0.05 |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations (INR in Millions) adjusted for PPP) | 0.026 | 0.013 |
| Waste intensity in terms of physical output | 0.0002 | 0.00011 |
| Waste intensity (optional) – the relevant metric may be selected by the entity | - | - |
| **For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)** | | |
| Category of waste | | |
| (i) Recycled | 381.78 | 191.3 |
| (ii) Re-used | Nil | Nil |
| (iii) Other recovery operations | Nil | Nil |
| **Total** | **381.78** | **191.3** |
| **For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)** | | |
| Category of waste | | |
| (i) Incineration | 0.015 | 0.065 |
| (ii) Landfilling | Nil | Nil |
| (iii) Other disposal operations | Nil | Nil |
| **Total** | **0.015** | **0.065** |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.** No.

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

At Avalon, our waste management practices are integral to our commitment to sustainability. We continuously evaluate and implement innovative solutions to reduce our environmental footprint. This includes exploring new technologies and methodologies to further enhance waste reduction and optimize resource utilization across our operations. By integrating these practices into our daily operations, we strive to foster a cleaner and healthier environment while meeting the highest standards of environmental stewardship.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

| Sl. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|---|---|---|---|
| | NA | NA | NA |
| | NA | NA | NA |
| | NA | NA | NA |

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|---|---|---|---|---|
| NA | NA | NA | NA | NA | NA |
| NA | NA | NA | NA | NA | NA |
| NA | NA | NA | NA | NA | NA |

13. **Is the entity compliant with the applicable environmental law / regulations / guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format: Yes**

*The Tamil Nadu Groundwater (Development and Management) Act, 2003

*The Air (Prevention and Control of Pollution) Rules, 1982

*The Water (Prevention and Control of Pollution) Act, 1974 as amended in 1988

*The Water (Prevention and Control of Pollution) Rules, 1975

*The Environmental (Protection) Act, 1986 as amended in 1991

*The Environmental (Protection) Rules, 1986

| Sl. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|---|---|---|---|---|
| | Nil | Nil | Nil | Nil |
| | Nil | Nil | Nil | Nil |

## PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

### Essential Indicator

1. (a) Number of affiliations with trade and industry chambers/ associations: 2
   (b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| Sl. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers / associations (State /National) |
|---|---|---|
| 1 | Indo-Japan Chamber of Commerce & Industry | International |
| 2 | Indo American Chamber of Commerce | International |

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

| Name of authority | Brief of the case | Corrective action taken |
|---|---|---|
| Nil | Nil | Nil |

## PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

### Essential Indicator

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|---|---|---|---|---|
| Nil | Nil | Nil | Nil | Nil | Nil |

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

| Sl. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In ₹) |
|---|---|---|---|---|---|---|
| | Nil | Nil | Nil | Nil | Nil | Nil |

3. **Describe the mechanisms to receive and redress grievances of the community:**

   At Avalon, we have a dedicated CSR team that plays a pivotal role in interacting with and supporting the broader community. These teams are not only responsible for addressing community grievances but also for spearheading meaningful projects that benefit local residents. By cultivating strong relationships with key stakeholders such as the community members themselves, district officials, and political representatives, Avalon ensures that grievances are heard and resolved effectively. This collaborative approach not only enhances transparency but also promotes sustainable development aligned with the needs and aspirations of the communities where Avalon operates.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

| | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| Directly sourced from MSMEs / small producers | 3% | 2% |
| Directly from within the India | 31% | 17% |

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

| Location | Current Financial Year 2023-24 | Previous Financial Year 2022-23 |
|---|---|---|
| Rural | 4.11% | 4.63% |
| Semi-urban | 0.11% | 0.34% |
| Urban | 20.93% | 24.65% |
| Metropolitan | 9.59% | 6.75% |

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

## PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

### Essential Indicator

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Avalon has implemented robust mechanisms to receive and respond to consumer complaints and feedback. Our approach includes dedicated communication channels that provide support through both telephone and email. This ensures that consumers can easily reach out for assistance and receive timely responses to their queries or issues. Additionally, our service teams addresses any product-related concerns on-site. These proactive measures not only prioritize customer satisfaction but also underscore Avalon's commitment to delivering prompt and effective solutions to consumer needs.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | Nil |
| Safe and responsible usage | Nil |
| Recycling and/or safe disposal | Nil |

3. **Number of consumer complaints in respect of the following:**

| | Current Financial Year 2023-24 | | | Previous Financial Year 2022-23 | | |
|---|---|---|---|---|---|---|
| | Received during | Pending resolution at end of year | Remarks | Received during | Pending resolution at end of year | Remarks |
| Data privacy | Nil | Nil | Nil | Nil | Nil | Nil |
| Advertising | Nil | Nil | Nil | Nil | Nil | Nil |
| Cyber-security | Nil | Nil | Nil | Nil | Nil | Nil |
| Delivery of essential services | Nil | Nil | Nil | Nil | Nil | Nil |
| Restrictive Trade Practices | Nil | Nil | Nil | Nil | Nil | Nil |
| Unfair Trade Practices | Nil | Nil | Nil | Nil | Nil | Nil |
| Other | Nil | Nil | Nil | Nil | Nil | Nil |

**4. Details of instances of product recalls on account of safety issues:**

| Remarks | Number | Reason for recall |
|---|---|---|
| Voluntary recalls | Nil | Nil |
| Forced recalls | Nil | Nil |

**5.** Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy: Yes https://www.avalontec.com/investors/

**6.** Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No corrective actions were required to be undertaken during the year. To mitigate the impact of cyber-attacks on our operations, Avalon has implemented robust measures. This includes the installation of advanced firewalls and threat monitoring systems equipped with immediate response capabilities to swiftly address identified threats. Additionally, we maintain a stringent system for controlling and monitoring access to our critical IT infrastructure. Regular testing of these access controls ensures their effectiveness in safeguarding sensitive data and systems. These proactive steps underscore Avalon's commitment to ensuring the security and privacy of our customers' information while maintaining resilience against potential cyber threats.

**7. Provide the following information relating to data breaches:**

a. Frequency of data breach incidents: Nil

b. Proportion of data breaches involving personally identifiable information of customers: Nil

c. Consequences, if any, resulting from the data breaches: Nil

# 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 standalone balance sheet as at March 31, 2024 and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2024 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 |
|---|---|
| **Revenue Recognition**<br><br>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.<br><br>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.<br><br>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.<br><br>See Note No. 1(2)(B)(9) and Note No. 18 to the Standalone Financial Statements. | In view of the significance of the matter, the following key audit procedures were performed by us:<br><br>• Assessed the compliance of the Company's revenue recognition related accounting policies with applicable accounting standards<br><br>• 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.<br><br>• Performed substantive testing of revenue transactions recorded during the year on a sample basis by verifying the underlying documents including shipping documents, customer acknowledgements, dispatch notes, etc.<br><br>• 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. |

| Key Audit Matter | Auditors Response |
|---|---|
| **Impairment Assessment in respect of Investment in Subsidiaries**<br><br>In accordance with the relevant Ind AS, the management carries out an impairment testing at each reporting date in respect of those investments for which the indicators of impairment in accordance with the said standard exists.<br><br>Signi¬ficant Management estimates and judgement is required in the area of impairment testing, particularly in assessing: (1) whether an event has occurred that may indicate that the investment values may not be recoverable; (2) whether the carrying value of investment can be supported by the recoverable amount, calculated based on the discounted cash flow projections from financial budgets approved by the senior management, as applicable.<br><br>The key assumptions applied by the management in the impairment assessment include appropriate revenue growth rate and perpetual growth rate used for estimating the future cash flows, appropriate discount rate applied to these forecasted future cash flows and other economic and entity specific factors considered therein. Any change in the basis or assumptions could materially affect the recoverable amount used in the impairment assessment.<br><br>We have identified the aforesaid matter as a key audit matter since it involves significant management judgement and estimates in determining the recoverable amount.<br><br>See Note No. 1(2)(B)(19) and Note No. 4A to the Standalone Financial Statements. | In view of the significance of the matter, the following key audit procedures were performed by us:<br><br>• Assessed the appropriateness of accounting policy in respect of impairment assessment of investments in subsidiaries as per relevant accounting standard.<br><br>• Assessed the design and implementation of key internal financial controls and tested the operating effectiveness of such controls in relation to impairment assessment of investments in subsidiaries.<br><br>• Evaluated the appropriateness of management's estimates and judgment in respect of whether any indicators of impairment existed in respect of investments in subsidiaries.<br><br>• Evaluated the cash flow forecasts by comparing them to the budgets ,as applicable and also assessed the appropriateness of the key assumptions applied in arriving at the cash flow forecasts.<br><br>• Checked the mathematical accuracy of the impairment assessment model.<br><br>• Performed a sensitivity analysis on the impairment assessment model and evaluated the impact of any reasonably foreseeable changes in assumptions.<br><br>• Discussed the key assumptions, forecast trends and sensitivities thereof with those charged with governance. |

## INFORMATION OTHER THAN THE STANDALONE FINANCIALS STATEMENTS 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 Company's annual report for the financial year 2023-24 but does not include the financial statements and our auditor's report(s) thereon. The annual report is 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 and take necessary actions, as applicable under the relevant laws and regulations.

## MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone 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.

## 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 except for the matters stated in para 2(i)(v) below on reporting under Rule 11(g) of the Companies(Audit & Auditors ) Rules, 2014.

   (c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone 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 April 01, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) The modification relating to the maintenance of accounts and other matters connected therewith are stated in para 2(b) above on reporting under 143(3)(b) and para 2(i)(v) below on reporting under Rule 11(g).

   (g) 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.

   (h) 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.

   (i) 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. 37 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 were no amounts which were required 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. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that the feature of recording audit trail (edit log) facility was not seen enabled at the database layer of the accounting software used by the Company during the year.

Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts)Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules,2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

vi. The company has neither declared nor 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 are not applicable.

For **Varma & Varma**
Chartered Accountants
FRN. 004532S

**P R Prasanna Varma**
Partner
M No. 025854
UDIN : 24025854BKGPYQ6221

Place: Chennai
Date: 16.05.2024

# 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 31.03.2024**

(i) a. According to the information and explanations given to us and on the basis of our examination of the records of the Company;

(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, 2024 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 on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company except as given in Appendix 1. The Company has not been sanctioned working capital limits in excess of five crores rupees, in aggregate, from financial institutions during the year on the basis of security of current assets of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or , advances in the nature of loans, secured or unsecured, to firms, limited liability partnerships or any other parties during the year. The Company has granted loans and provided guarantee to one company and has also made investment in one company. The Company has also invested in other parties (mutual funds). The requisite information in respect of the above is as given hereunder. The Company has not provided guarantee or security and has not made investments in firms, limited liability partnership or any other parties.

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has granted loans to one entity during the year as below:

(A)

(In ₹ Million)

| Particulars | Guarantees | Loans |
|---|---|---|
| Aggregate amount during the year | | |
| - Subsidiary | -* | 630.00 |
| Balance outstanding as at balance sheet date | | |
| - Subsidiary | -* | 730.00 |

*no new guarantees have been granted during the year. Guarantee outstanding as at the beginning of the year was closed during the year.

(B) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given loans or advances and provided guarantees or security to parties other than subsidiaries.

b. According to the information and explanations given to us and based on the audit procedures conducted by us, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

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 loans given, in our opinion the schedule of repayment of principal and payment of interest has been stipulated. Further, the receipts of interest have been regular and as per the terms of the loan, the repayment of principal is not yet due. 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 investments made, loans given and guarantees provided 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. Further, the Company has not granted any loans or provided any guarantee or security to which the provisions of Section 185 is applicable.

(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 deposits or amounts which are deemed to be deposits 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 generally 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, 2024 for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us and 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, 2024 are as follows:

| Name of Statute | Nature of dues | Amounts Involved (₹ in Million) (net of amount deposited) | Period to which the amount relates (Financial Year) | Forum where disputed is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 28.98 | April 2010 to March 2014 | The High Court of Madras |
| Income Tax Act, 1961 | Income Tax | 1.87 | April 2007 to March 2008 and April 2011 to March 2012 | Jurisdictional Income Tax Officer |
| The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Provident Fund | 42.70 | 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) a. 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 or other borrowings or in the payment of interest to any lender.

b. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.

c. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has not obtained any term loans during the year. Accordingly reporting under Clause 3(ix)(c) of the Order is not applicable to the company.

d. As per the information and explanations furnished to us, and according to our examination of the records of the Company, 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 been used for long-term purposes by the Company.

e. 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.

f. 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,

a. Moneys raised by way of initial public offer of equity shares during the year, have been, prima facie, applied by the Company for the purposes for which they were raised. The Company has not raised moneys by way of Initial Public Offer/ further public offer of debt instruments.

b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) As per the information and explanations furnished to us, and according to our examination of the records of the Company,

a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

b. 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.

c. 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 32 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
M No. 025854
UDIN : 24025854BKGPYQ6221

Place: Chennai
Date: 16.05.2024

# Annexure B

**REFERRED TO IN PARAGRAPH 2(g) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE**

## REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF 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, 2024 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 Act.

## 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 Act, 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 with reference to standalone 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 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 with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 with reference to standalone 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 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, 2024, 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
M No. 025854
UDIN : 24025854BKGPYQ6221

Place: Chennai
Date: 16.05.2024

# Appendix 1

## DETAILS OF QUARTERLY STATEMENTS SUBMITTED TO BANKS (ALSO REFER NOTE NO.13)

₹ In Million

| Quarter | Name of bank | Particulars | Amount as per books of account (A) | Amount as reported in the quarterly return/ statement (B) | Amount of difference (A)-(B) | Whether return/ statement subsequently rectified |
|---|---|---|---|---|---|---|
| June'23 | Standard Chartered Bank, Indian Bank, Axis Bank Limited, Bank of India and HDFC Bank Ltd | Inventory | 1,687.44 | 1,634.69 | 52.75 | No |
| | | Trade Receivables | 1,692.59 | 1,766.55 | (73.96) | No |
| | | Trade Payables | 403.40 | 500.12 | (96.72) | No |
| Sep'23 | Standard Chartered Bank, Indian Bank, Axis Bank Limited, Bank of India and HDFC Bank Ltd | Inventory | 1,817.31 | 1,753.05 | 64.26 | No |
| | | Trade Receivables | 1,664.38 | 1,704.74 | (40.36) | No |
| | | Trade Payables | 500.78 | 458.62 | 42.16 | No |
| Dec'23 | Standard Chartered Bank, Indian Bank, Axis Bank Limited, Bank of India and HDFC Bank Ltd | Inventory | 2,113.30 | 2,019.52 | 93.78 | No |
| | | Trade Receivables | 1,521.97 | 1,561.26 | (39.29) | No |
| | | Trade Payables | 594.18 | 553.31 | 40.87 | No |
| Mar'24 | Standard Chartered Bank, Indian Bank, Axis Bank Limited, Bank of India and HDFC Bank Ltd | Inventory | 1,918.57 | 1,832.21 | 86.36 | No |
| | | Trade Receivables | 1,744.21 | 1,746.16 | (1.95) | No |
| | | Trade Payables | 482.79 | 438.74 | 44.05 | No |

Avalon
manufacturing your success

# Standalone Balance Sheet

(All amounts are in Million Indian Rupees unless otherwise stated)

| S. No | Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| A. | **ASSETS** | | | |
| | **Non-Current Assets** | | | |
| | (a) Property, plant and equipment | 2 | 479.65 | 392.37 |
| | (b) Capital Work in Progress | 2 | 147.03 | 121.89 |
| | (c) Right of Use assets | 3A | 56.15 | 66.54 |
| | (d) Intangible Assets | 3B | 4.38 | 2.01 |
| | (e) Financial Assets | | | |
| | (i) Investments | 4A | 1,177.91 | 875.95 |
| | (ii) Other Financial Assets | 5A | 860.61 | 156.44 |
| | (f) Deferred Tax Asset (Net) | 12.1 | 1.97 | 7.46 |
| | (g) Other Non Current Assets | 6A | 25.30 | 16.90 |
| | **Total Non-Current Assets** | | **2,753.00** | **1,639.56** |
| | **Current Assets** | | | |
| | (a) Inventories | 7 | 1,918.58 | 1,735.34 |
| | (b) Financial Assets | | | |
| | (i) Investments | 4B | 739.74 | - |
| | (ii) Trade Receivables | 8 | 1,743.29 | 1,319.67 |
| | (iii) Cash and Cash Equivalents | 9A | 240.39 | 4,199.25 |
| | (iv) Bank balances other than (iii) above | 9B | 265.14 | 3.37 |
| | (v) Other Financial Assets | 5B | 29.16 | 30.00 |
| | (c) Other Current Assets | 6B | 131.44 | 514.37 |
| | **Total Current Assets** | | **5,067.74** | **7,802.00** |
| | **TOTAL ASSETS** | | **7,820.74** | **9,441.56** |
| B. | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | (a) Equity Share Capital | 10 | 131.43 | 115.91 |
| | (b) Other Equity | 11 | 6,600.26 | 6,454.03 |
| | **Total Equity** | | **6,731.69** | **6,569.94** |
| | **Liabilities** | | | |
| | **Non-Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 13A | - | 198.12 |
| | (ii) Lease Liabilities | 15A | 39.19 | 48.94 |
| | (iii) Other Financial Liabilities | 15B | - | 0.24 |
| | (b) Provisions | 16 | 77.33 | 66.26 |
| | (c) Deferred Tax Liability (Net) | 12.1 | - | - |
| | **Total Non-Current Liabilities** | | **116.52** | **313.56** |
| | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 13B | 277.81 | 1,020.80 |
| | (ii) Lease Liabilities | 15A | 11.20 | 6.25 |
| | (iii) Trade Payables | | | |
| | a) Micro and small enterprises | 14 | 3.68 | 7.09 |
| | b) Others | 14 | 479.07 | 641.71 |
| | (iv) Other Financial Liabilities | 15B | 15.30 | 847.76 |
| | (b) Other Current Liabilities | 17 | 160.69 | 16.72 |
| | (c) Provisions | 16 | 11.94 | 7.24 |
| | (d) Current tax Liabilities (Net) | 12.2 | 12.84 | 10.49 |
| | **Total Current Liabilities** | | **972.53** | **2,558.06** |
| | **Total Liabilities** | | **1,089.05** | **2,871.62** |
| | **TOTAL EQUITY AND LIABILITIES** | | **7,820.74** | **9,441.56** |
| | Material 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 Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**Rajesh V**
Company Secretary

Sd/-
**R M Subramanian**
Chief Financial Officer

# Standalone Statement of Profit and Loss

(All amounts are in Million Indian Rupees unless otherwise stated)

| S. No | Particulars | Note No. | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|---|
| I | **Revenue from Operations** | 18 | 4,416.82 | 4,793.71 |
| II | Other Income | 19 | 192.42 | 50.75 |
| III | **Total Income (I+II)** | | **4,609.24** | **4,844.46** |
| IV | **Expenses:** | | | |
| | Cost of raw materials consumed | 20 | 3,270.43 | 3,705.38 |
| | Changes in Inventories of finished goods, work-in-progress and stock in trade | 21 | 69.76 | (131.86) |
| | Employee benefit expenses | 22 | 487.86 | 423.73 |
| | Finance costs | 23 | 25.94 | 176.43 |
| | Depreciation and amortisation expenses | 24 | 51.98 | 48.70 |
| | Other expenses | 25 | 270.68 | 237.75 |
| | **Total Expenses** | | **4,176.65** | **4,460.13** |
| V | **Profit before tax (III-IV)** | | 432.59 | 384.33 |
| VI | **Tax Expense:** | | | |
| | (1) Current Tax | 26 | 102.22 | 95.95 |
| | (2) Tax of earlier years | 26 | 0.32 | - |
| | (3) Deferred Tax | 26 | 5.19 | 4.69 |
| | | | **107.73** | **100.64** |
| VII | **Profit for the year (V-VI)** | | 324.86 | 283.69 |
| VIII | **Other Comprehensive Income** | | | |
| | A. i) Items that will not be reclassified to profit or loss | | | |
| | a) Remeasurements of the defined benefit plans - Gratuity | 30 | 1.22 | (3.92) |
| | ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans | 26.1 | (0.31) | 0.99 |
| | **Total other comprehensive income/(loss) A(i+ii)** | | **0.91** | **(2.93)** |
| IX | **Total Comprehensive Income/(Loss) for the year (VII+VIII)** | | **325.77** | **280.76** |
| X | **Earnings Per Equity Share (Nominal value per share ₹ 2/-)** | | | |
| | (a) Basic (In ₹ ) | 27 | 4.98 | 5.00 |
| | (b) Diluted (In ₹ ) | 27 | 4.87 | 4.89 |
| | Material 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 Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**Rajesh V**
Company Secretary

Sd/-
**R M Subramanian**
Chief Financial Officer

# Standalone Statement of Changes in Equity

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | Share Capital (A) | Other Equity | | | | | | Total (H)=(A)+(G) |
|---|---|---|---|---|---|---|---|---|
| | | Reserves and Surplus | | | | Share Application Money (F) | Total (G) = (B)+(C)+(D)+(E) +(F) | |
| | | Securities premium (B) | Special Economic Zone Re-investment Allowance Reserve (C) | Retained earnings (D) | ESOP Reserve (E) | | | |
| **Balance as at April 1, 2022** | 15.97 | 534.01 | 95.66 | 1,609.20 | - | - | 2,238.87 | 2,254.84 |
| **2022-2023** | | | | | | | | - |
| Profit for the year | - | - | - | 283.69 | - | - | 283.69 | 283.69 |
| Other comprehensive income/(loss) 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** | **1,937.45** | **2.96** | **3,200.00** | **6,454.03** | **6,569.94** |
| **2023-2024** | | | | | | | | |
| Profit for the year | - | - | - | 324.86 | - | - | 324.86 | 324.86 |
| Other comprehensive income/(loss) for the year, net of income tax | - | - | - | 0.91 | - | - | 0.91 | 0.91 |
| Issue of equity shares | 14.68 | 3,185.32 | - | - | - | (3,200.00) | (14.68) | - |
| Issue of Shares against exercise of ESOP | 0.84 | 8.89 | - | - | (1.32) | - | 7.57 | 8.41 |
| Transfer from SEZ Reinvestment Reserve to Retained earnings | - | - | (46.31) | 46.31 | - | - | - | - |
| Share based payment expense | - | - | - | - | 0.81 | - | 0.81 | 0.81 |
| Share based payment for employees of group company | - | - | - | - | 1.95 | - | 1.95 | 1.95 |
| Expenses for issue of shares | - | (175.19) | - | - | - | - | (175.19) | (175.19) |
| **Balance as at March 31, 2024** | **131.43** | **4,286.33** | **-** | **2,309.53** | **4.40** | **-** | **6,600.26** | **6,731.69** |

Material Accounting Policies and key accounting estimates and judgements - Note 1

See accompanying notes to financial statements

As per our report of even date attached
**For Varma & Varma**
Chartered Accountants
Firm Registration Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**Rajesh V**
Company Secretary

Sd/-
**R M Subramanian**
Chief Financial Officer

# Standalone Statement of Cash Flows

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|
| A. | **Cash flow from operating activities** | | |
| | **Profit before tax** | 432.59 | 384.33 |
| | **Adjustments for :** | | |
| | Finance costs recognised in profit or loss | 20.67 | 126.06 |
| | Interest Income recognised in profit or loss | (72.01) | (14.59) |
| | Dividend Income recognised in profit or loss | (5.12) | (17.86) |
| | (Gain) / Loss on disposal of property, plant and equipment | 0.30 | - |
| | Profit on sale of Investments | (36.36) | - |
| | Gain on account of fair value changes in Investments | (28.77) | |
| | Allowance for Expected Credit Loss | 0.77 | 1.74 |
| | Employee Share Based Payment | 0.81 | 0.86 |
| | Depreciation and Amortisation | 51.98 | 48.70 |
| | Provision for Gratuity | 11.16 | (8.86) |
| | Provision for Leave Encashment | 11.17 | (7.29) |
| | Amount no longer payable written off/ (written back) | 15.96 | (15.85) |
| | **Net foreign exchange (gain) / loss - Unrealised** | (11.62) | 48.66 |
| | | **391.53** | **545.90** |
| | **Movements in Working Capital/ Other Changes :** | | |
| | (Increase) / decrease in trade and other receivables | (418.01) | 89.14 |
| | (Increase) / decrease in inventories | (183.24) | (592.12) |
| | (Increase) / decrease in other assets | 227.79 | (221.00) |
| | Increase / (decrease) in trade payables | (154.29) | 96.64 |
| | Increase / (decrease) in provisions | (5.34) | 27.82 |
| | Increase / (decrease) in other liabilities | 144.48 | (18.20) |
| | **Cash generated from operations** | **2.92** | **(71.82)** |
| | Income Tax paid | (100.75) | (116.75) |
| | **Net cash used in operating activities (A)** | **(97.83)** | **(188.57)** |
| B. | **Cash flow from investing activities** | | |
| | (Acquisition)/Proceeds from sale of property, plant and equipment | (179.68) | (188.53) |
| | Interest received | 72.01 | 14.59 |
| | Dividend income | 5.12 | 17.86 |
| | Loans given during the year | (590.00) | - |
| | Investments made during the year | (300.01) | - |
| | Payment to acquire investments | | - |
| | Investment in Fixed Deposit | (380.34) | - |
| | Investment in Mutual Funds | (1,967.38) | - |
| | Proceeds from sale of investments | 1,292.75 | - |
| | **Net cash used in investing activities (B)** | **(2,047.53)** | **(156.08)** |
| C. | **Cash flow from financing activities** | | |
| | Proceeds from issue of Equity Shares | - | 798.24 |
| | Proceeds from issue of Equity Shares (ESOP) | 8.40 | - |
| | Proceeds from issue of Equity Shares through IPO (including Share of selling shareholders) | 4,633.72 | - |
| | Receipt of Share Application Money from Anchor Investors | - | 4,016.28 |
| | Payment towards Selling Shareholders ("SS") (including share issue expenses towards SS) | (5,303.98) | - |
| | Share issue expenses towards company | (175.19) | - |
| | Proceeds from Non-Current Borrowings | - | 82.31 |
| | (Repayment) of Non-Current Borrowings | (198.12) | (55.81) |
| | (Repayment) of Current Borrowings | (1,020.80) | (166.10) |
| | Proceeds from Current Borrowings | 277.81 | - |
| | Repayment of Lease liability | (11.73) | (11.61) |
| | Dividend paid on Preference Shares | (2.93) | (3.50) |
| | Interest paid | (20.58) | (170.53) |
| | **Net cash (used in) / generated by financing activities (C)** | **(1,813.40)** | **4,489.28** |
| | **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **(3,958.76)** | **4,144.63** |
| | Cash and cash equivalents at the beginning of the year | 4,199.25 | 52.91 |
| | Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | (0.10) | 1.71 |
| | **Cash and Cash equivalents at the end of the year** | **240.39** | **4,199.25** |

# Standalone Statement of Cash Flows

(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 | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **(i) Cash and Cash Equivalents** | | |
| (a) Balance with banks in Current accounts | 240.33 | 4,135.21 |
| (c) Balance with banks in deposit accounts | - | 64.00 |
| (d) Cash on hand | 0.06 | 0.04 |
| **Total** | **240.39** | **4,199.25** |

## Non-Cash Financing Activities:

**Significant non cash movement in financing activities includes the following**

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| a) Lease liabilities recognised as per IND AS 116 | Refer Note : 3A | |
| b) Foreign exchange fluctuation on borrowings | 5.27 | 50.37 |

Material Accounting Policies and key accounting estimates and judgements - Note 1

See accompanying notes to financial statements

As per our report of even date attached
**For Varma & Varma**
Chartered Accountants
Firm Registration Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**Rajesh V**
Company Secretary

Sd/-
**R M Subramanian**
Chief Financial Officer

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

## NOTE 1:

## 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 MATERIAL 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.

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:

a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is expected to be realised within 12 months after the reporting date; or

d. 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:

a. it is expected to be settled in the company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is due to be settled within 12 months after the reporting date; or

d. 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.

#### 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 Statments 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 Company.

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

## B Material 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.

| Category | Useful life |
|---|---|
| Buildings | 3 - 60 years |
| Plant and Equipment | 1 - 15 years |
| Air Conditioners | 5 - 15 years |
| Computers | 3 - 6 years |
| Electrical Fittings | 5 - 10 years |
| Office equipment | 5 - 15 years |
| Fire Protection Equiments | 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.

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

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 |
| Trademark | 3 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 contact 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.

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.

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

### 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 group 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

#### 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

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

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.

**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.

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

## 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 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.

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

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.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. 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 taxes on income levied by the same governing taxation law.

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.

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

**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 to cash flows on specified dates 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

# Notes to Standalone Financial Statements

**Significant accounting policies to Standalone Financial Statements**

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.

## 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 Investment in subsidiaries

Investment in subsidiaries are measured at cost less accumulated impairment as per Ind AS 27.

## 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 Standalone Financial Statements

**Significant accounting policies to Standalone 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 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 Impairment of Investment in Subsidiaries

The Company carries out an assessment of impairment in respect of investments in subsidiaries where any indications of impairment exist as at the balance sheet date. The determination of recoverable amount for this purpose requires the use of critical assumptions and judgements.

## 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. As at March 31, 2024, there are no Ind AS Standards/ amendments that have been issued but are not yet effective.

## NOTE 2: PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Carrying amounts of:** | | |
| Free hold Buildings | 185.94 | 136.40 |
| Plant and equipment | 245.25 | 206.20 |
| Air conditioners | 1.96 | 2.14 |
| Computer | 30.64 | 31.50 |
| Electrical Fittings | 5.67 | 6.12 |
| Furniture and Fittings | 4.12 | 3.69 |
| Vehicle | 2.84 | 3.67 |
| Office Equipments | 1.89 | 1.60 |
| Fire Protection Equipments | 1.34 | 1.05 |
| **Sub-Total** | **479.65** | **392.37** |
| Capital Work-in-progress | 147.03 | 121.89 |
| **Total** | **626.68** | **514.26** |

| Gross carrying value | Free hold Buildings | Plant and equipment | Air conditioners | Computer | Electrical Fittings | Furniture and Fittings | Vehicle | Office Equipments | Fire Protection Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at April 1, 2022** | 151.63 | 213.09 | 3.15 | 27.93 | 7.57 | 4.44 | 6.43 | 0.88 | 1.26 | 416.38 |
| Additions | - | 51.25 | - | 10.52 | 0.05 | 0.33 | - | 1.17 | - | 63.32 |
| Disposals/ Other adjustments | - | (1.34) | - | - | - | - | - | - | - | (1.34) |
| **Balance as at March 31, 2023** | **151.63** | **263.00** | **3.15** | **38.45** | **7.62** | **4.77** | **6.43** | **2.05** | **1.26** | **478.36** |
| Additions | 59.29 | 60.87 | 0.26 | 5.01 | 0.39 | 0.99 | 0.51 | 0.83 | 0.38 | 128.53 |
| Disposals/ Other adjustments | 0.03 | (1.14) | (0.13) | (0.14) | 0.00 | (0.06) | (0.02) | (0.23) | (0.02) | (1.71) |
| **Balance as at March 31, 2024** | **210.95** | **322.73** | **3.28** | **43.32** | **8.01** | **5.70** | **6.92** | **2.65** | **1.62** | **605.18** |

| Accumulated depreciation | Free hold Buildings | Plant and equipment | Air conditioners | Computer | Electrical Fittings | Furniture and Fittings | Vehicle | Office Equipments | Fire Protection Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at April 1, 2022** | 7.61 | 34.78 | 0.61 | 2.56 | 0.66 | 0.68 | 1.38 | 0.13 | 0.13 | 48.54 |
| Depreciation | 7.62 | 22.02 | 0.40 | 4.39 | 0.84 | 0.40 | 1.38 | 0.32 | 0.08 | 37.45 |
| Eliminated on disposals/ Other adjustments | - | - | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2023** | **15.23** | **56.80** | **1.01** | **6.95** | **1.50** | **1.08** | **2.76** | **0.45** | **0.21** | **85.99** |
| Depreciation | 9.78 | 21.08 | 0.36 | 5.76 | 0.84 | 0.50 | 1.33 | 0.44 | 0.08 | 40.17 |
| Eliminated on disposals/ Other adjustments | - | (0.40) | (0.05) | (0.03) | - | - | (0.01) | (0.13) | (0.01) | (0.63) |
| **Balance as at March 31, 2024** | **25.01** | **77.48** | **1.32** | **12.68** | **2.34** | **1.58** | **4.08** | **0.76** | **0.28** | **125.53** |

| Particulars | Free hold Buildings | Plant and equipment | Air conditioners | Computer | Electrical Fittings | Furniture and Fittings | Vehicle | Office Equipments | Fire Protection Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| Carrying amount as on March 31, 2024 | 185.94 | 245.25 | 1.96 | 30.64 | 5.67 | 4.12 | 2.84 | 1.89 | 1.34 | 479.65 |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## Capital Work in Progress

### Class-wise breakup of CWIP

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Plant and equipment | 6.10 | 38.80 |
| Factory building | 131.60 | 80.00 |
| Electrical Fittings | 9.33 | 2.08 |
| Others | - | 1.01 |
| **Total** | **147.03** | **121.89** |

### Ageing breakup of CWIP

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Projects in progress *** | | |
| - Less than 1 year | 79.63 | 104.60 |
| - 1-2 years | 67.40 | 17.29 |
| - 2-3 years | - | - |
| - More than 3 years | - | - |
| **Total** | **147.03** | **121.89** |

The Company does not have any capital work-in-progress that has exceeded its cost compared to its original plan. Capital work-in-progress includes certain projects whose completion is overdue. Expected completion schedule of such projects are as follows :

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Projects in progress - To be completed in** | | |
| - Less than 1 year | 67.40 | - |
| - 1-2 years | - | - |
| - 2-3 years | - | - |
| - More than 3 years | - | - |
| **Total** | **67.40** | **-** |

## Status of Capital Work-in-progress

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Projects in progress** | | |
| Factory building* | 131.60 | 80.00 |
| Electrical fittings | 9.33 | 2.08 |
| Plant and Machinery | 6.10 | 38.80 |
| Others | - | 1.01 |
| **Subtotal** | **147.03** | **121.89** |
| **Projects temporarily suspended** | **-** | **-** |
| **Total** | **147.03** | **121.89** |

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 2024 is INR 0.29 milliion (March 2023 - INR 2.95 million)

# 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, 2024 | As at March 31, 2023 |
|---|---|---|
| **Carrying amounts of** | | |
| Lease hold Assets | 46.38 | 57.50 |
| Computers | - | 1.01 |
| Vehicles | 9.77 | 8.03 |
| **Total** | **56.15** | **66.54** |

| Gross carrying value | Lease hold Assets | Computers | Vehicles | Total |
|---|---|---|---|---|
| **Balance as at April 1, 2022** | 45.12 | 5.20 | 11.47 | 61.79 |
| Additions | 22.63 | - | - | 22.63 |
| Deletions/ Other adjustments | - | - | - | - |
| **Balance as at March 31, 2023** | **67.75** | **5.20** | **11.47** | **84.42** |
| Additions | - | - | 4.40 | 4.40 |
| Deletions/ Other adjustments | (4.33) | - | - | (4.33) |
| **Balance as at March 31, 2024** | **63.42** | **5.20** | **15.87** | **84.49** |

| Accumulated Depreciaion | Lease hold Assets | Computers | Vehicles | Total |
|---|---|---|---|---|
| **Balance as at April 1, 2022** | 3.49 | 2.07 | 1.14 | 6.70 |
| Depreciation | 6.76 | 2.12 | 2.30 | 11.18 |
| Eliminated on disposals/ Other adjustments | - | - | - | - |
| **Balance as at March 31, 2023** | **10.25** | **4.19** | **3.44** | **17.88** |
| Depreciation | 7.72 | 1.01 | 2.66 | 11.39 |
| Eliminated on disposals/ Other adjustments | (0.93) | - | - | (0.93) |
| **Balance as at March 31, 2024** | **17.04** | **5.20** | **6.10** | **28.34** |

| Particulars | Lease hold Assets | Computers | Vehicles | Total |
|---|---|---|---|---|
| Carrying amount as on March 31, 2023 | 57.50 | 1.01 | 8.03 | **66.54** |
| Carrying amount as on March 31, 2024 | 46.38 | - | 9.77 | **56.15** |

### 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 year ended:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Current lease liabilities | 11.20 | 6.25 |
| Non-current lease liabilities | 39.19 | 48.94 |
| **Total** | **50.39** | **55.19** |

# 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 ended:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Opening Balance** | **55.19** | **44.42** |
| Additions | 4.40 | 16.48 |
| Finance costs accrued during the year | 5.36 | 5.90 |
| Deletions/ Other adjustments | (2.83) | - |
| Payment of Lease liabilities | (11.73) | (11.61) |
| **Closing Balance** | **50.39** | **55.19** |

## d) The table below provides details regarding the Contractual Maturities of Lease Liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Less than one year | 11.20 | 6.25 |
| One to five years | 29.79 | 25.24 |
| More than five years | 9.40 | 23.70 |
| **Total** | **50.39** | **55.19** |

## e) Others

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Interest on lease liabilities | 5.36 | 5.90 |
| Expenses relating to short-term leases | 2.23 | 0.57 |
| **Total cash outflows for leases** | **11.73** | **11.61** |

## 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:

(a) If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain not terminate (or to extend).

(b) If any lease hold improvements are expected to have a significant remaining value the Company is typically reasonably certain to extend (or not terminate).

(c) 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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Carrying amounts of:** | | |
| Trademark | 0.04 | 0.05 |
| Software Licence | 4.34 | 1.96 |
| **Total** | **4.38** | **2.01** |

| Gross carrying amount | Trademark | Software Licence | Total |
|---|---|---|---|
| **Balance as at April 1, 2022** | **0.05** | **2.61** | **2.66** |
| Additions | - | 0.20 | 0.20 |
| Disposals/ Other adjustments | - | - | - |
| **Balance as at March 31, 2023** | **0.05** | **2.81** | **2.86** |
| Additions | - | 2.80 | 2.80 |
| Disposals/ Other adjustments | - | - | - |
| **Balance as at March 31, 2024** | **0.05** | **5.61** | **5.66** |

| Accumulated Amortisation | Trademark | Software Licence | Total |
|---|---|---|---|
| **Balance as at April 1, 2022** | **-** | **0.78** | **0.78** |
| Amortisation | - | 0.07 | 0.07 |
| Eliminated on disposals/ Other adjustments | - | - | - |
| **Balance as at March 31, 2023** | **-** | **0.85** | **0.85** |
| Amortisation | - | 0.42 | 0.42 |
| Eliminated on disposals/ Other adjustments | 0.01 | - | 0.01 |
| **Balance as at March 31, 2024** | **0.01** | **1.27** | **1.28** |

| Particulars | Trademark | Software Licence | Total |
|---|---|---|---|
| Carrying amount as on March 31, 2023 | 0.05 | 1.96 | **2.01** |
| Carrying amount as on March 31, 2024 | 0.04 | 4.34 | **4.38** |

## NOTE 4A: INVESTMENTS NON-CURRENT

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. (in millions) | Amount | No. (in millions) | Amount |
| **(A) Investments in Equity Instruments** | | | | |
| **Unquoted equity shares (fully paid up)** | | | | |
| **(i) Subsidiaries (Measured at cost)** | | | | |
| (a) Avalon Technology & Services Pvt Ltd of ₹ 10 each | 0.13 | 512.19 | 0.12 | 211.87 |
| (b) Sienna ECAD Technologies Pvt Ltd. of ₹ 10 each | 3.52 | 44.61 | 3.52 | 44.38 |
| (c) ABV Electronics Incorporated (D/B/A Sienna Corporation) of $ 0.001 each | 0.72 | 76.24 | 0.72 | 74.83 |
| **(B) Investments in Other Instruments** | | | | |
| **Unquoted Preference shares (fully paid up)** | | | | |
| **(i) Subsidiaries (Measured at cost)** | | | | |
| (a) ABV Electronics, Inc. (Sienna Corporation) of face value $1 each | 7.50 | 544.87 | 7.50 | 544.87 |
| **Total** | **11.87** | **1,177.91** | **11.86** | **875.95** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 4B: INVESTMENTS CURRENT

| Particulars | As at March 31, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | NAV per unit | No. (in millions) | Amount | NAV per unit | No. (in millions) | Amount |
| **Unquoted Investments** | | | | | | |
| Investment in Mutual Fund - mandatorily measured at FVTPL | | | - | | | - |
| - Nippon India Arbitrage Fund - Growth Plan | 26.14 | 12.01 | 313.85 | - | - | - |
| - Nippon India Liquid Fund - Growth Plan | 5,908.93 | 0.07 | 425.89 | - | - | - |
| **Total** | | | **739.74** | | | **-** |

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Aggregate value of unquoted investments | 739.74 | - |
| Aggregate amount of impairment in value of investments (included in the above) | - | - |

## NOTE 5A: OTHER FINANCIAL ASSETS NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured and considered good unless otherwise stated:** | | |
| Security Deposits | 13.10 | 14.46 |
| Loan given to Related parties | 730.00 | 140.00 |
| Deposits with Statutory authorities | 2.31 | - |
| Margin money deposits having maturity more than 12 months | - | 1.98 |
| Fixed deposits having maturity more than 12 months | 115.20 | - |
| **Total** | **860.61** | **156.44** |

### Loan to related parties that are repayable at the end of the term :

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Related Parties | 730.00 | 140.00 |

The loan is provided by the company to meet the working capital requirement and repayment of existing debt of the recipient.

## NOTE 5B: OTHER FINANCIAL ASSETS CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured and considered good unless otherwise stated :** | | |
| Security Deposits | - | 30.00 |
| Interest receivable | 29.16 | - |
| **Total** | **29.16** | **30.00** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 6A: OTHER NON CURRENT ASSETS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured and considered good unless otherwise stated :** | | |
| Capital Advances | 25.13 | 16.90 |
| Prepaid Expenses | 0.17 | - |
| **Total** | **25.30** | **16.90** |

## NOTE 6B: OTHER CURRENT ASSETS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured and considered good unless otherwise stated:** | | |
| Advances paid to suppliers | 70.97 | 308.62 |
| Government Grant Receivable - Stipend Reimbursement | 6.10 | 23.02 |
| Prepaid Expenses | 23.50 | 17.54 |
| Balance with Statutory authorities | 30.87 | 22.21 |
| Advances to Employees | - | 0.01 |
| IPO related expenses (Refer note 6B.1) | - | 142.97 |
| **Total** | **131.44** | **514.37** |

**6B.1** The cumulative expenditure incurred by the Company in connection with the IPO (refer Note No. 38) is ₹ 546.50 Million (including GST) (as at March 31, 2023 - ₹142.97 Million). These expenses have been allocated between the Company and selling shareholders in proportion to the total proceeds raised and also considering the nature of expenditure incurred during the year. The Company's share of expenses of ₹176.96 Million (excluding GST) has been adjusted against Securities Premium.

## NOTE 7: INVENTORIES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| (At lower of cost and net realisable value) | | |
| Raw materials (incl Goods in Transit) | 1,698.92 | 1,446.16 |
| Work-in-progress | 124.55 | 202.18 |
| Finished goods | 89.80 | 81.93 |
| Tools & Dies | 5.31 | 5.07 |
| **Total** | **1,918.58** | **1,735.34** |

**Note: 7.1 - The cost of inventories recognised as an expense during the year is as per Note No. 20 and 21**

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Cost of inventories recognised as an expense includes write-downs of inventory to net realisable value. | 7.96 | 8.01 |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 8: TRADE RECEIVABLES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **From Related Parties** | | |
| Trade receivables considered good - Secured | - | - |
| Trade receivables considered good - Unsecured | 1,022.29 | 589.44 |
| Trade receivables - credit impaired | - | - |
| **From Others** | | |
| Trade receivables considered good - Secured | - | - |
| Trade receivables considered good - Unsecured | 721.00 | 730.23 |
| Trade receivables - credit impaired | 1.00 | 0.02 |
| **Sub -Total** | **1,744.29** | **1,319.69** |
| Allowance for credit impaired (expected credit loss allowance) | (1.00) | (0.02) |
| **Total** | **1,743.29** | **1,319.67** |
| **Current** | **1,743.29** | **1,319.67** |
| **Non-current** | **-** | **-** |

### 8.1 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, 2024 | As at March 31, 2023 |
|---|---|---|
| The range of provision created as a percentage of outstanding under various age groups | 0.00% - 38.96% | 0.00% - 45.74% |

| Movement in expected credit loss allowance | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance at beginning of the year | 0.02 | 4.33 |
| Movement in expected credit loss allowance on trade receivables | 0.98 | 1.74 |
| Amount written off during the year | - | (6.05) |
| **Balance at end of the year** | **1.00** | **0.02** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### 8.2 Trade Receivables Considered Good - Unsecured

| Particulars | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Undisputed Dues * | |
| | As at March 31, 2024 | As at March 31, 2023" |
| | considered good | |
| Not Due | 1,605.05 | 1,171.53 |
| Less than 6 months | 137.46 | 111.74 |
| 6 months -1 year | 0.78 | 0.86 |
| 1-2 years | - | 35.52 |
| 2-3 years | - | 0.02 |
| More than 3 years | - | - |
| **Total** | **1,743.29** | **1,319.67** |

### 8.3 Trade Receivables - Credit Impaired

| Particulars | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Undisputed Dues * | |
| | As at March 31, 2024 | As at March 31, 2023" |
| | Credit Impaired | |
| Not Due | - | 0.00 |
| Less than 6 months | 0.22 | 0.01 |
| 6 months -1 year | 0.78 | 0.00 |
| 1-2 years | - | - |
| 2-3 years | - | 0.01 |
| More than 3 years | - | - |
| **Total** | **1.00** | **0.02** |

*There are no trade receivables that are overdue on account of any outstanding legal disputes

## NOTE 9 CASH AND BANK BALANCES

### Note 9A: Cash and Cash Equivalents

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance with Banks | | |
| In current accounts* | 110.97 | 3,999.03 |
| In EEFC accounts | 129.36 | 136.18 |
| In deposit accounts (with original maturity < 3 months) | - | 64.00 |
| Cash on hand | 0.06 | 0.04 |
| **Total** | **240.39** | **4,199.25** |

* 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 March 31,2023, as required under the extant SEBI Regulations in this regard.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### Note 9B: Other Bank Balances

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balances with banks in earmarked accounts | | |
| In Margin Money accounts | - | 3.37 |
| Balances in Fixed Deposits (with original maturity between 3 to 12 months) | 265.14 | - |
| **Total** | **265.14** | **3.37** |

### NOTE 10: EQUITY SHARE CAPITAL

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **AUTHORISED :** | | |
| 8,50,00,000 Equity Shares of ₹2/- each | 170.00 | 170.00 |
| 5,00,000 Preference shares of ₹ 100/- each* | 50.00 | 50.00 |
| | **220.00** | **220.00** |
| **ISSUED, SUBSCRIBED AND FULLY PAID UP** | | |
| 6,57,12,692 Equity shares of ₹2/- each, fully paid up (5,79,53,128 March 31, 2023 ) | 131.43 | 115.91 |
| | **131.43** | **115.91** |

* For details of issued, subscribed and fully paid-up preference shares, refer note no.10A.2

### 10.1 Reconciliation of Number of Shares

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | 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 | 5,79,53,128 | 115.91 | 1,59,667 | 15.97 |
| Add: Adjustment for sub-division of shares during the year (Refer 10.5 below) | - | - | 78,23,683 | - |
| Add: Bonus Shares issued during the year (Refer 10.5 below) | - | - | 4,79,00,100 | 95.80 |
| Add: 10% Mandatorily Convertible Preference shares converted during the year (Refer Note No. 10A.2) | - | - | 97,796 | 0.20 |
| Add: Shares issued during the year# | 73,39,449 | 14.68 | 19,71,882 | 3.94 |
| Add: Shares issued during the year pursuant to exercise of employee stock options## | 4,20,115 | 0.84 | | |
| **At the end of the year** | **6,57,12,692** | **131.43** | **5,79,53,128** | **115.91** |

#(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.

(iii) Pursuant to the Initial Public Offering, the Company on April 12, 2023, allotted 73,39,449 Equity Shares at a face value of 2/- (Rupees Two) each for cash, at a premium of 434/- per share aggregating to ₹3200 Million.

## Number of employee stock options granted for the company's employees - 5,20,050 and for the subsidiaries employees - 12,59,700 and outstanding as at March 31, 2024 of the company - 3,67,524 and for the subsidiaries employees - 9,51,923. During the year ended March 31, 2024, the company has allotted 4,20,115 shares out of which 1,52,526 Equity shares for the company employees and balance for the subsidiaries employees.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### 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, 2024 | | As at March 31, 2023 | |
| | Nos. | % | Nos. | % |
| Kunhamed Bicha | 1,44,26,212 | 21.95% | 1,74,30,799 | 30.08% |
| Bhaskar Srinivasan | 95,60,355 | 14.55% | 1,35,05,309 | 23.30% |
| Luquman Veedu Ediyanam | 36,19,291 | 5.51% | 53,50,942 | 9.23% |
| Nippon India Small Cap Fund | 37,82,542 | 5.76% | - | 0.00% |
| Sareday Sheshu Kumar | 19,05,254 | 2.90% | 33,96,079 | 5.86% |
| Anand Kumar | 24,33,141 | 3.70% | 41,64,792 | 7.19% |
| KL Bicha Family Private Trust | 39,78,993 | 6.06% | 39,78,993 | 6.87% |
| | | **60.43%** | | **82.53%** |

### 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, 2024 | | | As at March 31, 2023 | | |
| Promoters | No. of Shares | % of holding | % change during the year * | No. of Shares | % of holding | % change during the year * |
| TP Imbichammad | 6,83,615 | 1.04% | (0.77%) | 10,50,587 | 1.81% | (0.54%) |
| Kunhamed Bicha | 1,44,26,212 | 21.95% | (8.12%) | 1,74,30,799 | 30.08% | (8.66%) |
| Bhaskar Srinivasan | 95,60,355 | 14.55% | (8.76%) | 1,35,05,309 | 23.30% | (9.90%) |
| Mariyam Bicha | 2,53,293 | 0.39% | (0.45%) | 4,82,650 | 0.83% | (0.03%) |
| **Trusts controlled by promoters** | | | | | | |
| K L Bicha Family Private Trust | 39,78,993 | 6.06% | (0.81%) | 39,78,993 | 6.87% | 6.87% |
| Rehaan Family Private Trust | 1,000 | 0.00% | (0.00%) | 1,000 | 0.00% | 0.00% |
| Sameer Family Private Trust | 1,000 | 0.00% | (0.00%) | 1,000 | 0.00% | 0.00% |
| Zayed Family Private Trust | 1,000 | 0.00% | (0.00%) | 1,000 | 0.00% | 0.00% |
| Dolphin Family Trust | 1,000 | 0.00% | (0.00%) | 1,000 | 0.00% | 0.00% |
| BBS Family Trust | 22,73,710 | 3.46% | (0.46%) | 22,73,710 | 3.92% | 3.92% |
| KBS Family Trust | 22,73,710 | 3.46% | (0.46%) | 22,73,710 | 3.92% | 3.92% |
| | **3,34,53,888** | **50.91%** | | **4,09,99,758** | **70.75%** | |

* % Change during the year represents the % change in total holding when compared to the previous year

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### 10.5 Equity shares movement during 5 years preceding the reporting period

**(i) 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.

**(ii) Sub-division of equity shares:**

The Shareholders in their extra-ordinary general meeting dated 27.06.2022 had 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. Consequently, 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.

**(iii) 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 had 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 had increased to ₹ 111.76 Millions comprising of 5,58,83,450 equity shares of face value of ₹ 2/- each.

**(iv)** There are no shares bought back during the year of 5 years immediately preceding the reporting date.

### 10 (A) Instruments entirely equity in nature

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Preference shares | | |
| (i) 3,50,000 ( - ) 10% Mandatorily Convertible Preference Shares of ₹100/- each fully paid up (Refer Note No. 10A.2) | - | - |
| **Total preference shares** | **-** | **-** |

### 10(A).1 Reconciliation of preference shares outstanding at the beginning and at the end of the reporting year:

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| 10% Mandatorily Convertible Preference Shares of ₹100/- | - | - | - | - |
| Instruments reclassified from financial liability [Refer Note No. 10A.2] | - | - | 3,50,000.00 | 0.35 |
| 10% Mandatorily Convertible Preference Shares converted to equity share capital during the year (Refer Note 10A.2) | - | - | (3,50,000.00) | (0.35) |
| Shares outstanding at the end of the year | - | - | - | - |

### 10(A).2 Terms and rights attached to Mandatorily Convertible Preference Shares:

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 1st March, 2018, which was 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 company had entered into an amendment agreement to the SSA which stipulates a mandatory conversion of the OCPS and accordingly, the same

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

were reclassified as 'Instruments entirely equity in nature' effective from the date of the aforementioned amendment agreement. Subsequently, vide resolution passed in the EGM of the company held on February 8, 2023, 3,50,000 Preference Shares of ₹ 100/- each had been converted into 97,796 equity shares of ₹ 2/- each.

### 10(A).3 Details of shareholders holding more than 5% preference shares in the Company

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | 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 | - | - | - | - |

**10(A).4** There are no bonus shares issued or shares bought back during the year of 5 years immediately preceding the reporting date.

## NOTE 11: OTHER EQUITY

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Reserves and Surplus | | |
| Securities Premium | 4,286.33 | 1,267.31 |
| Special Economic Zone Re-investment Allowance Reserve | - | 46.31 |
| ESOP Share reserve | 4.40 | 2.96 |
| Retained Earnings | 2,309.53 | 1,937.45 |
| Share application money pending allotment | - | 3,200.00 |
| | **6,600.26** | **6,454.03** |

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **(i) Reserves and Surplus** | | |
| **Securities Premium** | | |
| Balance as at the beginning of the year | 1,267.31 | 534.01 |
| Add: Issue of equity shares during the year | 3,185.32 | 830.87 |
| Less: Expenses for issue of shares (Refer Note 6B.1) | (175.19) | (1.77) |
| Add: Issue of ESOP shares during the year | 8.89 | - |
| Less: Bonus shares issued during the year | - | (95.80) |
| **Balance as at the end of the year** | **4,286.33** | **1,267.31** |
| **Special Economic Zone Re-investment Allowance Reserve** | | |
| Balance as at the beginning of the year | 46.31 | 95.66 |
| Less: Transferred to Retained Earnings (out FY 2019-20 Reserve) | - | (46.08) |
| Less: Transferred to Retained Earnings (out FY 2020-21 Reserve) | (46.31) | (3.27) |
| **Balance as at the end of the year** | **-** | **46.31** |
| **ESOP Share reserve** | | |
| Balance as at the beginning of the year | 2.96 | - |
| Add: Share based payment expense (Refer Note 29) | 0.81 | 0.85 |
| Add: Share based payment expense for employees of group companies (Refer Note 29) | 1.95 | 2.11 |
| Less: Issue of shares against exercise of ESOP | (1.32) | - |
| **Balance as at the end of the year** | **4.40** | **2.96** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Retained Earnings** | | |
| Balance at the beginning of the year | 1,937.45 | 1,609.20 |
| Profit for the year | 324.86 | 283.69 |
| Other comprehensive income for the year, net of income tax | 0.91 | (2.93) |
| Add: Transfer from SEZ Reserve (out FY 2019-20 Reserve) | - | 46.08 |
| Add: Transfer from SEZ Reserve (out FY 2020-21 Reserve) | 46.31 | 3.27 |
| Less: Dividend on 10% mandatorily convertible preference shares (Refer Note 10A.2) | - | (1.86) |
| **Balance at the end of the year** | **2,309.53** | **1,937.45** |
| **(ii) Share application money pending allotment** | | |
| Balance as at the beginning of the year | 3,200.00 | - |
| Add: Amount raised through anchor funds for IPO | - | 3,200.00 |
| Less: Issue of equity shares during the year (Refer Note 10.1) | (3,200.00) | - |
| **Balance as at the end of the year** | **-** | **3,200.00** |
| **Total Other Equity** | **6,600.26** | **6,454.03** |

## Nature and Purpose of Other Reserves

### (a) Securities Premium

Securities premium is used to record the premium on issue of securities. The reserve is utilised in accordance with the provisions of the Act. During the year ended 31st March 2024, the securities premium has been utilised against share issue expense (net of tax benefit) in connection with the IPO of the Company (Refer No. 10.1)

### (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

Employee stock option reserve relates to the share options granted by the Company to the Company's and subsidiary's employees under its 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 here.

### (e) Share application money pending allotment

Share application money pending allotment represents amounts received towards issue of shares for which shares are pending to be allotted as at the balance sheet date.

Pursuant to the IPO (refer Note No. 38), the Company had 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 were carried under Note 15.B - Other financial liabilities as at March 31, 2023.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Deferred tax assets | 28.16 | 22.07 |
| Deferred tax liabilities | (26.19) | (14.61) |
| **Net Deferred tax Asset / (Liability)** | **1.97** | **7.46** |

| 2022-23 | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | 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 |
| **Net Deferred tax Asset / (Liability)** | **11.16** | **(4.69)** | **0.99** | **7.46** |

| 2023-24 | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities)/asset in relation to** | | | | |
| Property plant and equipment | (14.61) | (4.34) | | (18.95) |
| Expenses allowable under tax on actual payment basis | 6.83 | 2.68 | | 9.51 |
| Provision for impairment loss - ECL | 0.01 | 0.24 | | 0.25 |
| Defined benefit obligation - Gratuity | 13.32 | 2.37 | (0.31) | 15.38 |
| Leases | 1.91 | 1.10 | | 3.02 |
| Other Temporary Timing Differences | - | (7.24) | | (7.24) |
| **Net Deferred tax Asset / (Liability)** | **7.46** | **(5.19)** | **(0.31)** | **1.97** |

## NOTE 12.2 TAX ASSETS AND (LIABILITIES) (NET)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Tax Assets** | | |
| Tax Deducted at Source | 22.34 | 22.34 |
| **Total** | **22.34** | **22.34** |
| Income Tax payable (Net) | | |
| Earlier Years | (32.62) | (32.62) |
| **Total** | **(32.62)** | **(32.62)** |
| **Income Tax payable (Net)** | | |
| Current Year | (2.56) | (0.21) |
| Total | (2.56) | (0.21) |
| **Tax Assets / (Liabilities) (Net)** | **(12.84)** | **(10.49)** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 13A: BORROWINGS NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Term Loans** | | |
| From Banks | - | 198.12 |
| From Others | - | - |
| **Total** | **-** | **198.12** |
| The above amount includes:- | | |
| Secured Borrowings | - | 198.12 |
| Unsecured Borrowings | | - |
| **Total** | **-** | **198.12** |

### Note 13.1 - Details of Non-Current Borrowings

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| GECL Loan - Indian Bank | - | 81.13 |
| GECL Loan - HDFC Bank Limited | - | 119.25 |
| Hewlett Packard Financial Services Limited | - | 6.68 |
| Siemens Equipment Finance Limited | - | 4.30 |
| HDFC Bank Limited - Term Loan | - | 46.56 |
| Less :Current maturities of long term debt | - | 59.80 |
| **Total** | **-** | **198.12** |

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 |
|---|---|
| GECL Loan - Indian Bank | Repayable in 36 equated monthly instalments commencing from April 2021<br>Repayable in 60 equated monthly instalments commencing from February 2022<br>Repayable in 72 equated monthly instalments commencing from July 2024<br>Secured against Debtors, Creditors and Stock |
| GECL Loan - HDFC Bank Limited | Repayable in 60 equated monthly instalments commencing from April 2023<br>Repayable in 72 equated monthly instalments commencing from April 2024<br>Secured against Debtors, Creditors and Stock |
| Hewlett Packard Financial Services Limited | Unsecured Loan repayable in 36 Equated Monthly Instalments |
| 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 guarantees 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. |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 13B: BORROWINGS CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Term Loans** | | |
| From Banks | - | 48.82 |
| From Others | - | 10.98 |
| **Loans repayable on demand** | | |
| From Banks | 277.81 | 961.00 |
| **Total** | **277.81** | **1,020.80** |
| The above amount includes:- | | |
| Secured Borrowings | 277.81 | 1,014.12 |
| Unsecured Borrowings | - | 6.68 |
| **Total** | **277.81** | **1,020.80** |

### Note 13.3 - Details of short term borrowings

| Details of Facility | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Bank of India - Packing Credit Foreign Currency Loan (USD) | - | 192.50 |
| Standard Chartered Bank - Packing Credit Foreign Currency Loan / Bill Discounting (USD/INR) | - | 64.47 |
| Indian Bank - Packing Credit (EPC) Foreign Currency Loan (USD/INR) | 100.10 | 257.91 |
| HDFC Bank Limited - Export Packing Credit | 100.00 | 11.13 |
| HDFC Bank Limited -Working capital demand loan | 77.71 | 434.99 |
| **Total** | **277.81** | **961.00** |

| 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 |
| Standard Chartered Bank - Packing Credit Foreign Currency Loan /Bill Discounting (USD/INR) | First Pari Passu charge on the entire current assets of the company. Second Pari Passu charge on the entire fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Second Pari Passu 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 Guarantee of ABV Electronics Inc (D/B/A Sienna Corporation), USA. |
| 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. First 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. 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 Guarantee of ABV Electronics Inc (D/B/A Sienna Corporation). |
| HDFC Bank Limited - Packing Credit | First Pari Passu charge on the entire current assets of the company and fixed assets of the company excluding the movable fixed assets. |
| HDFC Bank Limited - Working capital demand loan | Second Pari Passu charge on land and building constructed on leased land. |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

**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 The Quarterly stock statements filed by the Company with banks in accordance with the terms of sanction of respective credit facilities along with the reconciliation and reasons for differences are as follows:**

| 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, 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* | 1,687.44 | 1,634.69 | 52.75 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | | Trade Receivables* | 1,692.59 | 1,766.55 | (73.96) | |
| | | Trade Payables* | 403.40 | 500.12 | (96.72) | |
| Standard Chartered Bank, Indian 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* | 1,817.31 | 1,753.05 | 64.26 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | | Trade Receivables* | 1,664.38 | 1,704.74 | (40.36) | |
| | | Trade Payables* | 500.78 | 458.62 | 42.16 | |
| Standard Chartered Bank, Indian 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* | 2,113.30 | 2,019.52 | 93.78 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | | Trade Receivables* | 1,521.97 | 1,561.26 | (39.29) | |
| | | Trade Payables* | 594.18 | 553.31 | 40.87 | |
| Standard Chartered Bank, Indian 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 | 1,918.57 | 1,832.21 | 86.36 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | | Trade Receivables | 1,744.21 | 1,746.16 | (1.95) | |
| | | Trade Payables | 482.79 | 438.74 | 44.05 | |

*Unaudited figures

**13.6** No defualts in repayment of interest and principal payments.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 14: TRADE PAYABLES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Dues to Micro and Small Enterprise (Refer Note 35) | 3.68 | 7.09 |
| Related Parties | 7.28 | - |
| Others | 471.79 | 641.71 |
| **Total** | **482.75** | **648.80** |

### Ageing of Trade Payables - Other than MSME

| Particulars | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Undisputed Dues* | |
| | As at March 31, 2024 | As at March 31, 2023 |
| Not Due | 131.85 | 182.51 |
| Less than 1 Year | 347.05 | 442.58 |
| 1-2 years | 0.15 | 16.62 |
| 2-3 years | 0.02 | - |
| More than 3 years | - | - |
| **Total** | **479.07** | **641.71** |

### Ageing of Trade Payables - MSME

| Particulars | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Undisputed Dues* | |
| | As at March 31, 2024 | As at March 31, 2023 |
| Not Due | 2.23 | 3.97 |
| Less than 1 Year | 1.45 | 3.12 |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| **Total** | **3.68** | **7.09** |

*There are no trade payables that are overdue on account of any outstanding legal disputes

## NOTE 15A: LEASE LIABILITIES NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Lease Obligations (Refer Note No. 3A) | 39.19 | 48.94 |
| **Total** | **39.19** | **48.94** |

## NOTE 15A: LEASE LIABILITIES CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Lease Obligations (Refer Note No. 3A) | 11.20 | 6.25 |
| **Total** | **11.20** | **6.25** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 15B: OTHER FINANCIAL LIABILITIES NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Payable for capital purchases | - | 0.24 |
| **Total** | **-** | **0.24** |

## NOTE 15B: OTHER FINANCIAL LIABILITIES CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Interest Accrued but not due | 0.13 | 3.91 |
| Payable for capital purchases | 3.05 | 18.82 |
| Employee Related dues | 10.14 | 7.59 |
| Other payable (regarding PY figure - Refer Note No. 11(e)) | 1.98 | 814.51 |
| Dividend Accrued but not due | - | 2.93 |
| **Total** | **15.30** | **847.76** |

## NOTE 16: PROVISIONS NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Provision for Employee benefits (Refer Note 30)** | | |
| Provision for defined benefit plan | 54.84 | 49.15 |
| Provision for compensated absences | 22.49 | 17.11 |
| **Total** | **77.33** | **66.26** |

## NOTE 16: PROVISIONS CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Provision for Employee benefits (Refer Note 30) | | |
| Provision for defined benefit plan | 6.24 | 3.78 |
| Provision for compensated absences | 5.70 | 3.46 |
| **Total** | **11.94** | **7.24** |

### 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 it's 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Advances from Customers | 141.54 | 7.62 |
| Statutory remittances | 19.15 | 9.10 |
| **Total** | **160.69** | **16.72** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 18: REVENUE FROM OPERATIONS

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Revenue from contract with customers** | | |
| Sale of products | 4,331.04 | 4,656.41 |
| Sale of services | 77.82 | 129.44 |
| **Sub-Total** | **4,408.86** | **4,785.85** |
| Other operating revenues | | |
| Scrap Sales | 7.96 | 7.86 |
| **Total** | **4,416.82** | **4,793.71** |

### 18.1 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

### 18.2 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, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Receivables, included under trade receivables (Refer Note 8) | 1,743.29 | 1,319.67 |
| Unbilled Revenue | - | - |
| Contract liabilities included under advance from customers (Refer Note 18.3) | 141.54 | 7.62 |

### 18.3 Movement of Contract Liabilities

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Amounts included in Contract liabilities at the beginning of the year | 7.62 | 4.22 |
| Amount received (adjusted)/(Performance obligation satisfied) during the year (Net) | 133.92 | 3.4 |
| Amounts included in Contract liabilities at the end of the year | 141.54 | 7.62 |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 19: OTHER INCOME

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| (a) Interest income earned | | |
| On Financial assets (at amortised cost) | 72.01 | 14.59 |
| (b) Dividend Income | 5.12 | 17.86 |
| (c) Other non-operating income (net of expenses directly attributable to such income, as applicable) | | |
| Forex Gain | 46.38 | - |
| Provisions no longer required written back | 1.28 | 15.85 |
| Insurance Claim received | 0.45 | 0.49 |
| Profit on sale of Investments | 36.36 | - |
| Gain on account of fair value changes in Investments - Mutual Funds | 28.77 | - |
| Others (aggregate of items) | 2.05 | 1.96 |
| **Total** | **192.42** | **50.75** |

## NOTE 20: COST OF RAW MATERIALS CONSUMED

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Raw material and components consumed** | | |
| Opening inventory | 1,446.16 | 988.25 |
| Add: Purchases | 3,523.19 | 4,163.29 |
| Less: Inventory at the end of the year | 1,698.92 | 1,446.16 |
| **Total** | **3,270.43** | **3,705.38** |

Consumption based accounting is followed for the issue of materials and accordingly purchase is a derived figure.

## NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Opening Stock:** | | |
| Work-in-progress | 202.18 | 98.95 |
| Finished goods | 81.93 | 53.30 |
| **Closing Stock:** | | |
| Work-in-progress | 124.55 | 202.18 |
| Finished goods | 89.80 | 81.93 |
| **(Increase) / Decrease in Stocks** | **69.76** | **(131.86)** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 22: EMPLOYEE BENEFIT EXPENSES

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Salaries, Wages and Bonus | 401.55 | 352.16 |
| Contribution to Provident and Other Funds (Refer note 30) | 26.84 | 21.65 |
| Gratuity (Refer note 30) | 11.16 | 9.54 |
| Compensated Absences (Refer note 30) | 11.17 | 7.29 |
| Employee Share based payment Expenses (Refer note 29) | 0.81 | 0.85 |
| Staff Welfare Expenses | 36.33 | 32.24 |
| **Total** | **487.86** | **423.73** |

During the year ended March 31, 2024 the company has recognised an amount of ₹ 47.80 Million (31st March 2023 - ₹ 60.29 Millions as remuneration to key managerial personnel. The details of such remuneration are as follows:

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Short term employee benefits | 46.35 | 58.76 |
| Post Employment benefits* | 1.21 | 1.21 |
| Share based payment | 0.24 | 0.32 |
| **Total** | **47.80** | **60.29** |

* 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.

### Note 22.1:

The Company had 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 had 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. During the year, based on evaluation of the recoverability of the amount by the management, an amount of ₹16.91 Million has been written off. The Company does not anticipate any issues in realisation of the balance amount.

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| Stipend reimbursement | - | 1.92 |

## NOTE: 23 - FINANCE COSTS

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Interest Expense of** | | |
| Loans (at amortised cost) | 8.21 | 95.04 |
| Obligations under finance lease | 5.36 | 5.90 |
| Exchange differences regarded as an adjustment to borrowing costs | 5.27 | 50.37 |
| Dividend on Preference Shares considered as borrowings (At Amortized Cost) | - | 1.07 |
| Other borrowing cost and charges | 7.10 | 24.05 |
| **Total** | **25.94** | **176.43** |

# 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, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Depreciation on Property, plant and equipment (Refer Note 2) | 40.17 | 37.45 |
| Depreciation on Right-of-Use assets (Refer Note 3A) | 11.39 | 11.18 |
| Amortisation of Intangible assets (Refer Note 3B) | 0.42 | 0.07 |
| **Total** | **51.98** | **48.70** |

## NOTE: 25 - OTHER EXPENSES

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Rent | 2.23 | 0.57 |
| Rates & Taxes | 13.33 | 6.83 |
| Power & Fuel | 35.71 | 33.46 |
| Consumables | 6.05 | 1.08 |
| Tools & Dies | 2.89 | 2.20 |
| Freight Outwards | 57.12 | 80.47 |
| **Repairs & Maintenance** | | |
| Buildings | 11.96 | 12.08 |
| Plant & Equipments | 23.30 | 18.67 |
| Others | 7.86 | 7.51 |
| Vehicle Maintenance | 1.47 | 1.23 |
| Printing & Stationery | 8.20 | 5.76 |
| Insurance | 9.95 | 11.60 |
| Communication Expenses | 2.10 | 1.94 |
| Allowance for expected credit loss (Net) | 0.98 | 1.74 |
| Foreign Exchange (Gain)/ Loss (Net) | - | 6.91 |
| Auditor's Fees* (Refer note 25.1) | 3.15 | 1.80 |
| Travelling & Conveyance | 14.69 | 8.54 |
| Directors sitting fees | 5.51 | 1.11 |
| Professional Charges | 25.58 | 20.62 |
| Business Promotion expenses | 4.97 | 1.38 |
| Amounts no longer recoverable | 17.03 | - |
| Security Charges | 4.35 | 3.01 |
| Loss/(Profit) on sale of assets (Net) | 0.33 | 1.27 |
| General Expenses | 0.47 | - |
| Contribution towards Corporate Social Responsibility (Refer note 34.2) | 6.04 | 3.00 |
| Miscellaneous Expenses | 5.41 | 4.97 |
| **Total** | **270.68** | **237.75** |

* Excludes remuneration amounting to INR 7.5 Million paid to the auditors during FY 2022-23 for services in connection with Initial Public Offer of equity shares of the company.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### Note No 25.1 - Auditors' Remuneration

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| (a) Audit Fee | 2.30 | 1.40 |
| (b) Tax audit fee | 0.25 | 0.25 |
| (c) Transfer Pricing certification | 0.15 | 0.15 |
| (d) Other assurance services | 0.45 | - |
| **Total** | **3.15** | **1.80** |

### NOTE 26: CURRENT TAX

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Current tax** | | |
| In respect of current year | 102.22 | 95.95 |
| In respect of prior years | 0.32 | - |
| **Total** | **102.54** | **95.95** |
| **Deferred tax** | | |
| In respect of current year | 5.19 | 4.69 |
| Minimum Alternate Tax (MAT) | - | - |
| **Deferred tax recognised in profit or loss** | **5.19** | **4.69** |
| **Total income tax expense** | **107.73** | **100.64** |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Profit before tax** | **432.59** | **384.33** |
| Tax expense calculated at statutory tax rate | 108.87 | 96.73 |
| Effect of expensese that are not deductible in determining taxable profit | 1.53 | 0.90 |
| Change in deferred tax balances due to change in income tax rate | - | 0.98 |
| Effect of concessions (80JJAA) | (3.09) | (1.72) |
| Effect of interest u/s 234 B & C | 0.06 | - |
| Others | 0.36 | 3.75 |
| **Income Tax expense recognised in profit or loss** | **107.73** | **100.64** |

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Tax Rate | 25.17% | 25.17% |

### 26.1 Income Tax recognised in Other Comprehensive Income

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Deferred tax** | | |
| **Arising on income and expenses recognised in other comprehensive income:** | | |
| Remeasurement of defined benefit obligation | (0.31) | 0.99 |
| **Total income tax recognised in other comprehensive income** | **(0.31)** | **0.99** |

# 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, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|
| I) | **Basic Earnings per share** | | |
| | Profit for the year attributable to the equity holders of the company (A) | 324.86 | 283.69 |
| | Less: Others | - | (1.77) |
| | **Net** | **324.86** | **281.92** |
| | Weighted average no of shares outstanding (B) (Refer III below) | 6,52,35,479 | 5,64,36,363 |
| | **Total basic earnings per share (A/B) (in ₹)** | **4.98** | **5.00** |
| II) | **Diluted Earnings per share** | | |
| | Profit for the year attributable to the equity holders of the company (A) | 324.86 | 283.69 |
| | Less: Others | - | (1.77) |
| | **Net** | **324.86** | **281.92** |
| | Weighted average no of shares outstanding (B) (Refer III below) | 6,67,51,074 | 5,76,27,367 |
| | **Total diluted earnings per share (A/B) (in ₹)** | **4.87** | **4.89** |
| III) | **Reconciliation of weighted average number of shares:** | | |
| | Equity shares | 6,52,35,479 | 5,64,36,363 |
| | **Weighted Average number of shares: Basic** | **6,52,35,479** | **5,64,36,363** |
| | Effect of ESOP | 15,15,595 | 11,91,004 |
| | **Weighted Average number of shares: Diluted** | **6,67,51,074** | **5,76,27,367** |

(i) Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the company 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 company by the weighted average number of Equity shares outstanding during the year.

(ii) Dilutive component of ESOP outstanding as at 31st March, 2024 and 31st March, 2023 is computed after factoring the impact of sub-division, issue of bonus shares and ESOP. (Refer note 10)

(iii) Share transactions that have occurred during 2022-23:

(a) Issue of shares against mandatorily convertible preference shares (Refer note no. 10A.2)

(b) 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.

(c) 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 during 2023-24:

(a) Issue of ordinary shares - The Company has issued 73,39,449 Equity Shares at a face value of 2/- each for cash, at a premium of 434/- per share through Initial Public Offer (IPO).

(b) Issue of ordinary shares - The Company has issued 4,20,115 Equity Shares at a face value of 2/- each for cash, at a premium of 18/- per share upon exercise of Employee stock options by the eligible employees.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 28: SEGMENT REPORTING

**28.1** 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.

### 28.2 Geographical Information

| Particulars | Revenue from customers | |
|---|---|---|
| | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
| a) India | 2,353.28 | 2,030.00 |
| b) Rest of World | 2,063.54 | 2,763.71 |
| **Total** | **4,416.82** | **4,793.71** |

| Particulars | Non-current assets** | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| a) India | 687.21 | 582.81 |
| b) Rest of World | - | - |
| **Total** | **687.21** | **582.81** |

** 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

Revenue from one external customer having more than 10% each of the Company's total revenue amounting to 868.61 million (Revenue from two external customer having more than 10% each of the Company's total revenue amounting to 1205.13 million for March 31, 2023).

## 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 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 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.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

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, 2024 | Fair Value at grant date* |
|---|---|---|---|---|---|---|---|
| Avalon Technologies Ltd's Employee Stock Option Scheme – 2022 (AVALON ESOP – 2022) **GRANT -1** | 19.07.2022 | 8,89,300 | 5,88,375 | 20.00 | Ranging from 1 to 2 years | 3.02 | 3.70 |
| Avalon Technologies Ltd's Employee Stock Option Scheme – 2022 (AVALON ESOP – 2022) **GRANT -2** | 19.07.2022 | 8,90,450 | 7,31,072 | 20.00 | Ranging from 1 to 4 years | 4.09 | 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 | 0% | 25% |
| At the end of 4 years | 0% | 25% |

## (C) Reconciliation of outstanding options

| Particulars | Grant 1 | Weighted average exercise price per Option | Grant 2 | Weighted average exercise price per Option |
|---|---|---|---|---|
| **As at 1st April, 2022** | - | - | - | - |
| Granted during the year | 8,89,300 | 20.00 | 8,90,450 | 20.00 |
| Vested or excercisable during the year | - | - | - | - |
| Expired during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| **As at 31st March, 2023** | **8,89,300** | | **8,90,450** | |
| Granted during the year | - | - | - | - |
| Vested or excercisable during the year | 1,15,125 | 20.00 | 72,452 | 20.00 |
| Expired during the year | (28,350) | - | (11,838) | - |
| Exercised during the year | (2,72,575) | 20.00 | (1,47,540) | 20.00 |
| **As at 31st March, 2024** | **5,88,375** | | **7,31,072** | |

## (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% |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

*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, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Employee Share based payment Expenses (Refer note no. 22) | 0.81 | 0.85 |
| Investment (ESOP issued to employees of subsidiary companies) | 1.95 | 2.11 |
| **Total expense arising from Employee share based payment transactions** | **2.76** | **2.96** |

## 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. |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening defined benefit obligation | 52.93 | 41.88 |
| Current Service Cost | 7.26 | 6.62 |
| Interest cost | 3.90 | 2.92 |
| Remeasurement (gains) / losses : | | |
| Actuarial (gains) and losses arising from changes in demographic assumptions | - | - |
| Actuarial (gains) and losses arising from changes in financial assumptions | 1.48 | (1.59) |
| Actuarial (gains) and losses arising from experience adjustments | (2.70) | 5.51 |
| Past service cost including losses / (gains) on curtailments | - | - |
| Transfers in/out | - | (0.67) |
| Benefits paid | (1.79) | (1.74) |
| **Closing defined benefit obligation** | **61.08** | **52.93** |

**(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, 2024 | As at March 31, 2023 |
|---|---|---|
| Present value of funded defined benefit obligation | 61.08 | 52.93 |
| Fair value of plan assets | | |
| **Funded status** | **61.08** | **52.93** |
| Restrictions on asset recognised | - | - |
| Others | - | - |
| **Net liability arising from defined benefit obligation** | **61.08** | **52.93** |

**(iii) Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Service Cost : | | |
| Current Service cost | 7.26 | 6.62 |
| Past service cost and (gain) / loss from settlements | - | - |
| Net interest Expense | 3.90 | 2.92 |
| **Components of defined benefit costs recognised in profit or loss** | **11.16** | **9.54** |
| Remeasurement on the net defined benefit liability : | | |
| Acturial (gains) / losses arising from changes in demographic assumptions | - | - |
| Acturial (gains) / losses arising from changes in financial assumptions | 1.48 | (1.59) |
| Actuarial (gains) / losses arising from experience adjustments | (2.70) | 5.51 |
| **Components of defined benefit costs recognised in other comprehensive income** | **(1.22)** | **3.92** |
| **Total** | **9.94** | **13.46** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

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.

**(v) The principal assumptions used for the purposes of the acturial valuations were as follows.**

| Particulars | Valuation | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| Discount Rate(s) | 7.23% | 7.49% |
| 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, 2024 | As at March 31, 2023 |
|---|---|---|---|
| A. | Discount Rate + 100 BP | | |
| | Defined Benefit Obligation [PVO] | 56.17 | 48.67 |
| | Current Service Cost | (4.92) | (4.26) |
| B. | Discount Rate - 100 BP | | |
| | Defined Benefit Obligation [PVO] | 66.78 | 57.86 |
| | Current Service Cost | 5.69 | 4.94 |
| C. | Salary Escalation Rate + 100 BP | | |
| | Defined Benefit Obligation [PVO] | 65.33 | 56.58 |
| | Current Service Cost | 4.25 | 3.65 |
| D. | Salary Escalation Rate - 100 BP | | |
| | Defined Benefit Obligation [PVO] | 57.25 | 49.56 |
| | Current Service Cost | (3.83) | (3.37) |

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.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

**Maturity profile of defined benefit obligation:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Year 1 | 6.43 | 6.22 |
| Year 2 | 4.01 | 5.75 |
| Year 3 | 3.59 | 3.35 |
| Year 4 | 5.43 | 3.00 |
| Year 5 | 3.41 | 4.78 |
| Next 5 Years | 22.19 | 18.50 |

### 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:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Discount rate | 7.23% | 7.49% |
| 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, 2024 | As at March 31, 2023 |
|---|---|---|
| **Financial assets** | | |
| **Measured at Cost** | | |
| - Equity investments in Subsidiaries (as per Ind AS 27) | 633.04 | 331.08 |
| - Investment in Preference shares of Subsidiary | 544.87 | 544.87 |
| **Measured at amortised cost** | | |
| - Trade receivables | 1,743.29 | 1,319.67 |
| - Cash and cash equivalents | 240.39 | 4,199.25 |
| - Other bank balances | 265.14 | 3.37 |
| - Other financial assets (Current) | 29.16 | 30.00 |
| - Other financial assets (Non-Current) | 860.61 | 156.44 |
| **Measured at Fair Value through P&L** | | |
| - Investment in Mutual Funds | 739.74 | - |
| **Financial liabilities** | | |
| **Measured at amortised cost** | | |
| - Borrowings | | |
| Non current | - | 198.12 |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| | Current | 277.81 | 1,020.80 |
| - | Lease Liabilities | | |
| | Non current | 39.19 | 48.94 |
| | Current | 11.20 | 6.25 |
| - | Trade Payables | 482.75 | 648.80 |
| - | Other Financial liabilities | 15.30 | 847.76 |

### Fair value hierarchy

| Particulars | | As at March 31, 2024 | As at March 31, 2023 | Fair Value Hierarchy |
|---|---|---|---|---|
| - | Investment in Mutual Funds | 739.74 | - | Level 2 |

In the opinion of the management, the carrying amounts of financial assets and financial liabilities recognised in the financial statements are a resonable approximation of their fair values. Hence,no separate disclosures of fair value has been made.

The fair value of investment in Mutual Fund is determined based on Net Assets Value published by respective funds (Level - 2 - Fair value hierarchy)

## 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 and current investments. 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 group's exposure to changes in interest rates primarily relates to the companies outstanding floating rate debt and investments in fixed deposits. The group has investments in INR denominated fixed deposits and a portion of it's 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 investments and working capital loan are 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 it's term.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## (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.

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:

| Currency | Liabilities as at | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| EURO | 0.04 | 0.03 |
| GBP | 0.01 | 0.05 |
| JPY | 475.06 | 557.97 |
| USD | 6.98 | 8.44 |

| Currency | Assets as at | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| EURO | 0.18 | 0.22 |
| GBP | 0.01 | 0.03 |
| USD | 20.06 | 19.46 |

### 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, 2024 | As at March 31, 2023 |
| **A.** | **Financial Assets** | | |
| | EURO | 0.79 | 1.02 |
| | GBP | - | 0.14 |
| | USD | 83.63 | 80.15 |
| **B.** | **Financial Liabilities** | | |
| | EURO | 0.19 | 0.14 |
| | GBP | 0.06 | 0.22 |
| | JPY | 13.09 | 17.27 |
| | USD | 29.10 | 34.71 |
| **Net Impact (A-B)** | | **41.98** | **28.96** |

# 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, 2024 | As at March 31, 2023 |
| A. | **Financial Assets** | | |
| | EURO | 0.59 | 0.76 |
| | GBP | - | 0.10 |
| | USD | 62.58 | 59.97 |
| B. | **Financial Liabilities** | | |
| | EURO | 0.15 | 0.11 |
| | GBP | 0.04 | 0.17 |
| | JPY | 9.79 | 12.92 |
| | USD | 21.78 | 25.97 |
| **Net Impact (A-B)** | | **31.41** | **21.66** |

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 8. 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. Similarly, credit risk arising from investment in Mutual Funds are held without any collateral but credit risk is limited as the company deals with counterparties of repute and excellent track record.

### 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, 2024** | | | | | |
| Borrowings | 277.81 | - | - | 277.81 | 277.81 |
| Lease Liabilities | 11.20 | 29.79 | 9.40 | 50.39 | 50.39 |
| Trade payables | 482.75 | - | - | 482.75 | 482.75 |
| Other Financial Liabilities | 15.30 | - | - | 15.30 | 15.30 |
| **Total** | **787.06** | **29.79** | **9.40** | **826.25** | **826.25** |
| **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 | 648.80 | - | - | 648.80 | 648.80 |
| Other Financial Liabilities | 847.76 | 0.24 | - | 848.00 | 848.00 |
| **Total** | **2,523.61** | **223.60** | **23.70** | **2,770.91** | **2,770.91** |

## NOTE 32: 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. |
| | Sienna ECAD Technologies Pvt. Ltd. |
| | ABV Electronics Inc (D/B/A Sienna Corporation) |
| **(ii) Key Management Personnel** | Mr. Kunhamed Bicha-Chairman and Managing Director (w.e.f 12.07.2022) [Director till 12.07.2022] |
| | Mr. RM Subramanian-Chief Financial Officer |
| | Mr. Rajesh V - Company Secretary |
| **(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) Non-Executive Directors** | Mr. Bhaskar Srinivasan-Director |
| | Mr. Sareday Seshu Kumar-Director |
| | Mr. Luquman Veedu Ediyanam-Director |
| | Mr.Chandar Pattabhiram (Independent Director) |
| | Mr.Byas Unnikrishnan Nambisan (Independent Director) |
| | Mr.Venkataramani Anantharamakrishnan (Independent Director) |
| | Ms.Nandita Abraham (Independent Director) |

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

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | Transaction with | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|
| a) Sales | | | |
| | Avalon Technology & Services Pvt. Ltd. | 6.11 | 10.31 |
| | Sienna ECAD Technologies Pvt. Ltd. | - | - |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | 1,467.58 | 1,464.03 |
| | | **1,473.69** | **1,474.34** |
| b) Purchases/ Expenses | | | |
| | Avalon Technology & Services Pvt. Ltd. | 103.96 | 180.55 |
| | Sienna ECAD Technologies Pvt. Ltd. | 0.09 | 0.04 |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | 767.38 | 911.24 |
| | | **871.43** | **1,091.83** |
| c) Remuneration to KMP/relatives of KMP* | | | |
| | Mr. T P Imbichammad | - | 5.08 |
| | Mr. Kunhamed Bicha | 19.18 | 19.18 |
| | Mr. Shamil Bicha | 7.17 | 9.60 |
| | Mr. RM Subramanian | 10.76 | 10.50 |
| | Mr. Rajesh V | 2.22 | 1.95 |
| | | **39.33** | **46.31** |
| d) Management Consultancy Fees | | | |
| | Mr. T P Imbichammad | 3.33 | 7.18 |
| | | **3.33** | **7.18** |
| e) Interest Income | | | |
| | Avalon Technology & Services Pvt. Ltd. | 58.94 | 14.00 |
| | | **58.94** | **14.00** |
| f) Dividend Income | | | |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | 5.12 | 17.61 |
| | | **5.12** | **17.61** |
| g) Reimbursement of expenses (receivable/ (payable)) | | | |
| | Sienna ECAD Technologies Pvt. Ltd. | (0.26) | 1.35 |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | 14.09 | (9.01) |
| | Avalon Technology & Services Pvt. Ltd. | 6.78 | 0.25 |
| | | **20.61** | **(7.41)** |
| h) Loans Given | | | |
| | Avalon Technology & Services Pvt. Ltd. | 590.00 | - |
| | | **590.00** | **-** |
| i) Corporate Guarantee given | | | |
| | Avalon Technology & Services Pvt. Ltd. | - | 600.46 |
| | | **-** | **600.46** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | Transaction with | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|
| j) Corporate Guarantee received | | | |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | - | 780.00 |
| | | **-** | **780.00** |
| k) Stock option granted to the employees of subsidiary companies | | | |
| | Avalon Technology & Services Pvt. Ltd. | 0.33 | 0.34 |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | 0.23 | 1.53 |
| | Sienna ECAD Technologies Pvt. Ltd. | 1.39 | 0.24 |
| | | **1.95** | **2.11** |
| l) Directors Sitting Fees | | | |
| | Mr. Chandar Pattabhiram | 0.90 | - |
| | Mr. Byas Unnikrishnan Nambisan | 1.10 | - |
| | Mr. Venkataramani Anantharamakrishnan | 0.80 | - |
| | Ms. Nandita Abraham | 1.00 | - |
| | | **3.80** | **-** |
| m) Employee share based payment | | | |
| | Mr. R. M Subramanian* | - | - |
| | Mr. V Rajesh** | - | - |
| | | **-** | **-** |

* 1,32,300 options at exercise price of ₹20 per share were issued to Mr. RM Subramanian in FY 2022-2023 out of which 24,750 options were exercised during FY 2023-2024

** 3,150 options at exercise price of ₹20 per share were issued to Mr. V Rajesh in FY 2022-2023 out of which 787 options were exercised during FY 2023-2024

## II. Outstanding Balances at the year end

| Particulars | Transaction with | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|
| a) Amount owed by related parties | | | |
| | Avalon Technology & Services Pvt. Ltd. | 751.88 | 313.34 |
| | Sienna ECAD Technologies Pvt. Ltd. | 1.84 | 38.37 |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | 1,020.45 | 551.07 |
| | | **1,774.17** | **902.78** |
| b) Amount owed to related parties | Avalon Technology & Services Pvt. Ltd. | - | - |
| | Sienna ECAD Technologies Pvt. Ltd. | - | - |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | **-** | **-** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 33: COMMITMENTS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 26.90 | 87.67 |

## NOTE 34: CORPORATE SOCIAL RESPONSIBILITY

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| (a) Gross amount required to be spent u/s 135 of the Companies Act, 2013 | 5.97 | 3.90 |
| (b) Expenditure towards corporate social responsibility | | |
| (i) Construction / acquisition of any asset | - | - |
| (ii) Purpose other than (i) above | 6.04 | 3.00 |
| **Excess / (Shortfall)** | **0.07** | **(0.90)** |

### 34.1 Excess amount Spent

| Particulars | Year Ended | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| **Opening Balance** | 0.04 | 0.94 |
| Amount required to be spent u/s 135 of the Companies Act, 2013 | 5.97 | 3.90 |
| Expenditure towards corporate social responsibility | 6.04 | 3.00 |
| **Closing Balance** | **(0.11)** | **(0.04)** |

### 34.2 Corporate Social Responsibility - Expenses incurred towards

| Particulars | Year Ended | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| Donation | 1.18 | 0.20 |
| Social Welfare expenses | 4.86 | 2.80 |
| **Total** | **6.04** | **3.00** |

## NOTE 35: 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 registerd under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 3.68 | 7.09 |
| Interest on above | 0.00 | 0.00 |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | 14.32 | 19.51 |
| 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 | 0.11 | 0.07 |
| Interest due and payable towards suppliers registered under MSMED Act at the end of the year | 0.11 | 0.07 |
| Further interest remaining due and payable for earlier years | 0.07 | - |

## NOTE 36: DETAILS OF TRANSACTIONS WITH STRUCK OFF COMPANIES

The Company does not have transactions or balances with struck off companies during the year.

## NOTE 37: CONTINGENT LIABILITIES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Claims against the company not acknowledged as debt** | | |
| Income tax matters* | 36.97 | 28.98 |
| Provident Fund Demand* | 6.57 | 6.57 |
| Others** | - | 40.33 |
| **Total** | **43.54** | **75.88** |

* The above amount excludes interest and penalty, as they are not ascertainable

**represents potential price variations claims under negotiations with one of the customers.

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 38: UTLIISATION OF IPO PROCEEDS

The Company has completed the Initial Public Offering of 1,98,39,446 equity shares of face value of ₹2 each at an issue price of ₹436 per equity share, consisting of a fresh issue of 73,39,449 equity shares aggregating to ₹3,200 million and an offer for sale of 1,24,99,997 equity shares aggregating to ₹5,450 million by the Selling Share Holders. Consequently, 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 has received an amount of ₹ 2,995.70 Million (net of IPO expenses including GST thereon) from proceeds out of the fresh issue of equity shares. The utilisation of net IPO proceeds is summarised below:

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(₹ In Millions)

| Objects of the issue as stated in the prospectus | Amount as per prospectus (A) | Utilisation upto March 31, 2024 (B) | Unutilised amount as on March 31, 2024 (A-B) |
|---|---|---|---|
| Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, Avalon Technology and Services Pvt Limited [Refer (b) below] | 1,450.00 | 1,450.00 | - |
| Funding the working capital requirements of our Company | 900.00 | 900.00 | - |
| General corporate purposes [Refer (a) & (b) below] | 644.00 | 645.70 | - |
| **Total** | **2,994.00** | **2,995.70** | **-** |

(a) As disclosed in the Prospectus, the amount to be spent for General Corporate Purposes is ₹ 644.00 Million which is arrived at as ₹ 850.00 Million less estimated issue expenses of ₹206.00 Million. Considering the actual issue expenses (including GST) of ₹ 204.30 Million, the amount utilised towards General Corporate Purposes stands at ₹ 645.70 Million.

(b) During the year, the company has infused ₹ 890.02 million (including ₹ 711.39 million out of IPO proceeds) in one of its material subsidiaries, Avalon Technology and Services Private Limited, consisting of ₹ 300.02 Million as equity investment and ₹ 590.00 Million as unsecured loan.

## NOTE 39: ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **a) CIF Value of imports :** | | |
| i) Capital goods | 5.00 | 14.67 |
| ii) Raw materials; Components and spare parts; | 2,645.81 | 3,667.78 |
| | **2,650.81** | **3,682.45** |
| **b) Expenditure in foreign currency** | | |
| Interest and bank charges (Excluding PCFC interest) | 0.76 | 9.22 |
| Repairs and maintenance | 1.40 | 3.77 |
| Others | 8.29 | 0.10 |
| | **10.45** | **13.09** |

| c) Value of imported and indigenous raw materials, components and spares consumed and percentage of each to the total consumption: | 2023-24 | | 2022-23 | |
|---|---|---|---|---|
| | Value | % | Value | % |
| i) Raw Materials | | | | |
| a) Imported | 2,677.76 | 80% | 2,863.92 | 80% |
| b) Indigenous | 662.43 | 20% | 709.60 | 20% |
| ii) Stores and Spare Parts | **3,340.19** | **100%** | **3,573.52** | **100%** |
| a) Imported | 0.79 | 13% | 0.28 | 26% |
| b) Indigenous | 5.26 | 87% | 0.80 | 74% |
| | **6.05** | **100%** | **1.08** | **100%** |

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### d) Earnings in Foreign Currency

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Export of goods on FOB basis (incl Deemed Exports) | 3,047.76 | 2,797.15 |
| Dividend income | 5.12 | 17.86 |

### e) Other Financial Information

| Particulars | | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| i. | Outstanding Letter of Credit | - | - |
| ii. | Guarantees excluding financial guarantees | - | - |
| iii. | Net exchange difference debited to Profit and Loss Statement Profit/ (Loss) | 46.40 | (6.91) |

## NOTE 40:

**(a)** The company does not have any long term contracts for which there were any material foreseeable losses.

**(b)** There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company as on the reporting date.

**(c)** 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).

**(d)** There are no funds which have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

**(e)** The Company is not declared as a willful defaulter by any bank or financial institution or other lender or Government or Government authorities. Accordingly, no disclosures are made in this regard.

**(f)** The Company has not traded or invested in Crypto currency or Virtual Currency during the year.

**(g)** The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act,1961).

**(h)** The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

# Notes to Standalone Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 41: RATIOS

| S. No. | Particulars | Numerator | Denominator | As at March 31, 2024 | As at March 31, 2023 | Variance (%) 2024 vs 2023 | Reasons 2024 vs 2023 |
|---|---|---|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 5.21 | 3.05 | 70.85% | 1(i) |
| 2 | Debt-Equity Ratio | Total Debt (including lease liabilities) | Shareholder's Equity | 0.05 | 0.19 | (74.86%) | 1(ii) |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (1) | Debt Service (2) | 0.32 | 1.26 | (74.38%) | 1(iii) |
| 4 | Return on Equity Ratio | Net Profits after taxes | Average Shareholder's Equity | 4.88% | 6.43% | (24.03%) | |
| 5 | Inventory Turnover Ratio | Sales | Average Inventory | 2.42 | 3.33 | (27.41%) | 1(iv) |
| 6 | Trade receivables turnover ratio | Net Credit Sales | Avg. Trade Receivables | 2.88 | 3.51 | (17.87%) | |
| 7 | Trade payables turnover ratio | Net Credit Purchases | Average Trade Payables | 6.23 | 6.84 | (9.00%) | |
| 8 | Net capital turnover ratio | Net Sales | Working Capital (3) | 1.08 | 0.91 | 17.96% | |
| 9 | Net Profit Ratio | Net Profit/ (Loss) for the year | Net Sales | 7.37% | 5.93% | 24.30% | |
| 10 | Return on capital employed | Earning before interest and taxes | Capital Employed (4) | 6.55% | 7.20% | (9.11%) | |
| 11 | Return on Investment* | Refer note (5) below | | 7.30% | NA | NA | |

* Investments in Mutual Funds and Fixed Deposit

(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) Return on Investment

$$\{MV(T1) - MV(T0) - Sum [C(t)]\}$$
$$\{MV(T0) + Sum [W(t) * C(t)]\}$$

where,

T1 = End of time period

T0 = Beginning of time period

t = Specific date falling between T1 and T0

MV(T1) = Market Value at T1

MV(T0) = Market Value at T0

C(t) = Cash inflow, cash outflow on specific date

W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as [T1 – t] / T1

# 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 2024 vs March 2023)**

   (i) Current ratio comparatively increased due to repayment of short term borrowings.

   (ii) Decrease in Debt - Equity ratio is due to repayment of borrowings through IPO funds

   (iii) Decrease in Debt Service Coverage Ratio is due to prepayment of debt during the year.

   (iv) Decrease in Inventory Turnover Ratio is due to increase in inventory during the year as per the business plan.

## NOTE 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.

## NOTE: 43

Previous years figures have been regrouped / reclassified wherever necessary to conform to current year's classification / presentation.

As per our report of even date attached
**For Varma & Varma**
Chartered Accountants
Firm Registration Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**R M Subramanian**
Chief Financial Officer

Sd/-
**Rajesh V**
Company Secretary

# 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, 2024, 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 material 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, 2024, of its consolidated profit and other comprehensive loss, 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 the "Other Matter" 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 |
|---|---|
| Revenue Recognition<br><br>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.<br><br>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. | In view of the significance of the matter, the following key audit procedures were performed by us:<br><br>• Assessed the compliance of the Holding Company's revenue recognition accounting policies with applicable accounting standards<br><br>• 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 |
|---|---|
| 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.<br><br>See Note No. 1.2(C)(9) and Note No. 18 to the Consolidated Financial Statements. | • 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.<br><br>• 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 FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON (OTHER INFORMATION)

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 annual report for the financial year 2023-24 but does not include the financial statements and our auditor's report(s) thereon. The annual reports is 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 necessary actions, as applicable under the relevant laws and regulations.

## 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 loss, 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 Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 the section titled "Other Matter" 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 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 MATTER:

The financial information in respect of the subsidiary company incorporated in the United States of America (whose financial statements reflects total Assets of ₹ 2,327.47 million as at 31 March 2024; total Revenues of ₹ 4,753.89 million and Net Cash inflows amounting to ₹ 101.16 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, 2024, 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, 2024. 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 matter with respect to our reliance on the work done and the report of the other auditor.

## 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 Matter" 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 by the Holding Company and its subsidiary companies incorporated in India so far as it appears from our examination of those books, except for certain matters in respect of audit trail as stated in paragraph 2(i)(v) below.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Loss, 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 April 01, 2024 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, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) The modification relating to the maintenance of accounts and other matters connected therewith are stated in para 2(b) above on reporting under 143(3)(b) and para 2(i)(v) below on reporting under Rule 11(g).

   g) 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.

   h) 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.

i) 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. 35 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 were no amounts which were required 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. Based on our examination, which included test checks, the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that the feature of recording audit trail (edit log) facility was

not seen enabled at the database layer of the accounting software used by the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act, during the year.

Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts)Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules,2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

vi. The Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act 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
M No. 025854
UDIN : 24025854BKGPYR9728

Place: Chennai
Date : 16.05.2024

# 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 31.03.2024**

### Clause (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 Technologies Limited | L30007TN1999PLC043479 | Holding Company | Clause (iib) |
| 2 | Avalon Technology and Services Private Ltd | U72100TN2008PTC068955 | Subsidiary Company | Clause (iib) |
| 3 | Sienna Ecad Technologies Private Limited | U30007KA1997PTC022754 | Subsidiary Company | Clause (vii(a)) |

For **Varma & Varma**
Chartered Accountants
FRN. 004532S

**P. R. Prasanna Varma**
Partner
M No. 025854
UDIN : 24025854BKGPYR9728

Place: Chennai
Date : 16.05.2024

# Annexure B

## REFERRED TO IN PARAGRAPH 2(g) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE

**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 2024, 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 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, 2024, 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
M No. 025854
UDIN : 24025854BKGPYR9728

Place: Chennai
Date : 16.05.2024

Avalon
manufacturing your success

# Consolidated Balance Sheet

(All amounts are in Million Indian Rupees unless otherwise stated)

| S. No | Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| A. | **ASSETS** | | | |
| | **Non-Current Assets** | | | |
| | (a) Property, plant and equipment | 2 | 1,039.47 | 908.65 |
| | (b) Capital Work in Progress | 2 | 196.45 | 152.85 |
| | (c) Right of Use assets | 3A | 409.35 | 342.16 |
| | (d) Intangible Assets | 3B | 20.96 | 24.46 |
| | (e) Financial Assets | | | |
| | (i) Other Financial Assets | 5A | 219.34 | 53.35 |
| | (f) Deferred Tax Asset (Net) | 12.1 | 179.51 | 132.36 |
| | (g) Tax assets | 12.2 | 109.70 | 104.88 |
| | (h) Other Non Current Assets | 6A | 44.99 | 48.41 |
| | **Total Non-Current Assets** | | **2,219.77** | **1,767.12** |
| | **Current Assets** | | | |
| | (a) Inventories | 7 | 3,163.42 | 3,178.99 |
| | (b) Financial Assets | | | |
| | (i) Investments | 4 | 754.92 | - |
| | (ii) Trade Receivables | 8 | 1,868.56 | 2,062.01 |
| | (iii) Cash and Cash Equivalents | 9A | 423.40 | 4,219.03 |
| | (iv) Bank balances other than (iii) above | 9B | 642.09 | 3.45 |
| | (v) Other Financial Assets | 5B | 6.82 | 37.49 |
| | (c) Other Current Assets | 6B | 228.64 | 619.36 |
| | **Total Current Assets** | | **7,087.85** | **10,120.33** |
| | **TOTAL ASSETS** | | **9,307.62** | **11,887.45** |
| B. | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | (a) Equity Share Capital | 10 | 131.43 | 115.91 |
| | (b) Other Equity | 11 | 5,341.98 | 5,254.28 |
| | **Total Equity** | | **5,473.41** | **5,370.19** |
| | **Liabilities** | | | |
| | **Non-Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 13A | 533.48 | 655.95 |
| | (ii) Lease Liabilities | 15A | 345.56 | 292.07 |
| | (iii) Other Financial Liabilities | 15B | 2.21 | 9.88 |
| | (b) Provisions | 16A | 134.56 | 114.12 |
| | (c) Deferred Tax Liability | 12.1 | 14.52 | 2.00 |
| | **Total Non-Current Liabilities** | | **1,030.33** | **1,074.02** |
| | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 13B | 1,108.03 | 2,406.70 |
| | (ii) Lease Liabilities | 15A | 98.89 | 65.01 |
| | (iii) Trade Payables | | | |
| | a) Micro and small enterprises | 14 | 10.09 | 16.61 |
| | b) Others | 14 | 963.95 | 1,401.11 |
| | (iv) Other Financial Liabilities | 15B | 69.08 | 907.88 |
| | (b) Other Current Liabilities | 17B | 460.64 | 533.58 |
| | (c) Provisions | 16B | 21.62 | 15.71 |
| | (d) Current tax Liabilities | 12.2 | 71.58 | 96.64 |
| | **Total Current Liabilities** | | **2,803.88** | **5,443.24** |
| | **Total Liabilities** | | **3,834.21** | **6,517.26** |
| | **TOTAL EQUITY AND LIABILITIES** | | **9,307.62** | **11,887.45** |
| | Material 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 Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**Rajesh V**
Company Secretary

Sd/-
**R M Subramanian**
Chief Financial Officer

# Consolidated Statement of Profit and Loss

(All amounts are in Million Indian Rupees unless otherwise stated)

| S. No | Particulars | Note No. | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|---|
| I | Revenue from Operations | 18 | 8,671.68 | 9,447.19 |
| II | Other Income | 19 | 148.74 | 145.16 |
| III | **Total Income (I+II)** | | **8,820.42** | **9,592.35** |
| IV | **Expenses:** | | | |
| | Cost of raw materials consumed | 20 | 5,522.77 | 6,139.56 |
| | Changes in Inventories of finished goods, work-in-progress and stock in trade | 21 | 0.55 | (171.14) |
| | Employee benefit expenses | 22 | 1,849.87 | 1,719.42 |
| | Finance costs | 23 | 164.01 | 347.92 |
| | Depreciation and Amortisation Expenses | 24 | 228.98 | 196.55 |
| | Other expenses | 25 | 673.69 | 633.11 |
| | **Total Expenses** | | **8,439.87** | **8,865.42** |
| V | **Profit before tax (III-IV)** | | **380.55** | **726.93** |
| VI | **Tax Expense:** | | | |
| | (1) Current Tax | 26 | 146.36 | 160.30 |
| | (2) Tax of earlier years | 26 | 0.16 | - |
| | (3) Deferred Tax | 26 | (45.82) | 41.60 |
| | | | **100.70** | **201.90** |
| VII | **Profit for the year (V-VI)** | | **279.85** | **525.03** |
| VIII | **Other Comprehensive Income** | | | |
| | A. i) Items that will not be reclassified to profit or losss | | | |
| | a) Remeasurements of the defined benefit plans - Gratuity | 30 | 1.49 | (6.80) |
| | ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans | 26.1 | (0.37) | 1.81 |
| | B. i) Items that may be reclassified to profit or loss | | | |
| | a) Exchange differences in translating the financial statements of foreign operations | | (13.75) | (72.03) |
| | **Total other comprehensive income/(loss) A(i+ii) + B(i)** | | **(12.63)** | **(77.02)** |
| IX | **Total Comprehensive Income/(Loss) for the year (VII+VIII)** | | **267.22** | **448.01** |
| X | **Profit for the year** | | | |
| | Attributable to: | | | |
| | Equity holders of the parent | | 279.85 | 525.03 |
| | Non-controlling interests | | - | - |
| XI | **Other comprehensive income/(loss) for the year** | | | |
| | Attributable to: | | | |
| | Equity holders of the parent | | (12.63) | (77.02) |
| | Non-controlling interests | | - | - |
| XII | **Total comprehensive income/(loss) for the year** | | | |
| | Attributable to: | | | |
| | Equity holders of the parent | | 267.22 | 448.01 |
| | Non-controlling interests | | - | - |
| XIII | **Earnings Per Equity Share of ₹2 each, attributable to equity holders of the parent:** | | | |
| | (a) Basic (In ₹) | 28 | 4.29 | 9.27 |
| | (b) Diluted (In ₹) | 28 | 4.19 | 9.08 |
| | Material 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 Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**Rajesh V**
Company Secretary

Sd/-
**R M Subramanian**
Chief Financial Officer

# Consolidated Statement of Changes in Equity

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | Share Capital (A) | Other Equity | | | | | | | Sub - Total (I) = (B)+(C)+(D)+(E)+(F)+(G)+(H) | Total (J) = (A)+(I) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Foreign Currency Translation Reserve (B) | Reserves and Surplus | | | | | Share Application Money pending allotment (H) | | |
| | | | Securities Premium (C) | Capital reserve (D) | Special Economic Zone Re-investment Allowance Reserve (E) | Retained earnings (F) | ESOP Reserve (G) | | | |
| **Balance as at April 1, 2022** | 15.97 | (22.74) | 536.90 | (614.30) | 95.66 | 876.35 | - | - | 871.87 | 887.84 |
| **2022-23** | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 525.03 | - | - | 525.03 | 525.03 |
| Other comprehensive income/(loss) 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 |
| Conversion of Instruments entirely equity in nature | 0.20 | - | - | - | - | - | - | - | - | 0.20 |
| Transfer from SEZ Reinvestment Reserve to Retained Earnings | - | - | - | - | (34.58) | 34.58 | - | - | - | - |
| Issue of Bonus Shares | 95.80 | - | (95.80) | - | - | - | - | - | (95.80) | - |
| Dividend on Instruments entirely equity in nature | - | - | - | - | - | (1.86) | - | - | (1.86) | (1.86) |
| Expense for issue of shares | - | - | (1.77) | - | - | - | - | - | (1.77) | (1.77) |
| Share based payment expense - Holding company | - | - | - | - | - | - | 0.85 | - | 0.85 | 0.85 |
| Share based payment expense - Other group companies | - | - | - | - | - | - | 2.11 | - | 2.11 | 2.11 |
| **Balance as at March 31, 2023** | **115.91** | **(94.77)** | **1,270.20** | **(614.30)** | **61.08** | **1,429.11** | **2.96** | **3,200.00** | **5,254.28** | **5,370.19** |
| **2023-24** | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 279.85 | - | - | 279.85 | 279.85 |
| Other comprehensive income/(loss) for the year, net of income tax | - | (13.75) | - | - | - | 1.12 | - | - | (12.63) | (12.63) |
| Issue of Equity Shares | 14.68 | - | 3,185.32 | - | - | - | - | (3,200.00) | (14.68) | - |
| Transfer from SEZ Reinvestment Reserve to Retained Earnings | - | - | - | - | (53.16) | 53.16 | - | - | - | - |
| Issue of shares against exercise of ESOP | 0.84 | - | 8.91 | - | - | - | (1.32) | - | 7.59 | 8.43 |
| Expense for issue of shares | - | - | (175.19) | - | - | - | - | - | (175.19) | (175.19) |
| Share based payment expense - Holding company | - | - | - | - | - | - | 0.81 | - | 0.81 | 0.81 |
| Share based payment expense - Other group companies | - | - | - | - | - | - | 1.95 | - | 1.95 | 1.95 |
| **Balance as at March 31, 2024** | **131.43** | **(108.52)** | **4,289.24** | **(614.30)** | **7.92** | **1,763.24** | **4.40** | **-** | **5,341.98** | **5,473.41** |

Material Accounting Policies and key accounting estimates and judgements - Note 1

See accompanying notes to financial statements

As per our report of even date attached
**For Varma & Varma**
Chartered Accountants
Firm Registration Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**Rajesh V**
Company Secretary

Sd/-
**R M Subramanian**
Chief Financial Officer

# Consolidated Statement of Cash Flows

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|
| **A.** | **Cash flow from operating activities** | | |
| | **Profit before tax** | 380.55 | 726.93 |
| | **Adjustments for :** | | |
| | Finance costs recognised in profit or loss | 113.02 | 244.06 |
| | Interest Income recognised in profit or loss | (15.08) | (3.61) |
| | Dividend Income recognised in profit or loss | - | (18.19) |
| | Income on sale of Investments | (36.48) | - |
| | Gain on account of fair value changes in investments | (28.83) | - |
| | (Gain) / Loss on disposal of property plant and equipment | 0.34 | 1.27 |
| | Allowance for Expected Credit Loss | 17.71 | 14.05 |
| | Depreciation and Amortisation | 228.98 | 196.55 |
| | Provision for Gratuity | 22.12 | (0.28) |
| | Provision for Leave Encashment | 22.10 | 3.01 |
| | Preference Dividend | 38.49 | 51.05 |
| | Loan Forgiveness - Other Debt | - | (79.20) |
| | Amounts no longer payable written back | 13.82 | (19.51) |
| | Employee Share based Payment | 2.76 | 2.97 |
| | Net foreign exchange (gain) / loss - Unrealised | (8.58) | 64.76 |
| | | **750.92** | **1,183.86** |
| | **Movements in working capital/ other changes :** | | |
| | (Increase) / decrease in trade and other receivables | 192.55 | (242.71) |
| | (Increase) / decrease in inventories | 24.15 | (861.73) |
| | (Increase) / decrease in other assets | (109.09) | (220.16) |
| | Increase / (decrease) in trade payables | (450.67) | 168.02 |
| | Increase / (decrease) in provisions | (16.38) | 24.67 |
| | Increase / (decrease) in other liabilities | (54.48) | 9.23 |
| | **Cash generated from operations** | **337.00** | **61.18** |
| | Income Tax paid | (164.11) | (193.55) |
| | **Net cash (used in) / generated by operating activities (A)** | **172.89** | **(132.37)** |
| **B.** | **Cash flow from investing activities** | | |
| | (Acquisition)/ Proceeds from Sale of Property, Plant & Equipment | (355.20) | (274.24) |
| | Interest received | 14.75 | 2.30 |
| | Dividend income | - | 17.86 |
| | Payments to acquire investments | | |
| | Investment in fixed deposit | (430.91) | - |
| | Investment in mutual fund units | (2,037.38) | - |
| | Proceeds from sale of investments | 1,347.75 | - |
| | **Net cash used in investing activities(B)** | **(1,460.99)** | **(254.08)** |
| **C.** | **Cash flow from financing activities** | | |
| | Proceeds from issue of Equity Shares | - | 798.24 |
| | Proceeds from issue of Equity Shares (ESOP) | 8.40 | - |
| | Proceeds from issue of Equity Shares through IPO (including Share of selling shareholders) | 4,633.72 | - |
| | Receipt of Share Application Money from Investors | - | 4,016.28 |
| | Payment towards Selling shareholders ("SS") (including share issue expenses towards SS) | (5,303.98) | - |
| | Share issue expenses towards Company | (175.19) | - |
| | Dividends paid on preference shares | (41.42) | (54.55) |
| | Proceeds from Non-Current borrowings | (24.49) | 242.92 |
| | Repayment of Non-Current borrowings | (356.22) | 54.22 |
| | Proceeds from issue of Preference Share | 194.55 | - |
| | Redemption of Preference Shares | (53.81) | - |
| | Repayment of Current borrowings | (1,477.18) | (169.35) |
| | Proceeds from Current borrowings | 277.81 | - |
| | Repayment of Lease liability | (102.62) | (80.09) |
| | Interest paid | (87.72) | (282.87) |
| | **Net cash (used in) / generated by financing activities (C)** | **(2,508.15)** | **4,524.80** |

# Consolidated Statement of Cash Flows

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Add: Effects of exchange differences on restatement of foreign currency cash and cash equivalents (D)** | **0.62** | **3.09** |
| **Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)+(D)** | (3,795.63) | 4,141.44 |
| Cash and cash equivalents at the beginning of the year | 4,219.03 | 77.59 |
| **Cash and Cash equivalents at the end of the year** | **423.40** | **4,219.03** |

**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, 2024 | As at March 31, 2023 |
|---|---|---|
| **(i) Cash and Cash Equivalents** | | |
| (a) Balance with banks in Current accounts | 423.26 | 4,154.84 |
| (b) Balance with banks in deposit accounts | - | 64.00 |
| (c) Cash on hand | 0.14 | 0.19 |
| **Total** | **423.40** | **4,219.03** |

## Non-cash financing activities:

**Significant non cash movement in financing activities includes the following**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| a) Lease liabilities recognised as per IND AS 116 | Refer Note : 3A | |
| b) Foreign exchange fluctuation on borrowings | 5.97 | 67.85 |

Material Accounting Policies and key accounting estimates and judgements - Note 1

See accompanying notes to financial statements

As per our report of even date attached
**For Varma & Varma**
Chartered Accountants
Firm Registration Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**R M Subramanian**
Chief Financial Officer

Sd/-
**Rajesh V**
Company Secretary

# Notes to Consolidated Financial Statements

**Significant accounting policies to Standalone Financial Statements**

## NOTE 1:

## 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 MATERIAL 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.

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 Group'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:

a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is expected to be realised within 12 months after the reporting date; or

d. 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:

a. it is expected to be settled in the company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is due to be settled within 12 months after the reporting date; or

d. 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 Consolidated 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 Group 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 is 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 Standalone 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 2024 | 31st Mar 2023 |
| Avalon Technology and Services Private Limited | India | 100% | 100% |
| Sienna Ecad Technologies Private Limited* | India | 100% | 100% |
| ABV Electronics Inc (D/B/A Sienna Corporation) | United States of America | 100% | 100% |

* 100 Equity shares representing 0.003% of the total share capital is held by one of the promoters; NCI in this regard is not seperately recognised as the holding is insignificant.

## C Material 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 affects 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 related 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

# Notes to Consolidated Financial Statements

**Significant accounting policies to Standalone Financial Statements**

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 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."

| Category | Useful life |
|---|---|
| Buildings | 3 - 60 years |
| Plant and machinery | 1 - 15 years |
| Air Conditioners | 5 - 15 years |
| Computers | 3 - 6 years |
| Electrical Fittings | 5 - 10 years |
| Office equipment | 5 - 15 years |
| Fire Protection Equiments | 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 |
| Trademark | 3 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

# Notes to Consolidated Financial Statements

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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.

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

# Notes to Consolidated Financial Statements

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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

### 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

# Notes to Consolidated Financial Statements

**Significant accounting policies to Standalone Financial Statements**

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 with the total estimated services to be provided based on the input method. Income from other service activities are recognized at a point in time upon 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.

**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 along 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.

# Notes to Consolidated Financial Statements

**Significant accounting policies to Standalone Financial Statements**

## 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.

### 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 (except one subsidiary Sienna ECAD Technologies Pvt Ltd) 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 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

# Notes to Consolidated Financial Statements

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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.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. 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 taxes on income levied by the same governing taxation law.

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.

### 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 to cash flows on specified dates 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

# Notes to Consolidated Financial Statements

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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

## 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

# Notes to Consolidated Financial Statements

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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.

### 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,

# Notes to Consolidated Financial Statements

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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

## 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. As at March 31, 2024, there are no Ind AS Standards/ amendments that have been issued but are not yet effective.

## NOTE 2: PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Carrying amounts of:** | | |
| Freehold Buildings | 294.17 | 248.72 |
| Plant and equipment | 655.47 | 562.29 |
| Air conditioners | 5.12 | 5.37 |
| Computer | 38.09 | 42.11 |
| Electrical Fittings | 19.96 | 23.38 |
| Furniture and Fittings | 11.88 | 10.69 |
| Vehicles | 5.31 | 6.95 |
| Office Equipments | 6.56 | 6.44 |
| Fire Protection Equipments | 2.91 | 2.70 |
| **Sub-Total** | **1,039.47** | **908.65** |
| Capital Work-in-progress | 196.45 | 152.85 |
| **Total** | **1,235.92** | **1,061.50** |

| Gross carrying value | Free hold Buildings | Plant and equipment | Air conditioners | Computer | Electrical Fittings | Furniture and Fittings | Vehicle | Office Equipment | Fire Protection Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at April 1, 2022** | **272.65** | **622.30** | **6.22** | **42.38** | **31.50** | **12.10** | **11.39** | **6.79** | **3.40** | **1,008.73** |
| Additions | 0.07 | 91.48 | 0.68 | 17.70 | 0.32 | 1.53 | - | 1.81 | 0.18 | 113.77 |
| Disposals/ Other adjustments | - | (3.47) | - | - | - | (0.03) | - | - | - | (3.50) |
| Currency Translation differences | 0.05 | 35.54 | 0.03 | (0.56) | 0.02 | 0.50 | - | 0.08 | (0.03) | 35.63 |
| **Balance as at March 31, 2023** | **272.77** | **745.85** | **6.93** | **59.52** | **31.84** | **14.10** | **11.39** | **8.68** | **3.55** | **1,154.63** |
| Additions | 59.65 | 185.06 | 0.50 | 7.34 | 0.84 | 3.00 | 0.52 | 1.52 | 0.74 | 259.17 |
| Disposals/ Other adjustments | 0.03 | (1.58) | (0.16) | (3.53) | (0.16) | (0.11) | (0.02) | (0.24) | (0.03) | (5.80) |
| Currency Translation differences | - | 5.63 | - | 0.01 | - | 0.05 | - | 0.01 | - | 5.70 |
| **Balance as at March 31, 2024** | **332.45** | **934.96** | **7.27** | **63.34** | **32.52** | **17.04** | **11.89** | **9.97** | **4.26** | **1,413.70** |

| Accumulated depreciation | Free hold Buildings | Plant and equipment | Air conditioners | Computer | Electrical Fittings | Furniture and Fittings | Vehicle | Office Equipment | Fire Protection Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at April 1, 2022** | **12.01** | **87.00** | **0.86** | **7.27** | **4.10** | **1.77** | **2.23** | **1.03** | **0.45** | **116.72** |
| Depreciation expense | 12.04 | 79.67 | 0.70 | 10.14 | 4.35 | 1.62 | 2.21 | 1.22 | 0.40 | 112.35 |
| Elimination on disposals/ Other adjustments | - | (0.74) | - | - | - | - | - | - | - | (0.74) |
| Currency Translation differences | - | 17.63 | - | - | 0.01 | 0.02 | - | (0.01) | - | 17.65 |
| **Balance as at March 31, 2023** | **24.05** | **183.56** | **1.56** | **17.41** | **8.46** | **3.41** | **4.44** | **2.24** | **0.85** | **245.98** |
| Depreciation expense | 14.23 | 93.19 | 0.64 | 11.18 | 4.17 | 1.73 | 2.16 | 1.31 | 0.50 | 129.11 |
| Elimination on disposals/ Other adjustments | - | (0.79) | (0.05) | (3.34) | (0.07) | - | (0.02) | (0.14) | - | (4.41) |
| Currency Translation differences | - | 3.54 | - | - | - | 0.02 | - | - | - | 3.56 |
| **Balance as at March 31, 2024** | **38.28** | **279.49** | **2.15** | **25.25** | **12.56** | **5.16** | **6.58** | **3.41** | **1.35** | **374.23** |

| Particulars | Free hold Buildings | Plant and equipment | Air conditioners | Computer | Electrical Fittings | Furniture and Fittings | Vehicle | Office Equipment | Fire Protection Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Carrying amount as on March 31, 2023 | 248.72 | 562.29 | 5.37 | 42.11 | 23.38 | 10.69 | 6.95 | 6.44 | 2.70 | 908.65 |
| Carrying amount as on March 31, 2024 | 294.17 | 655.47 | 5.12 | 38.09 | 19.96 | 11.88 | 5.31 | 6.56 | 2.91 | 1,039.47 |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## Capital Work in Progress

### Class-wise breakup of CWIP

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Factory building | 155.22 | 80.00 |
| Electrical Fittings | 9.33 | 2.08 |
| Plant and equipment | 26.90 | 69.69 |
| Others | 5.00 | 1.08 |
| **Total** | **196.45** | **152.85** |

### Ageing breakup of CWIP

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| - Less than 1 year | 129.05 | 135.56 |
| - 1-2 years | 67.40 | 17.29 |
| - 2-3 years | - | - |
| - More than 3 years | - | - |
| **Total** | **196.45** | **152.85** |

The Group does not have any capital work-in-progress that has exceeded its cost compared to its original plan. Capital work-in-progress includes certain projects whose completion is overdue. Expected completion schedule of such projects are as follows :

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Projects in progress - To be completed in** | | |
| - Less than 1 year | 67.40 | - |
| - 1-2 years | - | - |
| - 2-3 years | - | - |
| - More than 3 years | - | - |
| **Total** | **67.40** | **-** |

## Status of Capital Work-in-Progress

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Projects in progress** | | |
| Factory building* | 155.22 | 80.00 |
| Electrical fittings | 9.33 | 2.08 |
| Plant and Equipment | 26.90 | 69.69 |
| Others | 5.00 | 1.08 |
| **Subtotal** | **196.45** | **152.85** |
| **Projects temporarily suspended** | **-** | **-** |
| **Total** | **196.45** | **152.85** |

The title deeds of all immovable properties (other than properties where the group is lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Group.

*Amount of borrowing cost capitalised during the year ended 31st March 2024 INR 0.29 milliion (31st March 2023- INR 2.95 million).

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 3A: RIGHT-OF-USE ASSETS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Carrying amounts of** | | |
| Leasehold land | 85.32 | 84.60 |
| Buildings | 314.26 | 248.52 |
| Computers | - | 1.01 |
| Vehicles | 9.77 | 8.03 |
| **Total** | **409.35** | **342.16** |

### a) Right-of-Use Assets

| Gross carrying value | Leasehold land | Buildings | Computers | Machinery & Equipment | Vehicles | Total |
|---|---|---|---|---|---|---|
| **Balance as at April 1, 2022** | **77.45** | **208.24** | **5.20** | **22.16** | **11.47** | **324.52** |
| Additions | 22.63 | 154.69 | - | - | - | 177.32 |
| Disposals/ Other adjustments | - | - | - | (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** |
| Additions | 15.21 | 138.43 | - | - | 4.40 | 158.04 |
| Disposals/ Other adjustments | (4.34) | - | - | (16.50) | - | (20.84) |
| Currency Translation differences | - | 5.63 | - | - | - | 5.63 |
| **Balance as at March 31, 2024** | **110.95** | **520.40** | **5.20** | **-** | **15.87** | **652.42** |

| Accumulated Depreciation | Leasehold land | Buildings | Computers | Machinery & Equipment | Vehicles | Total |
|---|---|---|---|---|---|---|
| **Balance as at April 1, 2022** | **5.66** | **57.71** | **2.07** | **14.00** | **1.14** | **80.58** |
| Elimination on disposals/ Other adjustments | - | - | - | - | - | - |
| Depreciation 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** |
| Elimination on disposals/ Other adjustments | (0.93) | - | - | (16.50) | - | (17.43) |
| Depreciation expense | 11.08 | 76.83 | 1.01 | - | 2.66 | 91.58 |
| Currency Translation differences | - | 1.49 | - | - | - | 1.49 |
| **Balance as at March 31, 2024** | **25.63** | **206.14** | **5.20** | **-** | **6.10** | **243.07** |

| Particulars | Leasehold land | Buildings | Computers | Machinery & Equipment | Vehicles | Total |
|---|---|---|---|---|---|---|
| Carrying amount as on March 31, 2023 | 84.60 | 248.52 | 1.01 | - | 8.03 | 342.16 |
| Carrying amount as on March 31, 2024 | 85.32 | 314.26 | - | - | 9.77 | 409.35 |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Current lease liabilities | 98.89 | 65.01 |
| Non-current lease liabilities | 345.56 | 292.07 |
| **Total** | **444.45** | **357.08** |

## c) Movement in Lease Liabilities :

**The following is the movement in lease liabilities during the year:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Opening balance** | **357.08** | **234.70** |
| Additions | 158.04 | 171.17 |
| Finance costs accrued during the year | 33.23 | 30.29 |
| Deletions/ Other adjustments | (4.79) | - |
| Payment of Lease liabilities | (102.62) | (85.02) |
| Currency translation differences | 3.51 | 5.95 |
| **Closing balance** | **444.45** | **357.08** |

## d) The table below provides details regarding the contractual maturities of lease liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Less than one year | 98.89 | 65.01 |
| One to five years | 314.05 | 227.76 |
| More than five years | 31.51 | 64.31 |
| **Total** | **444.45** | **357.08** |

## e) Others

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Interest on lease liabilities | 33.23 | 30.29 |
| Expenses relating to short-term leases | 23.61 | 14.78 |
| **Total cash outflows for leases** | **102.62** | **85.02** |

## 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:

(a) If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to not terminate (or to extend).

(b) If any lease hold improvements are expected to have a significant remaining value the group is typically reasonably certain to extend (or not terminate).

(c) Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

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.

## NOTE 3B: INTANGIBLE ASSETS

| Gross carrying amount | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Carrying amounts of:** | | |
| Trademark | 0.04 | 0.05 |
| Software Licence | 20.92 | 24.41 |
| **Total** | **20.96** | **24.46** |

| Gross carrying amount | Trademark | Software Licence | Total |
|---|---|---|---|
| **Balance as at April 1, 2022** | **0.05** | **8.34** | **8.39** |
| Additions | - | 20.15 | 20.15 |
| Disposals/ Other adjustments | - | - | - |
| **Balance as at March 31, 2023** | **0.05** | **28.49** | **28.54** |
| Additions | - | 4.88 | 4.88 |
| Disposals/ Other adjustments | - | (0.35) | (0.35) |
| **Balance as at March 31, 2024** | **0.05** | **33.02** | **33.07** |

| Accumulated Amortisation | Trademark | Software Licence | Total |
|---|---|---|---|
| **Balance as at April 1, 2022** | **-** | **2.11** | **2.11** |
| Amortisation expense | - | 1.97 | 1.97 |
| Elimination on disposals/ Other adjustments | | | |
| **Balance as at March 31, 2023** | **-** | **4.08** | **4.08** |
| Amortisation expense | - | 8.29 | 8.29 |
| Elimination on disposals/ Other adjustments | 0.01 | (0.27) | (0.26) |
| **Balance as at March 31, 2024** | **0.01** | **12.10** | **12.11** |

| Particulars | Trademark | Software Licence | Total |
|---|---|---|---|
| Carrying amount as on March 31, 2023 | 0.05 | 24.41 | **24.46** |
| Carrying amount as on March 31, 2024 | 0.04 | 20.92 | **20.96** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 4: INVESTMENTS CURRENT

| Particulars | As at March 31, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | NAV per unit | No. (in millions) | Amount | NAV per unit | No. (in millions) | Amount |
| **Unquoted Investments** | | | | | | |
| Investment in Mutual Fund - mandatorily measured at FVTPL | | | | | | |
| - Nippon India Arbitrage Fund - Growth Plan | 26.14 | 12.01 | 313.85 | - | - | - |
| - Nippon India Liquid Fund - Growth Plan | 5,908.93 | 0.08 | 441.07 | - | - | - |
| **Total** | | | **754.92** | | | **-** |

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| | Amount | Amount |
| Aggregate value of unquoted investments | 754.92 | - |
| Aggregate amount of impairment in value of investments (included in the above) | - | - |

## NOTE 5A: OTHER FINANCIAL ASSETS NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured and considered good unless otherwise stated :** | | |
| Security Deposits | 42.32 | 42.52 |
| Deposits with Statutory authorities | 2.31 | - |
| Fixed deposits having maturity more than 12 months | 165.74 | - |
| Margin money deposits having maturity more than 12 months | - | 1.98 |
| Others | 8.97 | 8.85 |
| **Total** | **219.34** | **53.35** |

## NOTE 5B: OTHER FINANCIAL ASSETS CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured and considered good unless otherwise stated :** | | |
| Security Deposits | - | 30.00 |
| Unbilled Revenue | 6.13 | 6.67 |
| Advances recoverable in cash | 0.69 | 0.82 |
| **Total** | **6.82** | **37.49** |

## NOTE 6A: OTHER NON-CURRENT ASSETS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured and considered good unless otherwise stated :** | | |
| Capital Advances | 43.87 | 48.41 |
| Prepaid Expenses | 1.12 | - |
| **Total** | **44.99** | **48.41** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 6B: OTHER CURRENT ASSETS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured and considered good unless otherwise stated:** | | |
| Advances paid to suppliers | 125.49 | 350.71 |
| Government Grant Receivable - Stipend Reimbursement | 6.95 | 25.25 |
| Prepaid Expenses | 46.06 | 33.24 |
| Balance with Statutory authorities | 49.64 | 66.61 |
| Advances to employees | 0.50 | 0.57 |
| Others | - | 0.01 |
| IPO related expenses (Refer note 6B.1) | - | 142.97* |
| **Total** | **228.64** | **619.36** |

**6B.1** The cumulative expenditure incurred by the Holding Company in connection with the IPO (Refer Note No. 36) is ₹ 546.50 Million (including GST) (as at March 31, 2023 - ₹142.97 Million). These expenses have been allocated between the Holding Company and selling shareholders in proportion to the total proceeds raised and also considering the nature of expenditure incurred during the year. The Holding Company's share of expenses of ₹176.96 Million (excluding GST) has been adjusted against Securities Premium.

## NOTE 7: INVENTORIES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| (At lower of cost and net realisable value) | | |
| Raw materials (including Goods In transit) | 2,563.76 | 2,590.85 |
| Work-in-process | 201.73 | 276.21 |
| Finished goods | 360.59 | 286.66 |
| Consumables, tools and Dies | 37.34 | 25.27 |
| **Total** | **3,163.42** | **3,178.99** |

The cost of inventories recognised as an expense during the year is as per Note No. 20 and 21

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Cost of inventories recognised as an expense includes write-downs of inventory to net realisable value. | 20.19 | 21.45 |

## NOTE 8: TRADE RECEIVABLES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Trade receivables considered good - Secured | - | - |
| Trade receivables considered good - Unsecured | 1,868.56 | 2,062.01 |
| Trade receivables - credit impaired | 13.29 | 10.65 |
| **Sub -Total** | **1,881.85** | **2,072.66** |
| Allowance for credit impaired (expected credit loss allowance) | (13.29) | (10.65) |
| **Total** | **1,868.56** | **2,062.01** |
| **Current** | **1,868.56** | **2,062.01** |
| **Non-Current** | **-** | **-** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## 8.1 Trade Receivables

The Group 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, 2024 | As at March 31, 2023 |
|---|---|---|
| The range of provision created as a percentage of outstanding under various age groups | 0.00% - 62.36% | 0.02% - 78.80% |

| Movement in expected credit loss allowance | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance at beginning of the year | 10.65 | 12.85 |
| Movement in expected credit loss allowance on trade receivables | 17.71 | 14.05 |
| Amount written off during the year | (15.07) | (16.25) |
| **Balance at end of the year** | **13.29** | **10.65** |

## 8.2 Trade Receivables Considered Good - Unsecured

| Particulars | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Undisputed Dues* | |
| | As at March 31, 2024 | As at March 31, 2023 |
| | considered good | |
| Not Due | 1,429.27 | 1,609.70 |
| Less than 6 months | 402.08 | 440.94 |
| 6 months -1 year | 23.40 | 5.50 |
| 1-2 years | 10.41 | 5.38 |
| 2-3 years | 3.40 | 0.49 |
| More than 3 years | - | - |
| **Total** | **1,868.56** | **2,062.01** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### 8.3 Trade Receivables - Credit Impaired

| Particulars | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Undisputed Dues* | |
| | As at March 31, 2024 | As at March 31, 2023 |
| | Credit Impaired | |
| Not Due | 0.33 | 0.36 |
| Less than 6 months | 1.30 | 0.62 |
| 6 months -1 year | 1.82 | 1.53 |
| 1-2 years | 2.13 | 1.76 |
| 2-3 years | 2.83 | 0.56 |
| More than 3 years | 4.88 | 5.82 |
| **Total** | **13.29** | **10.65** |

*There are no trade receivables that are overdue on account of any outstanding legal disputes

## NOTE 9 CASH AND BANK BALANCES

### Note 9A: Cash and Cash Equivalents

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balances with Banks | | |
| In Current accounts* | 423.26 | 4,154.84 |
| In deposit accounts (with original maturity < 3 months) | - | 64.00 |
| Cash on hand | 0.14 | 0.19 |
| **Total** | **423.40** | **4,219.03** |

* 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 March 31, 2023, as required under the extant SEBI Regulations in this regard.

### Note 9B: Other Bank Balances

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balances with banks in earmarked accounts | | |
| In Fixed Deposit (Margin Money) | 0.11 | 3.37 |
| In Current accounts* | 376.84 | - |
| Balances with banks other than earmarked accounts | | |
| In Fixed Deposit | 265.14 | 0.08 |
| **Total** | **642.09** | **3.45** |

* The amount of ₹376.84 Million is restricted as required by the one of the subsidiary company's line of credit agreement, pending the creation of a Corporate Guarantee by the Holding Company.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 10: SHARE CAPITAL

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **AUTHORISED :** | | |
| 8,50,00,000 Equity Shares of ₹2/- each | 170.00 | 170.00 |
| 5,00,000 Preference shares of ₹ 100/- each* | 50.00 | 50.00 |
| | **220.00** | **220.00** |
| **ISSUED, SUBSCRIBED AND FULLY PAID UP** | | |
| 6,57,12,692 Equity shares of ₹2/- each, fully paid up (5,79,53,128 March 31, 2023 ) | 131.43 | 115.91 |
| **Total** | **131.43** | **115.91** |

* For details of issued, subscribed and fully paid-up preference shares, refer note no.10A.2

### 10.1 Reconciliation of Number of Shares

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | 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 | 5,79,53,128 | 115.91 | 1,59,667 | 15.97 |
| Add: Adjustment for sub-divisioin of shares during the year ( Refer 10.5 below) | - | - | 78,23,683 | - |
| Add: Bonus Shares issued during the year (Refer 10.5 below) | - | - | 4,79,00,100 | 95.80 |
| Add: 10% Mandatorily Convertible Preference shares converted during the year (Refer Note No. 10A.2) | - | - | 97,796 | 0.20 |
| Add: Shares issued during the year# | 73,39,449 | 14.68 | 19,71,882 | 3.94 |
| Add: Shares issued during the year pursuant to exercise of employee stock options## | 4,20,115 | 0.84 | - | - |
| **At the end of the year** | **6,57,12,692** | **131.43** | **5,79,53,128** | **115.91** |

#(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.

(iii) Pursuant to the Initial Public Offering, the Holding Company on April 12, 2023, allotted 73,39,449 Equity Shares at a face value of 2/- (Rupees Two) each for cash, at a premium of 434/- per share aggregating to ₹3200 Million.

## Number of employee stock options granted for the holding company's employees - 5,20,050 and for the subsidiaries employees - 12,59,700 and outstanding as at March 31, 2024 of the holding company - 3,67,524 and for the subsidiaries employees - 9,51,923. During the year ended March 31, 2024, the holding company has allotted 4,20,115 shares out of which 1,52,526 Equity shares for the holding company employees and balance for the subsidiaries employees.

### 10.2 Rights, Preferences and Restrictions Attached to shares

The Holding 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 Group:

| Name of the Share holder | No of shares held as at | | | |
|---|---|---|---|---|
| | As at March 31, 2024 | | As at March 31, 2023 | |
| | Nos. | % | Nos. | % |
| Kunhamed Bicha | 1,44,26,212 | 21.95% | 1,74,30,799 | 30.08% |
| Bhaskar Srinivasan | 95,60,355 | 14.55% | 1,35,05,309 | 23.30% |
| Luquman Veedu Ediyanam | 36,19,291 | 5.51% | 53,50,942 | 9.23% |
| Nippon India Small Cap Fund | 37,82,542 | 5.76% | - | 0.00% |
| Sareday Sheshu Kumar | 19,05,254 | 2.90% | 33,96,079 | 5.86% |
| Anand Kumar | 24,33,141 | 3.70% | 41,64,792 | 7.19% |
| KL Bicha FPT | 39,78,993 | 6.06% | 39,78,993 | 6.87% |
| | | **60.43%** | | **82.53%** |

### 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, 2024 | | | As at March 31, 2023 | | |
| Promoters | No. of Shares | % of holding | % change during the year * | No. of Shares | % of holding | % change during the year * |
| TP Imbichammad | 6,83,615 | 1.04% | (0.77%) | 10,50,587 | 1.81% | (0.54%) |
| Kunhamed Bicha | 1,44,26,212 | 21.95% | (8.12%) | 1,74,30,799 | 30.08% | (8.66%) |
| Bhaskar Srinivasan | 95,60,355 | 14.55% | (8.76%) | 1,35,05,309 | 23.30% | (9.90%) |
| Mariyam Bicha | 2,53,293 | 0.39% | (0.45%) | 4,82,650 | 0.83% | (0.03%) |
| **Trusts controlled by promoters** | | | | | | |
| K L Bicha Family Private Trust | 39,78,993 | 6.06% | (0.81%) | 39,78,993 | 6.87% | 6.87% |
| Rehaan Family Private Trust | 1,000 | 0.00% | (0.00%) | 1,000 | 0.00% | 0.00% |
| Sameer Family Private Trust | 1,000 | 0.00% | (0.00%) | 1,000 | 0.00% | 0.00% |
| Zayed Family Private Trust | 1,000 | 0.00% | (0.00%) | 1,000 | 0.00% | 0.00% |
| Dolphin Family Trust | 1,000 | 0.00% | (0.00%) | 1,000 | 0.00% | 0.00% |
| BBS Family Trust | 22,73,710 | 3.46% | (0.46%) | 22,73,710 | 3.92% | 3.92% |
| KBS Family Trust | 22,73,710 | 3.46% | (0.46%) | 22,73,710 | 3.92% | 3.92% |
| | | **50.91%** | | | **70.73%** | |

* % Change during the year represents the % change in total holding when compared to the previous year

### 10.5 Equity shares movement during 5 years preceding the reporting period

**(i) 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 holding 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.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### (ii) Sub-division of equity shares:

The Shareholders in their extra-ordinary general meeting dated 27.06.2022 had 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.

Consequently, the Authorised Share Capital of the Holding 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.

### (iii) 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 Holding Company had 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 had increased to ₹ 111.76 Millions comprising of 5,58,83,450 equity shares of face value of ₹ 2/- each.

**(iv)** There are no shares bought back during the year of 5 years immediately preceding the reporting date.

## 10 (A) Instruments entirely equity in nature

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Preference shares** | | |
| (i) 3,50,000, 10% Mandatorily Convertible Preference Shares of ₹100/- each fully paid up (Refer Note No: 10A.2) | - | - |
| **Total preference shares** | **-** | **-** |

## 10(A).1 Reconciliation of preference shares outstanding at the beginning and at the end of the reporting year:

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| 10% Mandatorily Convertible Preference Shares of ₹100/- | - | - | - | - |
| Shares outstanding at the beginning of the year | - | - | - | - |
| Shares issued during the year | - | - | - | - |
| Instruments reclassified from financial liability [Refer Note No. 10A.2] | - | - | 3,50,000.00 | 0.35 |
| 10% Mandatorily Convertible Preference Shares converted to equity share capital during the year (Refer Note 10A.2) | - | - | (3,50,000.00) | (0.35) |
| **Shares outstanding at the end of the year** | **-** | **-** | **-** | **-** |

## 10(A).2 Terms and rights attached to Mandatorily Convertible Preference Shares:

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 was 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 which stipulates a mandatory conversion of the OCPS and accordingly, the same were reclassified as 'Instruments entirely equity in nature' effective from the date of the aforementioned amendment agreement. Subsequently, vide resolution passed in the EGM of the company held on February 8, 2023, 3,50,000 Preference Shares of ₹ 100/- each had been converted into 97,796 equity shares of ₹ 2/- each.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### 10A.3 Details of shareholders holding more than 5% preference shares in the Holding Company

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Reserves and Surplus | | |
| Securities Premium | 4,289.24 | 1,270.20 |
| Capital reserve | (614.30) | (614.30) |
| Special Economic Zone Re-investment Allowance Reserve | 7.92 | 61.08 |
| Retained Earnings | 1,763.24 | 1,429.11 |
| ESOP Share Reserve | 4.40 | 2.96 |
| Foreign Currency Translation Reserve | (108.52) | (94.77) |
| Share application money pending allotment | - | 3,200.00 |
| | **5,341.98** | **5,254.28** |

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **(i) Reserves and Surplus** | | |
| **Securities Premium** | | |
| Balance as at the beginning of the year | 1,270.20 | 536.90 |
| Add : Issue of equity shares during the year | 3,185.32 | 830.87 |
| Less : Expenses for issue of shares (Refer Note 6B.1) | (175.19) | (1.77) |
| Less : Bonus shares issued during the year | - | (95.80) |
| Add: Issue of shares against exercise of ESOP | 8.91 | - |
| **Balance as at the end of the year** | **4,289.24** | **1,270.20** |
| **Capital Reserve** | | |
| Balance as at the beginning of the year | (614.30) | (614.30) |
| **Balance as at the end of the year** | **(614.30)** | **(614.30)** |
| **Special Economic Zone Re-investment Allowance Reserve** | | |
| Balance as at the beginning of the year | 61.08 | 95.66 |
| Add: Transfer from Retained Earnings | 7.92 | 14.77 |
| Less : Transferred to Retained Earnings (out FY 2019-20 Reserve) | (46.31) | (46.08) |
| Less : Transferred to Retained Earnings (out FY 2020-21 Reserve) | (14.77) | (3.27) |
| **Balance as at the end of the year** | **7.92** | **61.08** |
| **Retained Earnings** | | |
| Balance as at the beginning of the year | 1,429.11 | 876.35 |
| Profit for the year | 279.85 | 525.03 |
| Other comprehensive income for the year, net of income tax | 1.12 | (4.99) |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Add: Transfer from SEZ Reserve (out FY 2019-20 Reserve) | - | 46.08 |
| Add: Transfer from SEZ Reserve (out FY 2020-21 Reserve) | 46.31 | 3.27 |
| Add: Transfer from SEZ Reserve (out FY 2022-23 Reserve) | 14.77 | - |
| Less: Transfer to Special Economic Zone Re-investment Allowance Reserve Account | (7.92) | (14.77) |
| Less: Dividend on 10% mandatorily convertible preference shares (Refer Note 10A.2) | - | (1.86) |
| **Balance at the end of the year** | **1,763.24** | **1,429.11** |
| **ESOP Share Reserve** | | |
| Balance as at the beginning of the year | 2.96 | - |
| Add: Share based payment expense - Holding company (Refer Note: 29) | 0.81 | 0.85 |
| Add: Share based payment expense - Other group companies (Refer Note: 29) | 1.95 | 2.11 |
| Less: Issue of shares against exercise of ESOP | (1.32) | - |
| **Balance as at the end of the year** | **4.40** | **2.96** |
| **(ii) Foreign Currency Translation Reserve** | | |
| Balance as at the beginning of the year | (94.77) | (22.74) |
| Add : Recognised in OCI during the year | (13.75) | (72.03) |
| **Balance as at the end of the year** | **(108.52)** | **(94.77)** |
| **(iii) Share application money pending allotment** | | |
| Balance as at the beginning of the year | 3,200.00 | - |
| Add : Amount raised through anchor funds for IPO | - | 3,200.00 |
| Less : Issue of equity shares during the year (Refer Note. 10.1) | (3,200.00) | - |
| **Balance as at the end of the year** | **-** | **3,200.00** |
| **Total** | **5,341.98** | **5,254.28** |

## 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

Securities premium is used to record the premium on issue of securities. The reserve is utilised in accordance with the provisions of the Act. During the year ended 31st March 2024, the securities premium has been utilised against share issue expense (net of tax benefit) in connection with the IPO of the Holding Company (Refer Note. 10.1)

### (c) Capital Reserve

This represents the capital reserve arising on accounting for common control business combinations and acquisition of non-controlling interest in Subsidiaries in earlier years. The amount of capital reserve represents the following

(a) difference between the consideration paid for acquisition and the share capital plus related securities premium of the acquired entities.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(b) 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.

### (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 here.

### (f) ESOP Share Reserve

Employee stock option reserve relates to the share options granted by the Holding Company to the Holding Company's and subsidiary's employees under its stock option plan. (Refer No. 29)

### (g) Share application money pending allotment

Share application money pending allotment represents amounts received towards issue of shares for which shares are pending to be allotted as at the balance sheet date.

Pursuant to the IPO (refer Note No. 36), the Holding Company had 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. Out of the balance amount, ₹ 123.78 Million has been refunded subsequently and ₹ 692.50 Million relates to the proceeds received by the Holding Company on behalf of selling shareholders. These amounts were carried under Note 15.B - Other financial liabilities as at March 31, 2023.

## 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Deferred tax assets (net) | 179.51 | 132.36 |
| Deferred tax liabilities (net) | (14.52) | (2.00) |

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, 2024 | As at March 31, 2023 |
|---|---|---|
| **Deferred tax assets are attributable to the following :** | | |
| Expenses allowable under tax on actual payment basis | 19.32 | 11.20 |
| Provision for impairment loss on trade receivables | 2.18 | 1.74 |
| Defined benefit obligation - Gratuity (allowable on payment basis) | 23.80 | 21.64 |
| Leases | 5.02 | 4.10 |
| Unused tax losses | 178.99 | 129.08 |
| Other Temporary Timing Differences | 1.75 | 4.88 |
| MAT Credit Entitlement | - | 12.87 |
| **Total Deferred tax asset (A) *** | **231.06** | **185.51** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Recognized Deferred Tax Assets and Liabilities | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Deferred tax liabilities are attributable to the following :** | | |
| Property plant and equipment & intangible assets | (58.76) | (55.15) |
| Other Temporary Timing Differences | (7.24) | |
| Leases | (0.07) | - |
| **Total Deferred tax liability (B) *** | **(66.07)** | **(55.15)** |

* On gross basis without offsetting.

### Movement in temporary differences during the year

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Opening balance *** | 130.36 | 158.58 |
| Tax income /(expense) during the year recognized in Profit or loss/ MAT credit utilised | 45.82 | (41.60) |
| Tax income /(expense) during the year recognised in OCI | (0.37) | 1.81 |
| Exchange differences in deferred tax asset/ liabilities arising on translation of the financial statements of foreign operations | (10.82) | 11.57 |
| **Closing balance *** | **164.99** | **130.36** |

* Netted off for presentation purpose only.

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.

## NET DEFERRED TAX ASSET / (LIABILITY)

### Note 12.2 Tax Assets and (Liabilities) (Net)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Tax Assets** | | |
| Advance payment of Tax and Tax Deducted at Source | 109.70 | 104.88 |
| **Total** | **109.70** | **104.88** |

### Tax liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Income Tax payable** | | |
| Earlier years | 6.67 | 71.35 |
| Current year | 64.91 | 25.29 |
| **Total** | **71.58** | **96.64** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 13A: BORROWINGS NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Term Loans (Refer Note 13.1 below)** | | |
| From Banks | - | 268.23 |
| From Others | 3.64 | 5.00 |
| **Financial Instruments classified as Liability (Refer Note 13.2 below)** | | |
| 40,05,000 (March 31, 2023 - 48,05,000) of 10% Series A Cumulative preference shares issued at face value of $1 | 333.91 | 382.72 |
| 23,50,000 (March 31, 2023 - Nil) of 2.5% Series B Cumulative preference shares issued at face value of $1 | 195.93 | - |
| **Total** | **533.48** | **655.95** |
| **The above amount includes:-** | | |
| Secured Borrowings | 3.64 | 273.23 |
| Unsecured Borrowings | 529.84 | 382.72 |
| **Total** | **533.48** | **655.95** |

## NOTE 13B: BORROWINGS CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Term Loans** | | |
| From Banks | - | 117.51 |
| From Others | 29.36 | 11.43 |
| **Loans repayable on demand (Refer Note 13.3 below)** | | |
| From Banks | 1,078.67 | 2,277.76 |
| **Total** | **1,108.03** | **2,406.70** |
| The above amount includes:- | | |
| Secured Borrowings | 1,108.03 | 2,400.02 |
| Unsecured Borrowings | - | 6.68 |
| **Total** | **1,108.03** | **2,406.70** |

### Note 13.1 - Details of Non-Current Borrowings

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Avalon Technologies Limited** | | |
| GECL Loan - Indian Bank | - | 81.13 |
| GECL Loan - HDFC Bank Limited | - | 119.25 |
| Hewlett Packard Financial Services Limited | - | 6.68 |
| Siemens Equipment Finance Limited | - | 4.30 |
| HDFC Bank Limited - Term Loan | - | 46.56 |
| **Avalon Technology & Services Pvt. Ltd.** | | |
| Term Loan from M/s. Cholamandalam Investment and Finance Company Limited | - | 0.45 |
| Working Capital Term (GECL) from Indian Bank | - | 76.40 |
| **ABV Electronics Inc (D/B/A Sienna Corporation)** | | |
| Small Business Administration - EIDL LOAN | 11.73 | 62.40 |
| Regions Bank - Equipment Loan | - | 5.00 |
| Less :Current maturities of long term debt | 8.09 | 128.94 |
| **TOTAL** | **3.64** | **273.23** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

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<br>Repayable in 60 equated monthly installments commencing from February 2022<br>Repayable in 72 equated monthly installments commencing from July 2024<br>Secured against Debtors, Creditors and Stock |
| GECL Loan - HDFC Bank Limited | Repayable in 60 equated monthly installments commencing from April 2023<br>Repayable in 72 equated monthly installments commencing from April 2024<br>Secured against Debtors, Creditors and Stock |
| Hewlett Packard Financial Services Limited | Unsecured Loan repayable in 36 Equated Monthly Installments |
| 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. |
| **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 Loan (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 Loan (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) ABV Electronics Inc. (D/B/A Sienna corporation) has alloted 40,05,000 (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.

ABV Electronics Inc. (D/B/A Sienna corporation) has alloted 23,50,000 (Nil) Cumulative, Non Participating, 2.5% Preferred stock with no par value (Series B) 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.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## Note 13.3 - Details of Current Borrowings

| Details of Facility | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Avalon Technologies Limited** | | |
| Bank of India - Packing Credit Foreign Currency Loan (USD) | - | 192.49 |
| Standard Chartered Bank - Packing Credit Foreign Currency Loan / Bill Discounting (USD/INR) | - | 64.47 |
| Indian Bank - Packing Credit (EPC) Foreign Currency Loan (USD/INR) | 100.10 | 257.91 |
| HDFC Bank Limited -Export Packing Credit | 100.00 | 11.13 |
| HDFC Bank Limited -Working capital demand loan | 77.71 | 434.99 |
| **Avalon Technology &Services Pvt. Ltd.** | | |
| Indian Bank - Packing Credit Foreign Currency Loan (INR) | - | 245.70 |
| Indian Bank - Open cash credit (OCC)/WCDL | - | 231.54 |
| HDFC Bank Limited -Export Packing Credit | 50.49 | - |
| **ABV Electronics Inc (D/B/A Sienna Corporation)** | | |
| Regions Bank - Line of Credit (Working Capital Loan) | - | 813.91 |
| Regions Operating Account - Bank Overdraft | - | 25.61 |
| Standard Chartered Bank - Revolving line of Credit | 750.37 | - |
| Balboa Capital - Equipment Loan | 21.27 | - |
| **TOTAL** | **1,099.94** | **2,277.75** |

| 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 |
| Standard Chartered Bank - Packing Credit Foreign Currency Loan /Bill Discounting (USD/INR) | First Pari Passu charge on the entire current assets of the company. Second Pari Passu charge on the entire fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Second Pari Passu 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 Guarantee of ABV Electronics Inc (D/B/A Sienna Corporation), USA. |
| 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. First 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. 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 Guarantee of ABV Electronics Inc (D/B/A Sienna Corporation). |
| HDFC Bank Limited -Packing Credit | First Pari Passu charge on the entire current assets of the company and fixed assets of the company excluding the movable fixed assets. Second Pari Passu charge on land and building constructed on leased land. |
| HDFC Bank Limited-Working capital demand loan | |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Details of Facility | Details of Security |
|---|---|
| **ABV Electronics Inc (D/B/A Sienna Corporation)** | |
| Standard Chartered Bank - Revolving line of Credit | The revolving credit line has a limit of $9 Million and bears interest of SOFR (Secured Overnight Financing Rate) plus 3.0 percent (8.331% at March 31, 2024. As per the sanction terms, Security consists of First Pari Passu Charge over current assets, Personal Guarantees of Mr. Kunhamed Bicha and Mr. Bhaskar Srinivasan, Corporate Guarantee by the Holding company and deposit of INR 160 Million as collateral and further it requires Holding company to invest USD $5 Million as Debt/Equity. Holding Company is in the process of perfecting the Securit(ies) as per the sanction terms. |
| Balboa Capital - Equipment Loan | Balboa Capital; payable in quarterly principal installments of $28,691 plus interest at a rate of 8.9% through February 2027; collateralized by equipment. |
| 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 | |
| **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) / WCDL | (ii) Guarantee: Personal guarantee of three directors of the company and corporate guarantee of the Holding company. Terms of Repayment : Repayable on Demand |
| HDFC Bank Limited -Export Packing Credit | First Pari Passu charge on the entire current assets of the company and fixed assets of the company excluding the movable fixed assets. Second Pari Passu charge on land and building constructed on leased land. |

**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 along with the reconciliation and reasons for differences 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, Bank of India and HDFC Bank Ltd :<br><br>Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms | Q1 | Inventory* | 1,687.44 | 1,634.69 | 52.75 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | | Trade Receivables* | 1,692.59 | 1,766.55 | (73.96) | |
| | | Trade Payables* | 403.40 | 500.12 | (96.72) | |

# Notes to Consolidated 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, Bank of India and HDFC Bank Ltd :<br><br>Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms | Q2 | Inventory* | 1,817.31 | 1,753.05 | 64.26 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank.. |
| | | Trade Receivables* | 1,664.38 | 1,704.74 | (40.36) | |
| | | Trade Payables* | 500.78 | 458.62 | 42.16 | |
| Standard Chartered Bank, Indian Bank, Bank of India and HDFC Bank Ltd :<br><br>Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms | Q3 | Inventory* | 2,113.30 | 2,019.52 | 93.78 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | | Trade Receivables* | 1,521.97 | 1,561.26 | (39.29) | |
| | | Trade Payables* | 594.18 | 553.31 | 40.87 | |
| Standard Chartered Bank, Indian Bank, Bank of India and HDFC Bank Ltd :<br><br>Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms | Q4 | Inventory | 1,918.57 | 1,832.21 | 86.36 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | | Trade Receivables | 1,744.21 | 1,746.16 | (1.95) | |
| | | Trade Payables | 482.79 | 438.74 | 44.05 | |

*Unaudited figures

### Avalon Technology and Services Private 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 |
|---|---|---|---|---|---|---|
| Indian Bank and HDFC Bank Ltd :<br><br>Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms | Q1 | Inventory* | 746.44 | 686.10 | 60.34 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | | Trade Receivables* | 412.11 | 587.35 | (175.24) | |
| | | Trade Payables* | 118.58 | 153.10 | (34.52) | |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Name of Bank and Period Particulars of Security | Particulars | Amount as per books of accounts (A) | Amount disclosed to the Bank (B) | Difference (A - B) | Reasons |
|---|---|---|---|---|---|
| Indian Bank and HDFC Bank Ltd : Q2<br><br>Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms | Inventory* | 733.47 | 669.42 | 64.05 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | Trade Receivables* | 464.88 | 501.71 | (36.83) | |
| | Trade Payables* | 183.78 | 95.79 | 87.99 | |
| Indian Bank and HDFC Bank Ltd : Q3<br><br>Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms | Inventory* | 843.51 | 785.01 | 58.50 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | Trade Receivables* | 513.30 | 522.94 | (9.64) | |
| | Trade Payables* | 252.14 | 155.53 | 96.61 | |
| Indian Bank and HDFC Bank Ltd : Q4<br><br>Current Assets (net), comprising of Inventory and Trade Receivable less Trade Payable as per working capital sanction terms | Inventory | 793.45 | 727.51 | 65.94 | The differences are primarily on account of various accounting entries and period-end adjustments such as cut off adjustments, overhead adjustments in valuation of inventory, provisions, unadjusted credits,re-grouping between receivable and payable balances and other adjustments which are made in the books (for practical reasons) only after submission of the periodic current asset position to bank. |
| | Trade Receivables | 556.34 | 583.47 | (27.13) | |
| | Trade Payables | 145.21 | 123.45 | 21.76 | |

*Unaudited figures

## NOTE 14: TRADE PAYABLES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Dues to Micro and Small Enterprises | 10.09 | 16.61 |
| Others | 963.95 | 1,401.11 |
| **Total** | **974.04** | **1,417.72** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### Ageing of Trade Payables - Other than MSME

| Particulars | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Undisputed Dues* | |
| | As at March 31, 2024 | As at March 31, 2023 |
| Not Due | 314.08 | 542.40 |
| Less than 1 Year | 649.57 | 716.07 |
| 1-2 years | 0.27 | 17.75 |
| 2-3 years | 0.03 | 54.35 |
| More than 3 years | - | 70.54 |
| **Total** | **963.95** | **1,401.11** |

### Ageing of Trade Payables - MSME

| Particulars | Outstanding for following periods from due date of payment | |
|---|---|---|
| | Undisputed Dues* | |
| | As at March 31, 2024 | As at March 31, 2023 |
| Not Due | 3.69 | 6.41 |
| Less than 1 Year | 6.40 | 10.20 |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| **Total** | **10.09** | **16.61** |

*There are no trade payables that are overdue on account of any outstanding legal disputes

### NOTE 15A: LEASE LIABILITIES NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Lease obligations (Refer Note No. 3A) | 345.56 | 292.07 |
| **Total** | **345.56** | **292.07** |

### Note 15A: Lease Liabilities Current

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Lease obligations (Refer Note No. 3A) | 98.89 | 65.01 |
| **Total** | **98.89** | **65.01** |

### Note 15B: Other Financial Liabilities Non-Current

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Payable for Capital Purchases | 2.21 | 9.88 |
| **Total** | **2.21** | **9.88** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### Note 15B : Other Financial Liabilities Current

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Interest accrued but not due | 0.15 | 3.91 |
| Employee Related dues | 22.35 | 22.70 |
| Dividend Accrued but not due | 28.75 | 5.87 |
| Other payable (regarding PY figure - Refer Note No. 11(e)) | 1.98 | 814.51 |
| Payable for Capital Purchases | 15.85 | 60.89 |
| **Total** | **69.08** | **907.88** |

## NOTE 16A: PROVISIONS NON-CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Provision for Employee benefits (Refer Note : 30)** | | |
| Provision for defined benefit plan | 91.38 | 81.90 |
| Provision for compensated absences | 43.18 | 32.22 |
| **Total** | **134.56** | **114.12** |

## NOTE 16B: PROVISIONS CURRENT

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Provision for Employee benefits (Refer Note : 30)** | | |
| Provision for defined benefit plan | 11.86 | 9.35 |
| Provision for compensated absences | 9.76 | 6.36 |
| **Total** | **21.62** | **15.71** |

### Note 16 .1 :

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 it's 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

## NOTE 17A: OTHER NON-CURRENT LIABILITIES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Others | - | - |
| **Total** | **-** | **-** |

## NOTE 17B: OTHER CURRENT LIABILITIES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Advances from Customers | 356.91 | 435.45 |
| Statutory Payables | 56.22 | 43.62 |
| Others | 47.51 | 54.51 |
| **Total** | **460.64** | **533.58** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 18: REVENUE FROM OPERATIONS

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Revenue from contract with customers** | | |
| Sale of Products | 7,950.72 | 8,568.09 |
| Sale of services | 700.68 | 858.43 |
| **Sub-Total** | **8,651.40** | **9,426.52** |
| Other operating revenues | | |
| Scrap Sales | 20.28 | 20.67 |
| **Total** | **8,671.68** | **9,447.19** |

### 18.1 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 28.2.

### 18.2 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, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Receivables, included under trade receivables (Refer Note 8) | 1,868.56 | 2,062.01 |
| Unbilled Revenue (Refer Note 5B) | 6.13 | 6.67 |
| Contract liabilities included under advance from customers (Refer Note 18.3) | 356.91 | 435.45 |

### 18.3 Movement of Contract Liabilities

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Amounts included in Contract liabilities at the beginning of the year | 435.45 | 291.76 |
| Amounts received (adjusted)/(Performance obligation satisfied) during the year (Net) | (78.54) | 143.69 |
| Amounts included in Contract liabilities at the end of the year | 356.91 | 435.45 |

## NOTE 19: OTHER INCOME

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Interest income earned | | |
| On Financial assets (at amortised cost) | 14.95 | 2.64 |
| Amounts no longer payable written back | 3.42 | 19.70 |
| Profit on sale of Investments | 36.48 | - |
| Gain on account of fair value changes in Investments - " Mutual Funds" | 28.83 | - |
| Insurance Claim received (Net) | 0.93 | 1.00 |
| Profit on sale of assets | 0.06 | 0.35 |
| Gain on account of foreign exchange fluctuations | 47.20 | 27.53 |
| Others (aggregate of items) (Refer Note no: 19.1) | 16.87 | 93.94 |
| **Total** | **148.74** | **145.16** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

**Note 19.1:** Others include Nil for 31st March 2024 (for the year ended 31st March 23 - ₹ 79.20 Million) being the amount of interest accrued but not paid on loans availed by a subsidiary company which was forgiven by the lender.

## NOTE 20: COST OF RAW MATERIALS CONSUMED

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Raw material and components consumed** | | |
| Opening inventory | 2,590.85 | 1,934.46 |
| Add : Purchases | 5,495.68 | 6,795.95 |
| Less : Inventory at the end of the year | 2,563.76 | 2,590.85 |
| **Total** | **5,522.77** | **6,139.56** |

Consumption based accounting is followed for the issue of materials and accordingly purchase is a derived figure.

## NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Opening Stock:** | | |
| Work-in-progress | 276.21 | 163.70 |
| Finished goods | 286.66 | 228.03 |
| **Closing Stock:** | | |
| Work-in-progress | 201.73 | 276.21 |
| Finished goods | 360.59 | 286.66 |
| **(Increase) / Decrease in Stocks** | **0.55** | **(171.14)** |

## NOTE 22: EMPLOYEE BENEFIT EXPENSES

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Salaries, Wages and Bonus (Refer Note 22.1) | 1,633.19 | 1,532.29 |
| Contribution to Provident and Other Funds (Refer Note 30) | 59.46 | 50.73 |
| Gratuity (Refer Note 30) | 22.12 | 18.76 |
| Compensated Absences (Refer Note 30) | 22.42 | 21.21 |
| Staff Welfare Expenses | 109.92 | 93.47 |
| Share Based Payment Expense (Refer Note 29) | 2.76 | 2.96 |
| **Total** | **1,849.87** | **1,719.42** |

During the year ended March 31, 2024 the group has recognised an amount of ₹ 107.97 Million (31st March 2023 - ₹ 126.72 Millions as remuneration to key managerial personnel. The details of such remuneration are as follows:

### Remuneration to Key Managerial Personnel

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Short term employee benefits | 105.98 | 124.42 |
| Post Employment benefits* | 1.51 | 1.51 |
| Share based payment | 0.48 | 0.79 |
| **Total** | **107.97** | **126.72** |

* As the future liabilities of gratuity and compensated absences are provided on an actuarial basis for the group as a whole, the amounts pertaining to key managerial person is not ascertainable separately and therefore, not included above.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

**Note 22.1:**

The Group had 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 had 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. During the year, based on evaluation of the recoverability of the amount by the management, an amount of ₹16.91 Million has been written off. The Group does not anticipate any issues in realisation of the balance amount.

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| Stipend reimbursement | - | 2.16 |

## NOTE: 23 - FINANCE COSTS

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Interest Expense of** | | |
| Loans (at amortised cost) | 68.18 | 179.65 |
| Obligations under finance lease | 33.23 | 30.29 |
| Exchange differences regarded as an adjustment to borrowing costs | 5.97 | 67.41 |
| Dividend on Preference Shares considered as borrowings (at Amortized Cost) | 38.49 | 34.26 |
| Other borrowing costs and charges | 18.14 | 36.31 |
| **Total** | **164.01** | **347.92** |

## NOTE: 24 - DEPRECIATION AND AMORTISATION EXPENSES

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Depreciation on Property, plant and equipment (Refer Note 2) | 129.11 | 112.35 |
| Depreciation on Right-of-Use assets (Refer Note 3A) | 91.58 | 82.23 |
| Amortisation of Intangible assets (Refer Note 3B) | 8.29 | 1.97 |
| **Total Depreciation and amortisation expenses** | **228.98** | **196.55** |

## NOTE: 25 - OTHER EXPENSES

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Rent | 23.61 | 14.78 |
| Rates & Taxes | 20.46 | 22.38 |
| Power & Fuel | 76.49 | 75.04 |
| Consumables | 35.69 | 30.98 |
| Tools & Dies | 7.84 | 21.85 |
| Freight Outwards | 102.49 | 121.45 |
| **Repairs & Maintenance** | | |
| Buildings | 22.11 | 21.62 |
| Plant & Equipments | 56.38 | 49.65 |
| Others | 14.80 | 15.48 |
| Vehicle Maintenance | 1.81 | 1.57 |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Printing & Stationery | 10.91 | 8.15 |
| Insurance | 22.68 | 18.62 |
| Communication Expenses | 11.19 | 12.08 |
| Allowance for expected credit loss (net) | 17.71 | 14.05 |
| Directors sitting fees | 5.51 | 1.11 |
| Auditor's Fees* | 5.42 | 3.28 |
| Travelling & Conveyance | 47.86 | 41.05 |
| Professional Charges | 82.58 | 41.56 |
| Business Promotion expenses | 22.71 | 19.82 |
| Amounts no longer recoverable | 17.24 | - |
| Foreign Exchange Loss | 0.62 | 6.93 |
| Security Charges | 10.48 | 7.23 |
| Loss on Sale of Property, Plant and Equipment | 0.40 | 1.27 |
| Software license charges | 14.58 | 18.67 |
| General Expenses | 4.26 | 10.19 |
| Contribution towards Corporate Social Responsibility | 9.16 | 4.74 |
| Miscellaneous Expenses | 28.70 | 49.56 |
| **Total** | **673.69** | **633.11** |

*Excludes remuneration amounting to INR 7.5 million paid to the auditors during FY 2022-23 for services in connection with Initial Public Offer of equity shares of the company.

## NOTE 26: INCOME TAX EXPENSE

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Current tax** | | |
| In respect of current year | 146.36 | 160.30 |
| In respect of earlier years | 0.16 | - |
| **Total** | **146.52** | **160.30** |
| **Deferred tax** | | |
| In respect of current year | (45.82) | 41.60 |
| **Deferred tax recognised in profit or loss** | **(45.82)** | **41.60** |
| **Total income tax expense** | **100.70** | **201.90** |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Profit before tax** | **380.55** | **726.93** |
| Income Tax expense calculated at statutory tax rates | 97.86 | 194.27 |
| Effect of expenses that are not deductible in determining taxable profit | 3.35 | 2.06 |
| Effect of income that is exempt from taxation (Sec.10AA and 80JJAA) | (15.58) | (10.02) |
| Change in deferred tax balances due to change in income tax rate | 0.33 | 0.98 |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Tax relating to earlier years | 2.22 | - |
| Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets | (0.22) | (0.69) |
| Effect of interest u/s 234 B & C | 0.06 | - |
| Reclassification of dividend payable to preference shareholders | 10.97 | 13.60 |
| Others | 1.71 | 1.70 |
| **Income Tax expense recognised in profit or loss** | **100.70** | **201.90** |

| Tax Rate | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| The Range of enacted tax rate across various tax jurisdictions in which group operates | 25.17% to 29.12% | 25.17% to 29.12% |

### 26.1: Income tax recognised in other comprehensive income

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| **Deferred tax** | | |
| **Arising on income and expenses recognised in other comprehensive income:** | | |
| Remeasurement of defined benefit obligation | (0.37) | 1.81 |
| **Total income tax recognised in other comprehensive income** | **(0.37)** | **1.81** |

## NOTE 27: EARNINGS PER SHARE

| Particulars | | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|
| I) | **Basic Earnings per share** | | |
| | Profit for the year attributable to the equity holders of the company (A) | 279.85 | 525.03 |
| | Less: Others | - | (1.77) |
| | **Net** | **279.85** | **523.26** |
| | Weighted average no of shares outstanding (B) (Refer III below) | 6,52,35,479 | 5,64,36,363 |
| | **Total basic earnings per share (A/B) (in ₹)** | **4.29** | **9.27** |
| II) | **Diluted Earnings per share** | | |
| | Profit for the year attributable to the equity holders of the company (A) | 279.85 | 525.03 |
| | Less: Others | - | (1.77) |
| | **Net** | **279.85** | **523.26** |
| | Weighted average no of shares outstanding (B) (Refer III below) | 6,67,51,074 | 5,76,27,367 |
| | **Total diluted earnings per share (A/B) (in ₹)** | **4.19** | **9.08** |
| III) | **Reconciliation of weighted average number of shares:** | | |
| | Equity shares | 6,52,35,479 | 5,64,36,363 |
| | **Weighted Average number of shares: Basic** | **6,52,35,479** | **5,64,36,363** |
| | Effect of ESOP | 15,15,595 | 11,91,003 |
| | **Weighted Average number of shares: Diluted** | **6,67,51,074** | **5,76,27,367** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

(i) Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the company 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 company by the weighted average number of Equity shares outstanding during the year.

(ii) Dilutive component of ESOP outstanding as at 31st March, 2024 and 31st March, 2023 is computed after factoring the impact of sub-division, issue of bonus shares and ESOP. (Refer note 10)

(iii) Share transactions that have occurred during 2022-23:

(a) Issue of shares against mandatorily convertible preference shares (Refer note no. 10A.2)

(b) Issue of ordinary shares - The Holding 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.

(c) Issue of ordinary shares - The Holding 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 during 2023-24:

(a) Issue of ordinary shares - The Holding Company has issued 73,39,449 Equity Shares at a face value of 2/- each for cash, at a premium of 434/- per share through Initial Public Offer (IPO).

(b) Issue of ordinary shares - The Holding Company has issued 4,20,115 Equity Shares at a face value of 2/- each for cash, at a premium of 18/- per share upon exercise of Employee stock options by the eligible employees.

## NOTE 28. 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.

### 28.1 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).

### 28.2 Geographical Information

| Particulars | Revenue from external customers | |
|---|---|---|
| | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
| India | 3746.98 | 3,511.41 |
| U.S.A | 4620.54 | 5,471.02 |
| Rest of World | 304.16 | 464.76 |
| **Total** | **8,671.68** | **9,447.19** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | Non-current assets** | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| India | 1,252.87 | 1,049.95 |
| U.S.A | 413.36 | 378.17 |
| **Total** | **1,666.23** | **1,428.12** |

** Non-current assets are used in the operations of the Group to generate revenues both in India and outside India.

### 28.3 Information about major customers (>10% of total sales)

Revenue from one external customer having more than 10% each of the Group's total revenue amounting to ₹870.24 million (Nil for March 31, 2023).

In the previous year, revenue from another external customer having more than 10% each of the Group's total revenue amounting to ₹ 934.03 million

## 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 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 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.

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, 2024 | Weighted Average Fair Value at grant date* |
|---|---|---|---|---|---|---|---|
| Avalon Technologies Ltd's Employee Stock Option Scheme – 2022 (AVALON ESOP – 2022) **GRANT -1** | 19.07.2022 | 8,89,300 | 5,88,375 | 20 | Ranging from 1 to 2 years | 3.02 | 3.70 |
| Avalon Technologies Ltd's Employee Stock Option Scheme – 2022 (AVALON ESOP – 2022) **GRANT -2** | 19.07.2022 | 8,90,450 | 7,31,072 | 20 | Ranging from 1 to 4 years | 4.09 | 4.66 |

*Represents cost recorded by the holding Company based on fair valuation report

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## (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 | 0% | 25% |
| At the end of 4 years | 0% | 25% |

## (C) Reconciliation of Outstanding Options

| Particulars | Grant 1 | Weighted average exercise price per Option | Grant 2 | Weighted average exercise price per Option |
|---|---|---|---|---|
| **As at 1st April, 2022** | - | - | - | - |
| Granted during the year | 8,89,300 | 20 | 8,90,450 | 20 |
| Vested or excercisable during the year | - | - | - | - |
| Expired during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| **As at 31st March, 2023** | **8,89,300** | | **8,90,450** | |
| Granted during the year | - | - | - | - |
| Vested or excercisable during the year | 4,44,650 | 20 | 2,22,615 | 20 |
| Expired during the year | (28,350) | 20 | (11,838) | 20 |
| Exercised during the year | (2,72,575) | 20 | (1,47,540) | 20 |
| **As at 31st March, 2024** | **5,88,375** | **-** | **7,31,072** | **-** |

## (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 | - | 6.86% - 7.06% | 2.5 to 3.5 years | 40.02% |
| Grant 2 - 19.07.2022 | 15.12 | 20 | - | 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, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Employee Share based payment Expenses (Refer note no. 22) | 0.81 | 0.85 |
| Employee Share based payment Expenses of Subsidiary Company's (Refer note no. 22) | 1.95 | 2.11 |
| **Total expense arising from Employee share based payment transactions** | **2.76** | **2.96** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 30: 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:

#### (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 except one of the subsidiary Sienna ECAD Technologies Pvt Ltd which has partly funded with the HDFC (HDFC Life Group UL Future Secure Plan). 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; |
| 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening defined benefit obligation | 91.29 | 70.64 |
| Current Service Cost | 15.57 | 13.83 |
| Interest cost | 6.68 | 4.93 |
| Remeasurement (gains) / losses : | | |
| Actuarial gains and losses arising from changes in demographic assumptions | - | - |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Actuarial gains and losses arising from changes in financial assumptions | 3.28 | (3.43) |
| Actuarial gains and losses arising from experience adjustments | (4.77) | 10.23 |
| Past service cost including losses / (gains) on curtailments | - | - |
| Transfers in/out | - | 0.01 |
| Benefits paid | (5.13) | (4.93) |
| **Closing defined benefit obligation** | **106.92** | **91.28** |

### (ii) Movements in the fair value of the plan assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening fair value of plan assets | 0.03 | 0.03 |
| Interest income | 0.13 | - |
| **Remeasurement gain (loss) :** | | |
| Return on plan assets (excluding amounts included in net interest expense) | - | - |
| Contributions from the Employer | 3.52 | - |
| Benefits paid | - | - |
| **Closing fair value of plan assets** | **3.68** | **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, 2024 | As at March 31, 2023 |
|---|---|---|
| Present value of defined benefit obligation | 106.92 | 91.28 |
| Less : Fair value of plan assets | 3.68 | 0.03 |
| **Funded status** | **103.24** | **91.25** |
| Restrictions on asset recognised | - | - |
| Others | - | - |
| **Net liability arising from defined benefit obligation** | **103.24** | **91.25** |

### (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, 2024 | As at March 31, 2023 |
|---|---|---|
| **Service Cost :** | | |
| Current Service cost | 15.57 | 13.83 |
| Past service cost and (gain) / loss from settlements | - | - |
| Net interest Expense | 6.55 | 4.93 |
| **Components of defined benefit costs recognised in profit or loss** | **22.12** | **18.76** |
| **Remeasurement on the net defined benefit liability :** | | |
| Return on plan assets (excluding amounts included in net interest expense) | - | - |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | (1.40) |
| Actuarial (gains) / losses arising from changes in financial assumptions | 3.29 | 0.98 |
| Actuarial (gains) / losses arising from experience adjustments | (4.78) | 7.22 |
| **Components of defined benefit costs recognised in other comprehensive income** | **(1.49)** | **6.80** |
| **Total** | **20.63** | **25.56** |

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.

### (vi) The principal assumptions used for the purposes of the actuarial valuations were as follows.

| Particulars | Valuation | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| Discount Rate(s) | 7.18% - 7.23% | 7.40% - 7.64% |
| Expected Rate(s) of salary increase | 7.40% - 10.00% | 5.00% - 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, 2024 | As at March 31, 2023 |
|---|---|---|
| A. Discount Rate + 100 BP | | |
| Defined Benefit Obligation [PVO] | 98.02 | 83.82 |
| Current Service Cost | (8.86) | (7.48) |
| B. Discount Rate - 100 BP | | |
| Defined Benefit Obligation [PVO] | 117.23 | 100.02 |
| Current Service Cost | 10.35 | 8.73 |
| C. Salary Escalation Rate + 100 BP | | |
| Defined Benefit Obligation [PVO] | 114.90 | 98.04 |
| Current Service Cost | 8.03 | 6.75 |
| D. Salary Escalation Rate - 100 BP | | |
| Defined Benefit Obligation [PVO] | 99.68 | 85.18 |
| Current Service Cost | (7.19) | (6.11) |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

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:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Year 1 | 9.71 | 9.05 |
| Year 2 | 11.83 | 8.09 |
| Year 3 | 6.01 | 10.41 |
| Year 4 | 7.71 | 4.85 |
| Year 5 | 6.00 | 6.52 |
| Next 5 Years | 34.94 | 30.60 |

### 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Discount rate | 7.18% - 7.23% | 7.40% - 7.64% |
| Expected rate of salary increase | 7.40% - 10.00% | 5.00% - 10.00% |
| Attrition rate | 14.00% - 20.00% | 14.00% - 20.00% |

## NOTE 31: FINANCIAL INSTRUMENTS

### 31.1 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.

### 31.2 Categories of Financial Instruments

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Financial assets** | | |
| **Measured at amortised cost** | | |
| - Trade receivables | 1,868.56 | 2,062.01 |
| - Cash and cash equivalents | 423.40 | 4,219.03 |
| - Other bank balances | 642.09 | 3.45 |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| - Other financial assets (Current) | 6.82 | 37.49 |
| - Other financial assets (Non-Current) | 219.34 | 53.35 |
| **Measured at Fair Value through P&L** | | |
| - Investment in Mutual Funds | 754.92 | - |
| **Financial liabilities** | | |
| **Measured at amortised cost** | | |
| - Borrowings | | |
| Non current | 533.48 | 655.95 |
| Current | 1,108.03 | 2,406.70 |
| - Lease Liabilities | | |
| Non current | 345.56 | 292.07 |
| Current | 98.89 | 65.01 |
| - Trade payables | 974.04 | 1,417.72 |
| - Other Financial liabilities | 71.29 | 917.76 |

### Fair value hierarchy

| Particulars | As at March 31, 2024 | As at March 31, 2023 | Fair Value Hierarchy |
|---|---|---|---|
| - Investment in Mutual Funds | 754.92 | - | Level 2 |

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.

The fair value of investment in Mutual Fund is determined based on Net Assets Value published by respective funds (Level - 2 - Fair value hierarchy)

## 31.3 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.

### 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 and current investments. 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.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

### (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 the companies outstanding floating rate debt and investments in fixed deposits. The group has investments in INR denominated fixed deposits and a portion of it's 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 investments and working capital loan are 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 it's 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 :

| Currency | Liabilities as at | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| CHF | - | - |
| AUD | - | - |
| EURO | 3.14 | 0.03 |
| GBP | 1.27 | 0.07 |
| AED | - | - |
| JPY | 557.11 | 209.12 |
| USD | 6.45 | 8.66 |
| SEK | - | 0.01 |
| | **567.97** | **217.89** |

| Currency | Assets as at | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| EURO | 0.20 | 0.26 |
| GBP | 0.02 | 0.03 |
| AED | - | - |
| SGD | - | - |
| JPY | - | - |
| USD | 24.57 | 24.21 |
| | **24.79** | **24.50** |

### 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

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

respect of the Group'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, 2024 | As at March 31, 2023 |
| A. | **Financial Assets** | | |
| | AUD | - | - |
| | EURO | 0.90 | 1.14 |
| | GBP | 0.07 | 0.14 |
| | USD | 101.07 | 96.19 |
| B. | **Financial Liabilities** | | |
| | EURO | 0.16 | 0.15 |
| | GBP | 0.09 | 0.34 |
| | JPY | 15.34 | 6.47 |
| | USD | 26.90 | 35.58 |
| **Net Impact (A-B)** | | **59.55** | **54.93** |

| Particulars | | Impact on total equity as at the end of the reporting period | |
|---|---|---|---|
| | | As at March 31, 2024 | As at March 31, 2023 |
| A. | **Financial Assets** | | |
| | EURO | 0.68 | 0.84 |
| | GBP | 0.05 | 0.01 |
| | USD | 75.63 | 71.33 |
| B. | **Financial Liabilities** | | |
| | EURO | 0.12 | 0.18 |
| | GBP | 0.06 | 0.18 |
| | JPY | 11.48 | 15.95 |
| | USD | 20.13 | 60.16 |
| | SEK | - | - |
| **Net Impact (A-B)** | | **44.57** | **(4.29)** |

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 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 8. The Group does not hold collateral as

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

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. Similarly, credit risk arising from investment in Mutual Funds are held without any collateral but credit risk is limited as the group deals with counterparties of repute and excellent track record.

### 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 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, 2024** | | | | | |
| Borrowings | 1,108.03 | 533.48 | - | 1,641.51 | 1,641.51 |
| Lease Liabilities | 98.89 | 314.05 | 31.51 | 444.45 | 444.45 |
| Trade payables | 974.04 | - | - | 974.04 | 974.04 |
| Other Financial Liabilities | 69.08 | 2.21 | - | 71.29 | 71.29 |
| **Total** | **2,250.04** | **849.74** | **31.51** | **3,131.29** | **3,131.29** |
| **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 | 1,417.72 | - | - | 1,417.72 | 1,417.72 |
| Other Financial Liabilities | 907.88 | 9.88 | - | 917.76 | 917.76 |
| **Total** | **4,797.31** | **893.59** | **64.31** | **5,755.21** | **5,755.21** |

## NOTE 32A- 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. |
| | Sienna ECAD Technologies Pvt. Ltd. |
| | ABV Electronics Inc (D/B/A Sienna Corporation) |
| (ii) Key Management Personnel | Mr. Kunhamed Bicha-Chairman and Managing Director (w.e.f 12.07.2022) [Director till 12.07.2022] |
| | Mr. RM Subramanian-Chief Financial Officer |
| | Mr. Rajesh V - Company Secretary |
| | Mr. O J Sathish - CEO of Sienna ECAD Technologies Pvt. Ltd. |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| List of related parties where control exists | |
|---|---|
| (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) Non-Executive Directors | Mr. Bhaskar Srinivasan-Director |
| | Mr. Sareday Seshu Kumar-Director |
| | Mr. Luquman Veedu Ediyanam-Director |
| | Mr.Chandar Pattabhiram (Independent Director) |
| | Mr.Byas Unnikrishnan Nambisan (Independent Director) |
| | Mr.Venkataramani Anantharamakrishnan (Independent Director) |
| | Ms.Nandita Abraham (Independent Director) |

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 Group

## NOTE 32B THE FOLLOWING ARE THE DETAILS OF THE TRANSACTIONS AND BALANCES AS PER IND AS 24

| Particulars | In the books of | Transaction with | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|---|
| I. Details of Transactions | | | | |
| a) Remuneration to KMP/ Relative of KMP | | | | |
| | Avalon Technologies Limited | Mr. T P Imbichammad | - | 5.08 |
| | | Mr. Kunhamed Bicha | 19.18 | 19.18 |
| | | Mr. Shamil Bicha | 7.17 | 9.77 |
| | | Mr. RM Subramanian | 10.76 | 10.76 |
| | | Mr. Rajesh V | 2.22 | 2.00 |
| | Sienna ECAD Technologies Pvt. Ltd. | Mr. O J Sathish | 5.10 | 4.66 |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | Mr. Kunhamed Bicha | 8.23 | 13.17 |
| | | Mr. Bhaskar Srinivasan | 26.26 | 31.49 |
| | | | **78.92** | **96.11** |
| b) Management Consultancy Fees | | | | |
| | Avalon Technologies Limited | Mr. T P Imbichammad | 3.33 | 7.18 |
| | | | **3.33** | **7.18** |
| c) Issue of preference shares | | | | |
| | ABV Electronics Inc (D/B/A Sienna Corporation) | Mr. Kunhamed Bicha | 70.87 | - |
| | | Mr. Bhaskar Srinivasan | 41.69 | - |
| | | | **112.56** | **-** |
| d) Directors Sitting Fees | | | | |
| | Avalon Technologies Limited | Mr. Chandar Pattabhiram | 0.90 | - |
| | Avalon Technologies Limited | Mr. Byas Unnikrishnan Nambisan | 1.10 | - |
| | Avalon Technologies Limited | Mr. Venkataramani Anantharamakrishnan | 0.80 | - |
| | Avalon Technologies Limited | Ms. Nandita Abraham | 1.00 | - |
| | | | **3.80** | **-** |

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

| Particulars | In the books of | Transaction with | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|---|
| **e) Employee Share Based Payment *** | | | | |
| | Avalon Technologies Limited | Mr.RM Subramanian | | |
| | | Mr.V Rajesh | | |
| | Sienna ECAD Technologies Pvt. Ltd. | Mr.OJ Sathish | | |
| | | | - | - |

* 1,32,300 options at exercise price of ₹20 per share were issued to Mr. RM Subramanian in FY 2022-2023 out of which 24,750 options were exercised during 2023-2024.

* 3,150 options at exercise price of ₹20 per share were issued to Mr. V Rajesh in FY 2022-2023 out of which 787 options were exercised during 2023-2024.

* 1,32,300 options at exercise price of ₹20 per share were issued to Mr. Robinson, Michael in FY 2022-2023 out of which 24,675 options were exercised during 2023-2024.

* 65,800 options at exercise price of ₹20 per share were issued to Mr. OJ Sathish in FY 2022-2023 out of which 49,612 options were exercised during 2023-2024.

## NOTE 33: COMMITMENTS

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 39.98 | 105.16 |
| (b) Other Commitments | 15.71 | 17.80 |

## NOTE: 34 DETAILS OF TRANSACTIONS WITH STRUCK OFF COMPANIES

The Group does not have transactions or balances with struck off companies during the year.

## NOTE 35: CONTINGENT LIABILITIES

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Claims against the group not acknowledged as debt** | | |
| Income tax matters* | 43.19 | 29.24 |
| Provident Fund demand* | 6.57 | 6.57 |
| Indirect tax matters* | - | 1.36 |
| Others** | - | 40.33 |
| **Total** | **49.76** | **77.50** |

*The above amounts excludes interest and penalty, as they are not ascertainable.

**represents potential price variations claims under negotiations with one of the customers.

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 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.

c) The group does not expect any reimbursements from third parties in respect of the above contingent liabilities.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 36: UTLIISATION OF IPO PROCEEDS

The Holding Company has completed the Initial Public Offering of 1,98,39,446 equity shares of face value of ₹2 each at an issue price of ₹436 per equity share, consisting of a fresh issue of 73,39,449 equity shares aggregating to ₹3200 million and an offer for sale of 1,24,99,997 equity shares aggregating to ₹5450 million by the Selling Share Holders. Consequently, 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 has received an amount of ₹ 2,995.70 Million (net of IPO expenses including GST thereon) from proceeds out of the fresh issue of equity shares. The utilisation of net IPO proceeds is summarised below:

(₹ In Millions)

| Objects of the issue as stated in the prospectus | Amount as per prospectus (A) | Utilisation upto March 31, 2024 (B) | Unutilised amount as on March 31, 2024 (A-B) |
|---|---|---|---|
| Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our holding Company and one of our Material Subsidiaries, Avalon Technology and Services Pvt Limited [Refer (b) below] | 1,450.00 | 1,450.00 | - |
| Funding the working capital requirements of our Group | 900.00 | 900.00 | - |
| General corporate purposes [Refer (a) & (b) below] | 644.00 | 645.70 | - |
| **Total** | **2,994.00** | **2,995.70** | **-** |

(a) As disclosed in the Prospectus, the amount to be spent for General Corporate Purposes is ₹ 644.00 Million which is arrived at as ₹ 850.00 Million less estimated issue expenses of ₹206.00 Million. Considering the actual issue expenses (including GST) of ₹ 204.30 Million, the amount utilised towards General Corporate Purposes stands at ₹ 645.70 Million.

(b) During the year, the holding company has infused ₹ 890.02 million (including ₹ 711.39 million out of IPO proceeds) in one of its material subsidiaries, Avalon Technology and Services Private Limited, consisting of ₹ 300.02 Million as equity investment and ₹ 590.00 Million as unsecured loan.

## NOTE 37

**(a)** The Group does not have any long term contracts for which there were any material foreseeable losses.

**(b)** There are no amounts required to be transferred to the Investor Education and Protection Fund by the Group as on the reporting date.

**(c)** 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).

**(d)** There are no funds which have been received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

**(e)** The Group is not declared as a willful defaulter by any bank or financial institution or other lender or Government or Government authorities. Accordingly, no disclosures are made in this regard.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

**(f)** The Group has not traded or invested in Crypto currency or Virtual Currency during the year.

**(g)** The Group does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act,1961).

**(h)** The Group does not have any Benami property, where any proceeding has been initiated or pending against the group for holding any Benami property.

## NOTE 38: RATIOS

| S. No. | Particulars | Numerator | Denominator | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 2.53 | 1.86 |
| 2 | Debt-Equity Ratio | Total borrowings (including lease liabilities) | Total Equity attributable to equity holders of the parent | 0.38 | 0.64 |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (1) | Debt Service (2) | 0.33 | 3.46 |
| 4 | Return on Equity Ratio | Net Profits after taxes | Average Shareholder's Equity (5) | 5.16% | 16.78% |
| 5 | Inventory Turnover Ratio | Sales | Average Inventory | 2.73 | 3.42 |
| 6 | Trade receivables turnover ratio | Net Credit Sales | Average Trade Receivables | 4.40 | 4.92 |
| 7 | Trade payables turnover ratio | Net Credit Purchases | Average Trade Payables | 4.60 | 5.22 |
| 8 | Net capital turnover ratio | Net Sales | Working Capital (3) | 2.02 | 2.02 |
| 9 | Net Profit Ratio | Net Profit for the year | Net Sales | 3.23% | 5.57% |
| 10 | Return on capital employed | Earning before interest and taxes | Capital Employed (4) | 7.68% | 12.78% |
| 11 | Return on Investment* | Refer note (6) below | | 7.30% | - |

*Investments in Mutual Funds and Fixed Deposits

| Sl. No. | Particulars | Variance (%) | Reasons |
|---|---|---|---|
| | | 2023 vs 2024 | 2023 vs 2024 |
| 1 | Current Ratio | 35.96% | 1(i) |
| 2 | Debt-Equity Ratio | (40.15%) | 1(ii) |
| 3 | Debt Service Coverage Ratio | (90.40%) | 1(iii) |
| 4 | Return on Equity Ratio | (69.24%) | 1(iv) |
| 5 | Inventory Turnover Ratio | (20.28%) | |
| 6 | Trade receivables turnover ratio | (10.44%) | |
| 7 | Trade payables turnover ratio | (12.00%) | |
| 8 | Net capital turnover ratio | 0.20% | |
| 9 | Net Profit Ratio | (41.92%) | 1(v) |
| 10 | Return on capital employed | (39.95%) | 1(vi) |

# 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

(6) Return on Investment

{MV(T1) – MV(T0) – Sum [C(t)]}
{MV(T0) + Sum [W(t) * C(t)]}
where,
T1 = End of time period
T0 = Beginning of time period
t = Specific date falling between T1 and T0
MV(T1) = Market Value at T1
MV(T0) = Market Value at T0
C(t) = Cash inflow, cash outflow on specific date
W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as [T1 – t] / T1

**Explanation for Variance in ratios by more than 25%**

**1. (March 2024 vs March 2023)**

(i) Increase in current ratio is due to reduction in short term/working capital borrowings.

(ii) Decrease in Debt - Equity ratio is due to decrease/repayment of Debt.

(iii) Decrease in Debt Service Coverage Ratio is due to prepayment of debt during the year.

(iv) Decrease in Return on Equity due to decrease in profits and increase in equity (IPO)

(v) Decrease in Net Profit Ratio is due to decrease in profits.

(vi) Decrease in Return on Capital Employed ratio is due to decrease in Earnings before Interest and Taxes.

## NOTE 39: CONVERSION OF THE HOLDING 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.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 40: 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** | India | | | | | | | | | |
| For the year ended 31st March 2024 | | 100.00% | 122.99% | 6,731.77 | 116.08% | 324.86 | (7.21%) | 0.91 | 121.91% | 325.77 |
| For the year ended 31st March 2023 | | 100.00% | 122.34% | 6,569.95 | 54.03% | 283.69 | 3.80% | (2.93) | 62.67% | 280.76 |
| **Subsidiaries** | | | | | | | | | | |
| **1.Avalon Technology &Services Pvt. Ltd. (w.e.f 25.09 2019)** | India | | | | | | | | | |
| For the year ended 31st March 2024 | | 100.00% | 18.58% | 1,016.90 | 48.52% | 135.77 | 0.08% | (0.01) | 50.80% | 135.76 |
| For the year ended 31st March 2023 | | 100.00% | 10.82% | 580.84 | 34.52% | 181.23 | 1.17% | (0.90) | 40.25% | 180.33 |
| **2.Sienna ECAD Technologies Pvt. Ltd. (w.e.f 31.03.2021)** | India | | | | | | | | | |
| For the year ended 31st March 2024 | | 100.00% | 0.18% | 9.58 | 1.26% | 3.53 | 0.08% | 0.22 | 1.34% | 3.75 |
| For the year ended 31st March 2023 | | 100.00% | 0.10% | 5.61 | 1.75% | 9.20 | (0.22%) | (1.16) | 1.53% | 8.04 |
| **3.ABV Electronics Inc (D/B/A Sienna Corporation) USA (w.e.f 31.01.2022)** | USA | | | | | | | | | |
| For the year ended 31st March 2024 | | 100.00% | (29.71%) | (1,625.89) | (67.38%) | (188.57) | 108.88% | (13.75) | (75.71%) | (202.32) |
| For the year ended 31st March 2023 | | 100.00% | (26.54%) | (1,425.03) | 9.79% | 51.40 | 93.52% | (72.03) | (4.60%) | (20.63) |
| **Non controlling interest** | | | | | | | | | | |
| For the year ended 31st March 2024 | | 0.00% | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| For the year ended 31st March 2023 | | 0.00% | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| **Adjustment on account of consolidation** | | | | | | | | | | |
| For the year ended 31st March 2024 | | | (12.04%) | (658.95) | 1.52% | 4.26 | (1.83%) | 0.00 | 1.66% | 4.26 |
| For the year ended 31st March 2023 | | | (6.73%) | (361.18) | (0.09%) | (0.49) | 1.73% | - | 0.15% | (0.49) |
| **For the year ended 31st March 2024** | | | 100.00% | 5,473.41 | 100.00% | 279.85 | 100.00% | (12.63) | 100.00% | 267.22 |
| **For the year ended 31st March 2023** | | | 100.00% | 5,370.19 | 100.00% | 525.03 | 100.00% | (77.02) | 100.00% | 448.01 |

## NOTE 41: INTEREST IN OTHER ENTITIES

### (i) (a) Subsidiaries

The Group's subsidiaries as at the year end are given below

| | | % voting power/ownership interest held by the group | |
|---|---|---|---|
| **Name of the company** | **Principal Place of business** | **As at March 31, 2024** | **As at March 31, 2023** |
| Avalon Technology & Services Pvt. Ltd. | India | 100.00% | 100.00% |
| Sienna ECAD Technologies Pvt. Ltd. | India | 100.00% | 100.00% |
| ABV Electronics Inc (D/B/A Sienna Corporation) | USA | 100.00% | 100.00% |

| | | % voting power/ownership interest held by the NCI | |
|---|---|---|---|
| **Name of the company** | **Principal Place of business** | **As at March 31, 2024** | **As at March 31, 2023** |
| Avalon Technology & Services Pvt. Ltd. | India | - | - |
| Sienna ECAD Technologies Pvt. Ltd.* | India | 0.00% | 0.00% |
| ABV Electronics Inc (D/B/A Sienna Corporation) | USA | - | - |

* 100 Equity shares representing 0.003% of the total share capital is held by one of the promoters; NCI in this regard is not seperately recognised as the holding is insignificant.

# Notes to Consolidated Financial Statements

(All amounts are in Million Indian Rupees unless otherwise stated)

## NOTE 42: THE GROUP 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.

**Note 43:** Previous years figures have been regrouped / reclassified wherever necessary to conform to current year's classification / presentation.

As per our report of even date attached
**For Varma & Varma**
Chartered Accountants
Firm Registration Number : 004532S

Sd/-
**P R Prasanna Varma**
Partner
Membership No. 025854

Place: Chennai
Date: May 16, 2024

For and on behalf of the Board of Directors

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

Sd/-
**Rajesh V**
Company Secretary

Sd/-
**R M Subramanian**
Chief Financial Officer

Avalon
manufacturing your success

Avalon Technologies
Chennai, India

Concept, Content & Design wp (info@wyatt.co.in)