

Walker Chandiook & Co LLP

Independent Auditor's Report

To the Members of Napino Auto and Electronics Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Napino Auto and Electronics Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ('ICAI') 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.

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

4. The Company's Board of Directors are responsible for the other information. Other information does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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Independent Auditor's Report to the members of Napino Auto and Electronics Limited on the audit of standalone financial statements for the year ended 31 March 2023 (cont'd)

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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.
6. In preparing the financial statements, the 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 intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained 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.



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Independent Auditor's Report to the members of Napino Auto and Electronics Limited on the audit of standalone financial statements for the year ended 31 March 2023 (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
10. 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.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
12. 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 I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, 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 purpose of our audit of the accompanying standalone financial statements;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
 - g) 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 Company, as detailed in note 37(b) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;



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Independent Auditor's Report to the members of Napino Auto and Electronics Limited on the audit of standalone financial statements for the year ended 31 March 2023 (cont'd)

iv.

- a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 52(e) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the 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 ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 52(f) to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('the 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; and

v. The Company has not declared or paid any dividend during the year ended 31 March 2023.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Tarun

Tarun Gupta

Partner

Membership No.: 507892



UDIN: 23507892BGXQZY8508

Place: Gurugram

Date: 29 September 2023

Walker Chandio & Co LLP

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Napino Auto and Electronics Limited on the standalone financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3 to the standalone financial statements are held in the name of the Company, except for the following properties, for which the Company's management is in the process of getting the registration in the name of the Company:

(₹ in million)

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
Building	22.75	Sanjeev Kumar Gupta and Sandhya Sadasivan Gupta	No	31 March 2023	Company is in the process of getting the name transferred.

(d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.

(b) As disclosed in note 51 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of Rs 50.00 million by banks based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and such returns/statements are in agreement with the books of account of the Company for the respective periods which were/were not subject to audit/review, except for the following:



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Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Napino Auto and Electronics Limited on the standalone financial statements for the year ended 31 March 2023 (cont'd)

Name of Bank	Working capital limit sanctioned (₹ in million)	Quarter	Nature of current assets offered as security	Information as per books of accounts (₹ in million)	Information disclosed as per return (₹ in million)	Difference (₹ in million)
HDFC Bank	950.00	Jun-22	Trade Payable	1,633.38	1,484.65	148.73
Citi Bank	500.00		Inventory	2,120.32	2,138.83	(18.51)
			Trade Receivable	2,269.88	2,320.23	(50.35)
Axis Bank	300.00		Total	6,023.59	5,943.71	79.88
		Sep-22	Trade Payable	2,132.75	1,908.25	224.50
			Inventory	2,582.33	2,582.33	-
			Trade Receivable	2,288.34	2,081.84	206.50
			Total	7,003.42	6,572.42	431.00
		Dec-22	Trade Payable	1,425.57	1,273.13	152.44
			Inventory	2,273.34	2,273.34	-
			Trade Receivable	2,348.88	2,025.05	323.83
			Total	6,047.79	5,571.52	476.27
		Mar-23	Trade Payable	2,035.91	1,589.76	446.15
			Inventory	2,636.55	2,265.30	371.25
			Trade Receivable	2,434.50	2,478.23	(43.73)
			Total	7,106.96	6,333.29	773.67

- (iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Companies (Auditor's Report) Order, 2020 (hereinafter referred to as 'the Order') is not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made and guarantees provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of loans granted and security provided by it.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



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Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Napino Auto and Electronics Limited on the standalone financial statements for the year ended 31 March 2023 (cont'd)

- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services 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, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in million)	Amount paid under Protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Sales Tax Laws	Central Sales Tax	16.79	0.20	2015-16	Assessing Officer	
Service Tax, 1994	Service Tax (input)	27.68	Nil	2005-06 to 2014-15	CESTAT (The Customs Excise & Service Tax Appellate Tribunal)	
Income Tax Act, 1961	Income tax	30.09	30.09	2022-23	Assessing Officer	

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and there has been no utilisation during the current year of the term loans obtained by the Company during any previous years. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate or joint venture.



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Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Napino Auto and Electronics Limited on the standalone financial statements for the year ended 31 March 2023 (cont'd)

- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint venture or associate company.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.
- (b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company.



Walker Chandiok & Co LLP

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Napino Auto and Electronics Limited on the standalone financial statements for the year ended 31 March 2023 (cont'd)

- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management 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) (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility (CSR) under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013



Tarun Gupta

Partner

Membership No.: 507892

UDIN: 23507892BGXQZY8508



Place: Gurugram

Date: 29 September 2023

Walker Chandniok & Co LLP

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Napino Auto and Electronics Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Walker Chandiook & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of Napino Auto and Electronics Limited on the standalone financial statements for the year ended 31 March 2023

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Tarun

Tarun Gupta

Partner

Membership No.: 507892

UDIN: 23507892BGXQZY8508

Place: Gurugram

Date: 29 September 2023



NAPINO AUTO AND ELECTRONICS LIMITED
CIN - U34300HR1991PLC031470
Standalone Balance Sheet as at 31 March 2023
(Amount in ₹ millions, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,404.28	1,478.53
(b) Right-of-use assets	5	213.71	212.20
(c) Capital work-in-progress	3	80.40	21.17
(d) Intangible assets	4	31.59	39.83
(e) Intangible assets under development	4	127.43	38.05
(f) Financial assets			
(i) Investments	6	1,750.85	1,725.71
(ii) Loans	8	1.21	2.69
(iii) Other financial assets	9	38.01	31.31
(g) Non-current tax assets (net)	10	90.20	130.83
(h) Deferred tax assets (net)	20	93.87	61.66
(i) Other non-current assets	11	24.24	19.09
Total non-current assets		3,855.79	3,761.07
(2) Current assets			
(a) Inventories	12	2,636.56	2,432.13
(b) Financial assets			
(i) Investments	6	199.44	188.38
(ii) Trade receivables	7	2,434.50	1,913.84
(iii) Cash and cash equivalents	13	11.10	23.50
(iv) Loans	8	1.49	1.48
(v) Other financial assets	9	287.55	66.84
(c) Other current assets	11	233.39	204.38
Total current assets		5,804.03	4,830.55
Total Assets		9,659.82	8,591.62
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	19.49	19.49
(b) Other equity	15	5,619.45	5,640.50
Total Equity		5,638.94	5,659.99
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	-	3.35
(ii) Lease liabilities	17	145.78	145.52
(iii) Other financial liabilities	18	22.60	20.13
(b) Provisions	19	63.02	32.27
(c) Other non-current liabilities	21	0.06	0.08
Total non-current liabilities		231.46	201.35
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	1,411.08	875.83
(ii) Lease liabilities	17	32.08	24.03
(iii) Trade payables	22		
- total outstanding dues of micro enterprises and small enterprises; and		241.22	167.95
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,794.69	1,391.78
(iv) Other financial liabilities	18	142.11	138.98
(b) Other current liabilities	21	132.70	120.90
(c) Provisions	19	35.54	10.81
Total current liabilities		3,789.42	2,730.28
Total equity and liabilities		9,659.82	8,591.62

Summary of significant accounting policies and other explanatory information
This is the standalone balance sheet referred to in our report of even date

1-53

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Tarun Gupta
Partner
Membership No: 507892



For and on behalf of Board of Directors of
Napino Auto And Electronics Limited

Vipin Raheja
Chairman & Managing Director
DIN: 00032931

Rajat Jain
Chief Financial Officer

Vaibhav Raheja
Joint Managing Director
DIN: 00053672

Inderneel Sethi
Company Secretary
M. No: ACS 15263

Place: Gurugram
Date: 29 September 2023

NAPINO AUTO AND ELECTRONICS LIMITED
CIN - U34300HR1991PLC031470
Standalone Statement of Profit and loss for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
INCOME			
I Revenue from operations	23	10,369.66	8,147.62
II Other income	24	120.79	77.64
III Total income (I + II)		<u>10,490.45</u>	<u>8,225.26</u>
IV EXPENSES			
Cost of materials consumed	25	7,965.01	6,025.91
Changes in inventories of finished goods and work-in-progress	26	4.93	64.35
Employee benefits expense	27	1,269.25	1,145.84
Finance costs	28	94.26	46.92
Depreciation and amortisation expense	29	332.63	404.74
Other expenses	30	699.41	665.60
Total		<u>10,365.49</u>	<u>8,353.36</u>
V Profit / (loss) before exceptional items and tax (III-IV)		<u>124.96</u>	<u>(128.10)</u>
Exceptional items	31	(169.66)	(83.47)
Loss before tax		<u>(44.70)</u>	<u>(211.57)</u>
VI Tax expense:	20		
Income tax			
Current tax		-	4.88
Tax for earlier years		5.54	5.32
Deferred tax (credit)		(30.47)	(68.33)
VII Loss for the year (V-VI)		<u>(19.77)</u>	<u>(153.44)</u>
VIII Other comprehensive income			
Items that will not to be reclassified to statement of profit or loss			
(i) Fair value gain on equity investments through other comprehensive income	32	1.97	0.63
(ii) Re-measurement (loss) / gain on defined benefit plans	32	(4.99)	9.20
Income tax effect	32	1.74	(3.22)
Total other comprehensive (loss) / income for the year		<u>(1.28)</u>	<u>6.61</u>
IX Total comprehensive income comprising of (loss) for the year and other comprehensive (loss) / income for the year (VII + VIII)		<u>(21.05)</u>	<u>(146.83)</u>
Earnings per equity share (of Rs. 10 each) in Rs.			
Basic and diluted	33	(2.03)	(15.74)

Summary of significant accounting policies and other explanatory information

1-53

This is the standalone statement of profit or loss referred to in our report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013


Tarun Gupta

Partner

Membership No: 507892



Place: Gurugram

Date: 29 September 2023

For and on behalf of Board of Directors of

Napino Auto And Electronics Limited

Vipin Raheja

Chairman & Managing Director

DIN: 00032931


Vaibhav Raheja

Joint Managing Director

DIN: 00053672


Rajat Jain

Chief Financial Officer


Inderneel Sethi

Company Secretary

M. No: ACS 15263

NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Standalone Statement of cash flow for the year ended 31 March 2023*(Amount in ₹ millions, unless otherwise stated)*

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Loss before tax	(44.70)	(211.59)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	332.63	404.74
Profit on sale of property, plant and equipments	(0.82)	(0.79)
Profit on sale of mutual fund	(0.70)	-
Fair value gain on financial instruments at fair value through profit or loss	(23.23)	(6.49)
Provision for diminution of investment	-	18.38
Amortisation of government grant	(4.61)	(0.05)
Dividend income	(0.40)	(0.32)
Interest income	(17.09)	(12.50)
Interest expense	94.26	46.92
Bad debts/advances written off	-	33.05
Operating profit before working capital changes	335.34	271.35
Adjustment for movement in working capital changes		
Trade receivables	(520.66)	(211.92)
Other financial assets	(225.44)	40.66
Inventories	(204.43)	7.29
Other assets	(25.62)	63.35
Trade payables	476.20	(315.38)
Other financial liabilities	(5.11)	34.37
Other liabilities	16.38	56.27
Provisions	50.49	14.08
Cash flow used in operations	(102.85)	(39.92)
Refunds (Direct taxes paid) (net)	35.09	(56.42)
Net cash flow used in operating activities	(67.76)	(96.34)
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, intangible assets under development, capital advances and capital creditors)	(381.72)	(152.19)
Proceeds from sale of property, plant and equipment	17.35	1.09
Purchase of investments during the year	(11.01)	(143.22)
Sale of investments during the year	0.70	-
Investment in fixed deposits during the year	(0.54)	(1.85)
Interest received	17.13	12.41
Dividend received	0.40	0.32
Net cash flow used in investing activities	(357.69)	(283.44)
Cash flow from financing activities		
Current borrowings (net)	532.55	457.20
Non current borrowings repaid during the year	(0.65)	(0.64)
Principal repayment of lease liabilities	(38.89)	(31.20)
Interest paid	(79.96)	(35.39)
Net cash flow generated from financing activities	413.05	389.97
Net increase in cash and cash equivalents	(12.40)	10.19
Cash and cash equivalents at the beginning of the year	23.50	13.31
Cash and cash equivalents at the end of the year	11.10	23.50



NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Standalone Statement of cash flow for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

Statement of cash flow (cont'd)**Components of cash and cash equivalents**

	As at 31 March 2023	As at 31 March 2022
Cash in hand	0.34	0.30
Balances with banks:		
- On current accounts	10.76	13.20
- Fixed deposits with original maturity of 3 months or less	-	10.00
Total cash and cash equivalents (note no 13)	11.10	23.50

Notes:

The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

Note 2: Disclosures as required in terms of Amendment to Ind AS 7 'Statement of cash flows' related to the change in financial liabilities arising from financing activity is as below:

Particulars	Current borrowings	Non-current borrowings*	Lease liabilities	Total
Net debt as on 1 April 2021	417.98	4.60	118.36	540.94
Cash flows				
Proceeds (net)	457.20	-	-	457.20
Interest expense	-	0.04	-	0.04
Repayments	-	(0.64)	(30.05)	(30.69)
Non cash changes				
New leases	-	-	69.71	69.71
Termination of lease	-	-	-	-
Interest on lease liability	-	-	11.53	11.53
Balance as on 31 March 2022 / 01 April 2022	875.18	4.00	169.55	1,048.73
Cash flows				
Proceeds (net)	532.55	-	-	532.55
Interest expense	-	0.04	-	0.04
Repayments	-	(0.65)	(38.03)	(38.68)
Non cash changes				
New leases	-	-	32.03	32.03
Termination of lease	-	-	-	-
Interest on lease liability	-	-	14.30	14.30
Balance as on 31 March 2023	1,407.77	3.31	177.85	1,588.93

* Includes current maturities of non-current borrowings included under current borrowings per amendment in Schedule III vide Notification dated 24 March 2021 and excludes interest.

Summary of significant accounting policies and other explanatory information 1-53

This is the standalone statement of cash flow referred to in our report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

*Tarun***Tarun Gupta**

Partner

Membership No: 507892



For and on behalf of Board of Directors of

Napino Auto And Electronics Limited
Vipin Raheja

Chairman & Managing Director

DIN: 00032931

Rajat Jain

Chief Financial Officer

*Vaibhav Raheja***Vaibhav Raheja**

Joint Managing Director

DIN: 00053672

Inderneel Sethi

Company Secretary

M. No: ACS 15263



Place: Gurugram

Date: 29 September 2023

NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Standalone statement of changes in equity for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

A Equity share capital

Particulars	Amount
As at 01 April 2021	19.49
Changes in equity share capital	-
As at 31 March 2022/01 April 2022	19.49
Changes in equity share capital	-
As at 31 March 2023	19.49

B Other equity

Particulars	Reserves and surplus			Items of other comprehensive income (OCI)	Total equity
	Security premium reserve	General reserve	Retained earnings	Equity instruments through OCI	
Balance as at 01 April 2021	69.50	688.50	5,018.92	10.41	5,787.33
Add: Loss for the year	-	-	(153.44)	-	(153.44)
Add: Other comprehensive income for the year, net of tax	-	-	5.98	0.63	6.61
Balance as at 31 March 2022/ 01 April 2022	69.50	688.50	4,871.46	11.04	5,640.50
Add: Loss for the year	-	-	(19.77)	-	(19.77)
Add: Other comprehensive income for the year, net of tax	-	-	(3.25)	1.97	(1.28)
As at 31 March 2023	69.50	688.50	4,848.44	13.01	5,619.45

Summary of significant accounting policies and other explanatory information

This is the standalone statement of changes in equity referred to in our report of even date

For Walker Chandilok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N5000-3

Tarun

Tarun Gupta

Partner

Membership No: 507892

For and on behalf of Board of Directors of
Napino Auto And Electronics Limited

Vipin Raheja

Vipin Raheja

Chairman & Managing Director

DIN: 00032931

Vaibhav Raheja

Vaibhav Raheja

Joint Managing Director

DIN: 00053672



Place: Gurugram

Date: 29 September 2023

Rajat Jain

Rajat Jain

Chief Financial Officer

Indrmeet Sedhi

Indrmeet Sedhi

Company Secretary

M. No: ACS 15263

NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

1. Company overview

Napino Auto and Electronics Limited is a limited Company domiciled in India. Napino Auto and Electronics Limited is incorporated under the provisions of the Companies Act 1956, applicable in India and its registered office is located at Gurgaon.

The Company is manufacturer of electronic products for various industries. The Company delivers products of high quality and aims at ensuring customer satisfaction.

2. Significant accounting policies and other explanatory information

2.1 Basis of preparation

The standalone financial statements ("financial statements") of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("Act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared under the historical cost convention and amortised costs basis except for certain financial assets and liabilities which are measured at fair value. 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.

The standalone financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest two decimals in millions as per the requirement of Schedule III to the Act, unless otherwise stated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

The standalone financial statements of the Company for the year ended 31 March 2023 were approved and authorised for issue by Board of Directors in their meeting held on 29 September 2023.

The standalone financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in the standalone financial statements.

2.2 Standards issued but not yet effective

In March 2023, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amended certain Ind AS as explained below:

- a) **Ind AS 1 – Presentation of Financial Statements** – the amendment prescribes disclosure of material accounting policies instead of significant accounting policies. The impact of the amendment on the Financial Statements is expected to be insignificant basis the preliminary evaluation.



NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

- b) **Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** – the amendment added definition of accounting estimate and clarifies what is accounting estimate and treatment of change in the accounting estimate and accounting policy. There is no impact of the amendment on the Financial Statements basis the preliminary evaluation.
- c) **Ind AS 12 – Income taxes** – the definition of deferred tax asset and deferred tax liability is amended to apply initial recognition exception on assets and liabilities that does not give rise to equal taxable and deductible temporary differences. There is no impact of the amendment on the Financial Statements basis the preliminary evaluation.

The above amendments are effective from annual periods beginning on or after 01 April 2023.

2.3 Use of judgment, estimates and assumptions

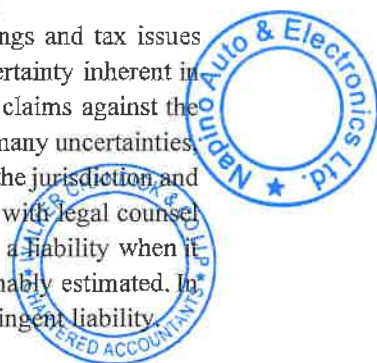
The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. Accounting estimates could change from period to period. Actual results may differ from these estimates.

Judgements, estimates and assumptions

These estimates and judgment are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other estimates and judgments that are believed to be reasonable under the circumstances. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The judgements and key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Significant management judgement in applying accounting policies and estimation uncertainty

- a) **Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.
- b) **Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- c) **Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of Company's assets.
- d) **Provisions and contingent liabilities** – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the circumstances, when the outcome is not probable, company accounts for that as a contingent liability.



NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

- e) **Employee benefits** – Management's estimate of the employee benefits is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the employee benefits amount and the annual defined benefit expenses.
- f) **Lease-estimating the incremental borrowing rate** – The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.4 Property, plant and equipment**Recognition and initial measurement**

Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the written down value method. The following useful life of assets has been taken by the Company:

Asset class	Useful Lives
Buildings	30 years
Plant and equipments	15 years
Furniture and fittings	10 years
Vehicles	8/10 years
Office equipments	5 years
Computers	3/6 years

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'.



NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

2.5 Intangible assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Subsequent measurement (amortisation)

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The cost thereof is amortised over a period of 3-5 years. The amortisation period and the amortisation method for intangible assets are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Revenue expenditure on research is recognised as expense in the year in which it is incurred and are included with the respective nature of account heads in the standalone statement of profit and loss.

De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss when the asset is derecognised.

Intangible assets under development

Intangible assets which are under development stage and are not ready for intended use are disclosed as Intangible assets under development.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an Intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.



NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

2.6 Financial Instruments

A Financial instrument are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- 1) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- 2) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets: -

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

(i) **Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

(ii) **Financial assets at fair value** - Investments in equity instruments other than above – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.



NAPINO AUTO AND ELECTRONICS LIMITED

CIN - U34300HR1991PLC031470

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Non-Derivative financial liability: -

Initial recognition

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method (EIR).

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are integral part of the EIR. The effect of EIR amortisation is included as finance cost in the statement of profit and loss.

De-recognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

Offsetting of financial instruments

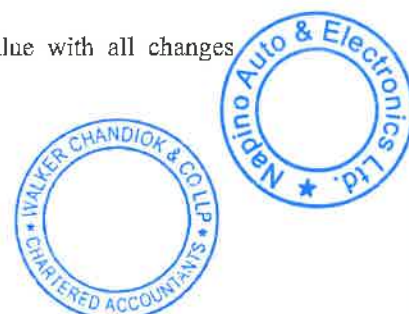
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

Equity investments

All other equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The respective Company has transferred their rights to receive cash flows from the asset or have assumed the obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2.7 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial results are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

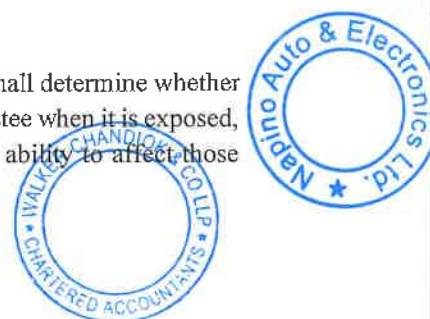
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

For the purpose of fair value disclosures, Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.8 Investment in subsidiaries, joint venture and associate

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

Thus, an investor controls an investee if and only if the investor has all the following:

- a) power over the investee;
- b) exposure, or rights, to variable returns from its involvement with the investee; and
- c) the ability to use its power over the investee to affect the amount of the investor's returns.

The Company has elected to recognise its investments in subsidiary, associate and joint venture at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Investments carried at cost are tested annually for impairment as per requirements of Ind AS 36 - Impairment of Assets.

2.9 Impairment of Financial Assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

The Company writes off trade receivables after it is established beyond doubt that the account is uncollectible. Financial assets that are written-off are still subject to enforcement activity by the Company.

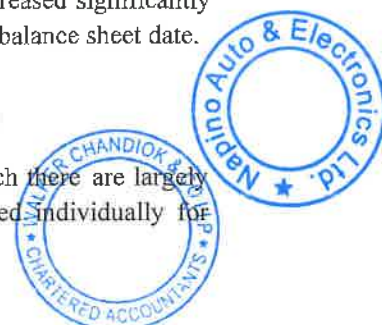
Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

2.10 Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognised are reversed in the statement of profit and loss. The increased carrying amount of asset attributable to reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

2.11 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

2.12 Operating expenses

Operating expenses are recognised in the standalone statement of profit or loss upon utilisation of the service or as incurred.

2.13 Foreign currency transactions and translations

- Initial recognition** - The Company's standalone financial statements are presented in Indian Rupee (₹), which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

ii. **Measurement at the balance sheet date** - Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

iii. **Treatment of exchange difference** - Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

2.14 Earnings per equity share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue if any.

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 are adjusted for the effects of all dilutive potential equity shares.

2.15 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted in India, at the reporting date.

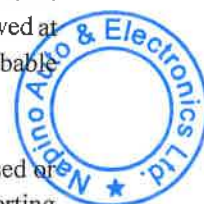
Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

The Company's ability to recover the deferred tax assets is assessed by the management at the close of each financial year which depends upon the forecasts of the future results and taxable profits that Company expects to earn within the period by which such brought forward losses may be adjusted against the taxable profits as governed by the Income-tax Act, 1962. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset deferred tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle deferred tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.16 Employee benefits

- (i) Employee benefit in the form of provident fund, employee state insurance scheme and labour welfare scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognize contribution payable to the provident fund scheme as an expense, when an employee renders the related service.
- (ii) The Company operates a defined benefit plan in India, viz., gratuity. The cost of providing benefit under this plan is determined on the basis of actuarial valuation at each year-end carried out using the projected unit cost method.

Re-measurements comprising of actuarial gain and losses, the effect of the asset ceiling, excluding amount recognized in the net interest on the defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

- (iii) Salaries, wages, accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- (iv) The Company treats the accumulated leave expected to be carried forward beyond twelve months, as other long-term employee benefit for measurement purposes. Such other long term compensated absences are determined on the basis of actuarial valuation at each year-end carried out using the projected unit cost method. Re-measurements comprising of actuarial gain and losses are recognized in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

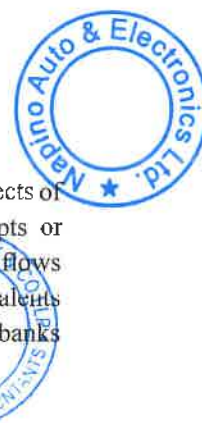
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and on hand and bank deposit with banks where original maturity is three months or less.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

2.18 Inventories

Inventories include raw material, stores and spares, finished goods and work in progress.

Inventories are valued at the lower of cost and net realisable value. The Cost in respect of various items of inventory is computed as under

- Raw materials and components are valued at lower of cost or net realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. The cost includes direct expenses and is determined on the basis of weighted average method. Cost of raw materials and packing materials is computed on weighted average basis.
- Work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average.
- Finished goods: includes the cost of direct materials, an appropriate share of fixed and variable production overheads as applicable and other costs incurred in bringing the inventories to their present location and condition.
- Stores and spares: at cost or net realisable value, whichever is less. Cost is computed on weighted average basis. Scrap/non-moving goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for expired stock and slow-moving inventory, if required is made based on management's best estimates of net realisable value of such inventories.

2.19 Revenue from contracts with customers

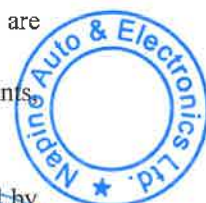
The five-step model of Ind AS 115 - 'Revenue from Contracts from Customers' is used to determine whether revenue should be recognised at a point in time or over time, and at what amount is as below:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which coincides with the performance obligation under the contract with the customer.
- Revenue from services is recognized in accordance with the terms of contract when the services are rendered and the related costs are incurred.
- Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions and incentives, if any, as specified in the contract with the customer.

Revenue also excludes goods and service tax (GST) collected from customers, since GST not received by the Company on its own account. Rather, it is collected tax on value added to the commodity/services by the seller, on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Accordingly, it is excluded from revenue. Revenue from the sale of goods is net of returns.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

2.20 Other income

Other income is comprised primarily of interest income, exchange gain/loss on translation of other assets and liabilities.

Interest

Interest income is recognised as and when due on the time proportion basis by using effective interest method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included under the head "other income" in the consolidated statement of profit and loss.

2.21 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

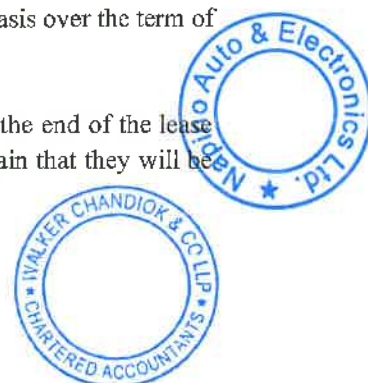
2.23 Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. 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: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") 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 low value leases. For these short-term and low value leases, 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. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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 amortisation and impairment losses, if any.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company operates in a single segment of production of electronic parts and relevant disclosure requirements as per Ind AS 108 "Operating Segments" have been disclosed by the Company under note no 40.

The board of directors of the Company has been identified as being the chief operating decision maker by the management of the Company.

2.25 Provision for warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency, average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise being typically two to five years.

2.26 Amended Accounting Standards (Ind AS) and interpretations effective during the year

(i) Ind AS 103 Reference to Conceptual Framework

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

(ii) Ind AS 16 Proceeds before intended use

The amendment specify that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendment did not have any material impact on standalone financial statements of the Company.

(iii) Ind AS 37 Onerous Contracts - Costs of Fulfilling a Contract

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

(iv) Ind AS 109 Annual Improvements to Ind AS (2021)

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



Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)

3 Property, plant and equipment and Capital work in progress

Particulars	Freehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicle	Office equipments	Computers	Total	Capital work in progress*
Gross block									
Balance as at 01 April 2021	159.35	685.26	1,707.68	48.79	48.59	30.51	50.22	2,730.40	46.56
Additions	-	20.08	195.84	2.45	2.94	3.31	19.52	244.14	28.97
Disposals/Adjustments	-	-	-	-	(5.88)	-	-	(5.88)	(54.36)
Balance as at 31 March 2022/ 01 April 2022	159.35	705.34	1,903.52	51.24	45.65	33.82	69.74	2,968.66	21.17
Additions	-	29.23	168.90	3.62	2.05	2.78	14.33	220.91	76.73
Disposals/Adjustments	(13.46)	-	(13.74)	-	-	-	(0.15)	(27.35)	(17.50)
Balance as at 31 March 2023	145.89	734.57	2,058.68	54.86	47.70	36.60	83.92	3,162.22	80.40
Accumulated depreciation									
Balance as at 01 April 2021	-	212.04	876.05	27.36	28.34	20.73	37.09	1,201.61	-
Charge for the year	-	47.96	221.35	4.70	6.39	3.65	10.06	294.11	-
Reversal of disposal	-	-	-	-	(5.59)	-	-	(5.59)	-
Balance as at 31 March 2022/ 01 April 2022	-	260.00	1,097.40	32.06	29.14	24.38	47.15	1,490.13	-
Charge for the year	-	45.98	204.36	4.15	5.10	3.81	15.23	278.63	-
Reversal of disposal	-	-	(10.72)	-	-	-	(0.10)	(10.82)	-
Balance as at 31 March 2023	-	305.98	1,291.04	36.21	34.24	28.19	62.28	1,757.94	-
Net block									
As at 31 March 2022	159.35	445.34	806.12	19.18	16.51	9.44	22.59	1,478.53	21.17
As at 31 March 2023	145.89	428.59	767.64	18.65	13.46	8.41	21.64	1,404.28	80.40

Notes

- (i) Refer note 37 for disclosures of contractual commitments for the acquisition of property, plant and equipment.
(ii) Refer note 49 for information on property, plant and equipment pledged as security by the Company
(iii) Below table represents the Title deeds of immovable properties not held in the name of the Company:

Description of property	Gross carrying value	Title deeds held in name of	Whether titleholder is promoter, director or their relative or employee	Property held since which date	Reason for not being held in name of company
Building situated at Apartment No.1403, Sovereign-4, Vatika City, Sector 49, Sohna Road, Gurgaon, Haryana	22.75	Sanjeev Kumar Gupta and Sandhya Sadasivan Gupta	No	31 March 2023	Company is in the process of getting the name transferred.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)

3 Property, plant and equipment & Capital work-in-progress (cont'd)

Capital work-in-progress amounting to ₹s. 80.40 millions (31 March 2022: ₹s 21.17 millions) mainly pertains to machinery pending installation and civil work being carried on at the plants of the Company. The table below analyses the capital work-in-progress ageing:

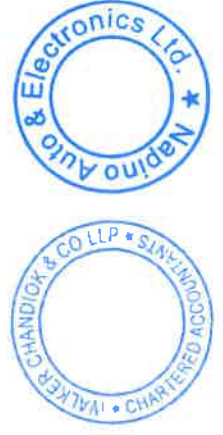
31 March 2023 Particulars	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Plant and equipments	76.73	3.67	-	80.40
	76.73	3.67	-	80.40

31 March 2022 Particulars	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Plant and equipments	20.60	0.57	-	21.17
	20.60	0.57	-	21.17

Note: There are no such projects under capital work in progress whose completion is overdue or has exceeded its cost compared to its original plan as of 31 March 2023 and 31 March 2022.

4 Intangible assets and Intangibles under development

Particulars	Softwares	Technical Knowhow	Trade Mark	Patent	Total	Intangibles under development
Gross block						
Balance as at 01 April 2021	74.34	120.37	0.06	14.41	209.18	124.21
Additions	32.15	-	-	-	32.15	16.34
Disposals	-	-	-	-	-	(102.50)
Balance as at 31 March 2022/ 01 April 2022	106.49	120.37	0.06	14.41	241.33	38.05
Additions	14.38	-	-	-	14.38	91.12
Disposals	-	-	-	-	-	(1.74)
Balance as at 31 March 2023	120.87	120.37	0.06	14.41	255.71	127.43
Amortisation						
Accumulated as at 01 April 2021	48.54	62.09	0.04	5.72	116.39	-
Charge for the year	18.22	58.18	0.02	8.69	85.11	-
Reversal of disposal	-	-	-	-	-	-
Balance as at 31 March 2022/ 01 April 2022	66.76	120.27	0.06	14.41	201.50	-
Charge for the year	22.52	0.10	-	-	22.62	-
Reversal of disposal	-	-	-	-	-	-
Balance as at 31 March 2023	89.28	120.37	0.06	14.41	224.12	-
Net carrying value						
As at 31 March 2022	39.73	0.10	-	-	39.83	38.05
As at 31 March 2023	31.59	-	-	-	31.59	127.43



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4 Intangibles and Intangible assets under development (cont'd)

Intangible assets under development as at 31 March 2023 amounting to Rs 127.43 millions (31 March 2022: Rs 38.05 millions) comprises of expenditure on License Fees, Software and Technical Knowhow pertaining to various projects.

The table below analyse the intangible assets under development ageing:

31 March 2023

Particulars	Amount in intangible under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Intangible assets under development*	91.12	-	36.31	-	127.43
	91.12	-	36.31	-	127.43

31 March 2022

Particulars	Amount in intangible under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Intangible assets under development*	1.74	36.31	-	-	38.05
	1.74	36.31	-	-	38.05

*There are no such projects under intangible under development whose completion is overdue or has exceeded its cost compared to its original plan as of 31 March 2023 and 31 March 2022.

5 Right-of-use assets

Particulars	Right of Use Assets- Land	Right of Use Assets- Building	Total
Balance as at 01 April 2021	57.31	138.54	195.85
Additions	-	70.86	70.86
Disposals	-	-	-
Balance as at 31 March 2022/ 01 April 2022	57.31	209.40	266.71
Additions	-	32.89	32.89
Disposals	-	-	-
Balance as at 31 March 2023	57.31	242.30	299.60
Accumulated amortisation			
Balance as at 01 April 2021	1.34	27.64	28.99
Charge for the year	0.65	24.86	25.52
Reversal of disposal	-	-	-
Balance as at 31 March 2022/ 01 April 2022	2.00	52.51	54.51
Charge for the year	0.66	30.72	31.38
Reversal of disposal	-	-	-
Balance as at 31 March 2023	2.66	83.23	85.89
Net block			
As at 31 March 2022	55.31	156.89	212.20
As at 31 March 2023	54.66	159.07	213.71

The movement in lease liabilities is as follows:

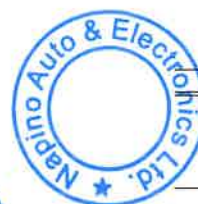
Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning	169.55	118.36
Addition during the year	32.03	69.71
Finance costs accrued during the year	14.30	11.53
Payment of lease liabilities	38.03	30.05
Balance at the end	177.85	169.55

Amount recognised in statement of profit and loss during the year on account of Ind AS 116

	As at 31 March 2023	As at 31 March 2022
Interest expense on lease liabilities (refer note no 28)	14.30	11.53
Depreciation of Right of Use assets (refer note no 29)	31.38	25.52
Short term and low value lease payments (refer note no 30)	12.99	8.09
	58.67	45.14

The following is the break-up of current and non-current lease liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	32.08	24.03
Non-current lease liabilities	145.78	145.52
Total	177.85	169.55



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	As at 31 March 2023	As at 31 March 2022
6 Investments		
Non-current		
Investment in equity instrument, Unquoted		
Investments in subsidiaries (measured at cost)		
a. Investment in equity instruments of subsidiaries		
56,000,000 (31 March 2022: 56,000,000) equity share of Rs. 10 each fully paid up in Napino Control Systems Private Limited	560.00	560.00
10,000 (31 March 2022: 10,000) equity share of Rs. 10 each fully paid up in Napino Domino Mechatronics Private Limited	0.10	0.10
6,300,000 (31 March 2022: 6,300,000) equity share of Rs. 10 each fully paid up in Napino Digital Solutions Private Limited	63.00	63.00
	<u>623.10</u>	<u>623.10</u>
b. Investment in equity instruments of associates (measured at amortised cost)		
501,700 (31 March 2022: 501,700) equity shares of Rs. 2 each fully paid up in VVDN Technologies Private Limited	118.38	118.38
c. Investment in equity instruments of Joint ventures (measured at amortised cost)		
32,500,000 (31 March 2022: 32,500,000) equity share of Rs. 10 each fully paid up in Napino Continental Vehicle Electronics Private Limited	325.00	325.00
d. Others (measured at fair value through profit or loss)		
5 (31 March 2022: 5) equity shares of \$ 0.0001 each fully paid up in Naviz inc.#	0.00	0.00
5,241 (31 March 2022: 5,241) equity shares of Rs. 1 each fully paid up in Tsecond Generation Technology Private Limited	18.38	18.38
5 (31 March 2022: 5) equity shares of \$ 0.0001 each fully paid up in Sakuu Corporation (Formerly known as Karacel, Inc)	0.00	0.00
250 (31 March 2022: 250) Equity shares of Rs. 10 each fully paid up in VirtualForest Private Limited	5.77	5.27
Less: Provision for diminution in the value of investment	<u>(18.38)</u>	<u>(18.38)</u>
	5.77	5.27
# Rounded off		
	<u>1,072.25</u>	<u>1,071.75</u>
Un-Quoted preference shares		
a. Investment in preference shares of subsidiary		
At amortised cost		
1,820,000 (31 March 2022: 1,820,000) 7.5% non cumulative redeemable preference shares of Rs. 10 each fully paid up of Napino Control Systems Private Limited	158.82	147.74
At FVTPL		
Deemed investments *	55.20	55.20
*In the Financial year 2019-20, Company had invested in 7.5% non cumulative redeemable preference shares of Napino Control Systems Private Limited amounting to Rs. 182.00 millions. The Company has recognised investment at fair value considering dividend is discretionary and non-cumulative in nature and the differential is recognised as deemed investment.		
b. Investment in preference share of associates (measured at amortised cost)		
2,015,342 (31 March 2022: 2,015,342) preference shares of Rs. 2 each fully paid up of VVDN Technologies Private Limited	390.01	390.01
c. Others (measured at fair value through profit or loss)		
19,668 (31 March 2022: 19,668) Series 'A' preferred stock of \$0.001 each in Naviz Inc.	13.51	13.51
149,026 (31 March 2022: 149,026) Series 'A' preferred stock of \$0.001 each in Sakuu Corporation (Formerly known as Karacel, Inc)	16.28	16.28
2,122 (31 March 2022: 2,122) Preference shares of Rs. 100 each fully paid up of VirtualForest Private Limited	58.29	44.73
Less: Provision for diminution in the value of investment	<u>(13.51)</u>	<u>(13.51)</u>
	74.57	61.01
Total	<u>1,750.85</u>	<u>1,725.71</u>
 Aggregate amount of unquoted investments	 1,750.85	 1,725.71
Aggregate amount of impairment in the value of investments	(31.89)	(31.89)

Refer Note 42 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses respectively.



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(Amount in ₹ millions, unless otherwise stated)

Current	As at 31 March 2023	As at 31 March 2022
(i) Investment at amortised cost:		
<i>Bonds</i>		
9,000 (31 March 2022: 9,000) bonds of of Rs. 1,122.64/- each of Indian Railway Finance Corporation Limited	9.95	10.02
Total (A)		
(ii) Investments at fair value through Other Comprehensive Income*:		
<i>Quoted equity shares</i>		
23,600 (31 March 2022: 23,600) equity shares of Rs. 10/- each fully paid-up of Petronet LNG	5.40	4.57
400 (31 March 2022: 400) equity shares of Rs. 10/- each paid up shares of PTC India Limited	0.03	0.03
600 (31 March 2022: 600) equity shares of Rs.5/- each paid up shares of Biocon Limited	0.12	0.20
8,800 (31 March 2022: 8,800) equity shares of 2/- each paid up shares of ICICI Bank Limited	7.72	6.43
5,688 (31 March 2022: 5,688) equity shares of 5/- each paid up shares of ONGC Limited	0.86	0.93
Total (B)	14.13	12.16
(iii) Investment in Mutual Fund (quoted) measured at fair value through profit or loss		
3,103,354 (31 March 2022: 3,103,354) units of ICICI Prudential Banking & PSU Debt Fund	85.49	81.11
907,331 (31 March 2022: 907,331) units of ICICI Prudential Short Term Fund	45.85	43.36
1,389,633 (31 March 2022: 1,389,633) units of SBI Dynamic Bond Fund	41.63	39.46
7,210 (31 March 2022: 7,210) units of ICICI Prudential Liquid Fund	2.38	2.26
338 (31 March 2022: 338) units of HSBC Banking and PSU Debt Fund - Regular Growth (Formerly known as L and T Banking and PSU Debt Fund)	0.01	0.01
Total (C)	175.36	166.20
Total (A+ B +C)	199.44	188.38
Aggregate amount of quoted investments	199.44	188.38
Aggregate amount of impairment in the value of investments	-	-

Refer Note 42 for disclosure of fair value in respect of financial assets measured at amortised cost and fair value respectively.

*Company has chosen to account for these investments at fair value through other comprehensive income.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

7 Trade receivables

	As at 31 March 2023	As at 31 March 2022
Trade receivables - considered good (unsecured)	2,434.50	1,913.84
Trade receivables - credit impaired	27.10	-
	2,461.60	1,913.84
Less: Allowance for expected credit losses	(27.10)	-
Total	2,434.50	1,913.84

7.1 Dues from related party (refer note 39)

645.55

484.57

7.2 Refer note 49 for information on trade receivables pledged as security by the Company

7.3 Refer note 42 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses respectively. All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

7.4 Refer note 46a for ageing of trade receivables

8 Loans

	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good)		
Non-current		
Advances to employees	1.21	2.69
Current		
Advances to employees	1.49	1.48
Total	2.69	4.18

Refer note 42 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses respectively.

9 Other financial assets

	As at 31 March 2023	As at 31 March 2022
Non-current		
Bank deposits (due to mature after 12 months from the reporting date)*	10.29	9.76
Security deposits	27.72	21.55
	38.01	31.31
Current		
Unbilled revenue	277.80	62.64
Security deposits	-	0.28
Duty drawback receivable	1.56	2.01
Others	8.18	1.91
	287.55	66.84

*pledged with government authorities and others (refer note 49)

Refer note 42 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses respectively.

10 Non current tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Non-current		
Advance income -tax (net of provision)	90.20	130.83
	90.20	130.83



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(Amount in ₹ millions, unless otherwise stated)

11 Other assets	As at 31 March 2023	As at 31 March 2022
Non-current		
Capital advances	16.55	8.02
Prepaid expenses	7.69	11.07
	24.24	19.09
Current		
Advance to suppliers	58.78	38.17
Prepaid expenses	36.53	39.27
Advance to employees	0.16	0.32
Balance with statutory authorities	137.93	126.62
	233.39	204.38
12 Inventories	As at 31 March 2023	As at 31 March 2022
(refer note 2.18 on inventories)		
Raw materials and components		
on hand	1,916.96	1,804.83
in transit	272.82	174.32
Work-in-progress	137.93	129.96
Finished goods		
on hand	189.29	238.24
in transit	112.67	76.61
Stores & spares	6.89	8.18
Total	2,636.56	2,432.13
Refer note 49 for information on inventories pledged as security by the Company		
13 Cash and cash equivalents	As at 31 March 2023	As at 31 March 2022
Balances with scheduled banks:		
- On current accounts	10.76	13.20
- On deposit accounts with original maturity upto 3 months	-	10.00
Cash in hand	0.34	0.30
Total	11.10	23.50

Refer note 42 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses respectively.



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(Amount in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
14 Equity share capital		
Authorised		
30,00,000 (31 March 2022: 30,00,000) equity shares of Rs 10 each	30.00	30.00
Issued, subscribed and fully paid up		
19,49,392 (31 March 2022: 19,49,392) Equity shares of Rs. 10 each	19.49	19.49
	19.49	19.49

14.1 Reconciliation of the number of equity shares outstanding at the beginning and end of the reporting period:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	1,949,392	19.49	1,949,392	19.49
Add: Shares issued during the year	-	-	-	-
Closing balance	1,949,392	19.49	1,949,392	19.49

14.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

14.3 Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31 March 2023		As at 31 March 2022	
	Number of shares	% Holding	Number of shares	% Holding
Mr. Vipin Raheja#	511,011	26.21%	511,011	26.21%
Mrs. Vandana Raheja#	506,112	25.96%	506,112	25.96%
Mr. Navin Raheja#	194,600	9.98%	194,600	9.98%
Ms. Vani Raheja#	136,760	7.02%	136,760	7.02%
Mr. Vaibhav Raheja#	136,765	7.02%	136,765	7.02%
M/s Shindengen Electric Manufacturing Co. Ltd. (Refer Note - 53)	440,000	22.57%	440,000	22.57%
	1,925,248	98.76%	1,925,248	98.76%

Promoters of the Company. There has been no change during the year in the number of shares held by them from the preceding year

Notes:

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

14.4 No shares have been issued as bonus shares or issued for consideration other than cash or bought back during the period of five years immediately preceding the reporting date. Company has issued bonus shares subsequent to the reporting date. Refer Note 33 for details.

14.5 No shares have been reserved for issue under options.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
15 Other equity		
(a) Securities premium		
Balance at the beginning/end of the year	69.50	69.50
(b) General reserve		
Balance at the beginning/end of the year	688.50	688.50
(c) Retained earnings		
Balance as per last financial statements	4,871.46	5,018.92
Add: Loss for the year	(19.77)	(153.44)
Add: Other comprehensive income relating to remeasurement of defined benefit plans (net)	(3.25)	5.98
Balance as at end of the year	<u>4,848.44</u>	<u>4,871.46</u>
(d) Other comprehensive income		
Equity instruments designated at fair value through other comprehensive income		
Balance as per last financial statements	11.04	10.41
Add: Movement for the year	1.97	0.63
Balance as at end of the year	<u>13.01</u>	<u>11.04</u>
Total	<u>5,619.45</u>	<u>5,640.50</u>

Nature and purpose of reserves:
Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

Retained earnings

Retained earnings are the profits that the Company has earned till date and not distributed. Retained earning is a free reserve available to the company. It includes other comprehensive income representing the actuarial gain/loss arising on account of defined benefit plan.

Equity instruments designated at fair value through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

16 Borrowings

	As at 31 March 2023	As at 31 March 2022
Non-current (secured)		
Term loan from financial institution	-	3.35
Current (secured)		
Cash credit with banks	157.77	175.18
Working capital loan repayable on demand	1,250.00	700.00
Current maturities of non-current borrowings	3.31	0.65
	1,411.08	875.83
Total	1,411.08	879.17

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31 March 2023	As at 31 March 2022			
Term loan from financial institution (secured)	3.31	3.99	10.99% (10.99% Previous year)	Secured against first charge on vehicle under finance	The loan is repayable in 48 monthly equal instalments of Rs. 0.90 lakhs each.
Working capital facility (secured)	1,250.00	700.00	4.65 - 8.68% (4.58 - 6.15% Previous year)	Secured against pari passu charge on inventories and book debts of the Company	Repayable on demand
Cash credit with banks (secured)	157.77	175.18	5.75 - 13.00% (7.50 - 7.80% Previous year)	Secured against pari passu charge on inventories and book debts of the Company	Repayable on demand
	1,411.08	879.17			

Notes:

- The above loans have been utilised as per the purpose for these loans were sanctioned.
- The Company has not defaulted in repayment of interest during the current financial year. Further, there have been no default in repayment of any interest-bearing loans and borrowing in the current year.
- Refer note 42 for disclosure of fair values in respect of financial liabilities measured at fair value and amortised cost.
- The Company is required to comply with certain debt covenants as mentioned in the loan agreement for working capital loans and cash credit facilities, failure of which makes the loan to be repaid on demand at the discretion of the bank. There has been no breach in covenants during the year.
- Refer note 49 for information on assets pledged as security by the Company

17 Lease liabilities

	As at 31 March 2023	As at 31 March 2022
Non-current		
Lease liabilities (refer note 5 and 35 for details)	145.78	145.52
Current		
Lease liabilities (refer note 5 and 35 for details)	32.08	24.03

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

18 Other financial liabilities

(i) Financial liabilities at amortised cost:

Non- current

Employee related payables

22.60

20.13

Current

Capital creditors

39.88

29.17

Security deposits

1.00

0.95

Employee related payables

99.51

107.56

Other payables

1.72

1.30

142.11

138.98

Total

164.71

159.11

19 Provisions

Non- current

Compensated absences (refer note 36 for details)

57.01

29.29

Warranty obligations (refer note 48 for details)

6.01

2.98

63.02

32.27

Current

Gratuity (refer note 36 for details)

8.61

6.94

Compensated absences (refer note 36 for details)

3.86

1.81

Warranty obligations (refer note 48 for details)

3.16

2.06

Others

19.92

-

35.54

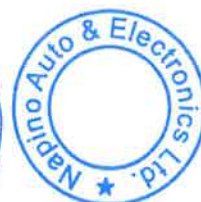
10.81

Total

98.56

43.08

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)
20 Deferred tax
The major component of income tax expense for the year ended 31 March 2023:
Statement of profit and loss:

	As at 31 March 2023	As at 31 March 2022
Current income tax:		
Current income tax charge	-	4.88
Adjustment in respect of current income tax of previous year	5.54	5.32
Deferred tax:		
Relating to origination and reversal of temporary differences	(30.47)	(68.33)
Income tax expense reported in the statement of profit or loss	(24.93)	(58.13)

Other Comprehensive Income (OCI)
Deferred tax relating to items in OCI in the year:

	As at 31 March 2023	As at 31 March 2022
Remeasurement of defined benefit obligation	1.74	(3.22)
Income tax recognised in OCI	1.74	(3.22)

Reconciliation of tax expense and the accounting profit multiplied by the applicable tax rate

	As at 31 March 2023	As at 31 March 2022
Accounting profit before income tax	(44.71)	(211.57)
At India's statutory income tax rate of 34.944% (31 March 2022: 34.944%)	(15.62)	(73.93)
Non-deductible expenses for tax purposes:		
Donation and CSR expenditures	0.92	3.35
Expenses disallowed	0.18	6.50
Deduction on rental income	0.84	0.73
Others	(12.99)	8.45
At the effective income tax rate of 34.944%	(26.67)	(54.91)
Tax expense reported in the Statement of total comprehensive income	(26.67)	(54.91)
	-	-

Deferred tax:
Deferred tax relates to the following:
Balance sheet

	As at 31 March 2023	As at 31 March 2022
Difference in book value and tax base of Property, plant and equipment (including intangibles)	46.96	43.08
Fair valuation of investments	(12.20)	(31.31)
Miscellaneous expenditure	22.27	27.42
Recognition of right of use assets and lease liability	(12.53)	(14.90)
Provisions on employee benefits	24.28	13.29
Provisions on other payables	6.96	-
Provisions on obsolete inventory	7.29	22.74
Provisions on trade receivables	9.47	-
Security deposits	1.38	1.34
	93.87	61.66

Reconciliation of deferred tax assets (net):

	As at 31 March 2023	As at 31 March 2022
Opening balance	61.66	(3.45)
Tax income/(expense) during the period recognised in profit or loss	30.47	68.33
Tax income/(expense) during the period recognised in OCI	1.74	(3.22)
Closing balance of deferred tax assets (Net)	93.87	61.66

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



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21 Other liabilities	As at 31 March 2023	As at 31 March 2022
Non-current		
Deferred government grant	0.06	0.08
Current		
Advance from customers	106.86	96.95
Deferred government grant	0.02	0.03
Statutory dues	25.81	23.90
	132.70	120.90

22 Trade payables	As at 31 March 2023	As at 31 March 2022
Trade payables dues of micro enterprises and small enterprises *	241.22	167.95
Trade payables dues of creditors other than micro enterprises and small enterprises	1,794.69	1,391.78
Total	2,035.91	1,559.73

Dues to related parties (refer note 39)

95.62

41.85

For explanation on the Company's credit risk management process, refer to Note 44

* The amount due to micro, small and medium enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED") has been determined to the extent such parties have been identified on the basis of information available with Company. The disclosures relating to the micro, small and medium enterprises are as under-

Particulars	As at 31 March 2023	As at 31 March 2022
(a) The amounts remaining unpaid to suppliers as at the end of the year:		
Principal amount	241.22	167.95
Interest due thereon	-	-
(b) Amount of payments made to suppliers beyond the appointed day during the year:		
Principal amount	-	-
Interest actually paid under section 16 of MSMED	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(d) The amount of interest:		
Accrued at the end of each accounting year	-	-
Remaining unpaid at the end of each accounting year	-	-
(e) Interest remaining due and payable to suppliers disallowable as deductible expenditure deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-



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(Amount in ₹ millions, unless otherwise stated)

Refer note 45 in terms of disclosures required under Ind AS 11525 Cost of raw materials consumed

Movement of raw material consumed are as follows:

Inventory at the beginning of the year	1,979.15	1,925.43
Add: Purchases made during the year	8,175.64	6,079.63
Less: Inventory at the end of the year	(2,189.78)	(1,979.15)
Cost of raw materials consumed	7,965.01	6,025.91

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26 Changes in inventories of finished goods, stock in trade and work-in-progress	Year ended 31 March 2023	Year ended 31 March 2022
a) Details of changes in inventories of finished goods and work-in-progress are as follows:		
Changes in inventories of finished goods and work-in-progress	4.93 <u>4.93</u>	64.35 <u>64.35</u>
b) Detailed breakup of the changes in inventories of finished goods and work-in-progress are as follows:		
Opening stock		
Finished goods	314.85	377.06
Work-in-progress	<u>129.96</u>	<u>132.10</u>
	<u>444.81</u>	<u>509.16</u>
Closing stock		
Finished goods	301.96	314.85
Work-in-progress	<u>137.93</u>	<u>129.96</u>
Total	<u>439.89</u>	<u>444.81</u>
27 Employee benefits expense	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	1,160.40	1,049.70
Contribution to provident and other funds (refer note 36 for details)	51.70	50.35
Staff welfare expense	57.15	45.79
Total	<u>1,269.25</u>	<u>1,145.84</u>
28 Finance costs	Year ended 31 March 2023	Year ended 31 March 2022
Interest expenses	79.96	35.39
Interest on lease liabilities	14.30	11.53
Total	<u>94.26</u>	<u>46.92</u>
29 Depreciation and amortization expense	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of property, plant and equipment (refer note 3)	278.63	294.11
Amortisation of intangible assets (refer note 4)	22.62	85.11
Amortisation of right of use assets (refer note 5)	31.38	25.52
Total	<u>332.63</u>	<u>404.74</u>

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	Year ended 31 March 2023	Year ended 31 March 2022
30 Other expenses		
Rent	12.99	8.09
Consumption of stores and spare parts	62.90	69.01
Consumption of packing material	21.16	13.42
Power and fuel	77.53	65.10
Repair and maintenance		
- Plant & equipments	51.76	51.80
- Buildings	16.68	12.89
- Others	35.89	25.73
Vehicle running and maintainance expense	8.19	7.07
Rates and taxes	4.22	5.15
Insurance charges	29.89	29.85
Travelling & conveyance expenses	69.56	35.00
Security service charges	22.54	18.82
Auditors remuneration*	2.96	2.20
Legal and professional expenses	47.73	46.26
Loss on foreign exchange fluctuations (net)	39.06	-
Freight & forwarding expenses	47.14	35.95
Job work expenses	53.22	45.60
Warranty expenses	7.53	2.62
Royalty	31.09	27.74
Corporate social responsibility (refer note 38)	2.64	9.53
Bad debts/advances	-	33.05
Product development expenses	-	85.38
Provision for expected credit loss	27.10	-
Miscellaneous expense	27.62	35.33
Total	699.41	665.60
*Auditor's remuneration		
As auditor:		
Audit fee	2.60	2.20
In other capacity:		
Other services	0.18	-
Reimbursement of expenses	0.18	-
	2.96	2.20

Note 1 Expenses on R&D during the year

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Capital expenditure*	Revenue expenditure	Capital expenditure*	Revenue expenditure
Total expenditure incurred during the year	128.77	291.22	44.13	282.40

* Total capital expenditure incurred includes capital expenditure amounting to Rs. 18.94 million (31 March 2022: Rs. 32.45 million) claimed under Sec 35 (2AB) of Income Tax Act, 1961 as per Department of Scientific and Industrial Research ('DSIR') guidelines.

	Year ended 31 March 2023	Year ended 31 March 2022
31 Exceptional items		
Diminution in the value of investment (Refer Note - 1 below)	-	18.38
Diminution in the value of inventory (Refer Note - 2 below)	20.86	65.09
On account of voluntary retirement scheme (Refer Note - 3 below)	148.80	-
	169.66	83.47

Notes:

- During the year ended 31 March 2022, the Company had made an assessment of recoverable value of investment in the companies taking into account the business performance, prevailing business conditions and revised expectations of future performance. Basis the fair values of investment in Tsecond Generation Technology Private Limited, management had made the provision of Rs 18.38 million in the books of accounts.
- During the year ended 31 March 2023, the Company has made an assessment of the value of inventory. Basis the assessment done, management believes that the provision of Rs 20.86 million (31 March 2022: 65.09 million) to be provided for in the books of accounts.
- During the year ended 31 March 2023, expenditure incurred pursuant to voluntary retirement scheme of the Company amounting to Rs 148.80 million.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)
32 Components of Other Comprehensive Income (OCI)

	Year ended 31 March 2023	Year ended 31 March 2022
Fair value gain on equity investments through other comprehensive income	1.97	0.63
Re-measurement losses on defined benefit obligation	(4.99)	9.20
Income tax effect	1.74	(3.22)
Total	(1.27)	6.62

33 Earnings per share (EPS)

	Year ended 31 March 2023	Year ended 31 March 2022
The following reflects the profit and share data used for the basic and diluted EPS computations:		
Loss attributable to equity holders	(19.77)	(153.44)
Total number of equity shares outstanding at the end of the year (in nos.)	1,949,392	1,949,392
Weighted average number of equity shares in calculating basic and diluted EPS (in nos.) after bonus issue*	9,746,960	9,746,960
Nominal value per share (₹)	10	10
Basic and diluted EPS (₹)	(2.03)	(15.74)

* Company has issued bonus shares (77,97,568 equity shares of Rs 10/- each) of an aggregate nominal value of Rs. 7,79,75,680 to the existing shareholders of the Company holding shares in the ratio of 1:4 i.e 4 (Four) fully paid up equity shares for every 1 (One) equity shares held, to the shareholders as on 10 June, 2023. Accordingly earning per share (basic and diluted) for the current year and previous year have been calculated considering the impact of bonus shares.

- 34** The Company has made investment and given guarantee for various subsidiary companies, joint venture and associate company. The details of investment made and guarantee outstanding as at year end is given in below mentioned table along with purpose of the loan and guarantee given as required u/s 186(4) of the Companies Act 2013.

Name of Entity	Year ended 31 March 2023	Year ended 31 March 2022
A) Particulars of Investment made - Equity instruments*		
Napino Control Systems Private Limited	560.00	560.00
Napino Domino Mechatronics Private Limited	0.10	0.10
Napino Digital Solutions Private Limited	63.00	63.00
Napino Continental Vehicle Electronics Private Limited	325.00	325.00
VVDN Technologies Private Limited	118.38	118.38
Total (C)	1,066.48	1,066.48
B) Particulars of Investment made- Preference shares		
Napino Control Systems Private Limited	214.02	202.94
VVDN Technologies Private Limited	390.01	390.01
Total (D)	604.03	592.94
Total investments made (A+B)	1,670.50	1,659.41
E) Guarantee given for subsidiary companies & Joint Venture		
Napino Control Systems Private Limited #	150.00	400.00
Napino Continental Vehicle Electronics Private Limited	100.00	100.00
Total guarantee	250.00	500.00

*As per requirement of Section 186(4), disclosure is required in regards to body corporates only

Guarantee has been released subsequent to the reporting date.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
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35 Lease

(a) The Company has adopted Ind AS 116 'Leases' from 1 April 2019.

(b) The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2023 is 9% p.a. (1 April 2022: 9% p.a.)

(c) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised as on 31 March 2023:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Land	2	84-93 years	89 years
Building	5	1-8 years	4 years

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised as on 31 March 2022:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Land	2	85-94 years	90 years
Building	4	2-9 years	5 years

There are no leases entered by the Company which have any extension, termination or purchase option and the payment of lease rentals is not based on variable payments which are linked to an index.

(d) Amount recognised in the balance sheet and statement of profit and loss:

Particulars	Category of Right-of-use assets		
	Land	Building	Total
Balance as at 1 April 2021	55.96	110.90	166.86
Add: Additions during the year	-	70.86	70.86
Less: Amortisation charged on right-of-use assets (refer note 5)	(0.65)	(24.86)	(25.52)
Balance as at 31 March 2022 / 01 April 2022	55.31	156.89	212.20
Add: Additions during the year	-	32.89	32.89
Less: Amortisation charged on right-of-use assets (refer note 5)	(0.66)	(30.72)	(31.38)
Balance as at 31 March 2023	54.65	159.07	213.71

(e) Lease payment not recognised as lease liability

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Expenses relating to short term leases (included in other expenses)	12.99	8.09
Total	12.99	8.09

(f) The total cash outflow for the leases for the year ended 31 March 2023 was ₹ 38.03 millions (31 March 2022: ₹ 30.05 millions)

(g) Future minimum lease payments as on 31 March 2023 are as follows:

Minimum Lease payments due	As on 31 March 2023		
	Lease payment	Finance charges	Net Present Value
Within 1 year	46.40	14.72	31.68
1-5 year	141.73	31.93	109.80
More than 5 year	46.33	9.95	36.38
Total	234.46	56.60	177.86

Future minimum lease payments as on 31 March 2022 are as follows:

Minimum Lease payments due	As on 31 March 2022		
	Lease payment	Finance charges	Net Present Value
Within 1 year	38.03	14.30	23.73
1-5 year	125.20	34.36	90.84
More than 5 year	69.15	14.17	54.98
Total	232.38	62.83	169.55



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)
36 Employee benefits
a) Defined Contribution Plans

The Company makes contribution towards various statutory employees' fund. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes to these defined contribution schemes. The Company has recognised Rs. 51.70 millions (31 March 2022: Rs. 50.35 millions) as an expense towards contribution to these plans. Below are the details for same:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Contribution to Provident Fund	45.86	45.31
Contribution to Labour Welfare Fund	0.50	0.54
Contribution to Employee' State Insurance Scheme	5.34	4.50
Total	51.70	50.35

b) Defined Benefit Plans
i) Gratuity:

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service and salary retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service with part thereof in excess of six months. The same is payable on termination of service or retirement or death whichever is earlier.

This is a funded benefit plan for qualifying employees. The Company makes contributions to LIC policy to cover the liability. This scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculation uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
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	Higher than expected increase in salary will increase the defined benefit obligation.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet:

Particulars	As at 31 March 2023	As at 31 March 2022
Change in benefit obligation		
Present value of obligation as at the beginning of the year	93.94	89.11
Add: Current service cost	10.69	10.59
Add: Interest cost	6.74	6.05
Add: Actuarial (gain) / loss	5.26	(8.15)
Less: Benefits paid	(31.04)	(3.66)
Present value of obligation as at the end of the year	85.60	93.94
Change in plan assets		
Plan assets at the beginning of the year	87.00	87.00
Add: Expected return on plan assets	6.25	5.91
Add: Contribution by the Company	6.99	2.11
Less: Fund charges	-	-
Less: Benefits paid	(23.52)	(9.06)
Add: Actuarial gain / (loss)	0.27	1.05
Plan assets at the end of the year	77.00	87.00
Liability/ (Asset) recognised in the financial statements	8.61	6.94

Amount recognised in Statement of Profit and Loss:

	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	10.69	10.59
Net interest expense/ (income)	0.50	0.14
Total	11.19	10.73

Amount recognised in Other Comprehensive Income Gain/(Loss):

	Year ended 31 March 2023	Year ended 31 March 2022
Changes in demographic assumptions	-	-
Changes in financial assumptions	1.64	4.25
Experience adjustments	(6.90)	3.90
Return on plan assets (excluding amounts included in net interest expense)	0.27	1.05
Total	(4.99)	9.20



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The major categories of plan assets of the fair value of the total plan assets are as follows:

Gratuity

Investment Details

Investment with Insurer (LIC)

As at 31 March 2023	As at 31 March 2022
Funded	Funded
100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	As at 31 March 2023	As at 31 March 2022
Discount rate (%)	7.36%	7.18%
Expected rate of return on Plan assets (%)		
Future salary increases (%)	5.50%	5.50%
Retirement Age (Years)	58	58
Withdrawal rate		
Up to 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
Mortality rate	100 % of IALM (2012 - 14)	100 % of IALM (2012 - 14)

A quantitative sensitivity analysis for significant assumption is as shown below:

Sensitivity analysis for gratuity liability

Impact on change in salary increase

Present value of obligation at the end of the year

-Impact due to increase of 0.5%

-Impact due to decrease of 0.5%

Year ended 31 March 2023	Year ended 31 March 2022
85.60	93.94
4.83	5.63
(4.48)	(5.23)

Impact on change in discount rate

Present value of obligation at the end of the year

-Impact due to increase of 0.5%

-Impact due to decrease of 0.5%

85.60	93.94
(4.39)	(5.13)
4.76	5.57

The sensitivity analysis above has been determined based on the method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

The following payments are maturity profile (undiscounted) to the defined benefit obligation in future years:

	As at 31 March 2023	As at 31 March 2022
Within the next 12 months (next annual reporting period)	3.69	4.29
Between 2 and 5 years	19.67	16.35
Beyond 5 years	62.23	73.30
Total expected payments	85.60	93.95

The average duration of the defined benefit plan obligation at the end of the reporting period is 18.45 years (31 March 2022: 17.14 years).

Expected contribution

The expected future employer contributions for defined benefit plan is Rs 1.39 millions as at 31 March 2023 [31 March 2022 : Rs 1.63 millions].

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023*(Amount in ₹ millions, unless otherwise stated)***37 Commitments, contingencies and litigations****a) Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for are Rs. 21.70 millions (31 March 2022: Rs. 18.57 millions).

Other Commitments

Estimated amount of contracts remaining to be executed on other account (net of advances) not provided for are Rs. 25.88 millions (31 March 2022: Rs. 22.40 millions).

b) Contingent Liabilities

S.No	Particulars	As at 31 March 2023	As at 31 March 2022
1	In respect of surety given to third party	0.05	0.05
2	Corporate Guarantee in respect of loan taken by subsidiary/JV company from bank	250.00	500.00
3	Service tax and Sales tax	44.47	43.12
4	Income tax	30.09	-

The Company is contesting the above demands and the management, including its solicitor, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the standalone financial statements for the above demand. Company has certain litigations involving vendors and based on the legal advice of in-house legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.

38 Corporate social responsibility

As per Sec 135 of the Companies Act, 2013, a company meeting the applicable threshold, required to spend at least 2% of its average net profit for the immediately preceding three financial year as per section 198 of the Companies Act, 2013 on corporate social responsibility (CSR) activities. The CSR committee has been formed by the Company as per the Act and the Company has incurred expense on the projects / activities for the benefit of the public in general and in the neighbourhood of the manufacturing facilities of the Company.

The Company has spent amount on corporate social responsibility expenses as below:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Unspent balance as at beginning of the year	-	-
Gross amount required to be spent during the year	2.64	8.00
Amount spent during the year		
- Construction / acquisition of any asset	-	-
- On purposes other than above	1.42	9.53
Unspent balance as at year end [(excess)/shortfall]	1.22	-

The Company has transferred the remaining unspent amounts towards CSR under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

39 Related party transactions**a) Names of related parties and related party relationship****1. Subsidiaries, Joint Venture and Associate Companies****i) Subsidiary Company**

Napino Control Systems Private Limited

Napino Domino Mechatronics Private Limited

Napino Digital Solutions Private Limited

ii) Joint Venture

Napino Continental Vehicle Electronics Private Limited

Shindengen Electric Manufacturing Co. Ltd. Japan (Refer Note 53 for details)

iii) Associate Company

VVDN Technologies Private Limited

2. Key management personnel (KMP)

Mr. Vipin Raheja- (Chairman and Managing director)

Ms. Vandana Raheja- (Whole time Director)

Ms. Vani Raheja- (Whole time Director)

Mr. Vaibhav Raheja- (Joint Managing Director)

Mr. Navin Raheja- (Non Executive Director)

Mr. Shyam Arora- (Independent Director)

Mr. Sanjay Kapoor- (Independent Director) (Resigned w.e.f 30 September 2022)

Mr. Rajat Jain- (Chief Financial Officer) (Appointed w.e.f 20 October 2022)

Mr. Inderneel Sethi- (Company Secretary)

3. Related parties with whom transactions have taken place during the year (Entities in which KMP have significant influence):

Ovn Engineers Private Limited

M/s Trading Engineers

Ingenious Appliances & Packaging Private Limited

OVN Bio Energy Private Limited

Vishnu Vaibhav Industries Private Limited

b) Detail of transactions with related parties are as below:

Relationship	Name of the related Party	Nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
A. Subsidiary	1.) Napino Control Systems Private Limited Management services ("NCS")		3.00	3.00
		Sales of products	1,556.42	1,428.37
		Rental income & recovery of electricity expenses	18.01	18.34
		Job work income	10.69	6.63
		Purchase of raw material	2.82	-
		Purchase of packing material	0.04	-
		Recovery of expenses by NCS	0.45	-
	2.) Napino Digital Solutions Private Limited	Investment in equity instruments of subsidiaries	-	63.00
		Recovery of expenses	-	0.66
		Sales of products	6.67	-
		Rental income	0.54	-
B. Joint Venture	1.) Shindengen Electric Manufacturing Co. Ltd. Japan	Purchase of raw material and stores & spare parts	269.21	267.87
		Royalty	1.25	1.98
	2.) Napino Continental Vehicle Electronics Private Limited	Rental income & recovery of electricity expenses	20.58	18.49
		Job work and other income	7.16	5.97
		Sales of Property, plant and equipment	2.14	0.80
		Sales of products	835.15	445.67
		Recovery of expenses	0.05	0.02
		Investment in equity instruments of joint venture	-	50.00
		Purchase of raw material	1.58	4.23



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)
b) Detail of transactions with related parties are as below (cont'd):

Relationship	Name of the related Party	Nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
C. Entities in which KMP have significant influence	Ovn Engineers Private Limited	Purchase of raw material	0.58	0.89
		Purchase of Property, plant and equipment	0.98	-
	OVN Bio Energy Private Limited	Purchase of raw material	-	0.02
	M/s Trading Engineers	Purchase of stores and spares and property, plant & equipment	0.14	0.02
	Ingenious Appliances and Packaging Private Limited	Purchase of packing material, stores & spare parts and printing and stationery	1.08	0.73
		Rental Income	0.60	-
	Vishnu Vaibhav Industries Private Limited	Purchase of stores and spares and property, plant & equipment	0.23	-
D. Associate Company	VVDN Technologies Private Limited	Purchase of raw material	-	30.76
		Recovery of expenses	4.40	4.36
		Job work and other income	-	0.70
		Sales of products	97.10	230.35
E. KMP	Vandana Raheja	Rental income	2.40	1.80

c) Compensation of Key management personnel of the Company

Name of the related Party	Nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
Short term employment benefit			
Vipin Raheja	Remuneration*	16.83	16.80
Vandana Raheja	Remuneration*	9.83	9.80
Vaibhav Raheja	Remuneration*	11.23	11.20
Vani Raheja	Remuneration*	5.63	5.60
Shyam Arora	Sitting fees	0.06	0.05
Rajat Jain	Salary	5.02	-
Inderneel Sethi	Salary	2.77	2.43
Post-employment including gratuity and medical benefits**			
Vipin Raheja		0.02	0.02
Vandana Raheja		0.02	0.02
Vaibhav Raheja		0.02	0.02
Vani Raheja		0.02	0.02
Rajat Jain		0.30	-
Inderneel Sethi		0.12	0.12
Termination benefits			
Total compensation		51.90	46.07

* Remuneration includes perquisite value of Rs. 0.32 millions as per Income Tax Act, 1961 (March 31, 2022 Rs. 0.31 millions)

**The remuneration to key management personnel does not include compensated absences and gratuity expense which has been determined on actuarial basis for the Company as a whole.

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NAPINO AUTO AND ELECTRONICS LIMITED

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

d) Details of balance payable / receivable by key management personnel and their relative that are able to exercise significant influence

Relationship	Name of the related Party	Nature of transaction	As at 31 March 2023	As at 31 March 2022
A. Subsidiary	1.) Napino Control Systems Private Limited	Receivables	342.48	292.48
	2.) Napino Digital Solutions Private Limited	Rent receivable	4.56	-
		Trade receivable	0.15	-
B. Joint Venture	1.) Shindengen Electric Manufacturing Co. Ltd. Japan	Payables	92.18	40.39
	2.) Napino Continental Vehicle Electronics Private Limited	Receivables	230.88	132.73
C. Entities in which KMP have significant influence	Ovn Engineers Private Limited	Payables	0.15	0.00
		Capital advance	0.38	-
	OVN Bio Energy Private Limited	Payables	0.02	0.02
	Ingenious Appliances and Packaging Private Limited	Payables	0.10	0.25
	Vishnu Vaibhav Industries Private Limited	Receivables	0.05	-
D. Associate Company	VVDN Technologies Private Limited	Payables	0.28	-
		Advance from Customer	0.00	19.44
		Receivables	71.99	59.35
		Payables	2.90	1.18
		Advance to suppliers	2.45	-
E. KMP		Capital Advances	1.42	-
	Vipin Raheja	Salary Payable	1.78	2.29
	Vandana Raheja	Salary Payable	1.31	3.02
	Vaibhav Raheja	Salary Payable	0.82	2.21
	Vani Raheja	Salary Payable	0.64	1.54
	Shyam Arora	Sitting Fees Payable	0.18	0.13
	Rajat Jain	Salary Payable	0.50	-
	Inderneel Sethi	Salary Payable	0.28	0.28

Terms and conditions of transactions with related parties

The sale and purchase from related parties are made on terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. For guarantees given to related parties, Refer note 37. For the year ended 31 March 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023*(Amount in ₹ millions, unless otherwise stated)***40 Segment information**

The Company is in the business of manufacturing electronic parts for various industries. Hence, as per the chief operating decision maker, sale of these products has been considered as single operating segment as per Ind AS 108 'Operating Segments' and accordingly disclosures have been limited to single operating segment. The revenues of the Company are majorly domestic, hence revenues from customers are only in one geographical area, i.e. within India.

Revenue from two customers, accounting for more than 10% of the total revenue, is Rs 6,418.90 millions (31 March 2022: 5,810.23 millions).

Particulars	For the Year ended 31 March 2023	For the Year ended 31 March 2022
Customer 1	5,034.17	4,375.76
Customer 2	1,384.73	1,434.47

41 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximize the shareholder value.

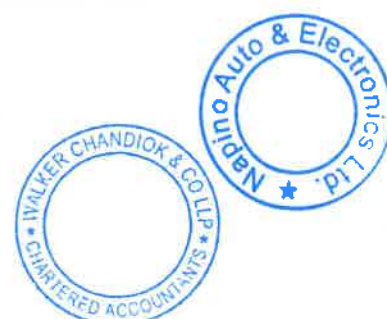
The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings (Refer Note 16)	1,411.08	879.17
Less: Cash and cash equivalents (refer note 13)	(11.10)	(23.50)
Net debt	1,399.98	855.67
Equity share capital (refer note 14)	19.49	19.49
Other equity (refer note 15)	5,619.45	5,640.50
Total Capital	5,638.94	5,659.99
Capital and net debt	7,038.92	6,515.67
Gearing ratio	19.89%	13.13%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2023

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)
42 Financial instruments by category

The carrying value of financial instruments by categories are as follows:

	As at 31 March 2023		As at 31 March 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortised cost				
Investment in bonds	9.95	9.95	10.02	10.02
Trade receivables	2,434.50	2,434.50	1,913.84	1,913.84
Cash and cash equivalents	11.10	11.10	23.50	23.50
Loans	2.69	2.69	4.18	4.18
Other financial assets	325.56	325.56	98.15	98.15
Financial assets at fair value through profit or loss				
Investment in mutual funds	175.36	175.36	166.20	166.20
Investment in others	80.34	80.34	66.28	66.28
Financial assets at fair value through other comprehensive income				
Investment in quoted equity shares	14.13	14.13	12.16	12.16
Total financial assets	3,053.64	3,053.64	2,294.32	2,294.32
Financial liabilities				
Borrowings	1,411.08	1,411.08	879.17	879.17
Lease liabilities	177.85	177.85	169.55	169.55
Trade payables	2,035.91	2,035.91	1,559.73	1,559.73
Other financial liabilities	142.11	142.11	138.98	138.98
Total financial liabilities	3,766.96	3,766.96	2,747.43	2,747.43

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to short-term in nature. The carrying value of the amortised financial assets and liabilities approximate to the fair value on the respective reporting dates.

Investments in subsidiaries, joint venture and associate as at the close of the year ended 31 March 2023 are carried at cost, per the option availed by the Company under the relevant provision of Ind AS. Hence, the same has not been considered in the above table.

43 Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Directly (i.e., as prices) or indirectly (i.e., derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3 : Inputs for the assets or liability that are not based on unobservable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
I. Assets measured at fair value:					
a) Financial instruments at fair value through profit or loss:					
Investment in mutual funds	31 March 2023	175.36	175.36	-	-
Investment in others	31 March 2023	80.34	-	-	80.34
b) Financial instruments at fair value through OCI:					
Investment in quoted equity shares	31 March 2023	14.13	14.13	-	-

There have been no transfers between Level 1 and Level 2 during at 31 March 2023.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
I. Assets measured at fair value (Note 42):					
a) Financial instruments at fair value through profit or loss:					
Investment in mutual funds	31 March 2022	166.20	166.20	-	-
Investment in others	31 March 2022	66.28	-	-	66.28
b) Financial instruments at fair value through OCI:					
Investment in quoted equity shares	31 March 2022	12.16	12.16	-	-

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2022

Valuation process and technique to determine fair values
Measurement of fair values (Level 3)

(i) The following table presents the changes in level 3 items for the periods ended on 31 March 2023 and 31 March 2022:

Particulars	Investment in others
As at 31 March 2021	64.68
Add: Acquisition	19.98
Less: Disposal / Provision for diminution	(18.38)
As at 31 March 2022	66.28
Add: Fair value gain	14.06
Less: Disposal / Provision for diminution	-
As at 31 March 2023	80.34

Valuation inputs and relationships to fair value

Particulars	Note	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement
Investment in others	Fair valued through profit or loss.	These are various early stage startup companies.	Fair valuation was done for Virtualforest Private Limited and consequently gain has been recorded.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

44 Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade payables, other payables, security deposits received, capital creditors and employee related payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalent that derive directly from its operations. The Company does not enters into derivative transactions.

The Company is exposed to market risk, commodity price risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is responsible to ensure that Company's financial risk activities which are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) 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 prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and advances, deposits and FVTOCI investments.

(a) Interest Rate Risk**(i) Financial liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. At 31 March 2023 and 31 March 2022, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2023	As at 31 March 2022
Variable rate borrowing	1,407.77	875.18
Fixed rate borrowing	3.31	3.99
Total borrowings	1,411.08	879.17

Sensitivity

Below is the sensitivity of profit or loss to changes in interest rates.

Particulars	As at 31 March 2023	As at 31 March 2022
Interest sensitivity*		
Interest rates – increase by 50 basis points	7.04	4.38
Interest rates – decrease by 50 basis points	(7.04)	(4.38)

* Holding all other variables constant

(ii) Financial assets

The Company's deposits with banks are carried at amortised cost and are fixed rate instruments. They are, therefore, not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities (when revenue or expense is denominated in a foreign currency).

The Company undertakes transactions denominated in foreign currencies and consequently, exposes to exchange rate fluctuations. The Company does not enter into trade financial instruments including derivate financial instruments for hedging its foreign currency risk. The appropriateness of the risk policy is reviewed periodically with reference to the approved foreign currency risk management policy followed by the Company.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(Amount in ₹ millions, unless otherwise stated)
Foreign currency risk exposure:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Amount in Foreign Currency	Rs.	Amount in Foreign Currency	Rs.
1 EURO				
Trade receivables	0.63	49.94	0.89	76.04
Trade payables	(0.28)	(24.85)	(0.11)	(9.70)
Total	0.35	25.09	0.78	66.34
2 USD				
Trade receivables	0.35	25.75	0.69	50.76
Trade payables	(11.94)	(989.26)	(7.79)	(590.87)
Other financial liabilities - capital creditors	(0.10)	(8.38)	-	-
Total	(11.69)	(971.89)	(7.09)	(540.10)
3 JPY				
Trade Payables	(181.27)	(113.68)	(66.95)	(44.46)
Total	(181.27)	(113.68)	(66.95)	(44.46)
4 GBP				
Trade Receivables	0.00	0.04	-	-
Total	0.00	0.04	-	-
5 CNY				
Trade Payables	(0.16)	(1.98)	-	-
Total	(0.16)	(1.98)	-	-

Out of the above foreign currency exposures, none of the monetary assets and liabilities are hedged by a derivative instrument or otherwise

Foreign currency sensitivity analysis:

The following table details the Company's sensitivity to a 5% increase and decrease in the INR against relevant foreign currencies, 5% is the rate used in order to determine the sensitivity analysis considering the past trends and expectations of the management for changes in the foreign currency exchange rate. The sensitivity analysis includes the outstanding foreign currency denominated monetary items and adjust their transaction at the period end for 5% change in foreign currency rates. A positive number below indicates a increase in profit or equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity balance below would be negative. Impacts shown below are before tax.

(i) Impact of Euro

Particulars	As at 31 March 2023	As at 31 March 2022
Impact on Statement of Profit and loss for the year		
Increase by 5%	1.25	3.32
Decrease by 5%	(1.25)	(3.32)
Impact on total equity as at the end of the reporting period		
Increase by 5%	1.25	3.32
Decrease by 5%	(1.25)	(3.32)

(ii) Impact of USD

Particulars	As at 31 March 2023	As at 31 March 2022
Impact on Statement of Profit and loss for the year		
Increase by 5%	(48.59)	(27.01)
Decrease by 5%	48.59	27.01
Impact on total equity as at the end of the reporting period		
Increase by 5%	(48.59)	(27.01)
Decrease by 5%	48.59	27.01



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

(iii) Impact of JPY

Particulars	As at 31 March 2023	As at 31 March 2022
Impact on Statement of Profit and loss for the year		
Increase by 5%	(5.68)	(2.22)
Decrease by 5%	5.68	2.22
Impact on total equity as at the end of the reporting period		
Increase by 5%	(5.68)	(2.22)
Decrease by 5%	5.68	2.22

(iv) Impact of GBP

Particulars	As at 31 March 2023	As at 31 March 2022
Impact on Statement of Profit and loss for the year		
Increase by 5%	0.00	-
Decrease by 5%	(0.00)	-
Impact on total equity as at the end of the reporting period		
Increase by 5%	0.00	-
Decrease by 5%	(0.00)	-

(v) Impact of CNY

Particulars	As at 31 March 2023	As at 31 March 2022
Impact on Statement of Profit and loss for the year		
Increase by 5%	(0.10)	-
Decrease by 5%	0.10	-
Impact on total equity as at the end of the reporting period		
Increase by 5%	(0.10)	-
Decrease by 5%	0.10	-

(ii) Commodity price risk

The Company is affected by the price volatility of certain commodities. The operating activities of the Company require the manufacturing of electronic parts for various industries. The Company is not exposed to commodity price risk as any change in the price of commodity is subsequently recovered by the Company from its customers, hence, safeguarding itself from any change in commodity prices.

(iii) Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

(a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk
(ii) Moderate credit risk
(iii) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Company provides for expected credit loss based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Investments, loans, cash and cash equivalents, financial assets measured at amortised cost, FVTPL & FVTOCI	12 month expected credit loss
Moderate credit risk	Trade receivables	Trade receivables - Life time expected credit loss



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(Amount in ₹ millions, unless otherwise stated)

Financial assets that expose the entity to credit risk –

Particulars	At at 31 March 2023	At at 31 March 2022
Low credit risk		
Investments	279.78	254.66
Cash and cash equivalents	11.10	23.50
Employee advance	2.69	4.18
Other financial assets	325.56	98.15
Moderate credit risk		
Trade receivables	2,434.50	1,913.84
Total	3,053.64	2,294.32

(b) Expected credit losses for financial assets

(a) Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low on the basis of past default rates of its customers.

The following table presents the movement in allowance for expected credit loss for the periods ended on 31 March 2023 and 31 March 2022:

Particulars	Amount
As at 31 March 2021	-
Add: Provision created during the year	-
Less: Adjustments	-
As at 31 March 2022	-
Add: Provision created during the year	27.10
Less: Adjustments	-
As at 31 March 2023	27.10

(b) Financial instruments and cash deposits

Company provides for expected credit losses on other financial assets by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents and other bank balances and bank deposits is evaluated as very low.

- For loans and other financial assets - Credit risk is evaluated based on Company knowledge of the credit worthiness of those parties and loss allowance is measured. For such financial assets, the Company policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

44 Financial risk management objectives and policies (Contd.)**(iv) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Liquidity and Interest Risk Table:

The following table details 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. The table includes both interest and principal cash flows:

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Year ended 31 March 2023	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Borrowings (excluding interest)					
Term loan from financial institution (including current maturities)	-	3.31	-	-	3.31
Current borrowings	1,407.77	-	-	-	1,407.77
Lease liabilities	-	31.68	109.80	36.38	177.86
Other financial liabilities					
Security deposits	-	1.00	-	-	1.00
Capital creditors	-	39.88	-	-	39.88
Employee related payables	-	99.51	-	-	99.51
Other payables	-	1.72	-	-	1.72
Trade payables					
Trade payables	-	2,035.91	-	-	2,035.91

Company expect liabilities with current maturities to be repaid from net cash provided by operating activities of the entity to which the debt relates or through opportunistic refinancing activity or some combination thereof.

Year ended 31 March 2022	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Borrowings (excluding interest)					
Term loan from financial institution (including current maturities)	-	0.65	3.35	-	4.00
Current borrowings	875.18	-	-	-	875.18
Lease liabilities	-	23.73	90.84	54.98	169.55
Other financial liabilities					
Security deposits	-	0.95	-	-	0.95
Capital creditors	-	29.17	-	-	29.17
Employee related payables	-	107.56	-	-	107.56
Other payables	-	7.64	-	-	7.64
Trade payables					
Trade payables	-	1,553.41	-	-	1,553.41

Company expect liabilities with current maturities to be repaid from net cash provided by operating activities of the entity to which the debt relates or through opportunistic refinancing activity or some combination thereof.



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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

45 Disclosure required under Ind AS 115 - Revenue from customers

A Disaggregation of revenue

	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products		
Revenue from sale of goods - within India	10,112.50	7,899.12
Revenue from sale of goods - outside India	148.90	141.52
 Job work and other income	 48.30	 71.85
 Sale of scrap	 58.08	 31.37
Duty draw back	1.88	3.76
	10,369.66	8,147.62

B Contract balances

The following table provides information about contract assets and liabilities from contract with customers:

	Year ended 31 March 2023	Year ended 31 March 2022
Contract assets		
Unbilled revenue	277.80	62.64
Total contract assets	277.80	62.64
 Contract liabilities		
Advance from customers	106.86	96.95
Total contract liabilities	106.86	96.95

Receivable is the right to consideration in exchange of goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance.

C Significant changes in the contract asset balances during the year as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
	Contract assets	Contract assets
	Unbilled revenue	Unbilled revenue
Opening balance	62.64	101.65
Addition during the year	277.80	62.64
Revenue recognised during the year	(62.64)	(101.65)
Closing balance	277.80	62.64

D Significant changes in the contract liabilities balances during the year as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
	Contract liabilities	Contract liabilities
	Advance from customers	Advance from customers
Opening balance	96.95	33.10
Addition during the year	106.86	96.95
Revenue recognised during the year	(96.95)	(33.10)
Closing balance	106.86	96.95

The amount receivable from customers become due after expiry of credit period which is on average is less than 60 days. There is no significant financing component in any transaction with the customers.

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.



46 Ageing of trade receivables and trade payables as per Schedule IU

a) Trade receivables ageing

The table below analyse the outstanding trade receivables:

31 March 2023

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 month to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables- considered good	2,385.22	30.41	40.44	1.52	4.01	2,461.60
Undisputed trade receivables- credit impaired	-	-	-	-	-	-
	2,385.22	30.41	40.44	1.52	4.01	2,461.60
Provision for loss allowance						(27.10)
						2,434.50

31 March 2022

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 month to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables- considered good	1,769.49	85.54	26.80	32.01	-	1,913.84
Undisputed trade receivables- credit impaired	-	-	-	-	-	-
	1,769.49	85.54	26.80	32.01	-	1,913.84
Provision for loss allowance						-
						1,913.84

Note: Unbilled receivables are disclosed in Note 9 (Other financial assets - current), hence the same is not disclosed in the ageing schedule.

b) Trade payables ageing

The table below analyse the outstanding trade payables:

31 March 2023

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	239.93	0.69	0.39	0.20	241.22
Others (undisputed)	1,744.38	28.29	7.40	2.91	1,782.98
Unbilled dues	11.71	-	-	-	11.71
	1,996.03	28.98	7.79	3.11	2,035.91

31 March 2022

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	167.95	-	-	-	167.95
Others (undisputed)	1,358.22	11.64	1.63	-	1,371.49
Unbilled dues	20.29	-	-	-	20.29
	1,546.46	11.64	1.63	-	1,559.73

47 Ratio Disclosures

Particulars	Numerator	Denominator	Current year	Previous year	% Variance
Current ratio	Current Assets	Current liabilities	1.53	1.77	-13.43%
Debt - Equity ratio	Total debt	Shareholders equity	25%	16%	61.10%
Debt service coverage ratio	Earnings before interest, tax and exceptional items	Debt Service	1.86	(1.24)	-249.78%
Return on equity ratio	Net Profits after taxes - Preference Dividend (if any)	Average Shareholder's Equity	-0.35%	-0.49%	-27.99%
Inventory turnover ratio	Cost of goods sold	Average Inventory	3.14	3.09	1.66%
Trade receivables turnover ratio	Net Credit Sales	Average Trade Receivables	4.77	4.85	-1.56%
Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	4.82	4.35	10.84%
Net capital turnover ratio	Net Sales	Working Capital	5.15	3.88	32.68%
Net profit ratio	Net Profit	Net Sales	-0.19%	-1.88%	-89.87%
Return on capital employed	Earnings before interest and taxes	Capital Employed	1.40%	-2.43%	-157.48%
Return on investment	Profit after tax	Investment	-0.28%	-2.35%	-88.05%

Reasons for variances

- The Company owing to increase in operations have lead to increase in working capital requirement which has been financed through current borrowings which has resulted in change in the above ratios.
- An improvement in the ratio in the current year is due to losses in the previous year on account of certain adjustments that were being recorded.



NAPINO AUTO AND ELECTRONICS LIMITED
CIN - U34300HR1991PLC031470

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

48 Provision for Warranty

The provision for warranty claims represents the present value as best estimate of the future economic outflows that will be required under the Company's obligations for warranties. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

As at 31 March 2023, this particular provision had a carrying amount of Rs. 9.17 millions (March 31, 2022: Rs. 5.04 millions). In case the warranty claims differ by 10% from management's estimates, the warranty provisions would be an estimated Rs. 0.92 millions higher or lower (March 31, 2022 - Rs. 0.50 millions higher or lower).

Particulars	As at 31 March 2023	As at 31 March 2022
Provision at the beginning of the year	5.04	4.15
Additional provision made during the year	7.53	2.62
Amount actually used during the year	3.40	1.73
Provision at the end of the year	9.17	5.04

Current warranty obligations means warranty claims against sales pertaining to previous years which can arise in the FY 22-23.

49 Assets pledged as security

	As at 31 March 2023	As at 31 March 2022
Non Current		
Property, plant and equipment (gross)	7.03	7.03
Current		
Inventories	2,636.56	2,432.13
Trade receivables	2,434.50	1,913.84
Total current assets pledged as security	5,071.05	4,345.96
Total assets pledged as security	5,078.08	4,352.99

50 There are no loans which have been given to promoters, directors, KMP and related parties.

51 Reporting to banks/ financial institutions

The Company is regular in submission of quarterly statements with banks for the borrowings sanctioned against hypothecation of current assets. Further, the quarterly returns/statements filed by the Company with banks are in agreement with books of accounts except for the following:

Quarter	Particulars	Amount as per books of accounts	Amount as reported in the quarterly returns/statements	Amount of difference
June 2022	Trade Payable	1,633.38	1,484.65	148.73
	Inventory	2,120.32	2,138.83	(18.51)
	Trade Receivable	2,269.88	2,320.23	(50.35)
	Total	6,023.59	5,943.71	79.88
Sept 2022	Trade Payable	2,132.75	1,908.25	224.50
	Inventory	2,582.33	2,582.33	-
	Trade Receivable	2,288.34	2,081.84	206.50
	Total	7,003.42	6,572.42	431.00
Dec 2022	Trade Payable	1,425.57	1,273.13	152.44
	Inventory	2,273.34	2,273.34	-
	Trade Receivable	2,348.88	2,025.05	323.83
	Total	6,047.79	5,571.52	476.27
March 2023	Trade Payable	2,035.91	1,589.76	446.15
	Inventory	2,636.55	2,265.30	371.25
	Trade Receivable	2,434.50	2,478.23	(43.73)
	Total	7,106.96	6,333.29	773.67

Reason for material discrepancies: Differences are mainly on account of provisions and period end adjustment entries.



NAPINO AUTO AND ELECTRONICS LIMITED

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(Amount in ₹ millions, unless otherwise stated)

52 Other Statutory Information

- (a) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (b) The Company do not have any transactions with companies struck off.
- (c) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (d) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (e) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (f) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (g) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (h) The Company is not declared wilful defaulter by any bank or financial institution or government or any government authority.

53 Subsequent events

Below mentioned are the events happened subsequent to the reporting date i.e. 31 March 2023

- (a) M/s Shindengen Electric Manufacturing Co. Ltd, Japan has sold its entire shareholding of 440,000 equity shares in the Company to Vraheja Trading Private Limited on 07 June 2023.
- (b) Pursuant to the provisions of section 230-232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of law for the time being in force and pursuant to the approval of the Board of Directors in its meeting held on 06 July 2023, the Company has filed Schemes of Arrangement with National Company Law Tribunal (NCLT) for their approval on 26 July 2023. The said restructuring scheme involves the following:
 - a. Merger of Vraheja Trading Private Limited and demerger of business of Vishnu Vaibhav Industries Private Limited with Company,
 - b. Merger of Napino Digital Solutions Private Limited ("Subsidiary of Company") with Company,
 - c. Demerger of business related to IOT ("Internet of Things") and digital solutions from Company to Napino Tech Ventures Private Limited

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Tarun

Tarun Gupta

Partner

Membership No: 507892

Place: Gurugram

Date: 29 September 2023



For and on behalf of Board of Directors of
Napino Auto And Electronics Limited

Vipin Raheja

Vipin Raheja

Chairman & Managing Director

DIN: 00032931

Rajat Jain

Rajat Jain

Chief Financial Officer



Vaibhav Raheja

Vaibhav Raheja

Joint Managing Director

DIN: 00053672

Inderneel Sethi

Inderneel Sethi

Company Secretary

M. No: ACS 15263