Independent Auditor's Report

To the Members of SBL Specialty Coatings Private Limited
(Formerly known as Saboo Coatings Private Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SBL Specialty Coatings Private Limited (Formerly known as Saboo Coatings Private Limited)** (the "Company") which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit and other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statement in accordance with the Standards on Auditing (SAs) 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 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI'S Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises in the Board's Report including Annexures to the Board's Report, and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when its becomes available and, in doing so, consider whether the other

S S KOTHARI MEHTA & COMPANY * NEW DELHI * CHARTERED ACCOUNTANTS information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS 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.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal financial 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 system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's 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.

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, the statement of changes in equity including other comprehensive income statement and Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statement.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of the section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations as on 31st March 2023 on its financial position in its financial statement- Refer Note No. 35 to the financial statements

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There were no amount which were required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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(b) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

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

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023

For **S S Kothari Mehta & Company**
Chartered Accountants
Firm registration number: 000756N

S S KOTHARI MEHTA & COMPANY
NEW DELHI
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Vijay Kumar
Partner
Membership Number: 092671
Place: New Delhi
Date: May 10, 2023
UDIN: 23092671BGSIBH3893

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure **as referred to in paragraph (1) 'Report on Other Legal & Regulatory Requirements'** of our Independent Auditor's Report to the members of **SBL Specialty Coatings Private Limited (Formerly known as Saboo Coatings Private Limited)** on financial statements for the year ended March 31, 2023, we report that:

(i) In respect of the Company's Property, Plant and Equipment & Intangible assets:

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

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

b) The Company has a regular program of physical verification of its Property Plant and Equipment once in two years which in our opinion, is reasonable having regard to the size of the Company and the nature of its Property Plant and Equipment. In accordance with this program, Property Plant and Equipment is physically verified by the management during the year.

c) The Company does not own any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.

d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

e) No proceedings have been initiated during the year or are pending against the Company as at March 31,2023 for holding and benami property under the Benami Transactions (Prohibiton) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) a) We have been explained by the management that the inventory (except material in transit, which material received) has been physically verified at reasonable interval and the procedure of physical verification of the inventory followed by the management are reasonable in relation to the size of the company and nature of its business and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.

b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by bank based on the security of current assets. The quarterly statement, in respect of the working capital limits have been filed by the Company with such bank and such statement are in agreement with the books of account of the Company for the respective periods.

(iii) a) 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,

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firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.

b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.

c) The Company does not have any outstanding loans and advances in the nature of loans at the beginning of the current year nor has granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)(c), 3(iii)(e) and 3(iii)(f) of the Order is not applicable to the Company.

d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.

e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.

f) The Company has not granted any loan(s) or advance(s) in the nature of loan(s), which is/are repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us, the Company has not made any loans and investments under the provision of section 185 and 186 of the Act during the year. Accordingly, provision of clause 3(iv) of the order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit 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 only in respect of specified products of the Company. For such products, 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 under the aforesaid section, 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.

(vii) In respect of statutory dues:

a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities to the extent applicable.

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According to the information and explanation given to us, no undisputed amounts payable in respect of above in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, statutory dues referred to in sub clause (a) above which have not been deposited as on March 31,2023, except as given below:

Name of the statute	Nature of dues	Period to which amount relates	Amount involved (Rs. In Lakhs)*	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1995-96	2.31	Punjab & Haryana High Court
Goods and Service Tax	Goods and service tax	01-07-2017 to 31-03-2018	0.73	Joint / Additional commissioner

* Net of Payment

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) a) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of borrowing its loans or borrowings or in the payment of interest thereon to any lender.

b) According to the information and explanations given to us 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 other lender.

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 did not have any term loans outstanding at the beginning of the current year. 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 not been utilised for long term purposes.

e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) of the Order is not applicable to the Company.

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 ventures or associate companies.

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(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, 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 on the Company has been noticed or reported during the period covered by our audit.

b) No report under section 143(12) of the Act has been filed 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) According to the information and explanations given to us and based on our examination of the record of the Company, transactions with the related parties are in compliance with section 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Accounting standards.

The provisions of the section 177 of the Act is not applicable to the Company. Accordingly, provision of the clause 3(xi) of the Order in so far as it relates to section 177 of the act is not applicable to the company.

(xiv) In our opinion and according to the information and explanations given to us Section 138 of the Act is not applicable to the company in commensurate with the size and nature of its business: Accordingly, clause 3(xiv) of the Order is not applicable.

(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 them and accordingly, 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 clause 3(xvi) of the Order is not applicable to the Company

b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year without a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.

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c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

d) 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 CIC.

(xvii) The Company has not incurred any cash loss in the current 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 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 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) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

For **S S Kothari Mehta & Company**
Chartered Accountants
Firm registration number: 000756N

Vijay Kumar
Partner
Membership Number: 092671
Place: New Delhi
Date: May 10,2023
UDIN: 23092671BGSIBH3893

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"Annexure B" to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SBL Specialty Coatings Private Limited (Formerly known as Saboo Coatings Private Limited)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to financial statements of **SBL Specialty Coatings Private Limited (Formerly known as Saboo Coatings Private Limited)** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements of the company based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 was established and maintained and if such controls operated effectively in all material respects.

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

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements of the Company.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control 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

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S S Kothari Mehta & Company**
Chartered Accountants
Firm registration number: 000756N

Vijay Kumar
Partner
Membership Number: 092671
Place: New Delhi
Date: May 10,2023
UDIN: 23092671BGSIBH3893

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SBL Specialty Coatings Private Limited
CIN: U24231CH1994PTC015100
BALANCE SHEET AS AT MARCH 31, 2023

(Amount in ₹ Lakhs)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	1,303.84	910.88
(b) Intangible assets	2.1	13.29	6.85
(c) Right-of-use-assets	2.2	1,059.86	916.50
(d) Capital work-in-progress	2.3	73.51	158.35
(f) Financial assets			
(i) Other financial assets	3	185.84	177.96
(g) Other non-current Assets	4	58.68	53.35
(h) Deferred Tax Assets	5	65.58	45.71
Total non-current assets		2,760.60	2,269.60
2 Current assets			
(a) Inventories	6	1,831.22	2,023.93
(b) Financial assets			
(i) Investments	7	2,683.59	2,452.39
(i) Trade receivables	8	2,779.67	2,362.55
(ii) Cash and cash equivalents	9	2,139.52	248.41
(iii) Bank balances other than (ii) above	10	970.62	1,447.91
(iv) Other financial assets	11	28.27	6.33
(c) Other current assets	12	75.91	49.70
(d) Current tax assets (net)	13	-	38.10
Total current assets		10,508.80	8,629.32
TOTAL ASSETS		13,269.40	10,898.92
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	296.00	296.00
(b) Other equity		8,963.09	6,789.56
Total equity		9,259.09	7,085.56
Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Other Financial Liabilities	15	4.00	4.75
(ii) Lease Liabilities	16	1,033.66	947.23
(b) Provisions	17	88.20	79.47
Total non-current liabilities		1,125.86	1,031.45
2 Current liabilities			
(a) Financial Liabilities			
(i) Trade payable:	18		
(i) Total outstanding dues of micro enterprises and small enterprises		80.31	52.93
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.		1,963.68	2,092.77
(ii) Other financial liabilities	19	488.05	459.70
(iii) Lease Liability	20	163.11	42.45
(b) Other current liabilities	21	134.31	116.30
(c) Current tax liability (net)	22	42.88	6.70
(d) Provisions	23	12.11	11.06
Total of current liabilities		2,884.45	2,781.91
TOTAL EQUITY AND LIABILITIES		13,269.40	10,898.92
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements	2-46		

As per our report of even date attached
For S. S. KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm's registration number: 000756N

Vijay Kumar
Partner
Membership number: 092671

S S KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

Place: Delhi
Date: 10.05.2023

For and on behalf of the Board of Directors of SBL Specialty Coatings Private Limited

Anil Kumar Mehrotra
Managing Director
DIN : 08356635

Srijit Dasgupta
Director
DIN : 03439076

Sandeep Chawla
Chief Financials Officer

Place : Chandigarh
Date : 10.05.2023

SBL Specialty Coatings Private Limited
CIN: U24231CH1994PTC015100
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ Lakhs)

	Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
	REVENUES:			
	Revenue from operations	24	16,635.17	15,266.06
	Other income	25	301.22	186.31
I.	**Total Revenue**		16,936.39	15,452.37
II.	**EXPENSES:**			
	Cost of materials consumed	26	10,739.16	10,746.45
	Changes in inventories of finished goods, work-in- progress and stock-in-trade	27	(16.06)	(335.80)
	Employee benefits expenses	28	1,809.57	1,558.45
	Finance cost	29	121.29	76.06
	Depreciation and amortization expenses	30	369.93	287.66
	Other expenses	31	991.66	799.43
	Total expenses		14,015.55	13,132.25
III.	**Profit before tax (I-II)**		2,920.84	2,320.12
IV.	**Tax expense:**			
	Current tax		763.99	604.20
	Income tax relating to earlier year		3.07	(4.71)
	Deferred tax		(19.84)	(22.80)
	Total of tax expenses		747.22	576.69
V.	**Profit for the period (III-IV)**		2,173.62	1,743.44
VI.	**Other Comprehensive Income**			
A	**Items that will not be reclassified to profit or loss**			
	Remeasurement gains or (losses) on defined benefit obligation(net)		(0.12)	(1.90)
	Income tax effects thereof		0.03	0.48
	Total Other Comprehensive Income/(loss) (Net)		(0.09)	(1.42)
VII.	**Total comprehensive income for the period (V+VI)**		2,173.53	1,742.02
	Earnings per share (₹)	33		
	Basic - Par Value of ₹ 10 per share		73.43	58.90
	Diluted - Par Value of ₹ 10 per share		73.43	58.90
	Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2-46		

As per our report of even date attached
For S. S. KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm's registration number: 000756N

Vijay Kumar
Partner
Membership number: 092671

S S KOTHARI MEHTA & COMPANY * CHARTERED ACCOUNTANTS * NEW DELHI

Place: Delhi
Date: 10.05.2023

For and on behalf of the Board of Directors of SBL Specialty Coatings Private Limited

Anil Kumar Mehrotra
Managing Director
DIN : 08356635

Srijit Dasgupta
Director
DIN : 03439076

Sandeep Chowfla
Chief Financials Officer

Place : Chandigarh
Date : 10.05.2023

SBL Specialty Coatings Private Limited
CIN: U24231CH1994PTC015100
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ Lakhs)

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A	**Cash flow from operating activities**		
	Profit for the period (Before tax)	2,920.84	2,320.12
	Adjustments to reconcile net profit to net cash by operating activities		
	Depreciation & amortization expense	369.93	287.66
	Provision for doubtful debts (net of recovered)	(21.15)	7.45
	Bad debts W/Off	7.45	-
	Provision for non moving stocks	-	-
	Net Loss/ (gain) on sale of property, plant and equipment	0.54	-
	De Capitalised asset charged to repair	0.87	-
	Net Loss / (gain) on account of foreign exchange fluctuation	0.41	(1.03)
	Provision no longer required written back	(0.98)	(2.09)
	Finance costs	121.29	76.06
	Unwinding of interest on security deposit	(4.84)	(4.64)
	Net Gain from investment in liquid funds of mutual funds	(108.92)	(43.45)
	Fair value gain on investments of mutual funds	(23.59)	(17.04)
	Interest income	(140.06)	(109.50)
	Operating profit before working capital change	**3,121.79**	**2,513.54**
	Adjustments for		
	(Increase)/ decrease in inventories	192.71	(149.58)
	(Increase)/ decrease in trade receivables	(382.37)	(260.09)
	(Increase)/ decrease in short-term loans	-	-
	(Increase)/ decrease in other financial current assets	0.80	4.15
	(Increase)/ decrease in other current assets	(26.21)	16.93
	(increase)/ decrease in non current financial asset - long-term loans	(33.75)	(42.21)
	(Increase)/ decrease in other non-current assets	(4.26)	(51.04)
	(Decrease)/ increase in long term and Short term provision	9.66	(3.13)
	(Decrease)/ increase in other non current financial liabilities	(0.75)	-
	(Decrease)/increase in trade payable	(103.23)	(51.94)
	(Decrease)/ increase in other financial current liabilities	28.35	52.25
	(Decrease)/ increase in other current liabilities	18.01	8.01
	Cash (used in)/from operations	**2,820.75**	**2,036.89**
	Direct taxes	(730.65)	(622.08)
	Net cash flow (used in)/from operating activities	**2,090.10**	**1,414.81**
B	**Cash flow from investing activities**		
	Expenditure on property, plant and equipment including CWIP	(470.87)	(265.45)
	Expenditure on intangible fixed assets	(10.01)	(1.58)
	Proceeds from sale of liquid funds of mutual funds	2,391.90	783.49
	Purchase of liquid funds of mutual funds	(2,551.08)	(2,435.35)
	Income from investment in liquid funds of mutual funds	108.92	43.45
	Proceeds from property, plant and equipment selling	1.97	0.55
	Proceeds from maturity of term deposit with banks	1,562.93	1,115.08
	Investment in term deposit with banks	(1,092.52)	(1,557.28)
	Interest received	117.32	113.06
	Net cash flow from/ (used in) investing activities	**58.56**	**(2,204.03)**
C	**Cash flow from financing activities**		
	Payment of lease liabilities	(136.26)	(138.71)
	Interest paid	(121.29)	(76.05)
	Net cash Flow from/ (used in) financing activities	**(257.55)**	**(214.77)**
	Net increase /(decrease) in cash and cash equivalent (A+B+C)	1,891.11	(1,003.99)
	Cash and cash equivalent at the beginning of the year	248.41	1,252.40
	Cash and cash equivalent at the end of the year	**2,139.52**	**248.41**
	Cash and cash equivalents		
	Current accounts	173.91	247.80
	Cash in hand	0.61	0.61
	Bank deposits	1,965.00	-
	Cash and cash equivalent at the end of the year	**2,139.52**	**248.41**
	Significant Accounting Policies 1		
	The accompanying notes are an integral part of the financial statements 2-46		

As per our report of even date attached
For S. S. KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm's registration number: 000756N

Vijay Kumar
Partner
Membership number: 092671

Place: Delhi
Date: 10.05.2023

S S KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of SBL Specialty Coatings Private Limited

Anil Kumar Mehrotra
Managing Director
DIN: 08356636

Srijit Dasgupta
Director
DIN: 03439076

Sandeep Chawla
Chief Financials Officer
Place: Chandigarh
Date: 10.05.2023

SBL Specialty Coatings Private Limited
CIN: U24231CH1994PTC015100
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(a) Equity share capital
For the Year ended March 31, 2023

Equity shares of INR 10 each issued, subscribed and fully paid	Number of shares	Share capital
At April 01, 2022	2,960,000	296.00
Changes in equity share capital due to prior period errors	-	-
Restated Balance as at April 01, 2021	2,960,000	296.00
Changes in equity share capital during the current year	-	-
At March 31, 2023	2,960,000	296.00

For the Year ended March 31, 2022

Equity shares of INR 10 each issued, subscribed and fully paid		
At April 01, 2021	2,960,000	296.00
Changes in equity share capital due to prior period errors	-	-
Restated Balance as at April 01, 2021	2,960,000	296.00
Changes in equity share capital during the current year	-	-
At March 31, 2022	2,960,000	296.00

b. Other Equity

Particulars	Retained Earnings	Other comprehensive income	Total
Balance as at April 1, 2021	5,047.54		5,047.54
Profit for the period	1,743.44	-	1,743.44
Other comprehensive income for the year	(1.42)		(1.42)
Total comprehensive income for the year	1,742.02	-	1,742.02
Balance as at March 31, 2022	6,789.56	-	6,789.56
Profit for the period	2,173.62	-	2,173.62
Other comprehensive income for the year	(0.09)		(0.09)
Total comprehensive income for the year	2,173.53	-	2,173.53
Balance as at March 31, 2023	8,963.09	-	8,963.09
Significant Accounting Policies	1		
The accompanying notes form an integral part of the financial statements	2-46		

As per our report of even date attached
For S. S. KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm's registration number: 000756N

Vijay Kumar
Partner
Membership number: 092671

S S KOTHARI MEHTA & COMPANY CHARTERED ACCOUNTANTS NEW DELHI

Place: Delhi
Date: 10.05.2023

For and on behalf of the Board of Directors of SBL Specialty Coatings Private Limited

Anil Kumar Mehrotra
Managing Director
DIN : 08356635

Srijit Dasgupta
Director
DIN : 03439076

Sandeep Chowfla
Chief Financials Officer

Place : Chandigarh
Date : 10.05.2023

SBL Specialty Coatings Private Limited
CIN: U24231CH1994PTC015100
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2 Property, plant & equipment

Particulars	Buildings-Leasehold	Plant & Equipment	Electronic Installations	Furniture & Fixtures	Computer	Lab Equipments	Office Equipments	Vehicles	Total
Gross carrying value:-									
As at April 1, 2021	419.89	557.50	70.96	68.64	27.07	122.05	9.97	29.50	1,305.58
Additions	53.14	34.12	-	0.23	4.62	18.77	0.97	16.05	127.90
Disposals	(30.58)	(2.07)	-	-	-	-	-	-	(32.65)
Other adjustments	-	-	-	-	-	-	-	-	-
As at March 31, 2022	442.45	589.55	70.96	68.87	31.69	140.82	10.94	45.55	1,400.83
Additions	218.43	263.46	10.92	8.06	5.37	44.70	3.70	-	554.64
Disposals	(1.00)	(2.3)	-	(0.05)	-	(3.46)	-	-	(4.81)
As at March 31, 2023	659.88	850.71	81.88	76.88	37.06	184.06	14.64	45.55	1,950.66
Depreciation: -									
As at April 1, 2021	132.35	147.09	10.61	23.23	19.20	40.44	6.07	12.62	391.61
Charge for the year	55.91	38.17	7.85	5.85	4.24	11.53	1.27	5.59	130.41
Disposals	(30.58)	(1.52)	-	-	-	-	-	-	(32.10)
As at April 1, 2022	157.68	183.75	18.47	29.08	23.44	51.97	7.34	18.21	489.92
Charge for the year	64.50	52.64	8.63	6.24	4.62	14.19	1.43	6.07	158.32
Disposals	(0.13)	(1.19)	-	(0.02)	-	(0.09)	-	-	(1.43)
As at March 31, 2023	222.05	235.20	27.10	35.30	28.06	66.07	8.77	24.28	646.81
Net carrying value: -									
As at March 31, 2022	284.77	405.81	52.49	39.79	8.25	88.85	3.60	27.34	910.90
As at March 31, 2023	437.83	615.51	54.78	41.58	9.00	117.99	5.87	21.27	1,303.84

2.1 Other intangible assets

Particulars	Computer Software
Gross carrying value:-	
As at April 01, 2021	24.47
Additions	1.58
Disposals	-
Other adjustments	-
As at March 31, 2022	26.05
Additions	10.01
Disposals	-
As at March 31, 2023	36.06
Depreciation:-	
As at April 1, 2021	16.72
Charge for the year	2.48
Disposals	-
Others	-
As at April 1, 2022	19.20
Charge for the year	3.57
Disposals	-
As at March 31, 2023	22.77
Net carrying value:-	
As at March 31, 2022	6.85
As at March 31, 2023	13.29

S S KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

SBL Specialty Coatings Private Limited
CIN: U24231CH1994PTC015100

2.2 Right of use of an assets

Particulars	Building	Leasehold Land	Total
Gross carrying value:-			
As at April 01, 2021	516.03	-	**516.03**
Additions	34.29	520.94	**555.23**
Disposals		-	-
Depreciation charge	(146.38)	-8.38	-154.76
As at March 31, 2022	403.94	**512.56**	**916.50**
Additions	351.40		**351.40**
Disposals			-
Depreciation charge	(173.31)	-34.73	-208.04
As at March 31, 2023	582.03	**477.83**	1,059.86

2.3 Capital work in progress

	Building	Plant & Equipment	Other Assets	Total
As at April 01, 2021	16.49	2.69	1.62	20.80
Additions	122.84	45.78	2.19	170.81
Capitalised	3.80	27.85	1.63	33.28
As at April 1, 2022	**135.53**	**20.63**	**2.19**	**158.35**
Additions	141.76	6.29	0.65	148.70
Capitalisation	198.88	26.92	2.55	228.35
Amount written Off	5.19	-	-	5.19
As at March 31, 2023	**73.22**	**0.00**	**0.29**	**73.51**

Capital work in progress (CWIP) Ageing Schedule

As at 31 March 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	66.80	6.71	-	-	73.51
Projects temporarily suspended					
Total	66.80	6.71	-	-	73.51

As at 31 March 2022	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	141.27	10.38	6.71	-	158.35
Projects temporarily suspended	-	-	-	-	-
Total	141.27	10.38	6.71	-	158.35

There are no projects as on each reporting period where activity had been suspended. Also there are no projects as on the reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

S S KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

SBL Specialty Coatings Private Limited
CIN: U24231CH1994PTC015100
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ Lakhs)

3 Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Carried at amortised cost		
Bank deposits maturing after 12 months from reporting period	121.90	115.02
Security deposits	63.94	62.94
Total	**185.84**	**177.96**

4 Other non current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Advances	51.90	50.83
Prepaid expenses	6.78	2.52
Total	**58.68**	**53.35**

5 Income Taxes:

5(a) Deferred tax assets& liabilities(net)

	As at March 31 2023	(Amount in ₹ Lakhs) As at Mar 31 2022	(Amount in ₹ Lakhs) As at March 31, 2021
In Statement of Profit and Loss			
Deferred tax liabilities (a)			
Accelerated depreciation	27.61	25.38	38.42
Total	**27.61**	**25.38**	**38.42**
Deferred tax assets (b)			
Deferred Tax Asset arising on account of expenses allowable for tax purposes when paid u/s 43B	25.25	22.78	23.09
Others	50.28	30.68	20.61
Total	**75.53**	**53.46**	**43.70**
Deferred tax (liabilities)/assets (a)	**47.92**	**28.08**	**5.28**
In Other Comprehensive Income			
Deferred tax liabilities (a)			
Others through other comprehensive income	-	-	-
Deferred tax assets (b)			
Others through other comprehensive income	17.66	17.63	17.15
Deferred tax assets/(liabilities)	17.66	17.63	17.15
Net deferred tax assets/(liability)	**65.58**	**45.71**	**22.43**

5(b) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate

	(Amount in ₹ Lakhs) As at March 31 2023	(Amount in ₹ Lakhs) As at Mar 31 2022
Accounting Profit before income tax	2920.84	2320.12
Income tax at India at statutory income tax rate of 25.16% (31 March 2022 :25.16%)*	735.12	583.93
Permanent differences affecting income tax expense:		
Other miscellaneous disallowances	14.94	20.27
Previous year adjustments	3.07	(4.71)
Other adjustments	(1.62)	(22.80)
Net effective income tax	**751.51**	**576.69**
Income tax expense reported in the statement of profit and loss		
Current tax	763.99	604.20
Deferred Tax	(19.84)	(22.80)
Previous year adjustments	3.07	(4.71)
	747.22	576.69

*Income tax rate for the AY 2022-23 has been opted as per section 115BAA @22% as amended by The Finance act 2020

6 Inventories (At cost or net realizable value whichever is lower)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials (Material in Transit INR 86.99, PY - INR 183.61)	677.08	881.57
Packing material	53.64	55.70
Work in process	536.95	435.78
Stores and spares	18.28	20.50
Finished goods	545.27	630.38
Total	1,831.22	2,023.93

7 Investment- Current

Particulars	As at March 31, 2023	As at March 31, 2022
Investments carried at fair value through profit and loss		
In liquid funds of mutual funds	2,683.59	2,452.39
Total	2,683.59	2,452.39

8 Trade receivables

Trade receivables	2,600.03	2,342.28
Trade receivables - related parties	179.64	20.28
Total	2,779.67	2,362.56

S S KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Sandeep Chawla

Break-up for trade receivables:

Unsecured, considered good	2,779.81	2,362.90
Trade Receivables which have significant increase in credit risk	20.23	12.18
Trade Receivables - credit impaired	1.52	30.53
	2,801.56	**2,405.60**

Impairment allowance (allowance for bad and doubtful debts)

Unsecured, considered good	0.14	0.34
Trade Receivables which have significant increase in credit risk	20.23	12.18
Trade Receivables - credit impaired	1.52	30.53
Total	**21.89**	**43.05**

Trade receivables Ageing Schedule

As at 31 March 2023	Current but not due**	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	2,171.21	603.81	3.41	1.16	0.06	0.16	2,779.81
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	4.25	4.14	8.04	-	16.43
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	3.80	3.80
Disputed Trade receivables – credit impaired	-	-	-	-	-	1.52	1.52
	2,171.21	603.81	7.66	5.30	8.10	5.48	2,801.56

As at 31 March 2022	Current but not due**	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	1,816.41	542.04	4.03	0.06	0.01	0.34	2,362.90
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	8.04	-	4.13	12.18
Undisputed Trade receivable – credit impaired	-	-	3.94	0.18	1.52	-	5.64
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	24.89	24.89
	1,816.41	542.04	7.97	8.28	1.54	29.37	2,405.60

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

* Current but not due represent receivables which aren't due as per credit terms agreed with the customer.

9 Cash and Cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
Balance with banks		
-On current accounts	173.91	247.80
-Deposits with original maturity of less than three months	1,965.00	-
Cash on hand	0.61	0.61
Total	2,139.52	248.41

10 Bank Balances other than cash and cash Equivalents

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Other Bank Balance		
Margin money deposit*	3.62	3.44
Fixed deposits	967.00	1,444.47
Total	970.62	1,447.91

* Lien marked for bank guarantee

11 Other financial assets- Current

Particulars	As at March 31, 2023	As at March 31, 2022
Carried at amortised cost		
Interest accrued on fixed deposit	28.22	5.48
Security Deposit	0.05	0.85
Total	28.27	6.33

12 Other current assets (Unsecured considered good, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid Expenses	11.67	12.95
Other Advances	64.24	36.75
Total	75.91	49.70

13 Current Tax Assets (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax assets	-	38.10
Total	-	38.10

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

14 Share capital

Particulars	(Amount in ₹ Lakhs) As at March 31, 2023		(Amount in ₹ Lakhs) As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Authorized				
Equity shares of Rs. 10 each	5,000,000	500.00	5,000,000	500.00
	5,000,000	**500.00**	**5,000,000**	**500.00**
Issued, subscribed and paid up				
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	2,960,000	296.00	2,960,000	296.00
Add: Issued during the year	-		-	
At the end of the year	**2,960,000**	**296.00**	**2,960,000**	**296.00**

- Terms/Rights attached to class of shares

The Company has only one class of Equity Shares having a par value of ₹ 10 each. Holder of each Equity Share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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.

Particulars	As at March 31, 2023 Number of shares	% holding	As at March 31, 2022 Number of shares	% holding
- Berger Paints India Limited (Holding Company)	2,959,980	99.99%	2,959,980	99.99%
- Shri Aniruddha Sen (Director)	10.00	0.005%	10.00	0.005%
- Shri Srijit Dasgupta (Director)	10.00	0.005%	10.00	0.005%

14 (a) The Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash in the last five years immediately preceding the balance sheet date is **NIL**

14 (b) Equity Shares calls unpaid by directors and officers of the company. **NIL**

14 (c) There are no Bonus Shares issued for consideration other than cash & Share bought back during the period of five year immediately preceding the year

14 (d) Details of shareholders holding more than 5% shares of the Company

Particulars	As at March 31, 2023 Number of shares	% holding	As at March 31, 2022 Number of shares	% holding
Equity shares of Rs. 10/-each fully paid up held by				
- Berger Paints India Limited	2,959,980	99.99%	2,959,980	99.99%
Total	**2,959,980**	**99.99%**	**2,959,980**	**99.99%**

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 ownership of shares

E. Details of shares held by Promoters

As on March 31, 2023

S. No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of INR 10 each fully paid	Berger Paints India Limited	2,959,980	-	2,959,980	99.99%	-
	- Shri Aniruddha Sen (Director)	10	-	10	0.005%	-
	- Shri Srijit Dasgupta (Director)	10	-	10	0.005%	-
Total		2,960,000	-	2,960,000	100.00%	-

As on March 31, 2022

S. No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of INR 10 each fully paid	Berger Paints India Limited	2,959,980	-	2,959,980	99.99%	-
	- Shri Aniruddha Sen (Director)	10	-	10	0.005%	-
	- Shri Srijit Dasgupta (Director)	10	-	10	0.005%	-
Total		2,960,000	-	2,960,000	100.00%	-

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15 Other Financial liabilities:Non Current

Particulars	As at March 31, 2023	As at March 31, 2022
Carried at amortised cost		
Security Deposits	4.00	4.75
Total	**4.00**	**4.75**

16 Lease Liabilities: Non Current

Particulars	As at March 31, 2023	As at March 31, 2022
Lease Liabilities (Refer note no. 40.2)	1,033.66	947.23
Total	**1,033.66**	**947.23**

17 Provisions: Non Current Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits		
Provisions for Leave encashment	88.20	79.47
Provisions for Gratuity (Refer note no. 32)	-	-
Total	**88.20**	**79.47**

18 Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables		
(i) Total outstanding dues of micro, small and medium enterprises (refer note no. 36)	80.31	52.93
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,963.68	2,092.77
Total	**2,043.99**	**2,145.70**

*** Includes amount payable to related parties ₹ 89.46 lakhs (P.Y ₹ 173.80 lakhs)**

Trade payables Ageing Schedule

As at 31 March 2023	Unbilled dues*	Not due trade payable**	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	80.31	-	-	-	-	**80.31**
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	1,304.63	659.05	-	-	-	**1,963.68**
	-	1,384.94	659.05	-	-	-	**-2,043.99**

As at 31 March 2022	Unbilled dues*	Not due trade payable**	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	52.93		-	-	-	**52.93**
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	1,446.40	646.38	-	-	-	**2,092.78**
	-	1,499.33	646.38	-	-	-	**2,145.71**

Trade payables are non-interest bearing and are normally settled on 30-60 days terms.
* Not due trade payable represent balances which aren't due as per credit terms agreed with the vendor.

19 Other financial liabilities: Current

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Others		
Other payables	221.73	156.24
Accrued employee liabilities	266.32	303.46
Total	**488.05**	**459.70**

20 Lease Liabilities: Current

Particulars	As at March 31, 2023	As at March 31, 2022
Lease Liabilities (Refer note no. 40.2)	163.11	42.45
Total	**163.11**	**42.45**

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21 Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from customers	1.84	2.09
Statutory dues	128.60	112.24
Other payable	3.87	1.97
Total	**134.31**	**116.30**

22 Current Tax Liability (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Income Tax (Net of Advance Tax ₹ 721.11 Lakhs)	42.88	6.70
Total	**42.88**	**6.70**

23 Provisions: Current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for leave encashment	12.11	11.06
Total	**12.11**	**11.06**
Total	-	-

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24 Revenue from operations

(Amount in ₹ Lakhs)

24.1 Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products		
Sale of products	17,205.48	15,775.76
Other operating revenue		
Scrap sales	41.26	38.60
Government Grant	33.35	
	17,280.09	**15,814.36**
Less: Discount on sales	644.92	548.30
Total	**16,635.17**	**15,266.06**

Revenue from sale of goods is recoganised on tranfer of control in the goods to customers at a point of time by perfromance of obligation towards delivery or as per customers instructions.

25 Other income

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income on term deposit	140.06	109.50
Fair value gain on mutual fund investment	23.59	17.04
Unwinding of interest on security deposit	4.84	4.64
Gain on sale of mutual fund	108.92	43.45
Foreign exchange gain (net)	-	1.03
Liabilities no longer required written back	0.98	2.09
Provisions for Doubtful debts no longer required, written back	21.15	4.56
Miscellaneous Income	1.68	4.00
Total	**301.22**	**186.31**

26 Cost of raw materials consumed

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Raw materials consumed		
Opening stock	881.57	741.68
Add: Purchase	9,618.53	10,003.74
Less: Closing stock	(677.08)	(881.57)
	9,823.02	**9,863.85**
(b) Packing Material Consumed		
Opening stock	55.70	47.15
Add: Purchase	914.08	891.15
Less: Closing stock	(53.64)	(55.70)
	916.14	**882.60**
Cost of materials consumed	**10,739.16**	**10,746.45**

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

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening stock		
Work-in-process	435.78	337.52
Finished goods	630.38	392.84
	1,066.16	**730.36**
Closing stock		
Work-in-process	536.95	435.78
Finished goods	545.27	630.38
	1,082.22	**1,066.16**
Net (Increase) / Decrease	**(16.06)**	**(335.80)**

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28 Employee benefits expense

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	1,665.79	1,427.26
Contribution to provident and other funds	81.95	83.25
Staff welfare expenses	61.83	47.94
Total	**1,809.57**	**1,558.45**

29 Finance cost

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest & Finance Charges		
Interest to banks	0.05	0.16
Interest on lease liabilities	119.97	69.41
Others	1.27	6.49
Total	**121.29**	**76.06**

30 Depreciation & Amortization Expenses

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of Property, Plant & Equipment	158.32	130.42
Amortization of Right to use of assets (Note 2.2)	208.04	154.76
Amortization of intangible assets (Note 2.1)	3.57	2.48
Total	**369.93**	**287.66**

31 Other expenses

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Freight, octroi and delivery	285.71	240.13
Power and fuel	119.94	98.28
Consumption of stores and spare parts	81.63	87.43
Repairs to plant and machinery	34.36	31.15
Repair and maintenance others	19.13	18.76
Printing & stationery	8.89	7.71
Communication	10.90	8.97
Rates and taxes	16.94	8.64
Travelling expenses	169.94	109.66
Advertisement and sales promotion expenses	29.68	12.34
Commission on sales	87.82	72.96
Insurance expenses	2.59	8.20
Payment to auditors (refer note no. 40.1)	5.10	3.60
Loss on sale/discard of property, plant and equipment and intangible assets	0.54	-
Legal & professional expenses	34.08	11.73
Provision for doubtful Debts	-	12.01
Payment for CSR (refer Note 31.1)	44.00	37.09
Foreign exchange gain (net)	0.41	
Vehicle Running & Expenses	14.44	13.01
Bad debts written off	7.45	-
Miscellaneous expenses	18.11	17.76
Total	**991.66**	**799.43**

(Amount in ₹ Lakhs)

31.1 Details of CSR expenditure	As at March 31, 2023	As at March 31, 2022
a) Gross amount required to be spent during the year	43.99	37.06

b) Amount spent during the year ending on 31March 2023:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above*	44.00	-	44

c) Amount spent during the year ending on 31March 2022:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above*	37.09	-	37.09

d) Details related to spent / unspent obligations:	As at March 31, 2023	As at March 31, 2022
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	-	-
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
	-	-

* Contribution of ₹44.00 Lakhs (2021-22 ₹ 37.09 Lakhs) which includes Rs 2.60 Lakhs for hospitals, Rs 16.72 Lakhs for Various educational infrastructure improvements and others, Rs 2.25Lakhs for Girl child cause and Rs 22.44Lakhs to IIT, Ropra and IIT Rurkee for fellowship programmes.

Sandeepchongla

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32 Employee Benefits Obligation

(I) Defined benefit plans - as per actuarial valuation

(a) Gratuity (Funded)

(i)The following table summarizes the components of net benefit expense recognized in the Statement of Profit and loss and OCI and the funded status and amounts recognized in the Balance Sheet.

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	246.13	217.14
Current Service Cost	22.94	20.81
Interest Cost	17.68	15.29
Remeasurements (gains)/losses		
-Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
-Actuarial (gains)/losses arising from changes in financial assumptions	(2.73)	(4.16)
-Actuarial (gains)/losses arising from changes in experience adjustments	1.76	4.35
Benefits Paid	(12.55)	(7.30)
Present value of defined benefit obligation as at year end	**273.23**	**246.13**
Changes in fair value of plan assets		
Fair Value of Plan Assets as at year beginning	272.14	236.80
Interest Income	21.18	17.65
Remeasurements (gains)/losses	-	-
-Return on plan assets, (excluding amount included in net Interest expense)	-	-
-Actuarial gain/(loss)	(1.09)	(1.71)
Employer's Contribution	30.98	20.00
Employer direct benefit payments	11.94	6.70
Benefits Paid	(12.55)	(7.30)
Fair Value of Plan Assets as at year end	**322.60**	**272.14**
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	273.23	246.13
Fair Value of the Plan Assets at the year end	322.60	272.14
Liability/(Asset) Recognised in the Balance Sheet	**(49.37)**	**(26.01)**

Particulars	As at March 31, 2023	As at March 31, 2022
Expense recognised in the Statement of Profit and Loss:		
Current Service Cost	22.94	20.81
Net Interest Cost/(Income)	(3.50)	(2.36)
Net Cost Recognised in the Statement of Profit and Loss	**19.44**	**18.45**
Expense recognised in the Other Comprehensive Income:		
Remeasurements (gains)/losses	0.12	1.90
Net Cost Recognised in the Statement of Profit and Loss	**19.44**	**18.45**

(ii) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below

Significant Actuarial Assumptions	As at March 31, 2023	As at March 31, 2022
Discount Rate	7.50%	7.37%
Employee turnover	9.00%	9.00%
Mortality Rate	Indian Assured Lives (Mortality 2012-14 modified) Ult	Indian Assured Lives (Mortality 2006-08 modified) Ult
Future Salary Increase (%)	7.00%	7.00%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India

The discount rate is based on the government securities yield

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

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(iii) Major category of Plan Assets of the fair value of the total plan assets are as follows:-

	As at March 31, 2023	As at March 31, 2022
Investments quoted in active markets:		
Quoted equity investments	-	-
Manufacturing and consumer products sector	-	-
Telecom sector	-	-
Cash and cash equivalents	-	-
Unquoted Investments:	-	-
Bonds issued by India government	-	-
Property	-	-
Assets under scheme of insurance	100%	100%

(iv) A quantitative sensitivity analysis for significant assumption as at March 31, 2023 is as shown below

Assumptions	March 31, 2023		March 31, 2022	
	Discount rate		Discount rate	
Sensitivity Level	1% increase (₹ Lakhs)	1% decrease (₹ Lakhs)	1% increase (₹ Lakhs)	1% decrease (₹ Lakhs)
Impact on defined benefit obligation	(20.88)	23.80	(19.87)	22.76

Assumptions	March 31, 2023		March 31, 2022	
	Future Salary Increase		Future Salary Increase	
Sensitivity Level	1% increase (₹ Lakhs)	1% decrease (₹ Lakhs)	1% increase (₹ Lakhs)	1% decrease (₹ Lakhs)
Impact on defined benefit obligation	21.48	(19.13)	20.48	(18.51)

Assumptions	Employee Turnover		Employee Turnover	
Sensitivity Level	1% increase (₹ Lakhs)	1% decrease (₹ Lakhs)	1% increase (₹ Lakhs)	1% decrease (₹ Lakhs)
Impact on defined benefit obligation	(0.46)	0.53	-0.63	0.73

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(a) Based on interest rates of government bonds
(b) Based on management's estimate

(v) Risk Exposure

Since the employees gratuity fund is a defined benefit plan the liability to be provided will be subject to interest rate risk since the future valuation of benefit depends upon the yield of government bonds for matching maturities

(vi) Defined Benefit Liability and Employer Contributions

Since the employees gratuity fund is a defined benefit plan maintained by Life Insurance Corporation of India the return is generated from a pool of assets invested by them and any deficit in the liability and return on plan assets is funded by the Company on a yearly basis

(vii) In 2018-19, the Company expects to contribute Rs 30 Lakhs (March 31, 2023: Rs 31 Lakh) to gratuity

(viii) **Maturity profile of the defined benefit obligation**

	March 31, 2023	March 31, 2022
Weighted Average duration of the defined benefit obligation	10.73 Years	10.97 Years
Expected benefit payments for the year ending		
Not Later than 1 year	16.12	14.81
Later than 1 year and not later than 5 years	99.75	92.91
More than 5 years	460.20	424.86

(II) Defined contribution plans

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss for defined contribution plans:

(Amount in ₹ Lakhs)

	2022-23	2023-24
Provident and Family Pension Fund (applicable for eligible employees whose provident fund accounts are maintained with the Regional Provident Fund Commissioner)	74.96	75.53

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33 Earnings Per Share (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit after tax		
(I) Net Profit for calculation of Basic and Diluted Earnings Per Share (I) (₹ in Lakhs)	2,173.62	1,743.44
(II) Weighted average number of shares (II)		
- Basic	2,960,000	2,960,000
- Diluted	2,960,000	2,960,000
(III) Earning per equity share [nominal value of ₹ 10 per share] [(I)/(II)]		
- Basic	73.43	58.90
- Diluted	73.43	58.90

34 Contingent liabilities & commitments (to the extent not provided for)

(Amount in ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a. Commitments		
i) Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	1,933.63	252.59
b. Contingent Liabilities		
(i) Claims against the Company not acknowledged as debts:		
Income tax liability that may arise in respect of matters in disputes		
Appeal before the Joint / Additional commissioner , Goods and service Tax against Summary Order No. 276 dated 31.10.2022 and Order No ZD031022012244E dated 31.10.2022	2.31	2.31
c. Outstanding Bank guarantees	0.76	-
	10.24	3.51

35 Trade Receivables/Advances

Trade Receivables included ₹ 21.89 Lakhs (2020-21 ₹ 41.35 Lakhs) for which legal and other necessary action has been taken. In the opinion of the Management, out of these debts amounting to Rs 21.89 have been classified as doubtful debts and provision for the same has been created.

36 The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

Based on the information available, Who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 have disclosed here. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Disclosure under the Micro, Small and Medium enterprises Development Act, 2006 are provided as under to the extent the Company has received intimation from the suppliers regarding their status under the Act.		
Principal amount remaining unpaid at the end of the year	80.31	52.93
Interest due thereon remaining unpaid at the end of the year	-	-
	80.31	52.93
Delayed payment of Principal amount paid beyond appointed date during the entire financial year	-	-
Interest actually paid under Section 16 of the Act during the entire accounting year	-	-
Amount of Interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under this Act	-	-
Amount of Interest due and payable for the period (where principal has been paid but interest under the MSMED Act not paid)	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises for the purpose of disallowances as deductible expenditure under Section 23 of this Act	-	-

Terms and conditions of the above trade payables:

Trade payables are non interest bearing and are normally settled on 45-60 days terms.

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37 Disclosure in respect of Related Parties pursuant to Ind AS 24

List of Related Parties

I. Parent and Subsidiary Companies:	Name of related parties
Holding Company	Berger Paints India Limited
Fellow Subsidiary	Berger Hesse Wood Coatings Pvt. Ltd. -Bangalore

II. Other related parties with whom transactions have taken place during the year:

a) Key Management Personnel	Name of related parties	Designation
	Ms. Rishma Kaur	Additional Director
	Mr. Kanwardip Singh Dhingra	Additional Director
	Mr. Abhijit Roy	Director
	Mr. Srijit Dasgupta	Director
	Mr. Aniruddha Sen	Director
	Mr. Anil Kumar Mehrotra	Managing Director

b) Enterprise over which KMP's have significant influence

Name of related parties	Nature of relationship
Berger Paints Bangladesh Ltd	Entity controlled by Key Managerial Personnel
KSD Vision Realtech LLP	Entity controlled by Key Managerial Personnel
Berger Becker Coatings Private Limited	Entity controlled by Key Managerial Personnel

A. During the year the following transactions were carried out with the related parties in the ordinary course of business:

(Amount in ₹ Lakhs)

Transaction	Related Party Involved	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Sale of Goods	Berger Paints India Limited	496.58	86.25
	Berger Hesse Wood Coatings Pvt. Ltd. -Bangalore	-	0.03
	Berger Becker Coatings Private Limited	5.33	-
		501.91	86.29
(ii) Purchase of Goods and Services	Berger Paints India Limited	77.91	969.50
	Berger Becker Coatings Private Limited	90.21	-
		168.12	969.50
(iii) Services (Lease)	KSD Vision Realtech LLP	53.76	13.99
		53.76	13.99
(iii) Key Management Personnel Compensation	Mr. Anil Kumar Mehrotra	79.93	65.60
		79.93	65.60

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B. Balances outstanding at the year end:

Outstanding	Related Party	For the year ended March 31, 2023	For the year ended March 31, 2022
Payable	Berger Paints India Limited	0.17	173.80
	Berger Becker Coatings Private Limited	89.29	-
	Mr. Anil Kumar Mehrotra	19.89	20.28
		109.35	194.08
Receivable	Berger Paints India Limited	177.51	19.62
	Berger Becker Coatings Private Limited	2.13	-
		179.64	19.62

"In compliance with the provisions of the IND AS 1 comparative figures of last years are to be provided with respect to the presentation of the financial statements of the company.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. No share options have been granted to the non-executive members of the Board of Directors under this scheme.

Notes:

a) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash except as otherwise mentioned.

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38 Ratio Analysis and its elements

Ratio	Numerator	Denominator	31-Mar-23	31-Mar-22	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	3.64	3.10	17%	N.A.
Debt- Equity Ratio	Total Debt	Shareholder's Equity	-	-	0%	N.A.
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.27	0.28	-5%	N.A.
Inventory Turnover ratio	Cost of goods sold	Average Inventory	5.56	5.34	4%	N.A.
Trade Receivable Turnover Ratio	Gross credit sales - sales return	Average Trade Receivable	6.47	6.84	-5%	N.A.
Trade Payable Turnover Ratio	Gross credit purchases - purchase return	Average Trade Payables	6.36	6.01	6%	N.A.
Net Capital Turnover Ratio	Net sales	Current assets – Current liabilities	2.18	2.61	-16%	N.A.
Net Profit ratio	Net Profit	Net sales	0.13	0.11	14%	N.A.
Return on Capital Employed	Earnings before interest and taxes	Tangible Net Worth + Total Debt + Deferred Tax Liability	0.33	0.34	-3%	N.A.
Debt Service Coverage ratio	Net profit after taxes + Non-cash operating expenses	Interest & Lease Payments + Principal Repayments	9.88	9.51	4%	N.A.
Return on Fixed Deposits	Interest Income on Deposits with Banks	Average Investment (Fixed Deposit)	6.06	5.92	2%	N.A.
Return on Mutual Funds	Net gain on Mutual Fund Investments	Average Investment (Mutual Fund)	5.16	4.93	5%	N.A.

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39 Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations:

- Operating margins (Earnings before interest and taxes)
- Discount rate
- Growth rates
- Capital expenditures

40 Other disclosures required by statute

(Amounts in ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
40.1 Auditors Remuneration		
Statutory auditors (excluding GST)		
(i) Audit Fee	4.00	3.00
(ii) Tax Audit Fee	0.50	0.50
(iii) Other Certification Charges	-	-
(iv) Reimbursement of expenses	0.60	0.10
Total	**5.10**	**3.60**

40.2 Maturity analysis of lease liabilities

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Maturity analysis-		
Less than one year	257.62	42.45
One to five years	644.75	226.44
More than five years	738.77	720.79
Total lease liabilities at 31 March	**1,641.14**	**989.68**
Lease liabilities included in the statement of financial position at 31 March	1,196.77	989.68
Current	163.11	42.45
Non Current	1,033.66	947.23

40.3 Amount recognised in profit or loss relating to Leases :

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on lease liabilities	119.97	69.41
Amortization of Right to use of assets	208.04	154.76
Expenses relating to short term leases	8.89	1.54
Total	**336.90**	**225.71**

40.4 Payment of Lease Liability

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total cash outflow for leases liabilities	136.26	138.71
Total	**136.26**	**138.71**

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41 Financial Assets & Financial Liabilities

41.1 A. Financial Assets

(Amounts in ₹ Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets - Non Current				
At Amortised Cost				
(i) Loans and deposits	-	-	-	-
(ii) Other financial assets	185.84	185.84	177.96	177.96
Total Non Current financial assets (a)	**185.84**	**185.84**	**177.96**	**177.96**
Financial assets - current				
At fair value through profit or loss				
(a) Investments in Mutual fund (Level 2)	2,683.59	2,683.59	2,452.39	2,452.39
At Amortised cost				
(i) Trade receivables	2,779.67	2,779.67	2,362.55	2,362.55
(ii) Cash and cash equivalents	2,139.52	2,139.52	248.41	248.41
(iii) Bank balances other than above	970.62	970.62	1,447.91	1,447.91
(iv) Loans and deposits	-	-	-	-
(v) Other financial assets	28.27	28.27	6.33	6.33
Total Current financial assets (b)	**8,601.67**	**8,601.67**	**6,517.59**	**6,517.59**
Total financial assets (a + b)	**8,787.51**	**8,787.51**	**6,695.55**	**6,695.55**

Note B. Financial liabilities

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities - non current				
At Amortised Cost				
(i) Other Financial Liabilities	4.00	4.00	4.75	4.75
(i) Lease Liabilities	1,033.66	1,033.66	947.23	947.23
Total Non Current Financial Liabilities (a)	**1,037.66**	**1,037.66**	**951.98**	**951.98**
Financial Liabilities - Current				
At Amortised Cost				
(i) Borrowings	-	-	-	-
(ii) Trade payable	2,043.99	2,043.99	2,145.70	2,145.70
(iii) Other financial liabilities	488.05	488.05	459.70	459.70
(iv) Lease Liability	163.11	163.11	42.45	42.45
Total Current Financial Liabilities (b)	**2,695.15**	**2,695.15**	**2,647.85**	**2,647.85**
Total Financial Liabilities (a + b)	**3,732.81**	**3,732.81**	**3,599.83**	**3,599.83**

41.2 Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the companies: -

Particulars	Level 1	Level 2	Level 3
31st March, 2022			
Financial Assets			
- Quoted Equity Shares	-	-	-
- Unquoted Equity Shares	-	-	-
- Unquoted Preference Shares	-	-	-
- Mutual Funds	2,683.59	-	-
- Forward Contracts	-	-	-
31st March, 2021			
Financial Assets			
- Quoted Equity Shares	-	-	-
- Unquoted Equity Shares	-	-	-
- Unquoted Preference Shares	-	-	-
- Mutual Funds	2,452.39	-	-
- Forward Contracts	-	-	-

The tabel shown above analyses financial instruments carried at fair value. The different levels have been defined below:-

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

Level 2 : Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices)

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (Unobservable inputs)

Sandeep Chopra

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42 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's working capital requirements. The Company has various financial assets such as trade receivables, loans, short-term deposits and cash & cash equivalents, which arise directly from its operations.

42.1 Financial Risk factors

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. 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 factors. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk, liquidity risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits.
The sensitivity analyses in the following sections relate to the position as at 31 March 2022 and 31 March 2023.

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 exchange rates of any currency. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities by way of direct imports.

The following table analyses foreign currency risk from financial instruments as of March 31, 2023:

(FC in Lakhs)

Particulars	USD	Euro	AED	Total
Trade Receivables	-	-	-	-
Trade Payables	0.64	-	-	0.64
Borrowings- Non Current	-	-	-	-
Other Financial Assets (including loans)	-	-	-	-
Net assets/(liabilities)	0.64	-	-	0.64

The following table analyses foreign currency risk from financial instruments as of March 31, 2022:

(FC in Lakhs)

Particulars	USD	Euro	AED	Total
Trade Receivables	-	-	-	-
Trade Payables	-	-	-	-
Borrowings- Non Current	-	-	-	-
Other Financial Assets (including loans)	-	-	-	-
Net assets/(liabilities)	-	-	-	-

Summary of Exchange difference accounted in Statement of profit and loss:

Currency fluctuations	Year ended March 31, 2023	Year ended March 31, 2022
Net foreign exchange (gain) / losses shown as operating expenses/income	(0.41)	(1.05)

The following significant exchange rates have been applied during the year.

(In ₹)

INR	Year end spot rate	
	Year ended March 31, 2023	Year ended March 31, 2022
USD	84.55	77.93
EUR	-	-
AED	-	-

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(Amounts in ₹ Lakhs)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	5.00%	-5.00%	5.00%	-5.00%
USD Sensitivity				
Effect on profit before tax	-2.65	2.65	-	-
Effect on pre-tax equity	-	-	-	-
EURO Sensitivity				
Effect on profit before tax	-	-	-	-
Effect on pre-tax equity	-	-	-	-
AED Sensitivity				
Effect on profit before tax	-	-	-	-
Effect on pre-tax equity	-	-	-	-

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Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

(Amounts in ₹ Lakhs)

Movement in expected credit loss allowance on trade receivable	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	43.05	35.63
Loss allowance measured at lifetime expected credit losses (net of bad debts)	(21.16)	7.42
Revenue from top customer	21.89	43.05

The following table gives details in respect of percentage of revenue generated from top customer and top five customers

(Amounts in ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from top customer	1,319.82	1,476.87
Revenue from top five customer	4,452.05	5,177.50

Trade receivables

Customer credit risk is managed by each business unit subject to 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 by MD & President Sales and corrective actions taken.

Ageing analysis of Trade Receivables

Year ended March 31, 2023					Year ended March 31, 2022				
Not due and not impaired	Upto six months	Six to Twelve months	Above 12 months	Total	Not due and not impaired	Upto six months	Six to Twelve months	Above 12 months	Total
2,171.21	603.81	7.66	18.88	2,801.56	1,816.41	542.04	7.97	39.19	2,405.61

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance & accounts department in accordance with the Company's policy. Investments of surplus funds are made only with banks in Fixed Deposits and liquid funds of top five Asset management companies.

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit and WCDL facilities . The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Amounts in ₹ Lakhs)

Particulars	On demand	Less than 3 months	3 to 12 months	Total
As March, 31,2023				
Borrowings	-	-	-	-
Financial Liabilities				
Other financial liabilities	-	466.12	21.93	488.05
Trade payables	-	2,043.93	0.07	2,043.99
	-	2,510.05	22.00	2,532.04
As March, 31,2022				
Borrowings	-	-	-	-
Financial Liabilities				
Other financial liabilities	-	378.49	81.21	459.70
Trade payables	-	2,142.84	2.86	2,145.70
	-	2,521.33	84.07	2,605.40

Commodity price risk

The Company doesn't enter into any long term contract with its suppliers for hedging its commodity price risk

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43 Transactions with Struck off Companies

S No	Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at 31 March 2023	Relationship with the Struck off company, if any, to be disclosed
1		Investments in securities	0.00	
2		Trade receivables	0.00	
3		Trade payables	0.00	
4		Shares held by stuck off company	0.00	
5		Other outstanding balances (to be specified)	0.00	

S No	Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at 31 March 2022	Relationship with the Struck off company, if any, to be disclosed
1		Investments in securities	0.00	
2		Trade receivables	0.00	
3		Trade payables	0.00	
4		Shares held by stuck off company	0.00	
5		Other outstanding balances (to be specified)	0.00	

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44 Capital Risk 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 parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company has not availed any borrowings.

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	-	-
Less: cash and cash equivalents	(2,143.14)	(251.85)
Net debt	**-2,143.14**	**-251.85**
Total capital	9,259.09	7,085.56
Capital and net debt	**7,115.95**	**6,833.71**
Gearing ratio	-30.12%	-3.69%

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. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2023.

45 Balance of Trade receivables, Trade payables and advances are subject to confirmation and reconciliation, difference if any, shall be accounted for on such reconciliation. In the opinion of the management, the value on realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities has been made.

46 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

For S. S. KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm's registration number: 000756N

SS KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

Vijay Kumar
Partner
Membership number: 092671

Place: Delhi
Date: 10.05.2023

For and on behalf of Board of Directors of
SBL Specialty Coatings Private Limited

Anil Kumar Mehrotra
Managing Director
DIN : 08356635

Srijit Dasgupta
Director
DIN : 03439076

Sandeep Chowfla
Chief Financials Officer

Place : Chandigarh
Date : 10.05.2023

SBL SPECIALTY COATINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED MARCH 31, 2023

1. Corporate Information

The company was incorporated as a Private Limited Company under the provisions of the companies Act, 1956 on 27th September, 1994. The Company is engaged in the Manufacturing of specialty coatings, lacquers and thinners. The Company's manufacturing facilities are located at Derabassi, Punjab. The registered office address of the company is located at SCF 321 Cabin no 5 First floor, M.M Commercial Complex Manimajra-16010, Chandigarh.

1.1 Basis of Preparation of financial statements

1.1.1 Basis of Preparation and Statement of Compliance

The financial statements of the Company for the period ended March 31, 2023 have been prepared in accordance with accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments and defined benefit plans which have been measured at fair values or amortised cost at the end of each reporting period (refer accounting policies regarding financial instruments). The Ind AS financial statements are presented in INR and all values are rounded to nearest lakhs in INR, except when otherwise indicated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.1.2 Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.2 Significant Accounting Policies for the period ended March 31, 2023

1.2.1 Current and Non-Current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.
An asset is trading at current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled in within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between the 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- noncurrent classification of assets and liabilities.

1.2.2 Foreign Currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded in by the Company at spot rates at the functional currency spot rate (i.e INR) at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

1.2.3 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:

a) In the principal market for the asset or liability, or
b) 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.

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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 best economic 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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:

a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
c) 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the 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.

1.2.4 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.2.5 Property, Plant and Equipment

Property, plant and equipment and capital work in progress are carried at cost of acquisition, on current cost basis less accumulated depreciation and accumulated impairment, if any. Cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other

S.S. KOTHARI MEHTA & COMPANY CHARTERED ACCOUNTANTS NEW DELHI repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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 income statement when the asset is derecognised. Depreciation is provided on Straight line method over the useful lives of property, plant and equipment as estimated by management. Pursuant to Notification of Schedule II of the Companies Act, 2013 depreciation is provided prorata basis on straight line method at the rates determined based on estimated useful lives of property, plant and equipment where applicable, prescribed under Schedule II to the Companies Act 2013 with the exception of the following item for which useful lives as estimated by the management based on technical evaluation are different from those specified in aforesaid Schedule II.

- Plant and machinery: 15 years to 20 years
- Leasehold Building is amortized on a straight line over the tenure of respective leases or useful life of asset as assessed by the management whichever is lower.

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

1.2.6 Intangible Assets

Intangible Assets are recognized only when future economic benefits arising out of the assets flow to the enterprise and are amortised over their useful life ranging from 3 to 6 years. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and are charged to Statement of Profit and Loss for the year during which such expenditure is incurred.

1.2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

1.2.8 Inventories

Finished goods and Work-in-process are stated at the lower of cost and estimated net realisable value. Cost of inventories constitutes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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Raw materials, components, stores and spares are valued at lower of cost and estimated net realisable value. Cost is determined on weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold are at or above cost.

Provision is recognised for damaged, defective or obsolete stocks where necessary. Cost of all inventories is determined using weighted average method of valuation.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.2.9 Revenue and Other Income

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Payments from customers for the goods transferred are normally received within 30-60 days.

The Company earns revenue from the contract with customers in the following categories:

Sale of goods
Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as part of the contract.

Interest income
Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'Other Income' in the Statement of Profit and Loss.

Dividend Income
Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the same.

Export Incentives
Revenue accruing on Export incentive in the form of Duty Drawback and any other scheme is recognized in the statement of profit and loss on receipt basis.

Insurance & other Claims
The revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized / recovered and the ultimate realization thereof.

1.2.10 Government Grants and Subsidies

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.

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When the grant or subsidy from the Government relates to revenue, it is deducted from the related expense on a systematic basis in the Statement of Profit and Loss over the period necessary to match them with the related costs, which they are intended to compensate. When the grants relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset, i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value of the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

1.2.11 Employee Benefits

I. Defined Contribution Plan

a. Provident Fund

Contributions in respect of Employees are made to the Fund administered by the Regional Provident Fund Commissioner as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to Statement of Profit and Loss as and when services are rendered by employees. The Company has no obligation other than the contribution payable to the Regional Provident fund.

II. Defined Benefit Plan

a. Gratuity

Every employee who has completed five years or more of service is entitled to Gratuity as per the provisions of The Payment of Gratuity Act, 1972. Retirement Gratuity for employees, is funded through a scheme of Life Insurance Corporation of India. The costs of providing benefits under this plan are determined on the basis of actuarial valuation using the projected unit credit method at each year-end. Actuarial gains/losses are immediately recognised in retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. The excess / shortfall in the fair value of the plan assets over the present value of the obligation calculated as per actuarial methods as at balance sheet dates is recognised as a gain / loss in the Statement of Profit and Loss. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

b. Provident Fund

Contributions to Provident and Family Pension Fund is made in accordance with the provisions of the Provident Fund Act, 1952 and is treated as revenue expenditure.

III. Long Term Compensated Absences

The Company treats accumulated leave to the extent such leave are carried forward as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has

S S Kothari Mehta & Company, New Delhi, Chartered Accountants the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

1.2.12 Taxes on Income

Tax expense comprises current and deferred tax.

Current Income Tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Management periodically evaluates the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Ind AS financial statements at the reporting date. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax and liabilities are measured at the tax rates that are expected to apply in the year when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Minimum Alternate Tax

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement under Loans & Advances. The group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that group will pay normal Income Tax during the specified period.

1.2.13 Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

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

The Company records a provision for decommissioning costs for its certain manufacturing facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

1.2.14 Borrowing Costs

Borrowing Costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the borrowing costs. Discount on Commercial papers is amortised over the tenor of the underlying instrument. Borrowing Costs, allocated to and utilised for qualifying assets, pertaining to the period from

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS commencement of activities relating to construction / development of the qualifying asset up to the date the asset is ready for its intended use is added to the cost of the assets. Capitalisation of Borrowing Costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are expensed in the period they occur.

1.2.15 Earnings per Share

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

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

1.2.16 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

a. Debt instruments at amortised cost
b. Equity instruments measured at fair value through other comprehensive income FVTOCI

Debt instruments at amortised cost other than derivative contracts

A 'debt instrument' is measured at the 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 rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

iii. De-recognition

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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 Company has transferred substantially all the risks and rewards of the asset

iv. Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

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B. Financial liabilities

i. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, investment in subsidiaries and joint ventures, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivatives, financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the 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.

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1.2.17 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.

1.2.18 Significant accounting Judgements, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements which have significant effect on the amounts recognized in the financial statement:

A. Income taxes

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements

B. Contingencies

Judgment of the Management is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

C. Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

D. Fair Value Measurement of Financial Instruments.

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

1.2.19 Leases

Ind AS 116 Leases

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.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease

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component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease, if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

As per our report of even date attached
For S S Kothari Mehta & Company
Chartered Accountants
Firm's registration number: 000756N

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

Vijay Kumar
Partner
Membership number: 092671

Place: Delhi
Date: 10.05.2023

For and on behalf of the Board of Directors of SBL Specialty Coatings Private Limited

Anil Kumar Mehrotra
(Managing Director)
DIN: 08356635

Srijit Dasgupta
(Director)
DIN:03439076

Sandeep Chowfla
(Chief Financial Officer)
Place: Chandigarh
Date: 10.05.2023