FINANCIAL STATEMENTS OF SUBSIDIARIES FOR THE FINANCIAL YEAR 2020-21

INDEX

Sr. No.	Name of the Subsidiaries
1.	Asian Paints Industrial Coatings Limited
2.	Sleek International Private Limited
3.	Maxbhumi Developers Limited
4.	Reno Chemicals Pharmaceuticals and Cosmetics Private Limited
5.	Asian Paints International Private Limited
6.	Asian Paints (Nepal) Private Limited
7.	Asian Paints (Bangladesh) Limited
8.	Causeway Paints Lanka (Private) Limited
9.	Asian Paints (Lanka) Limited
10.	SCIB Chemicals S.A.E
11.	Kadisco Paint & Adhesive Industry S.C.
12.	Berger Paints Emirates LLC
13.	Asian Paints (Middle East) LLC
14.	Berger Paints Bahrain W.L.L.
15.	Enterprise Paints Limited
16.	Nirvana Investments Limited
17.	Universal Paints Limited
18.	PT Asian Paints Indonesia
19.	PT Asian Paints Color Indonesia
20.	Asian Paints (South Pacific) Pte Limited
21.	Asian Paints (Solomon Island) Limited
22.	Asian Paints (Tonga) Limited
23.	Asian Paints (Vanuatu) Limited
24.	Samoa Paints Limited

Note:
In accordance with Section 136 of the Companies Act, 2013, the Financial Statements of Asian Paints PPG Private Limited, Associate Company for the Financial Year 2020-21 is available for inspection by the members of the Company up to the date of Annual General Meeting of the Company to be held on Tuesday, 29th June, 2021 at 11.00 a.m. IST.

ASIAN PAINTS INDUSTRIAL COATINGS LIMITED

BOARD OF DIRECTORS

Mr. Jitendra Kalra	(Non-Executive Director)
Mr. Hiral Raja	(Non-Executive Director)
Mr. Sagar Khade	(Non-Executive Director)

KEY-MANAGERIAL PERSONNEL

Mr. Rakesh Patel	(Manager)
Mr. Vikram Jain	(Chief Financial Officer)
Mrs. Radhika Shah	(Assistant Company Secretary)

AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants

REGISTERED OFFICE

6A, Shantinagar,
Santacruz (East), Mumbai - 400055
Maharashtra

FACTORIES

Plot No. 1914, GIDC,
Phansa Road,
Sarigam 396135
Dist. Valsad, Gujarat

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Board's Report

Dear Members,

The Board of Directors are pleased to present the Twentieth Annual Report of Asian Paints Industrial Coatings Limited along with the audited financial statements for the financial year ended 31st March, 2021.

Financial results

The financial performance of the Company for the year ended 31st March, 2021 is summarized below:

(Amount in ₹ Lakhs)

Particulars	2020-21	2019-20
Revenue from Operations (Net of excise duty)	1,549.97	1,412.05
Other Operating Revenues	24.24	12.78
Other Income	122.32	145.05
Total Revenue	1,696.53	1,569.88
Expenses	1,373.55	1,434.57
Earnings before Interest, Tax, Depreciation And Amortization (EBITDA)	322.98	135.31
Less: Finance Cost	0.61	1.27
Less: Depreciation and Amortisation Expenses	160.19	105.30
Profit/ (Loss) Before Tax	162.18	28.74
Less: Tax Expense	0.00	0.00
Profit/ (Loss) After Tax	162.18	28.74
Other Comprehensive Income	(0.79)	(3.65)
Total comprehensive Income/ Loss	161.39	25.09

Overview of the company's performance and state of affairs

During the financial year 2020-21, net revenue from operations on standalone basis increased to ₹ 1549.97 lakhs as against ₹ 1412.05 lakhs in the previous year. The Company incurred profit of ₹ 162.18 lakhs as against a profit of ₹ 28.74 lakhs in the previous year.

The Company is engaged in toll manufacturing of powder coatings for Asian Paints PPG Private Limited, fellow subsidiary and PPG Asian Paints Private Limited, Associate Company of Asian Paints Limited, Holding company.

The Company's plant at Sarigam, Gujarat continues its normal operations and is sufficient to cater to the future requirements.

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2020-21 and the date of this report. There has been no change in the nature of business of the Company.

Industrial relations

The Company has always considered its workforce as its valuable asset and continues to invest in their excellence and development programs. The industrial relations of the Company remained peaceful and cordial.

Share capital

The paid-up Equity Share Capital as on 31st March, 2021 is ₹ 3045 lakhs. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options or sweat equity shares.

Dividend

During the year under review, the Board of Directors has not recommended dividend on the equity shares of the Company. Further, the Company has not transferred any amount to the Investor Education & Protection Fund (IEPF) and no amount is lying in Unpaid Dividend A/c of the Company.

Transfer to reserves

During the year under review, the Company has not transferred any amount to General Reserves of the Company.

Subsidiary status

The Company continues to be a wholly owned Subsidiary of Asian Paints Limited. Whereas the Company doesn't have any Subsidiary, Associates or Joint Ventures.

Public deposits

During the year under review, the Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013, read together with the Companies (Acceptance of Deposit) Rules, 2014. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Directors and key managerial personnel

Change in Directorate

The Board of Directors of the Company through Circular Resolution appointed Mr. Jitendra Kalra as Additional Director of the Company with effect from 31st March, 2020, and Mr. Hiral Raja and Mr. Sagar Khade as Additional Directors of the Company from 24th April, 2020 in terms of Section 161 of the Companies Act, 2013.

Appropriate resolutions for appointment of Mr. Jitendra Kalra, Mr. Hiral Raja and Mr. Sagar Khade as Directors of the Company liable to retire by rotation was placed for approval of the shareholders at the previous AGM and the resolutions were approved with requisite majority.

Mr. Abhay Vakil and Mr. Manish Choksi, Directors stepped down from the Board of Directors of the Company with effect from 24th April, 2020.

The Board, placed on record, its appreciation for their guidance and contribution to improve the overall functioning of the Company.

Key Managerial Personnel

The Board of Directors of the Company at their meeting held on 20th January, 2021, approved the re-appointment of Mr. Rakesh Patel, as the Manager of the Company pursuant to Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for a period of two years commencing from 26th April, 2021 till 25th April, 2023, subject to approval of the shareholders of the Company at ensuing Annual General Meeting.

Accordingly, the resolution for re-appointment of Mr. Rakesh Patel as Manager of the Company for a further term of 2 (two) years commencing from 26th April, 2021 till 25th April, 2023 is placed for approval of the shareholders at the ensuing AGM. The Board of Directors of the Company recommends his re- appointment as a Manager of the Company.

Further, there has been no change in the Key Managerial Personnel of the Company.

Performance evaluation of the Board

In accordance with the provisions of Section 134(3)(p) of the Companies Act, 2013, the Company is required to carry out annual evaluation of the performance of the Board as a whole and of its individual directors.

The annual performance evaluation of the Board and its individual directors was carried out based on various aspects including level of participation of directors, understanding the roles and responsibilities, business and competitive environment. The structured assessment sheets were circulated among the directors for rating the performance of the Board and other directors.

The overall outcome of this exercise was to evaluate positive effectiveness of the board and individual directors and members expressed their satisfaction.

Directors' responsibility statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

A. in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;

B. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2021 and profit of the Company as on 31st March, 2021;

C. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

D. the annual accounts have been prepared on a 'going concern' basis;

E. proper internal financial controls laid down by the Directors were followed by the Company and that such financial controls are adequate and operating effectively; and

F. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Meetings of the board:

During the financial year 2020-21, four (4) meetings of the Board of Directors were held on 11th June, 2020; 20th July, 2020; 21st October, 2020; and 20th January, 2021. The maximum time gap between two (2) meetings did not exceed one hundred and twenty days.

Number of Board meetings attended by individual Directors during the financial year 2020-21 is as follows:

Sr. No.	Name of the Director	Number of meeting(s) entitled to attend	Number of meeting(s) attended
1	Mr. Jitendra Kalra	4	4
2	Mr. Hiral Raja	4	4
3	Mr. Sagar Khade	4	3

The Company has complied with the applicable Secretarial Standards in respect of all the above Board meetings.

Related party transactions

During the financial year 2020-21, the Company has entered into transactions with related parties as defined under Section 2 (76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014 all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued thereunder. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the related party transactions are set out in Notes to the financial statements of the Company.

The Form AOC- 2 pursuant to clause (h) of sub-section 3 of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as **"Annexure [1]"**.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Auditors and auditors' report

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), were appointed as Statutory Auditor of the Company at the 16th AGM held on Thursday, 15th June, 2017 till the conclusion of the 21st AGM of the Company.

M/s. Deloitte Haskins and Sells LLP have confirmed their eligibility and qualification required under sections 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force.)

The Auditor's report for the financial year ended 31st March, 2021 on the financial statements of the Company is a part of this Annual Report. The Auditors' Report for the financial year ended 31st March, 2021 does not contain any qualification, justification or adverse remark.

There were no incidences of reporting of frauds by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014.

Disclosure relating to remuneration of directors, key managerial personnel and particulars of employees

The details of remuneration paid to Directors and Key Managerial Personnel of the Company is being disclosed in the Annual Return.

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of The Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Particulars of conservation of energy, technology absorption and foreign exchange earnings & outgo

A) Steps taken on conservation or impact on conservation of energy:

The manufacturing units continue their efforts to reduce the specific energy consumption. Apart from regular practices and measures for energy conservation, many new initiatives were driven across units. Further the Company has redesigned parts of grinding mills to improve throughout leading to energy conservation.

B) Steps taken by the company for utilizing alternate Source of energy:

The Company has been exploring possibilities of usage of solar panels for street lighting within its manufacturing facility situated at Sarigam.

C) Capital investment on energy conservation equipment

The Company has not made any capital investment on energy conservation equipment.

Technology absorption

A) Efforts made towards technology absorption:

The Research and Technology function (R & T) of the Company is carrying out various activities to fulfill short term and long-term business goals of the Company which include energy savings and development of durable products.

B) Benefits derived as a result of the above efforts:

- Development of new specialty products for profitable opportunities.
- Significant cost reduction achieved as a result of use of cost effective local and imported raw materials have helped maintain cost competitiveness.
- The Company has retained its recognition from DSIR in respect of the research facilities.

C) The Company has not imported any technology and has not entered into any technology transfer agreement.

Foreign exchange earnings and outgo

There are no earnings in foreign currency. Outflow of foreign currencies during the financial year was ₹ 120.04 lakhs (equivalent value of various currencies).

Risk management

The Board has put in place appropriate framework and mechanism to review the risks for the Company including the operational and business risks. The Board reviews the risk mitigation plans from time to time.

Policy on prevention of sexual harassment at workplace

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder and an Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment.

During the financial year 2020-21, no complaints were received by the Company. The Company is committed to provide a safe and conducive work environment to all of its employees and associates.

Internal financial controls and their adequacy

The Company has in place adequate internal financial controls with reference to Financials. The same is subject to review periodically by the Board of Directors for its effectiveness. The control measures adopted by the Company have been found to be effective and adequate to the Company's requirements.

Maintenance of cost records

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

Orders, if any, passed by regulators or courts or tribunals

No orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

Disclosure under section 43 (a) (ii) of the companies act, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 54 (1) (d) of the companies act, 2013:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 62 (1) (b) of the companies act,2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 67 (3) of the companies act, 2013:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

Annual return

As the Company doesn't have its own website, the requirement to upload Annual Return of the Company on its website as on 31st March, 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with Companies (Management and Administration) Rules, 2014, is not applicable to the Company.

Compliance with secretarial standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meeting of Board of Directors and General Meeting.

Acknowledgements

Your Directors acknowledge with deep sense of appreciation the co-operation received from various other Central and State Government agencies, other Ministries, Customers, Bankers and other stakeholders. Your Directors express deep sense of appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels.

Your Directors also wish to express gratitude to all the Shareholders for the confidence reposed by them in the Company and for the continued support and co-operation.

For and on behalf of the board of directors

JITENDRA KALRA

CHAIRMAN
(DIN: 06677319)

Date: 7th May, 2021
Place: Mumbai

Annexure 1 To Board's Report

FORM AOC – 2

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

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

1.	Details of contracts or arrangements or transactions not at arm's length basis:		
	a.	Name(s) of the related party and nature of relationship	NA
	b.	Nature of contracts/arrangements/transactions	
	c.	Duration of the contracts / arrangements/transactions	
	d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
	e.	Justification for entering into such contracts or arrangements or transactions	
	f.	Date(s) of approval by the Board	
	g.	Amount paid as advances, if any:	
	h.	Date on which the special resolution was passed	
	i.	Amount paid as advances, if any:	
	j.	Date on which (a) the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangements or transactions at arm's length basis:		
	a.	Name(s) of the related party and nature of relationship	NA
	b.	Nature of contracts/arrangements/transactions	
	c.	Duration of the contracts / arrangements/transactions	
	d.	Salient terms of the contracts or arrangements or transactions including the value, if any.	
	e.	Date(s) of approval by the Board, if any	
	f.	Amount paid as advances, if any	

For and on behalf of the board of directors

JITENDRA KALRA

CHAIRMAN
(DIN: 06677319)

Date: 7th May, 2021
Place: Mumbai

Independent Auditor's Report

To The Members of Asian Paints Industrial Coatings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asian Paints Industrial Coatings Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31st March, 2021 and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 on the financial statements.

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

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Board's Report including the annexures to the Board's Report, 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 and, in doing so, consider whether the other 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.

Management's Responsibility for the 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 including other comprehensive income, cash flows and changes in equity 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 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 statement 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal 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 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.

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended; The Company does not pay remuneration to any of its Directors. Consequently, this clause has not been reported upon.

   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 on its financial position in its financial statements.

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

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Abhijit A. Damle
Partner
(Membership No. 102912)
Place: Mumbai
Date: 7^{th} May, 2021
UDIN -21102912AAAACZ8667

Annexure "A" To The Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Asian Paints Industrial Coatings Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Companies Act, 2013, 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Abhijit A. Damle
Partner
(Membership No. 102912)
Place: Mumbai
Date: 7th May, 2021
UDIN -21102912AAAACZ8667

Annexure "B" to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification during the year.

(c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as Right of Use Assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

ii. The inventory of Stores and spares, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

iii. In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted loans, investments, guarantees and security in accordance with the provision of Section 185 and 186 of the Act. Accordingly, paragraph 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 deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

vii. According to information and explanations given to us in respect of statutory dues,

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax and Value Added Tax which have not been deposited as on 31st March, 2021 on account of disputes are given below:

Name of the statute	**Nature of dues**	**Forum where the dispute is pending**	**Period to which the amount relates**	**Amount involved (Rs. in lakhs)**	**Amount unpaid (Rs. in lakhs)**
Income Tax	IT matters under dispute	Commissioners of Income Tax (Appeals)/ Remanded back to Assessing Officer	AY 2008-09, AY 2012-13 AY 2017-18	107.18	107.18
			Total (A)	**107.18**	**107.18**
Sales Tax/VAT/CST	Assessment Dues	High Court	2003-04, 2004-05, 2009-10	164.76	79.20
		First Appellate	2001-02, 2006-07, 2013-14,	9.97	5.48
		Tribunal	2003-04, 2005-06, 2006-07	152.73	75.13
			Total B	327.46	159.80
			Total (A) + (B)	434.64	266.98

There are no dues of Income Tax, Service Tax, Excise Duty and Customs Duty which have not been deposited on account of dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its bank and government. The Company does not have any loans or borrowings from any Financial Institution or debenture holders during the year.

ix. The Company did not have any term loans outstanding during the year. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act is not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, reporting under clause (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Abhijit A. Damle
Partner
(Membership No. 102912)
Place: Mumbai
Date: 7th May, 2021
UDIN - 21102912AAAACZ8667

Statement of Financial Position
as on 31 March, 2021

(₹ in Lakhs)

	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non Current assets			
Property, Plant and Equipment	2	1,370.19	1,054.77
Right of Use Assets	3	10.00	16.54
Capital work-in-progress		68.51	288.62
Other Intangible Assets	4	5.66	-
Financial Assets			
Loans	5	50.55	48.06
Other Financial Assets	6	153.57	146.76
Current Tax Assets (Net)	7	213.42	205.49
Other Non Current Assets	8	171.52	197.55
		2,043.42	**1,957.79**
Current assets			
Inventories	9	89.94	63.45
Financial Assets			
Investments	10	1,571.65	1,789.84
Loans	5	-	3.25
Trade Receivables	11	170.15	134.83
Cash and Cash Equivalents	12(A)	383.08	27.42
Other Balances with Banks	12(B)	196.24	185.82
Assets Classified as Held for Sale	13	49.11	85.29
Other Current Assets	8	40.72	132.49
		2,500.89	**2,422.39**
Total Assets		**4,544.31**	**4,380.18**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	3,045.00	3,045.00
Other Equity	15	937.09	775.70
		3,982.09	**3,820.70**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities	16	-	-
Provisions	17	222.37	192.11
		222.37	192.11
Current Liabilities			
Financial Liabilities			
Lease Liabilities	16	-	7.24
Other Financial Liabilities	18	265.13	233.33
Other Current Liabilities	19	8.13	11.12
Provisions	17	63.22	85.92
Current Tax Liabilities (Net)	20	3.37	29.76
		339.85	**367.37**
Total Equity and Liabilities		**4,544.31**	**4,380.18**
Significant accounting policies and Key accounting estimates and judgements	1		
See accompanying notes to the financial statements	2-40		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
7th May, 2021

For and on behalf of the Board of Directors of Asian Paints Industrial Coatings Limited
CIN: U24220MH2001PLC133523

Jitendra Kalra
Director
DIN: 06677319

Hiral Raja
Director
DIN: 08735226

Radhika Shah
Asst. Company Secretary

Vikram Jain
Chief Financial Officer

Mumbai
7th May, 2021

Statement of Profit and Loss

for the year ended 31 March, 2021

(₹ in Lakhs)

	Notes	As at 31.03.2021	As at 31.03.2020
REVENUE FROM OPERATIONS			
Revenue from sale of services	21(A)	1,549.97	1,412.05
Other Operating Revenues	21(B)	24.24	12.78
Other Income	22	122.32	145.05
TOTAL INCOME (I)		**1,696.53**	**1,569.88**
EXPENSES			
Employee Benefits Expense	23	731.87	635.26
Other Expenses	24	641.68	799.31
TOTAL EXPENSES (II)		**1,373.55**	**1,434.57**
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)		**322.98**	**135.31**
Finance Costs	25	0.61	1.27
Depreciation and Amortisation Expense	26	160.19	105.30
PROFIT BEFORE TAX		**162.18**	**28.74**
Tax Expense		-	-
PROFIT AFTER TAX		**162.18**	**28.74**
OTHER COMPREHENSIVE INCOME (OCI)			
A Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plans		(0.79)	(3.65)
TOTAL OTHER COMPREHENSIVE INCOME		**(0.79)**	**(3.65)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**161.39**	**25.09**
Earnings per equity share (Face value of ₹ 10 each) Basic & Diluted (in ₹)	33	0.53	0.09
Significant accounting policies and Key accounting estimates and judgements	1		
See accompanying notes to the financial statements	2-40		

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Industrial Coatings Limited
CIN: U24220MH2001PLC133523

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
7th May, 2021

Jitendra Kalra
Director
DIN: 06677319

Hiral Raja
Director
DIN: 08735226

Radhika Shah
Asst. Company Secretary

Vikram Jain
Chief Financial Officer

Mumbai
7th May, 2021

Statement of Changes in Equity

as on 31 March, 2021

A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

	As at 31.03.2021	As at 31.03.2020
Balance at the beginning of the reporting year	3,045.00	3,045.00
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	3,045.00	3,045.00

B) OTHER EQUITY

(₹ in Lakhs)

	Reserves and Surplus (Retained Earnings)
Balance as at 1st April, 2019	750.61
Additions during the year	
Profit for the year	28.74
Items of Other Comprehensive Income for the year, net of tax	
Remeasurement loss on defined benefit plans	(3.65)
Total Comprehensive Income for the year	25.09
Balance as on 31st March, 2020	**775.70**
Additions during the year	
Profit for the year	162.18
Items of Other Comprehensive Income for the year, net of tax	
Remeasurement loss on defined benefit plans	(0.79)
Total Comprehensive Income for the year	**161.39**
Balance as on 31st March, 2021	**937.09**

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
7th May, 2021

For and on behalf of the Board of Directors of
Asian Paints Industrial Coatings Limited
CIN: U24220MH2001PLC133523

Jitendra Kalra
Director
DIN: 06677319

Hiral Raja
Director
DIN: 08735226

Radhika Shah
Asst. Company Secretary

Vikram Jain
Chief Financial Officer

Mumbai
7th May, 2021

Statement of Cash Flows

for the year ended 31 March, 2021

(₹ in Lakhs)

		As at 31.03.2021	As at 31.03.2020
(A)	**Cash Flow From Operating Activities**		
	Profit before tax	162.18	28.74
	Adjustments for :		
	Depreciation and amortisation expense	160.19	105.30
	Interest income	(24.04)	(23.85)
	Dividend income	-	(50.23)
	Finance costs	0.61	1.27
	Sundry Balances written off	4.50	-
	Sundry balances written back	(15.38)	(13.66)
	Net unrealised foreign exchange loss/(gain)	(13.92)	3.42
	Gain on sale of Property, plant and equipment (net)	(7.67)	(1.89)
	Impairment Loss on asset held for sale	36.18	-
	Operating profit before working capital changes	**302.65**	**49.10**
	Adjustments for :		
	(Increase) / Decrease in trade and other receivables	51.64	(105.41)
	(Increase) in inventories	(26.48)	(2.69)
	Decrease in loans given	3.24	3.06
	Increase in other payables	15.72	42.94
	Cash generated / (used in) Operating activities	**346.77**	**(13.00)**
	Net income tax (paid)/ refund (net)	(26.64)	(30.72)
	Net Cash generated / (used in) Operating activities	**320.13**	**(43.72)**
(B)	**Cash Flow from Investing Activities**		
	(Purchase) of Property, plant and equipment	(185.70)	(711.78)
	Sale of Property, plant and equipment	10.89	1.89
	Term Deposits	-	(12.70)
	Dividend Income	-	50.23
	Interest on term & sundry deposits	-	23.85
	Net Cash (used in) Investing activities	**(174.81)**	**(648.51)**
(C)	**Cash Flow from Financing Activities**		
	Finance costs paid	(0.25)	(0.29)
	Payment of lease liabilities	(7.60)	(7.22)
	Net Cash (used in) Financing activities	**(7.85)**	**(7.51)**
(D)	**Net Increase / (Decrease) in cash and cash equivalents:**	137.47	(699.74)
	Cash and cash equivalents as at 1st April	1,817.26	2,517.00
	Cash and cash equivalents as at 31st March	**1,954.73**	**1,817.26**
	Cash and Cash equivalents comprises of		
	Cash on hand	0.15	0.34
	Balances with Bank:		
	- Current Accounts	382.67	26.09
	- Cash Credit Account	0.26	0.99
	Cash and cash equivalents (Refer Note 11A)	383.08	27.42
	Add: Investment in liquid mutual funds (Refer Note 9)	1,571.65	1,789.84
	Cash and cash equivalents in Cash Flow Statement	**1,954.73**	**1,817.26**

For and on behalf of the Board of Directors of
Asian Paints Industrial Coatings Limited

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
7th May, 2021

For and on behalf of the Board of Directors of
Asian Paints Industrial Coatings Limited
CIN: U24220MH2001PLC133523

Jitendra Kalra
Director
DIN: 06677319

Hiral Raja
Director
DIN: 08735226

Radhika Shah
Asst. Company Secretary

Vikram Jain
Chief Financial Officer

Mumbai
7th May, 2021

Notes To The Financial Statements

for the year ended 31 March, 2021

Company Overview

Asian Paints Industrial Coatings Limited (the 'Company') was incorporated in India under the Indian Companies Act, 1956. The registered office of the Company is located at 6A, Shanti Nagar, Santacruz East, Mumbai – 400055.

The Company has a manufacturing plant at Sarigam, Gujarat and is primarily engaged in toll manufacturing of powder coatings for some of its group companies.

1. Significant Accounting Policies and Key accounting estimates and judgements

1.1. Basis of preparation of financial statements

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

1.2. Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

1.4 Summary of Significant accounting policies

a) Property, plant and equipment

<u>Measurement at recognition:</u>

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of an item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

The Company had elected to consider the carrying value of all its property, plant and equipment appearing in the financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

Capital work in progress and capital advances:

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as other non-current assets.

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the straight line method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimated useful life of items of property, plant and equipment is mentioned below:

Particulars	Years
Factory Buildings	30
Buildings (other than factory buildings)	60
Plant and Equipment	10-20
Scientific research equipment	8
Furniture and Fixtures	8
Office Equipment	5
Information Technology Hardware	4

Freehold land is not depreciated. Leasehold improvements are amortized over the period of the lease.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property plant and equipment (as mentioned below) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used:

- The useful lives of certain plant and equipment are estimated in the range of 10-20 years. These lives are different from those indicated in Schedule II.
- Scientific research equipment are depreciated over the estimated useful life of 8 years, which is higher than the life prescribed in Schedule II.
- Information Technology hardware are depreciated over the estimated useful life of 4 years, which is higher than the life prescribed in Schedule II.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

b) Intangible assets

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Internally generated

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization:

Intangible Assets with finite lives are amortized on a straight line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

Particulars	Years
Computer Software	4

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

The Company had elected to consider the carrying value of all its intangible assets appearing in the financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

c) Impairment

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever event or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense.

Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

d) Revenue recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Rendering of services:

Revenue from rendering services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. Input method is used for measurement of revenue from processing service as it is directly linked to the expense incurred by the Company.

e) Inventory

Stores & spares, components and consumables are carried at lower of cost and net realizable value as these are mainly used for operational purpose. Spares for certain machineries and equipment's are stored by Plant to meet emergency purpose.

Damaged, unserviceable and inert stocks are monitored on a regular basis and in case any item is deemed as not usable, value impact pertaining to such stock is recognized in the books of accounts.

In determining the cost of stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

f) 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.

Financial assets

Initial recognition and measurement:

The Company recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company (refer note 28 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's balance sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset (except as mentioned in ii. above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

<u>Impairment of financial assets:</u>

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables,

ii. Financial assets measured at amortized cost (other than trade receivables),

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii. and iii. above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

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 (i.e., all cash shortfalls), discounted at the original EIR. (Effective interest rate)

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historical observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Financial Liabilities

Initial recognition and measurement:

The Company recognizes a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method (refer note 28 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognized 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 Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

g) Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

h) Foreign Currency Translation

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the exchange rates at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. 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 is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

i) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

Deferred tax assets are recognized only to the extent there is reasonably certainty that the assets can be realized in the future; however, where there is unabsorbed depreciation or carry forward under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

j) Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of 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 recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

k) Measurement of EBITDA

The Company has opted to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the period. The Company measures EBITDA based on profit/(loss) from continuing operations.

l) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of bank overdrafts which are repayable on demand as these form an integral part of the Company's cash management.

m) Employee Benefits

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

I. Defined contribution plans:

Defined contribution plans are Provident fund scheme, Employee state insurance scheme and Government administered pension fund scheme for all applicable employees.

Recognition and measurement of defined contribution plans:

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

II. Defined benefit plans:

i) Gratuity scheme:

Gratuity expense, a defined benefit scheme, is recognized based on contributions to the 'Asian Paints Industrial Coatings Limited Employee Group Gratuity Assurance Scheme' which in turn has taken a 'Group-Gratuity-cum-Life Assurance' policy from Life Insurance Corporation (LIC) of India. Besides the contribution made on the basis of LIC's demand which specifies the contribution to be made on an annual basis, the difference between liability determined on the basis of actuarial valuation done at the year end by an independent actuary and balance available with LIC has also been accrued.

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

Other Long Term Employee Benefits:

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss).

The Company presents this liability as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

n) Leases accounting

Assets taken on lease (As a Lessee):

The Company mainly has lease arrangements for land and warehouse spaces.

The Company assesses whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company has substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group uses an incremental borrowing rate specific to the country, term and currency of the contract. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include Fixed payments, Variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options which the group is reasonable certain to exercise.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets

The company has elected not to recognize right-of-use assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets given on lease:

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Company net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

o) Research and Development

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and intangible assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and Intangible Assets.

p) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

q) Non-current Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets held for sale are not depreciated or amortized.

r) Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowings costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

1.5. Key accounting estimates and judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Income taxes

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (Refer note 27).

b. Property, plant and equipment

Property, plant and equipment is one of the key assets for the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

c. Defined Benefit Obligation

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with IND AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 29, 'Employee benefits'.

d. Right of use assets and lease liability

The Company has applied judgement in determining whether each contract is or contains a lease. This included an assessment about whether the contract depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of that asset. The Company has also exercised judgement in determining the lease term as the non-cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

2 Property, plant and equipment

(₹ in lakhs)

Particulars	Gross Carrying Value				Depreciation				Net Block
	As at 01.04.20	Additions	Adjustment/ Deductions	As at 31.03.21	As at 01.04.20	Additions	Adjustment/Deductions	As at 31.03.21	As at 31.03.21
Buildings	287.21	-	-	287.21	67.47	13.50	-	80.97	206.24
Plant and Equipment	1,124.41	462.22	(16.45)	1,570.18	325.42	132.49	(13.23)	444.68	1,125.50
Scientific Research :	-								
Buildings	5.81	6.19	-	12.00	1.45	0.41	0.01	1.87	10.13
Equipment	42.79	0.62	(0.01)	43.40	26.96	2.42	(0.01)	29.37	14.03
Furniture and Fixtures	8.81	-	0.04	8.85	4.26	0.97	0.04	5.27	3.58
Office Equipment	11.79	2.58	0.02	14.39	5.91	2.01	0.02	7.94	6.45
Information Technology Hardware	7.91	0.62	-	8.53	2.49	1.78	-	4.27	4.26
Total	**1,488.73**	**472.23**	**(16.40)**	**1,944.56**	**433.96**	**153.58**	**(13.17)**	**574.37**	**1,370.19**

(₹ in lakhs)

Particulars	Gross Carrying Value				Depreciation				Net Block
	As at 01.04.19	Additions	Adjustment/ Deductions	As at 31.03.20	As at 01.04.19	Additions	Adjustment/Deductions	As at 31.03.20	As at 31.03.20
Buildings	287.21	-	-	287.21	53.98	13.49	-	67.47	219.74
Plant and Equipment	713.74	412.20	(1.53)	1,124.41	251.23	75.71	(1.52)	325.42	798.99
Scientific Research :									
Buildings	5.81	-	-	5.81	1.16	0.29	-	1.45	4.36
Equipment	27.03	15.76	-	42.79	21.70	5.26	-	26.96	15.83
Furniture and Fixtures	5.95	2.86	-	8.81	3.48	0.78	-	4.26	4.55
Office Equipment	9.35	2.44	-	11.79	4.17	1.74	-	5.91	5.88
Information Technology Hardware	2.53	5.38	-	7.91	1.19	1.30	-	2.49	5.42
Total	**1,051.62**	**438.64**	**(1.53)**	**1,488.73**	**336.91**	**98.57**	**(1.52)**	**433.96**	**1,054.77**

3 Right of use assets

(₹ in lakhs)

Particulars	Gross Carrying Value			Amortisation			Net Block
	As at 01.04.20	Additions	As at 31.03.21	As at 01.04.20	Charge for the period	As at 31.03.21	As at 31.03.21
Building	19.93	-	19.93	13.53	6.40	19.93	-
Leasehold Land	10.88	-	10.88	0.74	0.14	0.88	10.00
Total	**30.81**	**-**	**30.81**	**14.27**	**6.54**	**20.81**	**10.00**

(₹ in lakhs)

Particulars	Gross Carrying Value			Amortisation			Net Block
	As at 01.04.19	Additions	As at 31.03.20	As at 01.04.19	Charge for the period	As at 31.03.20	As at 31.03.20
Building	19.93	-	19.93	7.13	6.40	13.53	6.40
Leasehold Land	10.88	-	10.88	0.59	0.15	0.74	10.14
Total	**30.81**	**-**	**30.81**	**7.72**	**6.55**	**14.27**	**16.54**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

4 Intangible assets (acquired seperately)

(₹ in lakhs)

Particulars	Gross Carrying Value				Amortisation				Net Block
	As at 01.04.20	Addi-tions	Deduc-tions	As at 31.03.21	As at 01.04.20	Addi-tions	Deduc-tions	As at 31.03.21	As at 31.03.21
Computer Software	0.80	5.73	-	6.53	0.80	0.07	-	0.87	5.66
Total Intangible Assets	**0.80**	**5.73**	**-**	**6.53**	**0.80**	**0.07**	**-**	**0.87**	**5.66**

(₹ in lakhs)

Particulars	Gross Carrying Value				Amortisation				Net Block
	As at 01.04.19	Addi-tions	Deduc-tions	As at 31.03.20	As at 01.04.19	Addi-tions	Deduc-tions	As at 31.03.20	As at 31.03.20
Computer Software	0.80	-	-	0.80	0.62	0.18	-	0.80	-
Total Intangible Assets	**0.80**	**-**	**-**	**0.80**	**0.62**	**0.18**	**-**	**0.80**	**-**

5 Loans

(₹ in lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Unsecured and Considered good:				
(a) Sundry Deposits	50.55	48.06	-	3.25
TOTAL	**50.55**	**48.06**	**-**	**3.25**

6 Other financial assets

(₹ in lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Term deposits held as margin money against bank guarantee and other commitments	153.57	146.76	-	-
TOTAL	**153.57**	**146.76**	**-**	**-**

7 Current tax assets (net)

(₹ in lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Advance payment of income tax (Net)	213.42	205.49	-	-
TOTAL	**213.42**	**205.49**	**-**	**-**

8 Other assets

(₹ in lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Capital Advances	0.50	27.99	-	-
(b) Advances other than capital advances				
(i) Balances with government authorities				
- Sales tax credit receivable	168.13	168.13	-	-
- Goods and service tax credit receivable	-	-	6.68	47.58
- TDS receivable	-	-	-	5.50
(ii) Advances/claims recoverable in cash or in kind	-	-	15.60	66.71
(iii) Advances to employees	-	-	6.80	5.32
(iv) Prepaid expenses	2.89	1.43	11.34	7.08
(v) Refund receivable	-	-	0.30	0.30
TOTAL	**171.52**	**197.55**	**40.72**	**132.49**

9 Inventories

(₹ in lakhs)

	Current	
	As at 31.03.2021	As at 31.03.2020
(At lower of cost and net realisable value)		
Stores and spares	89.94	63.45
TOTAL	**89.94**	**63.45**

10 Current investments

(₹ in lakhs)

	Current	
	As at 31.03.2021	As at 31.03.2020
Investments in Quoted Mutual Funds measured at FVTPL		
Investments in Liquid Mutual Funds	1,571.65	1,789.84
Total Quoted Current Investment	**1,571.65**	**1,789.84**
Aggregate amount of quoted investments at Cost	1,469.54	1,738.59
Aggregate amount of quoted investments at Market value	1,571.65	1,789.84

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

11 Trade receivables

(₹ in lakhs)

	Current	
	As at 31.03.2021	As at 31.03.2020
Trade receivables		
(a) Unsecured, considered good (Refer Note 31)	170.15	134.83
(b) Unsecured, considered doubtful	68.76	68.15
	238.91	**202.98**
Less - Allowance for unsecured doubtful debts	(68.76)	(68.15)
TOTAL	**170.15**	**134.83**

12 Cash and bank balances

(₹ in lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(A) Cash and Cash equivalent				
(a) Balances with banks :				
(i) Current Accounts	-	-	382.67	26.09
(ii) Cash Credit Accounts	-	-	0.26	0.99
(b) Cash on hand	-	-	0.15	0.34
TOTAL	**-**	**-**	**383.08**	**27.42**
(B) Other Bank Balances				
(i) Term deposit with original maturity for more than 3 months but less than 12 months	-	-	196.24	185.82
(ii) Term deposit held as margin money against bank guarantee and other commitments	153.57	146.76	-	-
	153.57	**146.76**	**196.24**	**185.82**
Amount included under the head "Other Financial Assets"	**(153.57)**	**(146.76)**	**-**	**-**
TOTAL	**-**	**-**	**196.24**	**185.82**

13 Assets classified as held for sale

(₹ in lakhs)

	Current	
	Carrying Value As at 31.03.2021	Carrying Value As at 31.03.2020
Freehold Land	49.11	49.11
Building	-	36.18
TOTAL	**49.11**	**85.29**

Notes to the Financial Statements (Contd.)

The Company intends to dispose off freehold land and building situated in Baddi as it no longer intends to utilise in the next 12 months. A search is underway for a buyer. Impairment loss of ₹ 36.18 lakhs towards building was recognised during the year.

14 Equity share capital

(₹ in lakhs)

	As at 31st Mar, 2021
Authorised	
33,000,000 (Previous year 33,000,000) Equity Shares of ₹10/- each	3,300.00
	3,300.00
Issued, Subscribed and Paid up capital	
30,450,000 (Previous year 30,450,000)Equity Shares of ₹10/- each fully paid	3,045.00
	3,045.00

a) Reconciliation of the number of share outstanding at the beginning and at the end of the year

	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Fully paid Equity Shares				
At the beginning of the year	30,450,000	3,045.00	30,450,000	3,045.00
Add : Issued during the year	-	-	-	-
At the end of the year	**30,450,000**	**3,045.00**	**30,450,000**	**3,045.00**

b) Details of Shareholders Holding more than 5% equity shares in the company #

	As at 31.03.2021		As at 31.03.2020	
	No. of Equity Shares	Percentage Holding	No. of Equity Shares	Percentage Holding
Asian Paints Limited (Holding Company) and its nominees	30,450,000	100%	30,450,000	100%

As per the records of the company, including its register of members

c) Terms/rights attached to shares

The Company has only one class of shares i.e. equity having par value of ₹ 10/- Per share. The shareholders have voting rights in the proportion of their shareholding. The shareholders are entitled to dividend, if declared and paid by the Company. In the event of liquidation, these shareholders are entitled to receive remaining assets of the Company after distribution of all preferential amount if any, in the proportion of their shareholding.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

15 Other equity

(₹ in lakhs)

Particulars	Reserves and Surplus Retained earnings
Balance as at 1st April, 2019	750.61
Additions during the year	
Profit for the year	28.74
Items of Other Comprehensive Income for the year, net of tax	
Remeasurement loss on defined benefit plans	(3.65)
Total Comprehensive Income for the year	**25.09**
Balance as on 31st March,2020	**775.70**
Additions during the year	
Profit for the year	162.18
Items of Other Comprehensive Income for the year, net of tax	
Remeasurement loss on defined benefit plans	(0.79)
Total Comprehensive Income for the year	**161.39**
Balance as on 31st March, 2021	**937.09**

16 Lease liabilities

(₹ in lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Lease liabilities	-	-	-	7.24
TOTAL	**-**	**-**	**-**	**7.24**

17 Provisions

(₹ in lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Provision for Employee Benefits (Refer Note 29)				
Provision for Compensated Absences	53.00	39.76	10.75	6.76
Provision for Gratuity	169.37	152.35	21.41	13.55
	222.37	**192.11**	**32.16**	**20.31**
(b) Other (Refer Note 31)				
Provisions for Central Sales Tax /VAT/ Excise	-	-	31.06	31.06
Provisions for defect in processing	-	-	-	34.55
	-	-	31.06	65.61
TOTAL	**222.37**	**192.11**	**63.22**	**85.92**

18 Other financial liabilities

(₹ in lakhs)

	Current	
	As at 31.03.2021	**As at 31.03.2020**
Payable towards capital expenditure	77.64	32.98
Payable towards services received	38.95	55.22
Payable towards stores spares & consumables	32.89	50.18
Payable to employees	78.53	57.21
Deposits - Others	1.35	1.35
Payable towards other expenses	35.77	36.39
TOTAL	**265.13**	**233.33**

19 Other current liabilities

(₹ in lakhs)

	Current	
	As at 31.03.2021	**As at 31.03.2020**
Statutory Payables		
Payable towards Provident Fund and Profession tax	3.89	5.99
Payable towards Tax Deducted at Source	4.24	5.13
TOTAL	**8.13**	**11.12**

20 Current tax liabilities (net)

(₹ in lakhs)

	Current	
	As at 31.03.2021	**As at 31.03.2020**
Provision for Income Tax (Net)	3.37	29.76
TOTAL	**3.37**	**29.76**

21 Revenue from operations

(₹ in lakhs)

	Year 2020-21	**Year 2019-20**
Revenue from Contract with Customers disaggregated based on nature of service		
(A) Revenue from sale of services		
Processing income (Refer Note 32)	1,549.97	1,412.05
Total	**1,549.97**	**1,412.05**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

(₹ in lakhs)

	Year 2020-21	Year 2019-20
(B) Other operating revenues		
Scrap sales	24.24	12.78
Total	**24.24**	**12.78**
TOTAL (A+B)	**1,574.21**	**1,424.83**

The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 days. There is no significant financing component in any transaction with the customers.

There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

22 Other income

(₹ in lakhs)

		Year 2020-21	Year 2019-20
(a)	**Interest Income**		
	Financial assets carried at amortised cost	24.04	23.85
(b)	**Dividend Income**		
	Dividends from mutual fund investments measured at FVTPL	-	50.23
(c)	**Other non-operating Income**		
	Sundry balances written back	15.38	13.66
	Gain on financial assets recognised at FVTPL (Including sale)	61.31	55.42
(d)	**Other gains and losses**		
	Gain on sale of Property, plant and equipment	7.67	1.89
	Exchange Gain (Net)	13.92	-
TOTAL		**122.32**	**145.05**

23 Employee benefits expense

(₹ in lakhs)

	Year 2020-21	Year 2019-20
Salaries and wages	653.49	561.09
Contribution to provident and other funds (Refer Note 29)	65.60	60.25
Staff welfare expenses	12.78	13.92
TOTAL	**731.87**	**635.26**

24 Other expenses

(₹ in lakhs)

	Year 2020-21	Year 2019-20
Consumption of stores and spare parts	91.06	93.97
Power and fuel	206.14	258.86
Repairs and maintenance:		
Buildings	28.66	39.20
Machinery	19.71	84.10
Others	7.51	11.25
	55.88	**134.55**
Rent*	0.66	9.39
Rates and taxes	0.23	2.01
Water charges	6.55	7.26
Insurance	27.47	18.03
Printing, stationery and communication expenses	3.70	4.13
Travelling expenses	3.98	11.07
Payment to auditors (Refer Note 35)	4.68	4.71
Bank charges	0.77	1.66
Legal and professional expenses	9.69	66.89
Training and recruitment	-	5.78
Factory laboratory expenses	11.63	5.50
Machinery cleaning expenses	99.00	110.54
Safety and security expenses	61.29	48.84
Sundry balances written off	4.50	-
Miscellaneous expenses	17.66	12.70
Allowance for doubtful debts	0.61	-
Impairment of Asset Held for sale	36.18	-
Exchange Loss (Net)	-	3.42
TOTAL	**641.68**	**799.31**

*Expense relating to short-term leases is nil (Previous year 8.05 Lacs) and leases of low value assets amounts to 0.66 Lacs (Previous year 1.34 Lacs)

25 Finance costs

(₹ in lakhs)

	Year 2020-21	Year 2019-20
Interest		
Interest on lease liability	0.36	0.98
Interest on other items	0.25	0.29
TOTAL	**0.61**	**1.27**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

26 Depreciation and amortisation expense

(₹ in lakhs)

	Year 2020-21	Year 2019-20
Depreciation of property, plant and equipment (Refer Note 2)	153.58	98.57
Amortisation of Intangible assets (Refer Note 4)	0.07	0.18
Amortisation on RoU Assets (Refer Note 3)	6.54	6.55
TOTAL	**160.19**	**105.30**

27 Income taxes

A. As per the relevant provisions of the Income Tax Act, 1961, the Company is not required to make provision towards Income tax because of brought forward losses.

B. The major components of deferred tax (liabilities)/assets arising on account of temporary differences as at 31st March, 2021 are as follows:

(₹ in lakhs)

	Balance Sheet 31-03-2021	Profit and loss 31-03-2021
Difference between Written Down Value of fixed assets as per the books of accounts and Income Tax Act,1961	(64.68)	-
Expenses claimed for tax purposes on payment basis	43.27	-
Others (Fair valuation gain, etc)	(50.86)	
Losses carried forward under Income Tax Act, 1961	1,070.57	-
Deferred tax asset (net of liability) not recognised*	998.30	-
Deferred tax expense	**-**	**-**

(₹ in lakhs)

	Balance Sheet 31-03-2021	Profit and loss 31-03-2021
Difference between Written Down Value of fixed assets as per the books of accounts and Income Tax Act,1961	(19.98)	-
Expenses claimed for tax purposes on payment basis	32.68	-
Others (Fair valuation gain, etc)	(63.02)	
Losses carried forward under Income Tax Act, 1961	1,099.71	-
Deferred tax asset (net of liability) not recognised*	1,049.39	-
Deferred tax expense	**-**	**-**

*Deferred tax asset is recognized only to the extent of deferred tax liability. The remaining deferred tax asset is not recognized as it is not considered to be probable of realization.

The Company has the following unused tax losses under the Income Tax Act, 1961, for which no deferred tax asset has been recognised in the Balance Sheet.

As at 31st March 2021

(₹ in lakhs)

Financial Year	Business Loss	Expiry Date	Depreciation	Expiry Date	Total
2012-2013	8.29*	FY 2020 - 21	104.83**	NA	113.12
2013-2014	45.50	FY 2021 - 22	96.80	NA	142.30
2014-2015	26.36	FY 2022 - 23	87.15	NA	113.51
2015-2016	9.86	FY 2023 - 24	77.89	NA	87.75
2016-2017	58.80	FY 2024 - 25	84.82	NA	143.62
2017-2018	29.68	FY 2025 - 26	88.71	NA	118.39
2018-2019	33.17	FY 2026 - 27	174.54	NA	207.71
2019-2020	-	FY 2027 - 28	144.17	NA	144.17

* includes capital loss of ₹ 8.29 Lakhs.

**Unabsorbed depreciation is adjusted for the Short Term Capital Gain of FY 2020-21

As at 31st March 2020

(₹ in lakhs)

Financial Year	Business Loss	Expiry Date	Depreciation	Expiry Date	Total
2012-2013	10.34*	FY 2020 - 21	107.76**	NA	118.10
2013-2014	134.87	FY 2021 - 22	96.80	NA	231.67
2014-2015	26.36	FY 2022 - 23	87.15	NA	113.51
2015-2016	9.86	FY 2023 - 24	77.89	NA	87.75
2016-2017	58.80	FY 2024 - 25	84.82	NA	143.62
2017-2018	29.68	FY 2025 - 26	88.71	NA	118.39
2018-2019	33.17	FY 2026 - 27	173.87	NA	207.04
2019-2020	-	FY 2027 - 28	79.62	NA	79.62

* includes capital loss of ₹ 8.29 Lakhs.

**Unabsorbed depreciation is adjusted for the loss for FY 2019-2020

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

28(A) Catergory-wise classification of financial instruments

(₹ in lakhs)

	Non-Current As at 31.03.2021	Current As at 31.03.2021	Non-Current As at 31.03.2020	Current As at 31.03.2020
Financial assets measured at fair value through profit and loss				
Quoted investments in Mutual Funds (Refer Note 10)	-	1,571.65	-	1,789.84
	-	**1,571.65**	**-**	**1,789.84**
Financial assets measured at amortised cost				
Trade receivables (Refer Note 11)	-	170.15	-	134.83
Cash and Cash Equivalents (Refer Note 12A)	-	383.08	-	27.42
Other Bank Balances (Refer Note 12B)	-	196.24	-	185.82
Term deposits held as margin money against bank guarantee and other commitments (Refer Note 6)	153.57	-	146.76	-
Sundry Deposits (Refer Note 5)	50.55	-	48.06	3.25
	204.12	**749.47**	**194.82**	**351.32**
Financial liabilities recognised at amortised cost				
Payable towards capital expenditure (Refer Note 18)	-	77.64	-	32.98
Payable towards services received (Refer Note 18)	-	38.95	-	55.22
Payable towards stores spares and consumables (Refer Note 18)	-	32.89	-	50.18
Payable to employees (Refer Note 18)	-	78.53	-	57.21
Deposits - Others (Refer Note 18)	-	1.35	-	1.35
Payable towards other expenses (Refer Note 18)	-	35.77	-	36.39
Lease liabilities (Refer Note 16)	-	-	-	7.24
	-	**265.13**	**-**	**240.57**

28 (B) Fair value measurements

(i) The following table provides the fair value measurement hierarchy of the Company's financial assets and financial liabilities:

As at 31st March, 2021

(₹ in lakhs)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2021	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit and loss				
Quoted investments in mutual funds (Refer Note 10)	1,571.65	1,571.65	-	-

As at 31st March, 2020

(₹ in lakhs)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2021	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit and loss				
Quoted investments in mutual funds (Refer Note 10)	1,789.84	1,789.84	-	-

(ii) The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

28 (C) Financial risk management - objectives and policies

The Company's financial liabilities comprise mainly of other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The management has been continuously monitoring the risks that the Company was exposed to due to outbreak of COVID 19 and has taken all necessary actions to mitigate the risks identified basis the information and situation present.

The following disclosures summarize the Company's exposure to financial risks. Quantitative sensitivity analyses have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include investments, trade payables, trade receivables & other receivables.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has no borrowings, there is no exposure to risk of changes in market interest rates.

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Since the Company has insignificant foreign currency transactions, exposure to the risk of changes in foreign currency rate is minimal.

The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

(₹ in lakhs)

Currency	Liabilities		Assets	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
USD	2.84	25.48	-	-
EUR	1.93	-	-	-
GBP	0.11	-	-	-
CHF	7.15	-	-	-

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

The above table represents total exposure of the Company towards foreign exchange denominated assets and liabilities. None of the exposures have been hedged during the current year or previous year.

The Company is mainly exposed to changes in USD, EURO, GBP and CHF. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD, EURO, GBP and CHF against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of the reasonably possible change in foreign exchange rate.

(₹ in lakhs)

Change in foreign currency rate	Effect on profit after tax		Effect on total equity	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
5% (USD)	0.14	1.27	0.14	1.27
-5% (USD)	(0.14)	(1.27)	(0.14)	(1.27)
5% (EUR)	0.10	-	0.10	
-5% (EUR)	(0.10)	-	(0.10)	
5% (GBP)	0.01	-	0.01	
-5% (GBP)	(0.01)	-	(0.01)	
5% (CHF)	0.36	-	0.36	-
-5% (CHF)	(0.36)	-	(0.36)	-

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, other balances with banks, loans and other receivables.

The Company's counterparties are limited to one of it's fellow subsidiaries and associate of the holding company. Therefore the credit risk arising from Trade Receivables is limited.

Credit risk arising from investment in mutual funds and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

3) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in lakhs)

Financial Year	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying Value
As at 31st March, 2021					
Lease Liabilities (Refer Note 16)	-	-	-	-	-
Other financial liabilities (Refer Note 18)	265.13	-	-	265.13	265.13
As at 31st March, 2020					
Lease Liabilities (Refer Note 16)	7.61	-	-	7.61	7.24
Other financial liabilities (Refer Note 18)	233.33	-	-	233.33	233.33

The Company does not have any derivative financial liabilities.

28 (E) Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2021, the Company has only one class of equity shares and has no debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

29 Employee benefits

1) Post-employment benefits :

The Company has the following post-employment benefit plans:

a) Defined benefit gratuity plan (Funded)

The Company has defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund which is managed by Life Insurance Corporation of India (LIC). It is governed by the Payment of Gratuity Act, 1972 ("Act"). Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The Board of Trustees of the fund is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India.

The plan mentioned above typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Investment Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at 31st March 2021 by Mr. Saket Singhal, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit or Loss and the funded status and amounts recognised in the balance sheet for gratuity plans:

(₹ in lakhs)

	Particulars	**Gratuity (Funded Plan) As at 31.03.2021**	**Gratuity (Funded Plan) As at 31.03.2020**
(i)	Opening defined benefit obligation	169.73	156.25
(ii)	Current service cost	14.91	13.67
(iii)	Interest cost	11.43	12.15
(iv)	Past Service Cost	-	-
(v)	**Sub-total included in Statement of Profit and Loss(ii+iii+iv)**	**26.34**	**25.82**
(vi)	Actuarial gain/(loss) from :		
	Financial assumptions	1.15	7.10
	Demographic assumptions	-	(0.97)
	Experience adjustment	(1.87)	(3.58)
(vii)	**Sub-total included in Other Comprehensive Income(vi)**	**(0.72)**	**2.55**
(viii)	Benefits paid	(3.25)	(15.24)
(ix)	Acquisition/Business Combinations/Divestiture	-	0.35
(x)	**Closing defined benefit obligation(i+v+vii+viii)**	**192.10**	**169.73**
(xi)	**Opening fair value of plan assets**	**3.83**	**9.45**
(xii)	Expected return on plan assets	0.26	0.72
(xiii)	**Sub-total included in Statement of Profit and Loss(xi)**	**0.26**	**0.72**
(xiv)	Return on plan assets	(1.51)	(1.10)
(xv)	**Sub-total included in Other Comprehensive Income(xiii)**	**(1.51)**	**(1.10)**
(xvi)	Contributions by employer	2.00	10.00
(xvii)	Benefits paid	(3.25)	(15.24)
(xviii)	**Closing fair value of plan assets(x+xii+xiv+xv+xvi)**	**1.33**	**3.83**
(xix)	**Net Liability (x-xvii)**	**190.77**	**165.90**
	Expense recognised in:		
(xx)	**Statement of Profit and Loss(v-xii)**	**26.08**	**25.10**
(xxi)	**Statement of Other Comprehensive Income(vii-xiv)**	**0.79**	**3.65**

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

(₹ in lakhs)

Particulars	Gratuity (Funded Plan) As at 31.03.2021	Gratuity (Funded Plan) As at 31.03.2020
Discount Rate	6.94%	6.71%
Salary Escalation Rate	For First Year: 10% For Second Year: 9% Thereafter: 8%	For First 2 years: 9% Thereafter: 8%

Demographic Assumptions

(₹ in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	Workmen: 5%, Others: 13%	Workmen: 5%, Others: 13%
Retirement Age	58 Years	58 Years

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in lakhs)

Particulars	Gratuity (Funded Plan) As at 31.03.2021	Gratuity (Funded Plan) As at 31.03.2020
Defined Benefit Obligation - Discount Rate + 100 basis points	(14.56)	(13.28)
Defined Benefit Obligation - Discount Rate - 100 basis points	15.17	13.55
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	10.99	9.76
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(10.05)	(9.04)

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.69 years (Previous Year: 11.78 years).

The Company expects to make a contribution of ₹ 206.06 Lakhs (Previous Year: ₹ 180.80 lakhs) to the defined benefit plans during the next financial years.

b) Defined Contribution plan:

Provident Fund

Provident Fund contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Statement of Profit and Loss of ₹ 18.95 Lacs (Previous year ₹ 16.45 Lacs) as and when employee renders service to the Company. In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan.

c) Other Long term employee benefits:

Annual Leave and Sick Leave assumptions

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2021 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase by ₹ 17.23 Lakhs. (Previous Year there was an increase in liability by ₹ 4.05 lakhs)

Financial Assumptions

(₹ in lakhs)

Particulars	**As at 31.03.2021**	**As at 31.03.2020**
Discount Rate	6.94%	6.71%
Basic salary increases allowing for Price inflation	For First Year: 10% For Second Year: 9% Thereafter: 8%	For First 2 Years: 9% Thereafter 8%

(₹ in lakhs)

Particulars	**As at 31.03.2021**	**As at 31.03.2020**
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	Workmen: 5%, Others: 13%	Workmen: 5%, Others: 13%
Leave Availment Ratio	4%	4%

30 Contingent liabilities and commitments:

(i) Contingent Liabilities

(₹ in lakhs)

	As at 31.03.2021	As at 31.03.2020
Claims against the company not acknowledged as debts*		
1. Sales Tax/VAT matters in dispute under appeal	296.41	296.41
2. Income Tax matters in dispute	107.18	126.12
Total	**403.59**	**422.53**

* The Company is confident of successfully contesting the above disputed matters which are in appeals and does not expect the liability to crystallise. No cash outflow is expected.

(ii) Commitments

(₹ in lakhs)

	As at 31.03.2021	As at 31.03.2020
1. Bank Guarantees issued by bankers	75.13	75.13
2. Estimated amount of contracts remaining to be executed on capital account and not provided towards Property, plant and equipment.	22.86	80.56
Total	97.99	155.69

31 Pursuant to the Accounting Standard (IND AS-37) – Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March, 2020 is as follows:

(₹ in lakhs)

	Provision for defect in processing		Provision for Sales Tax/VAT/ Excise	
	2020-21	2019-20	2020-21	2019-20
Opening Balance	34.55	45.40	31.06	31.06
Additions	-	-	-	-
Utilizations	(34.55)	-	-	-
Reversals	-	(10.85)	-	-
Closing Balance	**-**	**34.55**	**31.06**	**31.06**

32 INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS – 24 ON RELATED PARTY DISCLOSURES FOR THE YEAR ENDED MARCH 31, 2021

a) Holding Company (Control exists):

Asian Paints Limited

b) Associate of Holding Company:

PPG Asian Paints Private Limited

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

c) **Fellow Subsidiaries:**

Asian Paints PPG Private Limited

d) **Other entities where significant influence exists Post-employment benefit plan entity:**

Asian Paints Industrial Coatings Limited Employees' Gratuity Fund

e) **Transactions with Related Parties during the year :**

Transactions with Holding Company:

(₹ in lakhs)

Nature of Transactions	2020-21	2019-20
Reimbursement received	-	0.93
Admin Fees	2.83	2.83
Purchase of Fixed Asset	0.41	-

Transactions with Associate of Holding Company:

(₹ in lakhs)

Nature of Transactions	2020-21	2019-20
Processing Income (Including GST)	42.03	22.45

Transaction with Fellow Subsidiary Companies:

(₹ in lakhs)

Nature of Transactions	Name of Party	2020-21	2019-20
Processing Income (Including GST)	Asian Paints PPG Limited	1,697.66	1,606.93
Sale of Scrap	Asian Paints PPG Limited	13.48	-

Transaction with Post-employment benefit plan entity:

(₹ in lakhs)

Nature of Transactions	Name of Party	2020-21	2019-20
Payment on behalf of Fund	Asian Paints Industrial Coating Limited Employees' Gratuity Fund	3.24	-

f) Outstanding at the end of the year:

(₹ in lakhs)

Nature of Relationship	2020-21 Receivable	2020-21 Payable	2019-20 Receivable	2019-20 Payable
Holding Company	0.93	5.24	0.93	2.59
Fellow Subsidiary Company (Asian Paints PPG Private Limited)	154.39	-	130.88	-
Associate of Holding Company	14.59	-	1.73	34.55

g) Terms and conditions of transactions with related parties

The sales of services to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payables.

33 Earnings per share (eps)

(₹ in lakhs)

Particulars	2020-21	2019-20
Basic and Diluted Earnings per share in rupees (Face Value ₹ 10 per share)	0.53	0.09
Profit after tax as per Statement of Profit and Loss (₹ in Lakhs)	162.18	28.74
Weighted average number of equity shares outstanding during the year	30,450,000	30,450,000

Earning per share is calculated by dividing the Profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

34 Segment reporting

The Company's business constitutes of processing of powder coatings which is a single business segment in the context of IND AS 108 – Operating Segments. Accordingly, no segmental information is disclosed. For information regarding major customers being related parties, Refer Note 32.

35 Payments to auditors (excluding taxes):

(₹ in lakhs)

Particulars	2020-21	2019-20
Statutory audit fee	2.85	2.85
Tax audit fee	1.50	1.50
For other services	0.29	0.25
For reimbursement of expenses	0.04	0.11
Total	**4.68**	**4.71**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

36 The company has incurred following expenditure on research and developments:

(₹ in lakhs)

Particulars		2020-21	2019-20
a.	**Revenue Expenditure**		
	Employee cost	102.88	82.12
	Materials Consumed	-	0.45
	Repairs and Maintenance	4.83	1.44
	Testing and Laboratory expenditure	4.66	2.43
	Travelling Expenditure	1.87	4.05
	Depreciation and amortisation	2.83	5.55
	Others	0.19	51.85
		117.26	**147.89**
b.	**Capital Expenditure**	6.81	15.76
Total (a+b)		**124.07**	**163.65**

37 Disclosure under the micro, small and medium enterprises development act, 2006 are provided as under for the year 2020-21, to the extent the company has received intimation from the "suppliers" regarding their status under the act.

(₹ in lakhs)

Particulars		2020-21	2019-20
(i)	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year		
	Principal amount due to micro and small enterprise	10.61*	12.77
	Interest due on above	-	-
(ii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
(v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

*Represents Amount Payable towards Other Financial Liabilities

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

38 Changes in liabilities arising from financial activities

(₹ in lakhs)

Particulars			Non-cash changes		
	As at 31.03.2020	Cash Flow	Fair Value Changes	Additions	As at 31.03.2021
Lease Liabilities	7.24	(7.60)	0.36	-	-

(₹ in lakhs)

Particulars			Non-cash changes		
	As at 01.04.2019	Cash Flow	Fair Value Changes	Additions	As at 31.03.2020
Lease Liabilities	13.48	(7.22)	0.98	-	7.24

39 The Company has evaluated the impact of the prevailing situation of COVID-19 pandemic on its financial statements. Based on the assessment performed, including on the liquidity position, no material adjustments are required in the financial statements as at 31st March, 2021.

40 The financial statements are approved for issue by the Board of Directors at its meeting held on 7th May, 2021.

SLEEK INTERNATIONAL PRIVATE LIMITED

BOARD OF DIRECTORS

1.	Shri Pangulury Mohan Murty	Independent Director
2.	Shri Pragyan Kumar	Non Executive Director
3.	Shri Parag Rane	Non Executive Director
4.	Shri Shyam Swamy	Non Executive Director

AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W-100018)

REGISTERED OFFICE

301/302, G Wing, 3rd Floor, Lotus Corporate Park, Graham Firth Compound, W. E. Highway, Goregaon (East), Mumbai - 400063

BANKERS

Bank of America
Express Towers, 18th Floor, Nariman Point,
Mumbai-400021

ICICI Bank Limited
ICICI Centre, 163, H.T. Parekh Marg, Reclamation,
Churchgate, Mumbai-400020

CITI Bank Limited
Ground Floor, Barrister Rajni Patel Marg,
Nariman Point, Mumbai, 400021

Contents

Board's Report

Dear Members,
Sleek International Private Limited

Your Directors have pleasure in presenting the 29th (Twenty Ninth) Annual Report of your Company and the Audited financial statements for the financial year ended 31st March, 2021.

Financial results

The financial performance of your Company for the year ended 31st March, 2021 is summarized below:

(₹ in Lakhs)

Particulars	2020-21	2019-20
Revenue From Operations	26,454.35	23,825.33
Other Income	207.36	45.69
Total Revenue	26,661.71	23,871.02
Expenses	27,612.72	26,802.25
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	(951.01)	(2,931.23)
Less: Finance Costs	374.05	305.74
Less: Depreciation and Amortisation Expense	783.80	864.35
Profit / (Loss) before Tax	**(2,108.86)**	**(4,101.32)**
Tax Expenses	-	-
Profit / (Loss) after Tax	**(2,108.86)**	**(4,101.32)**
Other Comprehensive Income	(16.97)	(30.76)
Total Comprehensive Income	**(2,125.83)**	**(4,132.08)**

Overview of company's performance and state of affairs

During the financial year 2020-21, revenue from operations on standalone basis increased to ₹ 26,454.35 lakhs as against ₹ 23,825.33 lakhs in previous year – growth of 11.03%. The Company incurred loss of ₹ 2,125.83 lakhs in FY 2020-21 as against a loss of ₹ 4,132.08 lakhs in the previous year.

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year 2020-21 and the date of this report. There is no change in the nature of business in FY 2020-21.

Industrial relations

The Company has always considered its workforce as its valuable asset and continues to invest in their excellence and development programs. The industrial relations of the Company remained cordial and peaceful.

Share capital

The paid up Equity Share Capital as on 31st March, 2021 was ₹ 20,42,730/- (Rupees Twenty Lakhs Forty Two Thousand Seven Hundred and Thirty Only). During the year under review, the Company has not issued shares with differential voting rights nor granted stock options or sweat equity.

Dividend

During the year under review, the Board of Directors has not recommended dividend on equity shares.

Transfer to reserves

During the year under review, the Company has not transferred any amount to General Reserve of the Company.

Subsidiary status

The Company continues to be a Wholly Owned Subsidiary of Asian Paints Limited. The Company doesn't have any Subsidiary, Associates or Joint Ventures.

Directors

The Board of Directors of the Company has been validly constituted as per Section 149 of the Companies Act, 2013 and corresponding Rules thereunder.

Change in Directorate

- Shri Pragyan Kumar (DIN: 06641187) was appointed as Chairman of the Company in the meeting of the Board held on 29th May, 2020.
- Shri Parag Rane (DIN: 08723015) was appointed as a Non-Executive Director of the Company in the Annual General Meeting held on 20th July, 2020.
- Shri Shyam Swamy (DIN: 08736211) was appointed as a Non-Executive Director of the Company in the Annual General Meeting held on 20th July, 2020.
- In accordance with Section 152 of the Companies Act, 2013, Shri Parag Rane (DIN: 08723015), Director, retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment as a Director of the Company.
- Shri Pangulury Murty (DIN: 00011179) was re-appointed as Independent Director of the Company with effect from 12th October, 2020 for another term of 2 (Two) consecutive years till 11th October, 2022 pursuant to Special Resolution passed in the Extra-Ordinary General Meeting held on 15th September, 2020.

Statement on Declaration given by Independent Directors

A declaration as prescribed under Section 149(7) of the Companies Act 2013 (the Act) has been received from Shri Pangulury Murty, Independent Director, stating that he meets the criteria of independence as prescribed under Section 149(6) of the Act.

Further, the Company has also received a declaration from him under Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014 (the Rules) stating that he has renewed his registration with the Independent Director's Databank maintained by the Indian Institute of Corporate Affairs and that he is in compliance with Rule 6(1) and Rule 6(2) of the Rules.

Directors' responsibility statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

a. in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable Accounting Standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;

b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2021 and of the loss of the company for the financial year ended 31st March, 2021;

c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a going concern basis;

e. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Meetings of the board:

During the financial year ended 31st March, 2021, Five (5) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed one hundred and twenty days.

The dates of the Board meetings are as under:

Date(s) on which meeting(s) were held		
1.	29th May 2020	5. 17th March 2021
2.	18th July 2020	
3.	17th October 2020	
4.	15th January 2021	

Management Discussion and Analysis

Industry overview

The modular kitchen solutions market comprises hardware, cabinets, accessories and appliance products. The overall market in India is estimated to be worth more than ₹ 15,000 Crores and is a fragmented market with many unorganised players. The hardware and appliances categories have many local as well as multinational players. Within the industry, the market for full modular solutions, which combines both product and installation as a service, is gradually growing strong. A large part of the market for full modular kitchen solutions is served by local Interior designers/carpenters who work independently or along with architect designers to provide a range of designs.

Industry trends

With the lock down in force in the beginning of the year, the industry saw a decline in the first half of the year. The contribution from Metros is high and with access to homes in metros and larger cities being restricted in the first half of the year, the demand for kitchens and furniture significantly declined in this period. Real estate segment was also significantly impacted in this period. However, in the second half, with conditions improving especially in the smaller cities initially, and then in the Metros, demand also became stronger. This was further aided by incentives on home purchases through stamp duty waivers in states like Maharashtra.

Demand conditions were strong in the last quarter across both Metros and smaller cities.

The industry has been seeing a shift towards premiumization and greater penetration of modular furniture. In many ways, the pandemic conditions hastened the expenditure on home improvement, including Kitchens, and organized players by virtue of their solution orientation as well as reliability and safety practices, have benefitted.

The overall appeal of well-designed and customized modular kitchens has been increasing in recent years, with the benefit of better organization and accessibility of utensils and storage items, superior ergonomics, as well higher décor values. This continued to spread across Tier II and Tier III cities as well. Consumers demand for higher design quotient, premium finishing and quality execution continues to grow stronger. The preference for premium appliances continues, with a strong demand for chimneys, multi-burner hobs, dishwashers, sanitizing appliances also emerging during the course of this year, spurred by the experiences of consumers during the lockdown period. The trend of real-estate companies offering Kitchens as standard amenities continues to grow, although builder activity on new projects remained subdued.

Outlook

The organized sector in the kitchen industry continues to remain a small part of the total kitchen demand. The industry is highly fragmented within the overall segment as well as within the various product categories. However, only a handful of players have meaningful presence in the full modular solutions segment. Currently, online players are also predominantly catering to the larger cities. This leaves space for an industry player to establish a brand at the national level with differentiated offerings and superior service over a longer period, with consistent focus. Over the short term, the industry outlook would be strongly correlated with the overall economic direction amidst the covid 19 battle and also the emerging business conditions for the real estate space

Business performance

The Company operates in the Modular Kitchen business and has a pan India presence. A kitchen consists of multiple product categories consisting of Hardware, Accessories, Appliances, Cabinets and Shutters, Granite/Marble & Faucets etc. Sleek operates in the B2B channel through a network of distributors and dealers selling these product categories as well as the B2C channel through own stores and franchises offering latest designs in modular kitchens to consumers.

“Sleek by Asian Paints” is present in both the “Kitchen components” as well as the “Full Modular Solutions” segments. Within the Kitchen components business, the Company has its own range of Hardware, Accessories and Appliances sold through B2B channel. The Company also undertakes the Full Kitchen solutions business through a strong network of Franchisee owned stores across the country. The Company has a strong presence in Southern, Western and Northern India with aggressive growth plans for the Eastern market.

During FY 2020-21, the full kitchen solutions business grew exceptionally as the Company expanded its network of stores. The Company has more than 200 stores across the country offering Modular kitchen design and installation services. The network that your Company has in this business line is unparalleled in the country today. Over the last 3 years, your Company has started pushing wardrobes as another product category through this network. This year, the Company also launched a luxury collection of Kitchens with premium finishes. This is one of the most comprehensive collection of premium kitchens by any Company in India.

The Company also operates in the full modular solutions business through a dedicated project’s vertical. Over the last year, the Company has expanded its presence in this channel to the Southern cities apart from having a strong presence in Mumbai, Delhi and Pune. While, the response in newer markets has been encouraging, the overall real estate sector witnessed slowdown in H1 of the year. In H2, however, many markets especially Maharashtra saw an improvement in business due to concessions from the government.

The company worked continuously during the year on taking measures to conserve costs in light of the Covid 19 situation and the business uncertainties.

Related party transactions

During the financial year 2020-21, the Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, all of which are in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013 read with Rules issued thereunder. All Related Party Transactions have been sanctioned at the meeting of the Board of Directors.

The details of the related party transactions are set out in Note 36 to the financial statements of the Company.

Form AOC- 2 pursuant to clause (h) of sub-section 3 of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as "Annexure [1]".

Auditors and auditors' report

At the 25th Annual General Meeting of your Company, Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration Number 117366W/W-100018) were appointed as the Statutory Auditors to hold office till the conclusion of the 30th Annual General Meeting (AGM) pursuant to Section 139(1) of the Companies Act, 2013. Accordingly, Deloitte Haskins & Sells LLP shall hold office as the Statutory Auditors of the Company till the conclusion of the 30th AGM.

Your Company has received written consent cum certificate from Deloitte Haskins & Sells LLP stating that they satisfy the criteria provided under Section 141 of the Companies Act, 2013.

The Auditors' Report for the financial year ended 31st March, 2021 on the financial statement of the Company is a part of this Annual Report. The Auditors' Report for the financial year ended 31st March, 2021 does not contain any qualifications, reservations or adverse remarks. The Company has not received any report for frauds noticed or acknowledged by the Auditors during the financial year ended 31st March, 2021.

Disclosure relating to remuneration of directors, key managerial personnel and particulars of employees

The details of remuneration paid to Directors and Key Managerial Personnel of the Company are given in Form MGT – 9 in accordance with Section 92 (3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, set out herewith as Annexure – [2].

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of The Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) Conservation of energy:

(i) Steps taken or impact on conservation of energy

The manufacturing units of the company regularly monitor the specific energy consumptions. Energy saving measures are promoted regularly in the plants

(ii) Steps taken by the Company for utilizing alternate sources of energy

There were no new methods introduced during the year for utilizing alternate sources of energy.

(iii) Capital investment on energy conservation equipment

The company has not incurred any significant capital investment on energy conservation equipment.

(B) Technology absorption:

(i) Efforts made towards technology absorption

The focus in research and technology continues to be on working towards creating new designs and introducing new utilities/products. The nature of activities carried out by the Company were as follows:

a) Development of new designs introducing newer finishes

b) Introduction of new products/alternative products to enhance utility/life/warranty of its products

(ii) Benefits derived as a result of the above efforts

The efforts towards new product and design developments have helped the company to offer multiple offerings to customers with varied value propositions.

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

Your Company has not imported any technology and has not entered into any technology transfer agreement.

(iv) The expenditure incurred on Research and Development

The company has not incurred any expenditure on Research and Development.

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year was ₹ 32.86 lakhs and the Foreign Exchange outgo during the year in terms of actual outflows was ₹ 9772.85 lakhs.

Public deposits

During the financial year 2020-21, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013, read together with the Companies (Acceptance of Deposit) Rules, 2014.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 as on 31st March, 2021, are given in the Notes to the Financial Statements.

Risk management

The management of the Company reviews strategic and operational performance on a monthly basis. Major risks facing the Company as well as internal audit observations are also discussed at these reviews and action plans are framed accordingly.

Further, there are no elements of risk which in the opinion of the Board, threaten the existence of the Company

Vigil mechanism

The Company has a Vigil mechanism through its Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The Whistle Blower Policy is approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Companies Act, 2013. In accordance with the Whistle Blower Policy of the Company, an Ethics Committee is also constituted consisting of the members of Ethics Committee of Asian Paints Limited, Holding Company, at any given time, and Shri Pragyan Kumar, Director of the Company.

Policy on prevention of sexual harassment at workplace

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder and an Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment.

During the financial year 2020-21, no complaints were received by the Company. The Company is committed to provide a safe and conducive work environment to all of its employees and associates.

Internal financial controls and their adequacy

The Company has in place adequate internal financial controls with reference to Financial. The same is subject to review periodically by the Board of Directors for its effectiveness. The control measures adopted by the Company have been found to be effective and adequate to the Company's requirements.

Maintenance of cost records

Your Company has maintained cost records as per Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended from time to time).

Significant or material orders, if any, passed by the regulators or courts or tribunals

No orders have been passed by the regulators or courts or tribunals which would have an impact on the going concern status of the Company and its future operations.

Application or proceedings pending under the insolvency and bankruptcy code, 2016

The Company has no applications or proceedings pending under the Insolvency and Bankruptcy Code, 2016.

Details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

The Company has not made any settlement with any Bank or Financial Institution during the year.

Extract of annual return

The details forming part of the extract of the Annual Return as on 31st March, 2021 in Form MGT- 9 in accordance with Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 are set out herewith as “Annexure –[2]” to this report.

Compliance with the secretarial standards issued by the institute of company secretaries of india

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

General

No reporting or disclosures are required on the below mentioned matters as the same are not applicable to the Company during Financial Year 2020-21. The Company does not fall within the prescribed class of companies as specified in the relevant sections of the Act and rules made thereunder:

- Policy on corporate social responsibility under Section 135 of Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules, 2014.

- Secretarial Audit Report Section 204 of the Companies Act 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- Audit Committee under Section 177 of the Companies Act 2013 read with Rule 6 of Companies (Meetings of the Board and its Powers) Rules, 2014.

- Nomination and Remuneration Committee under Section 178 of the Companies Act 2013 read with Rule 6 of Companies (Meetings of the Board and its Powers) Rules, 2014.

Acknowledgements

The Directors wish to place on record their appreciation for the contribution and support by the employees, bankers, vendors, customers and other stakeholders of the Company. The Directors also acknowledge the support and assistance received from Asian Paints Limited, Holding Company and all its employees for their contribution during the year.

For and on behalf of the board

PRAGYAN KUMAR

CHAIRMAN
DIN: 06641187

Address: 801 A, Aster, Dosti Acres, Near Antop Hill Bus Depot, Wadala East, Mumbai – 400037

Date: 30th April, 2021
Place: Mumbai

Annexure [1] To Board's Report

FORM AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

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

(a)	Name(s) of the related party and nature of relationship	
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	NIL
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed	
(i)	Amount paid as advances, if any:	
(j)	Date on which (a) the special resolution was passed in general meeting as required under first proviso to section 188	

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

(a)	Name(s) of the related party and nature of relationship	Asian Paints Limited (APL) - Parent Company
(b)	Nature of contracts/arrangements/transactions	Sales of Finished Goods, Purchase of Raw Materials and Finished Goods, Reimbursement of Expenses Paid, Services received from APL, Services provided to APL
(c)	Duration of the contracts/ arrangements/ transactions	Full year 2020-2021
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Sales of Finished Goods – INR 1.82 cr. Purchase of Raw Materials and Finished Goods – INR 0.97 cr. Reimbursement of Expenses Paid – INR 0.35 cr. Services received from APL – INR 17.37 cr. Services provided to APL – INR 0.68 cr.
(e)	Date(s) of approval by the Board, if any:	17th March 2020, 18th July 2020, 17th October, 2020
(f)	Amount paid as advances, if any:	No advances paid during the year

For and on behalf of the board

PRAGYAN KUMAR

CHAIRMAN
DIN: 06641187

Address: 801 A, Aster, Dosti Acres, Near Antop Hill Bus Depot, Wadala East, Mumbai – 400037

Date: 30th April, 2021
Place: Mumbai

Annexure [2] To Board's Report

Extract of Annual Return
Form No. MGT-9
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1)
of the Companies (Management and Administration) Rules, 2014]

i. Registration and other details:

i)	CIN:	U31300MH1993PTC070859		
ii)	Registration Date	18	02	1993
		Date	Month	Year
iii)	Name of the Company	Sleek International Private Limited		
iv)	Category of the Company: - [Pl. tick]			
	1 Public Company			
	2 Private company	√ (However, it is a subsidiary of a Public Company)		

Sub Category of the Company:- [Please tick whichever are applicable]		
1	Government Company	
2	Small Company	
3	One Person Company	
4	Subsidiary of Foreign Company	
5	NBFC	
6	Guarantee Company	
7	Limited by shares	√
8	Unlimited Company	
9	Company having share capital	√
10	Company not having share capital	
11	Company Registered under Section 8	

v)	Address of the Registered Office and Contact Details:	
	Company Name	Sleek International Private Limited
	Address	301/302, G Wing, 3rd Floor, Lotus Corporate Park, Graham Firth Compound, W E Highway
	Town / City	Goregaon (East), Mumbai
	State	Maharashtra
	Pin Code	400063
	Country Name	India
	Country Code	IN
	Telephone with STD Area Code Number	022 6107 5400
	Fax Number	022 6107 5400
	Email Address	kaushal.zavery@sleekworld.com
	Website, if any	www.sleekworld.com
	Name of the Police Station having jurisdiction where the registered office is situated	Vanrai Police Station, Opp. Hub Mall, Goregaon East, Mumbai – 400063
vi)	Whether shares listed on recognized Stock Exchange(s)	No
vii)	Name and Address of Registrar & Transfer Agents (RTA)	NA

ii. Principal business activities of the compan

All the Business activities contributing 10 % or more of the total turnover of the company are stated:

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Accessories	46493	20%
2	Appliances	46499	3%
3	Hardware	46633	45%
4	Carcass and Shutters	31001,46493	29%

iii. Particulars of holding, subsidiary and associate companies

[No. of Companies for which information is being filled] - 1

S. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
1	Asian Paints Limited 6A, Shanti Nagar, Santacruz (E), Mumbai - 400055	L24220MH1945PLC004598	Holding	100%	2(46)

iv. Share holding pattern (equity share capital breakup as percentage of total equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central/State Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	204273	204273	100	-	204273	204273	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	204273	204273	100	-	204273	204273	100	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	204273	204273	100	-	204273	204273	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central/ State Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	204273	204273	100	-	204273	204273	100	-

B. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Asian Paints Limited	204267	100.00	----	204267	100.00	----	----
2	Asian Paints Ltd jointly with Manish Choksi	1	0.00	----	1	0.00	----	----
3	Asian Paints Ltd jointly with Amit Syngle	1	0.00	----	1	0.00	----	----
4	Asian Paints Ltd jointly with Aashish Kshetry	1	0.00	----	1	0.00	----	----
5	Asian Paints Ltd jointly with R J Jeyamurugan	1	0.00	----	1	0.00	----	----
6	Asian Paints Ltd jointly with Pragyan Kumar	1	0.00	----	1	0.00	----	----
7	Asian Paints Ltd jointly with Parag Rane	1	0.00	----	1	0.00	----	----
	Total	**204273**	**100.00**	**----**	**----**	**204273**	**100.00**	**----**

C. Change in Promoters' Shareholding:

There were no changes in the shareholding of Promoters during FY 2020-21.

D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

NA

E. Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Pangulury Mohan Murty**				
	At the beginning of the year	----	----	----	----
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc)	----	----	----	----
	At the End of the year	----	----	----	----
2.	**Pragyan Kumar**				
	At the beginning of the year	1 (jointly with Asian Paints Limited)	0.00	1	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc)	----	----	1	0.00
	At the End of the year	1 (jointly with Asian Paints Limited)	0.00	----	----
3.	**Parag Rane**				
	At the beginning of the year	1 (jointly with Asian Paints Limited)	0.00	1	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc)	----	----	1	0.00
	At the End of the year	1 (jointly with Asian Paints Limited)	0.00	----	----

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	**Shyam Swamy**				
	At the beginning of the year	----	----	----	----
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc)	----	----	----	----
	At the End of the year	----	----	----	----

v. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	----	5393.54	----	5393.54
ii) Interest due but not paid	----	----	----	----
iii) Interest accrued but not due	----	----	----	----
Total (i+ii+iii)	----	5393.54	----	5393.54
Change in Indebtedness during the financial year				
• Addition	----	2118.04	----	2125.80
• Reduction	----	----	----	----
Net Change	----	2118.04	----	2125.80
Indebtedness at the end of the financial year				
i) Principal Amount	----	7511.57	----	7519.33
ii) Interest due but not paid	----	----	----	----
iii) Interest accrued but not due	----	----	----	----
Total (i + ii + iii)	----	7511.57	----	7519.33

vi. Remuneration of directors and key managerial personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Your Company is not required to appoint Managing Director, Whole-time Directors and/or Manager since it did not fall within the prescribed class of companies as specified under Section 203 of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Accordingly, this clause in not applicable to the Company.

B. Remuneration to Other Directors

No remuneration has been paid to other Directors except sitting fees as mentioned below:
Shri Pangulury Mohan Murty (Independent Director) – ₹ 1,60,000/-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Your Company is not required to appoint Key Managerial Personnel since it did not fall within the prescribed class of companies as specified under Section 203 of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Accordingly, this clause in not applicable to the Company.

vii. Penalties / punishment/ compounding of offences (under the companies act, 2013):

No penalties were levied and no punishments were imposed under the Companies Act, 2013 (the Act). There were no instances requiring compounding for any offence under the Act.

FOR AND ON BEHALF OF THE BOARD

PRAGYAN KUMAR

CHAIRMAN
DIN: 06641187

Address: 801 A, Aster, Dosti Acres, Near Antop Hill Bus Depot, Wadala East, Mumbai – 400037

Date: 30th April, 2021
Place: Mumbai

Independent Auditor's Report

To The Members of Sleek International Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sleek International Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31st March 2021, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 on the financial statements.

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

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Board's Report including the annexures to the Board's Report, 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 and, in doing so, consider whether the other 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.

Management's Responsibility for the 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 including other comprehensive income, cash flows and changes in equity 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 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 statement 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal 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 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.

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended; The Company does not pay remuneration to any of its Directors. Consequently, this clause has not been reported upon.

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 on its financial position in its financial statements.

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

iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

ABHIJIT A. DAMLE
Partner
(Membership No. 102912)
UDIN: 21102912AAAACO5477

Place: Mumbai
Date: 30th April, 2021

Annexure "A" To The Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sleek International Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Companies Act, 2013, 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

ABHIJIT A. DAMLE
Partner
(Membership No. 102912)
UDIN: 21102912AAAACO5477

Place: Mumbai
Date: 30th April, 2021

Annexure "B" to Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification during the year.

c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

ii. The inventory, except goods-in-transit have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

iii. In our opinion and according to information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted loans, investments, guarantees and security in accordance with the provision of Section 185 and 186 of the Act. Accordingly, paragraph 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 deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, 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 cost records with a view to determine whether they are accurate or complete.

vii. According to information and explanations given to us in respect of statutory dues,

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

c) Details of dues of Value Added Tax which have not been deposited as on 31st March, 2021 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (Rs. In lakhs)	Amount unpaid (Rs. In lakhs)
Maharashtra Value Added Tax Act, 2002	Assessment Dues	First Appellate	FY 2008-09, FY 2012-13, FY 2013-14, FY 2015-16	62.84	43.25
		Total		**62.84**	**43.25**

There are no dues of Income Tax, Service Tax, Excise Duty and Customs Duty which have not been deposited on account of dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its bank and government. The Company does not have any loans or borrowings from any Financial Institution or debenture holders during the year.

ix. The Company did not have any term loans outstanding during the year. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act is not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, reporting under clause (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

ABHIJIT A. DAMLE
Partner
(Membership No. 102912)
UDIN: 21102912AAAACO5477

Place: Mumbai
Date: 30th April, 2021

Statement of Financial Position

as on 31 March, 2021

(₹ in Lakhs)

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, Plant and Equipment	2A	3,177.27	3,438.38
Right of Use Assets	2B	467.37	850.98
Capital work-in-progress		51.61	8.69
Goodwill	3A	1,191.11	1,191.11
Other Intangible assets	3B	2,995.29	3,071.36
Intangible assets under development		-	-
Financial Assets			
Investments	4	0.25	0.25
Loans	5	101.69	185.59
Other financial assets	6	17.49	17.70
Current tax assets (net)	7	99.39	106.03
Deferred tax assets (net)	8	-	-
Other non-current assets	9	291.39	284.61
		8,392.86	**9,154.70**
Current assets			
Inventories	10	7,223.32	6,617.97
Financial Assets			
Investments	4		
Trade receivables	11	4,251.07	2,887.37
Cash and cash equivalents	12A	69.40	8.00
Loans	5	60.75	35.57
Other current assets	9	1,626.55	1,592.01
		13,231.09	**11,140.92**
Total Assets		**21,623.95**	**20,295.62**
Equity and liabilities			
EQUITY			
Equity Share capital	13	20.43	20.43
Other Equity	14	6,154.06	8,279.89
		6,174.49	**8,300.32**

(₹ in Lakhs)

	Notes	As at 31 March 2021	As at 31 March 2020
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	15	3.88	13.20
Lease liabilities	16	288.93	576.51
Other financial liabilities	17	11.64	16.64
Provisions	18	143.14	92.14
		447.59	**698.49**
Current liabilities			
Financial Liabilities			
Borrowings	15	7,492.93	5,367.15
Lease liabilities	16	239.29	334.15
Trade Payables			
- Total Outstanding dues of Micro Enterprises and Small Enterprises	19	549.39	262.72
- Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	19	1,833.05	1,201.14
Other Financial liabilities	17	2,721.25	2,167.28
Other current liabilities	20	1,786.68	1,592.58
Provisions	18	379.28	371.79
		15,001.87	**11,296.81**
Total Equity and Liabilities		**21,623.95**	**20,295.62**
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to financial statements	2 - 37		

As per our report of even date

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of
Sleek International Private Limited
CIN : U31300MH1993PTC070859

Abhijit A. Damle
Partner
Membership No: 102912

Pragyan Kumar
Director
DIN No. 06641187

Parag Rane
Director
DIN No. 08723015

Maulik Desai
Chief Executive Officer

Rohit Dhanuka
Chief Financial Officer

Mumbai
Date : 30th April, 2021

Mumbai
Date : 30th April, 2021

Statement of Profit and Loss

for the year ended 31 March, 2021

(₹ in Lakhs)

	Notes	As at 31 March 2021	As at 31 March 2020
Revenue from operations			
Revenue from sale of products	21A	25,090.87	22,740.25
Revenue from sale of services	21A	875.71	640.89
Other operating revenues	21A	487.77	444.19
Other Income	22	207.36	45.69
Total Income (I)		**26,661.71**	**23,871.02**
Expenses			
Cost of materials consumed	23A	2,785.93	2,929.81
Purchases of Stock-in-trade	23B	14,720.86	14,160.74
Changes in inventories of finished goods, Stock-in-trade and work in progress	23C	(47.69)	(1,783.45)
Employee benefits expense	24	4,981.05	4,629.20
Other expenses	26	5,172.57	6,865.95
Total expenses (II)		**27,612.72**	**26,802.25**
Earning before interest, tax, depreciation and amortisation (i-ii)		**(951.01)**	**(2,931.23)**
Finance costs	25	374.05	305.74
Depreciation and amortisation expense	2A, 2B, 3A, 3B	783.80	864.35
(Loss) before tax		(2,108.86)	(4,101.32)
Tax expenses		-	-
(Loss) for the year		(2,108.86)	(4,101.32)
Other Comprehensive Income (OCI)			
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement (losses)/gains on defined benefit plans		(16.97)	(30.76)
Total Other Comprehensive Income		**(16.97)**	**(30.76)**
Total Comprehensive (Loss) for the year		**(2,125.83)**	**(4,132.08)**
Earnings per share (Face value of ₹ 10 each)	34		
(1) Basic (in ₹)		(1,032.37)	(2,156.97)
(2) Diluted (in ₹)		(1,032.37)	(2,156.97)
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to financial statements	2 - 37		

As per our report of even date

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Sleek International Private Limited
CIN : U31300MH1993PTC070859

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Director
DIN No. 08723015

Maulik Desai
Chief Executive Officer

Rohit Dhanuka
Chief Financial Officer

Mumbai
Date : 30th April, 2021

Mumbai
Date : 30th April, 2021

Statement of Changes in Equity

for the year ended 31 March, 2021

A) Equity share capital

(₹ in Lakhs)

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the reporting year	20.43	12.22
Changes in equity share capital during the year	-	8.21
Balance at the end of the reporting year	20.43	20.43

B) Other equity

	Reserves and Surplus			
	Securities Premium	**General Reserve**	**Retained earnings**	**Total**
Balance as on 1 April 2019 (A)	**13,520.74**	**118.17**	**(9,218.69)**	**4,420.22**
Add: (Loss) for the year	-	-	(4,101.32)	(4,101.32)
Items of Other Comprehensive Income for the year, net of tax				
Remeasurement (loss) on defined benefit plans	-	-	(30.76)	(30.76)
Total Comprehensive Income for the year (B)	**-**	**-**	**(4,132.08)**	**(4,132.08)**
Premium on issue of equity shares (C)	7,991.75	-	-	7 ,991.75
Balance as on 31 March 2020 (D) = (A+B+C)	**21,512.49**	**118.17**	**(13,350.77)**	**8,279.89**
Balance as on 1 April 2020 (D)	21,512.49	118.17	(13,350.77)	8,279.89
Add: (Loss) for the year	-	-	(2,108.86)	(2,108.86)
Items of Other Comprehensive Income for the year, net of tax				
Remeasurement (loss) on defined benefit plans	-	-	(16.97)	(16.97)
Total Comprehensive Income for the year (E)	**-**	**-**	**(2,125.83)**	**(2,125.83)**
Balance as on 31 March 2021 (D+E)	**21,512.49**	**118.17**	**(15,476.60)**	**6 ,154.06**

As per our report of even date

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of Sleek International Private Limited
CIN : U31300MH1993PTC070859

Abhijit A. Damle
Partner
Membership No: 102912

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DIN No. 06641187

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Maulik Desai
Chief Executive Officer

Rohit Dhanuka
Chief Financial Officer

Mumbai
Date : 30th April, 2021

Mumbai
Date : 30th April, 2021

Statement of Cash Flows

for the year ended 31 March, 2021

(₹ in Lakhs)

		31 March 2021	31 March 2020
(A)	**Cash Flow From Operating Activities**		
	(Loss) Before Tax	(2,108.86)	(4,101.32)
	Adjustments for :		
	Depreciation and Amortisation expense	783.80	864.35
	Interest income	(2.31)	(2.88)
	Dividend income	-	(0.04)
	Finance costs	374.05	305.74
	Provision for doubtful debts (net)	18.82	99.76
	Bad debts written off	7.03	1.76
	Sundry balances write off	7.31	4.02
	Net unrealized foreign exchange loss	-	0.03
	Excess provision written back	(75.56)	-
	Net gain on modification/ termination of leases	(33.04)	-
	Loss/(Gain) on disposal of property, plant and equipment (net)	11.43	(6.77)
	Operating (Loss) before working capital changes	**(1,017.32)**	**(2,835.35)**
	Adjustments for :		
	(Increase) in inventories	(605.35)	(1,970.98)
	(Increase)/Decrease in trade and other receivables	(1,386.09)	57.42
	Increase in trade and other payables	1,819.39	203.36
	Cash (used in) Operating activities	**(1,189.37)**	**(4,545.55)**
	Income Tax paid (net of refund)	(3.91)	(3.75)
	Net Cash (used in) Operating activities	**(1,193.28)**	**(4,549.30)**
(B)	**Cash Flow from Investing Activities**		
	Purchase of Property, plant and equipment	(155.56)	(394.18)
	Sale of Property, plant and equipment	11.35	15.11
	Interest received	2.31	2.88
	Dividend received	-	0.04
	Net Cash (used in) Investing activities	**(141.90)**	**(376.15)**
(C)	**Cash Flow from Financing Activities**		
	Repayment of non current borrowings	(13.19)	(17.14)
	Proceeds from issue of equity shares	-	7,999.96
	Proceeds/(Repayment) from current borrowings (net)	2,600.00	(1,400.00)
	Payment of lease liabilities	(341.97)	(319.58)
	Finance costs paid	(374.05)	(305.74)
	Net Cash generated from Financing activities	**1,870.80**	**5,957.50**
(D)	**Net increase in cash and cash equivalents:**	535.62	1,032.05
	Add: Cash and cash equivalents as at 1 April	**(1,259.15)**	**(2,291.20)**
	Cash and cash equivalents as at 31 March	**(723.53)**	**(1,259.15)**

Notes:

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

(₹ in Lakhs)

		31 March 2021	31 March 2020
(b)	Cash and Cash equivalents comprises of		
	- Cash on hand	1.48	2.05
	- Balances with Banks		
	- Current Accounts	58.06	1.86
	- Cheques on hand	5.60	-
	- Deposits with original maturity of less than 3 months	4.26	4.09
	- Cash credit (refer note 15)	(792.93)	(1,267.15)
	Cash and cash equivalents in Cash Flow Statement as per Note 12A and Note 15	**(723.53)**	**(1,259.15)**

(c) **Details relating to changes in liabilities arising from financing activities**

	As at 31 March 2020	Cash Flows (net)	Non- cash changes: Current/ Non-current classification	Non- cash changes: Additions	As at 31 March 2021
Borrowings- Non current	13.20	-	(9.32)	-	3.88
Other Financial Liabilities	13.19	(13.19)	9.32	-	9.32
Lease liabilitites	910.66	(341.98)	-	(40.47)	528.22
Borrowings - Current	4,100.00	2,600.00	-	-	6,700.00

	As at 31 March 2020	Cash Flows (net)	Non- cash changes: Current/ Non-current classification	Non- cash changes: Additions	As at 31 March 2020
Borrowings- Non current	26.39	-	(13.19)	-	13.20
Other Financial Liabilities	17.14	(17.14)	13.19	-	13.19
Lease liabilitites	651.14	(319.58)	-	579.10	910.66
Borrowings - Current	5,500.00	(1,400.00)	-	-	4,100.00

As per our report of even date

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

For and on behalf of the Board of
Sleek International Private Limited
CIN : U31300MH1993PTC070859

Abhijit A. Damle
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DIN No. 06641187

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Director
DIN No. 08723015

Maulik Desai
Chief Executive Officer

Rohit Dhanuka
Chief Financial Officer

Mumbai
Date : 30th April, 2021

Mumbai
Date : 30th April, 2021

Notes To The Financial Statements

for the year ended 31 March, 2021

Company Background

Sleek International Private Limited ('the Company') was incorporated as a private company on 18 February, 1993 as Silverline Wire Products Private Limited. The Company is a wholly owned subsidiary of Asian Paints Limited.

The Company is engaged in the retail and wholesale business of modular kitchens and wardrobes, kitchen and wardrobe components, kitchen and wardrobe accessories, civil kitchens and providing related services of designing and installing kitchens and wardrobes.

1. Significant Accounting Policies and Key accounting estimates and judgements

Significant Accounting Policies: -

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements except as mentioned below.

1.2 Current/Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability it is expected to be realized/ settled in the Company's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

1.3 Summary of Significant accounting policies

a) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103, "Business Combinations".

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Company has only one operating segment which is considered as the only Cash generating unit (CGU) of the Company. Accordingly, goodwill is monitored

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

for internal management purpose only at the level of this CGU or operating segment of the Company. For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to the Company's only CGU or operating segment.

Goodwill allocated to Company's CGU is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Company recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

b) Property, plant and equipment

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of an item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

The Company had elected to consider the carrying value of all its property, plant and equipment appearing in the financial statements prepared in accordance with Accounting Standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1 April 2015.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful life of items of property, plant and equipment is mentioned below:

Class of Assets	Years
Buildings (other than factory buildings)	60
Factory Buildings	30
Plant and Equipment	10
Furniture and Fixtures	8
Office Equipment	5
Computers	3
Display Kitchens, Wardrobes and Vehicles	5
Electrical Installations	10
Roads	10
Information Technology Hardware	5

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the primary period of the lease.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property plant and equipment (as mentioned below) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used:

- The useful lives of certain plant and equipment are estimated to be of 10 years, this life is lower from those indicated in Schedule II.
- The useful lives of items falling under the category of furniture and fixtures are estimated to be of 8 years, this life is lower from those indicated in Schedule II.
- The useful lives of items falling under the category of RCC building are estimated to be of 30 years, this life is lower from those indicated in Schedule II.
- Display Kitchens and Vehicles are depreciated over the estimated useful life of 5 years, this life is lower from those indicated in Schedule II.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

c) Intangible assets

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

The Company had elected to consider the carrying value of all its intangible assets appearing in the financial statements prepared in accordance with

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1 April, 2015.

Amortization:

An Intangible asset with an indefinite useful life shall not be amortised. Acquired brand is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually.

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

	Years
Purchase cost, user license fees and consultancy fees for Computer Software (including those used for scientific research)	4

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

d) Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization are reviewed for impairment, whenever event or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Company has only one operating segment which is also considered as the only Cash generating unit (CGU) of the Company.

An impairment loss is recognized whenever the carrying amount of an asset or the cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense.

Impairment losses on assets other than goodwill are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

e) **Revenue Recognition**

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of returns and 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. This variable consideration is estimated based on the expected value of outflow. Revenue (net of returns and variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of products:

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of services:

Revenue from rendering services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Company uses output method for measurement of revenue from installation and related services as it is based on units delivered and performance completed to date. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Company.

f) **Inventory**

Raw materials, work-in-progress, finished goods, packing materials, stores, spares and consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

In determining the cost of raw materials, finished goods, packing material, stock in trade, stores, spares and consumables weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of processing charges, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

g) **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.

Financial assets

Initial recognition and measurement:

The Company recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the

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transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

<u>Subsequent measurement:</u>

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

I Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company (refer note 27 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

II Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Statement of Profit and Loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (refer note 27 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

III Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's balance sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset (except as mentioned in II above for financial assets measured at FVTOCI) the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

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 (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historical observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses' respectively.

Financial Liabilities

Initial recognition and measurement:

The Company recognizes a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method (refer note 27 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognized 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 Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

h) Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

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Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period, and discloses the same.

i) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax assets and liabilities are measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profits nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/ expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

j) Provisions and Contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of 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 recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

k) Measurement of EBITDA

The Company has opted to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The Company measures EBITDA based on profit/(loss) from continuing operations.

l) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of overdrafts which are repayable on demand as this form an integral part of the Company's cash management.

m) Employee Benefits

<u>Short Term Employee Benefits:</u>

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

<u>Post-Employment Benefits:</u>

<u>Defined contribution plans:</u>

Defined contribution plans are employee state insurance scheme and Government administered Provident fund scheme for all applicable employees.

<u>Recognition and measurement of defined contribution plans:</u>

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contribution payable for services received from employees before the reporting date exceeds the contribution already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

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Defined benefit plans:

Gratuity scheme:

The Company provides a defined benefit gratuity plan for employees as per the requirements of the Payment of Gratuity Act, 1972 wherein the funds are managed by LIC of India towards meeting the Gratuity Obligation. Besides the contribution made on the LIC's demand which specifies the contribution to be made on an annual basis, the deference between liability determined on the basis of actuarial valuation done at the year-end by an independent actuary and balance available with the LIC has also been accrued.

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/ (asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; However, the entire liability towards gratuity is considered as current as the company will contribute this amount to the gratuity fund within the next twelve months.

Other long term employee benefits:

Entitlements to annual leave are recognised when they accrue to employees. Annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulations of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss).

The Company presents this liability as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

n) Lease accounting

Assets taken on lease (As a Lessee):

The Company mainly has various lease arrangements for land and building for its offices, warehouse spaces, retail stores and vehicles.

The Company assesses whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the country, term and currency of the contract. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include Fixed payments, Variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options which the Company is reasonable certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statement of profit or loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets

The company has elected not to recognize right-of-use assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets given on lease:

The Company has a lease arrangement for a retail store.

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

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Company’s net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Company’s net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted in the Statement of Profit and Loss, on accrual basis in accordance with the respective lease agreements.

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for the year ended 31 March, 2021

o) Borrowing Cost

Borrowing cost includes Interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period they occur.

p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

q) Events after Reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of these events is adjusted within the financial statements. Otherwise, events after the balance sheet date of a material size or nature are disclosed.

r) Derivative financial instruments and hedge accounting

The Company enters into derivative financial contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial liabilities measured at amortized cost. The Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognized financial liabilities ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Company's risk management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a fair value hedge under Ind AS 109, Financial Instruments.

<u>Recognition and measurement of fair value hedge:</u>

Hedging instrument is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of hedging instrument is recognized in the Statement of Profit and Loss. Hedging instrument is recognized as a financial asset in the balance sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

Hedged item (recognized financial liability) is initially recognized at fair value on the date of entering into contractual obligation and is subsequently measured at amortized cost. The hedging gain or loss on the hedged item is adjusted to the carrying value of the hedged item as per the effective interest method and the corresponding effect is recognized in the Statement of Profit and Loss.

<u>Derecognition:</u>

On Derecognition of the hedged item, the unamortized fair value of the hedging instrument adjusted to the hedged item, is recognized immediately in the Statement of Profit and Loss.

1.4 Key accounting estimates and judgements

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer note 8).

b. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

c. Impairment of Goodwill and acquired brand with indefinite life

Goodwill and Brand are tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating unit is determined based on higher of value-in-use and fair value less cost to sell. The impairment test is performed at the level of the Cash generating unit of the Company which is benefitted from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

d. Defined Benefit Obligation

The costs of post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 33, 'Employee benefits'.

e. Fair value measurement of financial instruments

When the fair values of financials 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 model, which involve various judgements and assumptions.

f. Right of use assets and lease liability

The Company has exercised judgement in determining the lease term as the non-cancellable

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

2A Property, plant and equipment

(₹ in Lakhs)

	Gross Block				Depreciation				Net Block
	As at 01 April 2020	Additions during the year	Deductions	As at 31 March 2021	As at 01 April 2020	Additions during the year	Deductions	As at 31 March 2021	As at 31 March 2021
Land :									
Freehold	22.82	-	-	22.82	-	-	-	-	22.82
Leasehold*	455.63	-	-	455.63	-	-	-	-	455.63
Buildings	2,415.36	9.93	-	2,425.29	332.86	65.61	-	398.47	2,026.82
Plant and Equipment	1,004.47	6.15	3.89	1,006.73	502.35	91.70	2.65	591.40	415.33
Furniture and Fixtures	227.03	5.33	68.14	164.22	166.37	23.55	56.28	133.64	30.58
Vehicles	11.24	-	-	11.24	7.07	1.84	-	8.91	2.33
Office Equipment	448.71	57.82	31.27	475.26	338.90	69.35	31.14	377.11	98.15
Leasehold Improvements	122.94	2.34	33.03	92.25	105.75	1.70	24.78	82.67	9.58
Display Kitchen	291.02	6.12	39.03	258.11	192.89	48.56	38.36	203.09	55.02
Display Wardrobes	57.00	1.62	7.08	51.54	35.81	10.75	6.45	40.11	11.43
Electrical Installation	156.22	3.94	-	160.16	95.02	17.68	-	112.70	47.46
Road	7.16	-	-	7.16	4.20	0.84	-	5.04	2.12
Total	**5,219.60**	**93.25**	**182.44**	**5,130.41**	**1,781.22**	**331.58**	**159.66**	**1,953.14**	**3,177.27**

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in note no 28

* Leasehold land is not being amortized as the Company has an option to convert it into freehold on payment of a nominal amount post 8 years of purchase, which it intends to exercise in FY 20-21. The Company is in the process of exercising its option.

2B Right of use assets

(₹ in Lakhs)

	Net carrying amount				
	As at 01 April 2020	Additions	Deletions	Amortisation	As at 31 March 2021
Building	844.78	189.88	230.35	341.99	462.32
Vehicle	6.20	-	-	1.15	5.05
Total	**850.98**	**189.88**	**230.35**	**343.14**	**467.37**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

2A Property, plant and equipment

(₹ in Lakhs)

	Gross Block				Depreciation				Net Block
	As at 01 April 2019	Additions during the year	Deduc-tions	As at 31 March 2020	As at 01 April 2019	Additions during the year	Deduc-tions	As at 31 March 2020	As at 31 March 2020
Land :									
Freehold	22.82	-	-	22.82	-	-	-	-	22.82
Leasehold*	455.63	-	-	455.63	-	-	-	-	455.63
Buildings	2,413.64	1.72	-	2,415.36	267.11	65.75	-	332.86	2,082.50
Plant and Equipment	866.43	140.82	2.78	1,004.47	381.49	123.52	2.66	502.35	502.12
Furniture and Fixtures	234.57	1.97	9.51	227.03	142.34	30.29	6.26	166.37	60.66
Vehicles	12.61	-	1.37	11.24	6.19	2.25	1.37	7.07	4.17
Office Equipment	398.39	65.64	15.32	448.71	289.96	64.15	15.21	338.90	109.81
Leasehold Improve-ments	110.29	12.65	-	122.94	72.32	33.43	-	105.75	17.19
Display Kitchen	330.97	9.89	49.84	291.02	208.79	31.30	47.20	192.89	98.13
Display Wardrobes	58.08	1.72	2.80	57.00	26.41	11.86	2.46	35.81	21.19
Electrical Installation	153.57	7.33	4.68	156.22	78.50	19.32	2.80	95.02	61.20
Road	7.16	-	-	7.16	3.36	0.84	-	4.20	2.96
Total	**5,064.16**	**241.74**	**86.30**	**5,219.60**	**1,476.47**	**382.71**	**77.96**	**1,781.22**	**3,438.38**

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in note no 28

* Leasehold land is not being amortized as the Company has an option to convert it into freehold on payment of a nominal amount post 8 years of purchase, which it intends to exercise in FY 20-21.

2B Right of use assets

(₹ in Lakhs)

	Net carrying amount			
	As at 01 April 2019	Additions	Amortisa-tion	As at 31 March 2020
Building	596.57	579.10	330.89	844.78
Vehicle	7.30	-	1.10	6.20
Total	**603.87**	**579.10**	**331.99**	**850.98**

3 Intangible assets (acquired seperately)

(₹ in Lakhs)

	Gross Block				Depreciation				Net Block
	As at 01 April 2020	Additions during the year	Deductions/ Adjustments	As at 31 March 2021	As at 01 April 2020	Additions during the year	Deductions/ Adjustments	As at 31 March 2021	As at 31 March 2021
A. Goodwill									
Goodwill (Refer note below)	1,191.11	-	-	1,191.11	-	-	-	-	1,191.11
Total (A)	**1,191.11**	**-**	**-**	**1,191.11**	**-**	**-**	**-**	**-**	**1,191.11**
B. Other Intangible Assets									
Brand	2,876.46	-	-	2,876.46	-	-	-	-	2,876.46
Computer Software	763.23	33.09	-	796.32	568.33	109.16	-	677.49	118.83
Total (B)	**3,639.69**	**33.09**	**-**	**3,672.78**	**568.33**	**109.16**	**-**	**677.49**	**2,995.29**
Total Intangible Assets (A+B)	**4,830.80**	**33.09**	**-**	**4,863.89**	**568.33**	**109.16**	**-**	**677.49**	**4,186.40**

The amount of contractual commitments for the acquisition of intangible assets is disclosed in note no 28

The brand has indefinite useful life as the registration of brand can be renewed indefinitely and management assessed that brand will continue to generate future cash flows for the Company indefinitely. Accordingly, the brand is not amortised.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

3 Intangible assets (acquired seperately)

(₹ in Lakhs)

	Gross Block				Depreciation				Net Block
	As at 01 April 2019	Additions during the year	Deductions / Adjustments	As at 31 March 2020	As at 01 April 2019	Additions during the year	Deductions / Adjustments	As at 31 March 2020	As at 31 March 2020
A. Goodwill									
Goodwill (Refer note below)	1,191.11	-	-	1,191.11	-	-	-	-	1,191.11
Total (A)	**1,191.11**	**-**	**-**	**1,191.11**	**-**	**-**	**-**	**-**	**1,191.11**
B. Other Intangible Assets									
Brand	2,876.46	-	-	2,876.46	-	-	-	-	2,876.46
Computer Software	670.70	92.53	-	763.23	418.68	149.65	-	568.33	194.90
Total (B)	**3,547.16**	**92.53**	**-**	**3,639.69**	**418.68**	**149.65**	**-**	**568.33**	**3,071.36**
Total Intangible Assets (A+B)	**4,738.27**	**92.53**	**-**	**4,830.80**	**418.68**	**149.65**	**-**	**568.33**	**4,262.47**

The amount of contractual commitments for the acquisition of intangible assets is disclosed in note no 28

The brand has indefinite useful life as the registration of brand can be renewed indefinitely and management assessed that brand will continue to generate future cash flows for the Company indefinitely. Accordingly, the brand is not amortised.

Allocation of Goodwill and Intangible asset with Indefinite useful life (Acquired brand) to cash generating units

Goodwill and brand is acquired through business combination and has been allocated to the operating segment below, which is also the only Cash Generating Unit (CGU) for impairment testing.

(₹ in Lakhs)

	31 March 2021	31 March 2020
Modular kitchen, kitchen components, wardrobes and wardrobe components	**4,067.57**	**4,067.57**

The recoverable amount of this CGU for impairment testing is value in use determined based on valuation report by an external valuer which uses cash flow projections based on financial budgets approved by management covering a five year period as the Company believes this to be the most appropriate timescale for reviewing and considering annual performance before applying a fixed terminal value multiple to the final cash flows. Cash flows beyond the five-year period were extrapolated using estimate rates stated below.

As at 31 March 2021 and 31 March 2020, goodwill and acquired brand was not impaired.

Key Assumptions used for value in use calculations are as follows:

Modular kitchen, kitchen components, wardrobes and wardrobe components

	31 March 2021	31 March 2020
Compounded average growth rate for five year (Previous year: five-year) period %	32.26%	24.88%
Growth rate used for extrapolation of cash flow projections in perpetuity (Previous year: five-year) period	5.00%	5.00%
Discount Rate %	12.25%	12.25%

Discount rates- Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted gross margin based on past performance and its expectations for market developments. The weighted average growth rates used were consistent with industry reports.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

4 Investments

(₹ in Lakhs)

	Nos.	Face Value	Non-Current	
			As at 31 March 2021	As at 31 March 2020
Non current investments				
Investments in Equity Instruments				
Unquoted equity shares				
Equity Shares of Saraswat Co-operative Bank (fully paid-up)	2,500	10	0.25	0.25
TOTAL Non-current Investments			**0.25**	**0.25**
Aggregate amount of unquoted investments- At cost			0.25	0.25

5 Loans

(₹ in Lakhs)

	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Unsecured and Considered good:				
Sundry deposits	101.69	185.59	60.75	35.57
Total	**101.69**	**185.59**	**60.75**	**35.57**

6 Other financial assets

(₹ in Lakhs)

	Non-Current	
	As at 31 March 2021	As at 31 March 2020
Term Deposits held as margin money against bank guarantee and other commitments (Refer Note 12)	17.49	17.31
Interest accrued on term deposits (Refer Note 12)	-	0.39
Total	**17.49**	**17.70**

7 Current tax assets

(₹ in Lakhs)

	Non-Current	
	As at 31 March 2021	As at 31 March 2020
(a) Advance payment of Income Tax	93.60	89.69
(b) Balances with Government authorities		
- Income Tax Refund Receivable	5.79	16.34
Total	**99.39**	**106.03**

8 Income taxes

(₹ in Lakhs)

	Year 2020-21	Year 2019-20
A. Income tax recognized in the Statement of Profit and Loss*	**-**	**-**

* The Company has incurred loss during the year. As per the relevant provisions of the Income Tax Act, 1961, the Company is not liable to make provision towards Income tax.

B. The major components of deferred tax (liabilities)/ assets arising on account of timing differences as at 31 March 2021 are as follows:

Particulars	Balance Sheet	Profit and loss ^	Balance Sheet
	1 April 2020	31 March 2021	31 March 2021
Difference between Written Down Value/Capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961.	(1,125.28)	-	(1,163.71)
Expense claimed for tax purpose on payment basis	30.70	-	46.00
Provision for doubtful debts, inventory and others	201.80	-	218.61
Accumulated losses and unabsorbed depreciation carried forward under Income Tax Act, 1961	4,308.37	-	4,731.42
Deferred tax expense	-	-	-
Net Deferred tax assets	3,415.59	-	3,832.32
Net Deferred tax assets recognised^	-	-	-

^Deferred tax asset is recognised only to the extent of deferred tax liability. The remaining deferred tax asset of ₹ 3,832.32 lakhs (previous year ₹ 3,415.59 lakhs) is not recognised, as it is not considered to be probable that sufficient future taxable income will be available.

The Company has the following unused tax losses and unabsorbed depreciation amounts which arose on incurrence of loss from business under the Income Tax Act, 1961, for which no deferred tax asset has been recognised in the balance sheet.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Financial Year	Category	31 March 2021	Expiry Date
2013-2014	Business loss	16.88	31-Mar-22
2014-2015	Business loss	1,047.68	31-Mar-23
2015-2016	Business loss	948.38	31-Mar-24
2016-2017	Business loss	1,345.95	31-Mar-25
2017-2018	Business loss	519.70	31-Mar-26
2018-2019	Business loss	1,557.79	31-Mar-27
2019-2020	Business loss	3,077.08	31-Mar-28
2020-2021	Business loss	1,491.19	31-Mar-29
2010-2011	Depreciation	81.31	NA
2011-2012	Depreciation	127.50	NA
2012-2013	Depreciation	193.35	NA
2013-2014	Depreciation	1,563.51	NA
2014-2015	Depreciation	1,260.91	NA
2015-2016	Depreciation	1,129.70	NA
2016-2017	Depreciation	1,075.00	NA
2017-2018	Depreciation	838.08	NA
2018-2019	Depreciation	722.94	NA
2019-2020	Depreciation	644.05	NA
2020-2021	Depreciation	556.77	NA

9 Other assets

(₹ in Lakhs)

	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(a) Capital Advances	22.16	39.53	-	-
(b) Advances other than capital advances				
i) Advances to suppliers	-	-	1,181.73	689.01
ii) Balance with government authorities				
- Input tax credit receivable	199.99	200.09	-	-
- GST credit receivable	-	-	340.39	745.99
- Interest accrued on sales tax refund receivable	-	-	1.72	0.94
iii) Advances to employees	-	-	21.68	39.28
iv) Prepaid expenses	1.53	0.06	81.03	116.79
v) Advances/ claims recoverable in cash or in kind	67.71	44.93	-	-
Total	**291.39**	**284.61**	**1,626.55**	**1,592.01**

10 Inventories

(₹ in Lakhs)

(At lower of cost and net realisable value)		Current	
		As at 31 March 2021	**As at 31 March 2020**
(a)	Raw materials	1,081.78	699.08
(b)	Packing materials	221.81	55.55
(c)	Work-in-progress	69.13	59.91
(d)	Finished goods	700.88	668.02
(e)	Stock-in-trade (acquired for trading)	4,537.46	4,712.49
	Stock-in-trade (acquired for trading) in transit	593.16	412.52
(f)	Stores, spares and consumables	19.10	10.40
Total		**7,223.32**	**6,617.97**

The cost of Inventories recognised as an expense during the year is disclosed in Note 23 (A) & Note 23 (B)

The cost of inventories recognised as an expense includes ₹ 42.44 lacs (Previous year ₹ 64.91) in respect of write downs of inventory for slow moving items.

11 Trade receivables

(₹ in Lakhs)

		Current	
		As at 31 March 2021	**As at 31 March 2020**
(a)	Secured, considered good	-	-
(b)	Unsecured, considered good	4,251.07	2,887.37
(c)	Unsecured, considered doubtful	378.13	359.30
		4,629.20	3,246.67
Less : Allowance for unsecured doubtful debts		(378.13)	(359.30)
Total		**4,251.07**	**2,887.37**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

12 Cash and bank balances

(₹ in Lakhs)

	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(A) Cash and Cash Equivalents				
(a) Balances with Banks				
i) Current account	-	-	58.06	1.86
ii) Deposits with original maturity of less than 3 months	-	-	4.26	4.09
(b) Cheques, drafts on hand	-	-	5.60	-
(c) Cash on hand	-	-	1.48	2.05
	-	**-**	**69.40**	**8.00**
(B) Other Bank Balances				
i) Term deposit with original maturity for more than 3 months but less than 12 months	-	-	-	-
ii) Term deposit held as margin money against bank gurantee and other commitments	17.49	17.31	-	-
iii) Interest accrued on term deposits	-	0.39	-	-
	17.49	17.70	-	-
Less : Amount included under the head "Other Financial Assets" (Refer Note 6)	(17.49)	(17.70)	-	-
Total	**-**	**-**	**-**	**-**

13 Equity share capital

(₹ in Lakhs)

	As at 31 March 2020	As at 31 March 2020
Authorised		
1,650,000 (31 March 2020: 1,650,000) Equity Shares of ₹ 10 each	165.00	165.00
	165.00	165.00
Issued, subscribed and fully paid up shares		
204,273 (31 March 2020: 204,273) Equity Shares of ₹ 10 each	20.43	20.43
	20.43	20.43

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Equity shares	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	₹ Lakhs	No. of Shares	₹ Lakhs
At the beginning of the year	2,04,273	20.43	1,22,180	12.22
Add: Issued during the year	-	-	82,093	8.21
Outstanding at the end of the year	**2,04,273**	**20.43**	**2,04,273**	**20.43**

b) Details of Shareholder holding more than 5% equity shares

Name of Shareholder	As at 31 March 2021		As at 31 March 2020	
	No of Equity Shares	% holding	No of Equity Shares	% holding
Equity shares of ₹ 10 each				
- Asian Paints Limited (jointly with its nominees)	2,04,273	100.00	2,04,273	100.00

As per records of the Company, including its Register of Members

As per the Companies Act 2013, the holders of equity shares of the Company will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Terms/rights attached to equity shares

The Company has only one class of shares i.e. equity. The shareholders have voting rights in the proportion of their shareholding. The shareholders are entitled to dividend, if declared and paid by the Company. In the event of liquidation, these shareholders are entitled to receive remaining assets of the Company after distribution of all preferential amount, in the proportion of their shareholding.

14 Other equity

(₹ in Lakhs)

	Reserves and Surplus			Total
	Securities Premium	General Reserve	Retained earnings	
Balance as on 1 April 2019 (A)	**13,520.74**	**118.17**	**(9,218.69)**	**4,420.22**
Add: (Loss) for the year	-	-	(4,101.32)	(4,101.32)
Items of Other Comprehensive Income for the year, net of tax				
Remeasurement (loss) on defined benefit plans	-	-	(30.76)	(30.76)
Total Comprehensive Income for the year (B)	**-**	**-**	**(4,132.08)**	**(4,132.08)**
Premium on issue of equity shares (C)	7,991.75	-	-	7,991.75
Balance as on 31 March 2020 (D) = (A+B+C)	**21,512.49**	**118.17**	**(13,350.77)**	**8,279.89**
Balance as on 1 April 2020 (D)	**21,512.49**	**118.17**	**(13,350.77)**	**8,279.89**
Add: (Loss) for the year	-	-	(2,108.86)	(2,108.86)
Items of Other Comprehensive Income for the year, net of tax				
Remeasurement (loss) on defined benefit plans	-	-	(16.97)	(16.97)
Total Comprehensive Income for the year (E)	**-**	**-**	**(2,125.83)**	**(2,125.83)**
Balance as on 31 March 2021 (D+E)	**21,512.49**	**118.17**	**(15,476.60)**	**6,154.06**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Description of nature and purpose of each reserve

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

Securities Premium - Securities premium has arised on account of issue of shares at premium.

15 Borrowings

(₹ in Lakhs)

	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Deferred payment liabilities-Unsecured				
- Sales Tax deferment scheme - State of Maharashtra (Refer Note (i) below)	3.88	13.20	9.32	13.19
Loans repayable on demand-Unsecured				
From banks				
- Working capital (Refer Note (ii) below)	-	-	6,700.00	4,100.00
- Cash credit (Refer Note (iii) below)	-	-	792.93	1,267.15
	3.88	**13.20**	**7,502.25**	**5,380.34**
Less : Amount included under the head "Other Financial liabilities" (Refer Note 17)	-	-	(9.32)	(13.19)
Total	**3.88**	**13.20**	**7,492.93**	**5,367.15**

Notes:

i) Sales tax deferral scheme - State of Maharashtra represents sales tax deferment availed under the sales tax deferment scheme of Government of Maharashtra. It has a deferment period of 10 years and is repayable over 5 yearly installments as per repayment schedule starting from 2011. The accumulated sales tax deferral loan till 31 March 2021 is ₹ 13.20 lakhs (as at 31 March 2020: ₹ 26.39 lakhs).

ii) Unsecured working capital demand loan obtained in 5 different tranches carrying interest as per treasury bill plus variable basis points as per mutual contractual agreement having expiry of 1 month to 6 months from date of disbursement.

iii) Unsecured cash credit with banks carries interest ranging from @ 5.20 % to 6.90% p.a. (Previous year @ 6.90 % to 8% p.a).

iv) Default in terms of repayment of principal and interest - Nil

16 Lease liabilities

(₹ in Lakhs)

	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Lease liabilities	288.93	576.51	239.29	334.15
Total	**288.93**	**576.51**	**239.29**	**334.15**

The maturity analysis of lease liabilities is disclosed in Note 27 (C).

17 Other financial liabilities

(₹ in Lakhs)

	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(a) Current Maturities of Long-term debt (Refer Note 15)	-	-	9.32	13.19
(b) Others				
Retention monies payable	-	-	4.35	3.59
Trade deposits	11.64	16.64	16.50	0.50
Payable towards capital expenditure	-	-	2.09	5.76
Payable towards services received	-	-	692.71	242.42
Payable to employees	-	-	646.33	331.51
Payable towards other expenses	-	-	1,349.89	1,570.31
Total	**11.64**	**16.64**	**2,721.25**	**2,167.28**

18 Provisions

(₹ in Lakhs)

	Non-Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(a) Provision for Employee Benefits (Refer Note 33)				
Provision for Gratuity	-	-	67.15	84.67
Provision for Compensated absences	143.14	92.14	28.77	20.92
(b) Others				
Provision towards statutory liabilities (Refer Note 29)	-	-	229.75	226.37
Provision for goods under warranty (Refer Note 29)	-	-	53.61	39.83
Total	**143.14**	**92.14**	**379.28**	**371.79**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

19 Trade payables

(₹ in Lakhs)

	As at 31 March 2021	As at 31 March 2020
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 31)	549.39	262.72
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,833.05	1,201.14
Total	**2,382.44**	**1,463.86**

20 Other liabilities

(₹ in Lakhs)

	As at 31 March 2021	As at 31 March 2020
(a) Revenue received in advance		
Advance received from customers	1,647.94	1,458.24
(b) Others		
Stautory Payables -		
- Payable towards TCS	1.63	0.01
- Payable towards GST	15.34	11.62
-Payable towards TDS under Income tax	90.59	92.80
-Payable towards Provident Fund, Profession Tax and Employee State Insurance Corporation	31.18	29.91
Total	**1,786.68**	**1,592.58**

21A Revenue from operations

(₹ in Lakhs)

	As at 31 March 2021	As at 31 March 2020
Sale of products	25,090.87	22,740.25
Sale of services	875.71	640.89
Other operating revenue	487.77	444.19
Total	**26,454.35**	**23,825.33**

21B Revenue from contracts with customers

(₹ in Lakhs)

		31 March 2021	31 March 2020
(I)	**Revenue from Contracts with Customers disaggregated based on nature of product or services**		
	Sale of products		
	Modular kitchen and wardrobes	25,090.87	22,740.25
	Sale of services		
	Installation Income	875.71	640.89
	Other operating revenues		
	Commission Income	-	0.06
	Site visit charges	2.16	7.56
	Maintenance and service income	485.61	436.57
	Total	**26,454.35**	**23,825.33**
(II)	**Revenue from Contracts with Customers disaggregated based on geography**		
	Home Market	26,420.07	23,717.86
	Exports	34.28	107.47
	Total	**26,454.35**	**23,825.33**
(III)	**Amounts included in advance from customers (Refer Note 20)**		
	Beginning for the year	1,458.24	635.94
	Revenue recognized during the year	(1,224.93)	(466.03)
	Advance received during the year	1,414.63	1,288.33
	Closing for the year	**1,647.94**	**1,458.24**

21C Reconciliation of gross revenue with the revenue from contracts with customers

(₹ in Lakhs)

	31 March 2021	31 March 2020
Revenue	29,509.94	26,538.39
Less: Discounts	3,055.59	2,713.06
Net revenue recognized from contracts with customers	26,454.35	23,825.33

The amounts receivable from customers become due after expiry of credit period which ranges from 7 to 45 days. There is no significant financing component in any transaction with the customers.

The Company provides agreed upon specification warranty for selected range of products. The amount of liability towards such warranty is immaterial.

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

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

22 Other income

(₹ in Lakhs)

		31 March 2021	31 March 2020
(a)	**Interest Income**		
(i)	Interest on term deposits carried at amortised cost	2.31	2.88
		2.31	2.88
(b)	**Dividend Income**		
(i)	Dividend from equity investments	-	0.04
		-	0.04
(c)	**Other non-operating income**		
(i)	Excess provision written back	75.56	-
(ii)	Other non-operating income	63.59	31.40
		139.15	31.40
(d)	**Other gains and losses**		
(i)	Termination benefit on lease liabilities	33.04	-
(ii)	Gain on disposal of property, plant and equipments (net)	-	6.77
(iii)	Net foreign exchange gain	32.86	4.60
		65.90	11.37
Total (a+b+c+d)		**207.36**	**45.69**

*Majorly includes consultancy income and recoveries towards shared services.

23 (A) Cost of materials consumed

(₹ in Lakhs)

	31 March 2021	31 March 2020
Raw Materials Consumed		
Opening Stock	699.08	523.64
Add : Purchases	2,442.53	2,454.76
	3,141.61	2,978.40
Less: Closing Stock	1,081.78	699.08
	2,059.83	2,279.32
Packing Materials Consumed		
Opening Stock	55.55	42.08
Add : Purchases	892.36	663.96
	947.91	706.04
Less : Closing Stock	221.81	55.55
	726.10	650.49
Total cost of materials consumed	**2,785.93**	**2,929.81**

23 (B) Purchases of stock-in-trade

(₹ in Lakhs)

	31 March 2021	31 March 2020
Purchase of stock-in-trade	14,720.86	14,160.74
Total	**14,720.86**	**14,160.74**

23 (C) Changes in inventories of finished goods, stock-in-trade and work in progress

(₹ in Lakhs)

	31 March 2021	31 March 2020
Stock at the beginning of the year		
Finished Goods	668.02	589.89
Work-in-Progress	59.91	51.02
Stock-in-trade acquired for trading (including goods in transit)	5,125.01	3,428.58
Total	**5,852.94**	**4,069.49**
Stock at the end of the year		
Finished Goods	700.88	668.02
Work-in-Progress	69.13	59.91
Stock-in-trade acquired for trading (including goods in transit)	5,130.62	5,125.01
Total	**5,900.63**	**5,852.94**
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	**(47.69)**	**(1,783.45)**

24 Employee benefits expense

(₹ in Lakhs)

	31 March 2021	31 March 2020
Salaries and wages (including manpower charges (Refer note 35))	4,692.14	4,281.43
Contribution to Provident and other Funds (Refer note 33)	223.23	217.84
Staff welfare expenses	65.68	129.93
Total	**4,981.05**	**4,629.20**

25 Finance costs

(₹ in Lakhs)

	31 March 2021	31 March 2020
Interest Costs	315.76	250.33
(a) Interest on short term borrowings from banks	56.15	53.13
(b) Interest on lease liabilities	2.14	2.28
(c) Other Interest expenses		
Total	**374.05**	**305.74**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

26 Other expenses

(₹ in Lakhs)

	31 March 2021	31 March 2020
Auditors' remuneration (Refer note 30)	14.00	14.00
Advertisement and Sales promotional expenses	434.98	2,072.58
Bad debts written off	7.03	1.76
Bank charges	18.69	16.93
Commission and Brokerage	16.72	27.71
Consumption of stores, spares and consumables	65.91	88.25
Contract manpower expenses	474.92	485.56
Director sitting fees	1.60	1.00
Electricity expenses	83.80	114.55
Freight and handling charges	1,673.60	1,416.34
Information technology expenses	185.15	175.00
Installation charges	730.19	530.96
Insurance	11.09	12.50
Legal and professional expenses	331.21	234.89
Loss on sale/discard of property, plant and equipment (net)	11.43	-
Printing, stationery and communication expenses	38.11	46.61
Allowance for doubtful debts and advances (net)	18.83	99.76
Rates and taxes	50.23	73.49
Distribution expenses (Refer note 35)	123.91	175.81
Rent^	7.68	1.71
Repairs and maintenance:		
Buildings	18.62	17.87
Machinery	15.36	11.71
Other assets	132.08	134.93
Royalty (Refer note 35)	49.51	41.02
Warranty expenses	36.00	39.83
Sundry balances written off	7.31	4.02
Telephone expenses	43.65	40.62
Travelling expenses	500.44	908.52
Miscellaneous expenses	70.52	78.02
Total	**5,172.57**	**6,865.95**

^ Expense relating to short- term leases and to leases of low value assets amounts to ₹ 7.68 lacs (Previous year ₹ 1.71 lacs)

Total cash flows for leases is disclosed as financing activities in the cash flow statement. Maturity analysis of lease payments is disclosed in note 27 (C).

27 (A) Catergory-wise classification of financial instruments

(₹ in Lakhs)

	Refer note	Non-Current		Current	
		As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Financial assets measured at fair value through profit and loss					
Unquoted investments in equity shares	4	0.25	0.25	-	-
Financial assets carried at amortised cost					
Sundry Deposits	5	101.69	185.59	60.75	35.57
Interest accrued on term deposit	6	-	0.39	-	-
Term deposits held as margin money against bank guarantee and other commitments	6	17.49	17.31	-	-
Trade receivables	11	-	-	4,251.07	2,887.37
Cash and cash equivalents	12A	-	-	69.40	8.00
		119.43	**203.54**	**4,381.22**	**2,930.94**
Financial liabilities carried at amortised cost					
Loan repayable on demand from banks	15	-	-	7,492.93	5,367.15
Sales tax deferment scheme -State of Maharashtra	15	3.88	13.20	9.32	13.19
Trade Payables	19	-	-	2,382.44	1,463.86
Trade Deposits	17	11.64	16.64	16.50	0.50
Retention monies payable	17	-	-	4.35	3.59
Payable towards capital expenditure	17	-	-	2.09	5.76
Payable towards Services received	17	-	-	692.71	242.42
Payable to Employees	17	-	-	646.33	331.51
Payable towards other expenses	17	-	-	1,349.95	1,570.31
Lease liabilities	16	288.93	576.51	239.29	334.15
		304.45	**606.35**	**12,835.91**	**9,332.44**

27 (B) Fair value measurements

The carrying amount of financial assets and financial liabilities recognised in the financial statements is assumed to approximate their fair values, since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

27 (C) Financial risk management - objectives and policies

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The management has been monitoring the risks that the Company is exposed to due to outbreak of COVID 19 closely and continuously. The management has taken all

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

necessary actions to mitigate the risks identified basis the information and situation present.

The following disclosures summarize the Company's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analyses have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables and loans.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the company borrows from couple of banks (i.e Bank of America and Citi Bank) and the interest rates over the two financial years have varied between 5.20% to 6.90% p.a. and less as compared to the general rates of borrowings, the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Wherever considered feasible, the Company enters into forward exchange contracts with average maturity of one month, to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Company's foreign currency demoninated monetary items are as follows:

(₹ in Lakhs)

Currency	Liabilities		Assets	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
USD	678.91	374.51	851.13	315.12
EUR	131.72	35.40	45.90	34.55
SGD	-	-	0.28	0.28

The above table represents total exposure of the Company towards foreign exchange denominated assets and liabilities. The details of exposures unhedged are given as part of Note 32.

The Company is mainly exposed to changes in USD & EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD & EURO against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company. 5% represents management's assessment of the reasonably possible change in foreign exchange rate.

(₹ in Lakhs)

Change in USD Rate	Effect on profit afer tax		Effect on total equity	
	Year 2020-21	Year 2019-20	As at 31.03.2021	As at 31.03.2020
0.05	8.61	(2.97)	8.61	(2.97)
(0.05)	(8.61)	2.97	(8.61)	2.97

(₹ in Lakhs)

Change in USD Rate	Effect on profit afer tax		Effect on total equity	
	Year 2020-21	Year 2019-20	As at 31.03.2021	As at 31.03.2020
0.05	(4.29)	(0.04)	(4.29)	(0.04)
(0.05)	4.29	0.04	4.29	0.04

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, loans and other receivables.

Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counterparties are banks with high credit ratings assigned by the international credit rating agencies.

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on internal assessment and accordingly individual credit limits are defined. The concentration of credit risk is limited due to the fact that the customer base is large.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is given below. Additionally, considering the COVID-19 situation, the Company has also assessed the performance and recoverability of trade receivables. The Company believes that the carrying value of trade receivables reflects the fair value/ recoverable values.

Net Outstanding	Segments	Credit loss allowance
> 365 days	Projects	Yes, to the extent of lifetime expected credit losses outstanding as at reporting date.
> 180 days	Component dealers	

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for the year ended 31 March, 2021

(₹ in Lakhs)

Movement in expected credit loss allowance on trade receivables	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	359.30	259.54
Loss allowance measured at lifetime expected credit losses	18.83	99.76
Reversal of provision	-	-
Balance at the end of the year	**378.13**	**359.30**

3) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by having adequate amount of credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses non-derivative financial liabilities of the the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
As at 31 March 2021					
Borrowings (Refer note 15)	7,492.93	3.88	-	7,496.81	7,496.81
Trade Payables (Refer note 19)	2,382.44	-	-	2,382.44	2,382.44
Other financial liabilities (Refer note 17)	2,721.25	11.64	-	2,732.89	2,732.89
Lease liabilities (Refer note 16)	268.36	318.08	-	586.44	528.22
As at 31 March 2020					
Borrowings (Refer note 15)	5,367.15	13.20	-	5,380.35	5,380.35
Trade Payables (Refer note 19)	1,463.86	-	-	1,463.86	1,463.86
Other financial liabilities (Refer note 17)	2,167.28	16.64	-	2,183.92	2,183.92
Lease liabilities (Refer note 16)	373.48	637.80	0.84	1,012.12	910.66

The Company does not have any derivative finanical liabilites.

4) Risk due to outbreak of COVID-19 pandemic

The Company has evaluated the impact of the prevailing situation of COVID-19 pandemic on its financial statements. Based on the assessment performed, including on the liquidity position, no material adjustments are required in the financial statements as at March 31, 2021 and for the year ended March 31, 2021.

27 (D) Capital management

For the purpose of the company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes during the year end. Capital comprises of equity and debt. The Company is not exposed to any externally imposed capital requirements.

The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

(₹ in Lakhs)

	31 March 2021	31 March 2020
Debt #	7,506.13	5,393.54
Less: Cash and cash equivalents	69.40	8.00
Net debt	7,436.73	5,385.54
Total equity	6,174.49	8,300.32
Net debt to equity ratio	1.20	0.65

Debt is defined as long term and short term borrowings including other financial liabilities.

28 Contingent liabilities and commitments

(₹ in Lakhs)

Contingent liabilities	31 March 2021	31 March 2020
Claims against the Company not		
- Tax matters under dispute*	155.56	75.72
- Export obligation	49.91	80.20
Commitments:		
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	544.17	36.33
2. Letters of Credit and Bank Guarantees issued by bankers	1,097.66	375.58
3. For Lease commitments (Refer note 27 (C))		

* The Company is confident of successfully contesting the above disputed matters which are in appeals and does not expect the liability to crystallise. No cash outflow is expected.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

29 Provisions, Contingent Liabilities and Contingent Assets

Pursuant to the Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31 March, 2021 is as follows

(₹ in Lakhs)

	Goods under warranty		Statutory liabilities	
	2020- 2021	**2019- 2020**	**2020- 2021**	**2019- 2020**
Opening Balance	39.83	24.45	226.37	243.46
Additions during the year	36.00	39.83	29.43	45.33
Utilizations	22.22	24.45	11.77	41.19
Reversals	-	-	14.28	21.23
Closing Balance	53.61	39.83	229.75	226.37

*These provisions represent estimates made mainly for probable claims arising out of litigations/disputes pending with authorities under various statutes (Sales tax, service tax and Provident fund). The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow.

30 Payment to Auditors (excluding taxes)

(₹ in Lakhs)

	2020- 2021	**2019- 2020**
Statutory audit fees	9.00	9.00
Limited reviews	2.00	2.00
Tax audit fees	3.00	3.00
For reimbursement of expenses	-	0.40
Total	**14.00**	**14.40**

31 Micro, Small and Medium Enterprises

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2020-21, to the extent the Company has received intimation from the “Suppliers” regarding their status under the Act.

(₹ in Lakhs)

	31 March 2021		**31 March 2020**	
	Principal	**Interest**	**Principal**	**Interest**
Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)				
- Principal amount due to micro and small enterprise	549.39	-	262.72	-
- Interest due on above	-	-	-	-

(₹ in Lakhs)

	31 March 2021		31 March 2020	
	Principal	Interest	Principal	Interest
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

32 Foreign currency exposure

The Company does not enter into any derivative instruments for trading or speculative purposes. Unhedged foregin currency exposure are as under:

	Payable (FC in Lakhs)		Payable (₹ in Lakhs)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
EUR	1.84	0.28	131.72	35.40
USD	9.19	4.98	678.91	374.51

	Receivable (FC in Lakhs)		Receivable (₹ in Lakhs)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
EUR	0.48	0.34	45.90	34.55
USD	12.08	4.49	851.13	315.12
SGD	0.00	0.00	0.28	0.28

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

33 Employeee benefits

1) Post-employment benefits :

The company has the following post-employment benefit plans:

a) Defined Benefit Gratuity Plan (Funded)

The Company's defined benefit gratuity plan is a final salary plan for its employees, which requires contributions to be made to Life Insurance Corporation (LIC). It is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund is managed by LIC and every year the required contribution amount is paid to LIC. Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially set off by an increase in the return on the plan's investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at 31 March 2021 by Mr. Saket Singhal, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit or Loss/OCI and the funded status and amounts recognised in the balance sheet for the gratuity plan:

(₹ in Lakhs)

		Gratuity (Funded Plan) As at 31 March 2021	Gratuity (Funded Plan) As at 31 March 2020
(i)	**Opening defined benefit obligation**	**298.64**	**211.41**
(ii)	Current service cost	64.12	49.17
(iii)	Interest cost	20.21	16.34
(iv)	Past Service Cost	-	-
(v)	**Sub-total included in statement of profit and loss (ii+iii+iv)**	**84.33**	**65.51**
(vi)	Actuarial loss from changes in financial assumptions	5.54	30.76
(vii)	**Sub-total included in other comprehensive income(vi)**	**5.54**	**30.76**

(₹ in Lakhs)

		Gratuity (Funded Plan) As at 31 March 2021	Gratuity (Funded Plan) As at 31 March 2020
(viii)	Benefits paid	(13.19)	(9.04)
(ix)	**Closing defined benefit obligation (i+v+vii+viii)**	**370.32**	**293.64**
(x)	**Opening fair value of plan assets**	**213.97**	**157.76**
(xi)	Expected return on plan assets	13.82	11.60
(xii)	**Sub-total included in statement of profit and loss(xi)**	**13.82**	**11.60**
(xiii)	Actuarial gain/(Losses)	(11.43)	-
(xiv)	**Sub-total included in other comprehensive income(xiii)**	**(11.43)**	**-**
(xv)	Contributions by employer	100.00	53.65
(xvi)	Benefits paid	(13.19)	(9.04)
(xvii)	**Closing fair value of plan assets(x+xii+xiv+xv+xvi)**	**303.17**	**213.97**
(xviii)	**Net Liability (ix-xvii)**	**67.15**	**79.67**
	Expense recognized in:		
	Statement of profit and loss(v+xii)	**70.51**	**53.91**
	Statement of other comprehensive income(viii-xiv)	**16.97**	**30.76**

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

Particulars	Gratuity (Funded Plan) As at 31 March 2021	Gratuity (Funded Plan) As at 31 March 2020
Others (Including assets under scheme of insurance & Treasury bills)	100%	100%

The principal assumptions used in determining post-employment gratuity benefit obligations for the company's plans are shown below:

Particulars	Gratuity (Funded Plan) As at 31 March 2021	Gratuity (Funded Plan) As at 31 March 2020
Discount rate	6.39%	6.46%
Salary escalation rate	9.00%	9.00%

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Demographic Accumptions

Particulars	Gratuity (Funded Plan) As at 31 March 2021	Gratuity (Funded Plan) As at 31 March 2020
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	0-2 years- 30% 2-8 years- 17% Above 8 years- 8%	0-2 years- 30% 2-8 years- 17% Above 8 years- 8%
Leave Availment ratio	2%	2%

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	Gratuity (Funded Plan) As at 31 March 2021	Gratuity (Funded Plan) As at 31 March 2020
Defined Benefit Obligation - Discount Rate + 100 basis points	(24.36)	(19.29)
Defined Benefit Obligation - Discount Rate - 100 basis points	27.02	21.38
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	24.95	19.78
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(23.64)	(18.75)

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The average duration of the defined benefit plan obligation at the end of the reporting period is 6.87 years (Previous year 6.81 years)

The Company expects to make a contribution of ₹ 141.63 lakhs (Previous year ₹ 143.79 lakhs) to the defined benefit plans during the next financial year.

b) Defined Contribution Plan:

Provident Fund contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Statement of Profit and Loss as incurred. In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan.

2) Other Long term employee benefits:

The liability towards compensated absences (annual leave) for the year ended 31 March 2021 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 58.85 lakhs.

Financial Assumptions

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	6.39%	6.46%
Salary escalation rate	9.00%	9.00%

Demographic Accumptions

Particulars	As at 31 March 2021	As at 31 March 2020
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	0-2 years- 30% 2-8 years- 17% Above 8 years- 8%	0-2 years- 30% 2-8 years- 17% Above 8 years- 8%
Leave Availment ratio	2%	2%

34 Earnings per share*

	Particulars	As at 31 March 2021	As at 31 March 2020
(a)	Basic and diluted earnings per share in rupees (Face value ₹10 per share) (In ₹)	(1,033.67)	(2,156.97)
(b)	(Loss) after tax as per Statement of Profit and Loss (₹ In Lakhs)	(2,111.51)	(4,101.32)
(c)	Weighted average number of equity shares outstanding during the year	2,04,273	1,90,142

* Earnings per share is calculated by dividing the (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

35 Related party disclosure

Information on related party transactions as required by Indian Accounting Standard (Ind AS) - 24 on related party disclosures for the year ended 31 March 2021

(a) Holding Company – Asian Paints Limited (Control exists)

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

(b) Key Managerial Personnel (KMP):

Name of the person	Designation
Mr. Pragyan Kumar	Non - Executive Director
Mr. Maulik Desai	Chief Executive Officer
Mr. Rohit Dhanuka	Chief Financial Officer

(c) Fellow subsidaries

Asian Paints (Bangladesh) Ltd

Asian Paints (Nepal) Pvt Ltd

Asian Paints (Lanka) Ltd

(₹ in Lakhs)

	Holding Company		Fellow subsidaries	
	2020-21	2019-20	2020-21	2019-20
I. Sales of finished goods				
Asian Paints Limited	181.83	-	-	-
Asian Paints (Bangladesh) Ltd	-	-	4.09	-
Asian Paints (Nepal) Pvt Ltd	-	-	1.24	-
Asian Paints (Lanka) Ltd			2.89	-
II. Purchase of raw materials & finished goods	97.35	31.92	-	-
III. Reimbursement of expenses paid	34.85	12.29	-	-
IV Services paid #	1,737.31	1,606.54	-	-
V Services received	67.64	18.39	-	-

Includes recharge of remuneration relating to KMP's of the Company.

(₹ in Lakhs)

	Holding Company Balances as at		Fellow subsidaries Balances as at	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade and other payables	501.25	299.44	-	-
Trade and other receivables	79.09	2.04	-	-

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payables.

36 Segment reporting

The Company is in the business of Modular kitchen, kitchen components, wardrobes and wardrobe components, which in terms of Ind AS 108 “Operating Segments”, consitute a single reporting segment. The Company mainly operates in a single geographical enviornment i.e. in India.

37 Approval & adoption

The Financial statements are approved for issue by the Board of Directors at meeting conducted on 30 April 2021.

Signatures to notes to financial statements (Note 1 to 37)

For and on behalf of the Board of
Sleek International Private Limited
CIN : U31300MH1993PTC070859

Pragyan Kumar
Director
DIN No. 06641187

Parag Rane
Director
DIN No. 08723015

Maulik Desai
Chief Executive Officer

Rohit Dhanuka
Chief Financial Officer

Mumbai
Date : 30th April, 2021

MAXBHUMI DEVELOPERS LIMITED

Board of directors

Mr. R.J. Jeyamurugan	(Non-Executive Director)
Mr. Harish Jairam Lade	(Non-Executive Director)
Mr. Aashish Kshetry	(Non-Executive Director)

Auditors

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants

Registered office

Plot No. 5
Gaiwadi Industrial Estate
S.V.Road, Goregaon (West)
Mumbai – 400 062

Contents

Board's Report

Dear Members,

The Board of Directors are pleased to present the Fourteenth Annual Report of Maxbhumi Developers Limited along with the audited financial statements for the financial year ended 31st March, 2021.

Financial results

The financial performance of the company for the year ended 31st March, 2021 is summarized below:

(Amount in Rs.)

Particulars	**2020-21**	**2019-20**
Revenue from Operations	Nil	Nil
Other Income	Nil	Nil
Total Revenue	Nil	Nil
Expenses	5,09,201	1,10,89,041
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	**(5,09,201)**	**(1,10,89,041)**
Less:Finance Costs	Nil	Nil
Less:Depreciation and Amortization Expenses	Nil	Nil
Profit/(Loss) Before Tax	**(5,09,201)**	**(1,10,89,041)**
Less:Tax Expense	Nil	11,077
Profit/(Loss) After Tax	**(5,09,201)**	**(1,11,00,118)**

Overview of the company's performance and state of affairs

The Company had no operations during the financial year ended 31st March, 2021.

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year ended 2020-21 and the date of this Report.

Share capital

The paid-up Equity Share Capital as on 31st March, 2021 is Rs. 41,90,000/. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options or sweat equity shares.

Dividend

During the year under review, the Board of Directors has not recommended dividend on the equity shares of the Company. Further, the Company has not transferred any amount to the Investor Education & Protection Fund (IEPF) and no amount is lying in Unpaid Dividend A/c of the Company.

Transfer to reserves

The Company has no sufficient profits to transfer to the General Reserve of the Company.

Subsidiary status

The Company continues to be a wholly owned Subsidiary of Asian Paints Limited. Whereas the Company does not have any Subsidiary, Associates or Joint Ventures.

Public deposits

During the year under review, the Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013, read together with the Companies (Acceptance of Deposit) Rules, 2014. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Directors & key managerial personnel

The Board of Directors of the Company has been validly constituted as per Section 149 of the Companies Act, 2013 and corresponding Rules thereunder.

There has been no change in the Key Managerial Personnel of the Company.

Retirement by rotation and subsequent re-appointment

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, Mr. Aashish Kshetry (DIN: 08429701) Non-Executive Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting (hereinafter referred to as "AGM") and being eligible, offers himself for re-appointment.

Directors' responsibility statement

a) In the preparation of the Annual Accounts for the financial year ended 31st March, 2021, the applicable Accounting Standards and Schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;

b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the 31st March, 2021 and of the loss of the Company for the financial year ended 31st March, 2021;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The annual accounts have been prepared on a 'going concern' basis;

e) Proper internal financial controls as been laid down by the Directors were followed by the Company and that such internal financial controls are adequate and operating effectively; and

f) Proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems are adequate and operating effectively.

Meetings of the board

During the financial year 2020-21 Four (4) meetings of the Board of Directors were held on 11th June, 2020; 20th July, 2020; 21st October, 2020 and 20th January, 2021 respectively.

The maximum time gap between two (2) meetings did not exceed one hundred and twenty days.

Number of Board meetings attended by individual Directors during the financial year 2020-21 is as follows:

Sr.No.	Name of the Director	Number of meeting(s) entitled to attend	Number of meeting(s) attended
1.	Mr. R J Jeyamurugan	4	4
2.	Mr. Harish Jairam Lade	4	3
3.	Mr. Aashish Kshetry	4	4

Related party transactions

During the financial year 2020-21, the Company has entered into transactions with related parties as defined under Section 2 (76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued thereunder. There is no materially significant related party transaction made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large.

The details of the related party transactions are set out in the Notes to financial statements forming part of this Annual Report.

The Form AOC- 2 pursuant to clause (h) of sub-section 3 of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014 is set out as **"Annexure [1]"**.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Disclosure relating to remuneration of directors, key managerial personnel and particulars of employees

The details of remuneration paid to Directors and Key Managerial Personnel of the Company is being disclosed in the Annual Return.

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of The Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Auditors and auditor's report

At the 10th AGM of the Company, the shareholders had approved the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.117366W/W–100018), as the Statutory Auditor of the Company for a period of five (5) years i.e., from the conclusion of 10th AGM till the conclusion of 15th AGM of the Company.

M/s Deloitte Haskins & Sells LLP have confirmed their eligibility and qualification required under Section 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The Auditors' Report for the financial year ended 31st March, 2021 on the financial statements of the Company is a part of this Annual Report. The Auditors' Report for the financial year ended 31st March, 2021 does not contain any qualifications, reservation or adverse remark.

There were no incidences of reporting of frauds by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014.

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo

The Company has not been carrying on any operations during the year.

Accordingly, the information required to be published under Section 134(3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, concerning conservation of energy and technology absorption respectively are not applicable to the Company.

There was no inflow and outgo of foreign exchange involved during the Financial Year 2020-21.

Risk management

The Board has put in place appropriate framework and mechanism to review the risks for the Company including the operational and business risks. The Board reviews the risk mitigation plans from time to time.

Policy on prevention of sexual harassment at workplace

The Company is not required to adopt policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as there are less than 10 employees in the organization.

During the financial year 2020-21, no complaints were received by the Company. The Company is committed to provide a safe and conducive work environment to all of its employees and associates.

Internal financial controls and their adequacy

The Company has in place adequate internal financial controls with reference to Financials. The same is subject to review periodically by the Board of Directors for its effectiveness.

The Control measures adopted by the Company have been found to be effective and adequate to the Company's requirements.

Maintenance of cost records

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

Orders, if any, passed by regulators or courts or tribunals

No orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

Disclosure under section 43(a)(ii) of the companies act, 2013

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a) (ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 54(1) (d) of the companies act, 2013:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1) (d) of the Act read with Rule 8 (13) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 62(1) (b) of the companies act, 2013

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1) (b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 67(3) of the companies act, 2013

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

Annual return

As the Company doesn't have its own website, the requirement to upload Annual Return of the Company on its website as on 31st March, 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with Companies (Management and Administration) Rules, 2014, is not applicable to the Company.

Acknowledgements

Your Directors acknowledge with deep sense of appreciation the co-operation received from various other Central and State Government agencies, other Ministries, Customers, Bankers and other stakeholders. Your Directors express deep sense of appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels.

Your Directors also wish to express gratitude to all the Shareholders for the confidence reposed by them in the Company and for the continued support and co-operation.

For and on behalf of the board of directors

R. J. JEYAMURUGAN

CHAIRMAN
(DIN: 00010124)

Date: 7th May, 2021
Place: Mumbai

Annexure 1 To Board's Report

FORM AOC – 2

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

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

1.	Details of contracts or arrangements or transactions not at arm's length basis:		
	a.	Name(s) of the related party and nature of relationship	NA
	b.	Nature of contracts/arrangements/transactions	
	c.	Duration of the contracts / arrangements/transactions	
	d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
	e.	Justification for entering into such contracts or arrangements or transactions	
	f.	Date(s) of approval by the Board	
	g.	Amount paid as advances, if any:	
	h.	Date on which the special resolution was passed	
	i.	Amount paid as advances, if any:	
	j.	Date on which (a) the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangements or transactions at arm's length basis:		
	a.	Name(s) of the related party and nature of relationship	NA
	b.	Nature of contracts/arrangements/transactions	
	c.	Duration of the contracts / arrangements/transactions	
	d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
	e.	Date(s) of approval by the Board, if any	
	f.	Amount paid as advances, if any	

For and on behalf of the board of directors

R. J. JEYAMURUGAN

CHAIRMAN
(DIN: 00010124)

Date: 7th May, 2021
Place: Mumbai

Independent Auditor's Report

To The Members of Maxbhumi Developers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Maxbhumi Developers Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31st March 2021, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 on the financial statements.

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

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Board's Report including the annexures to the Board's Report, 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 and, in doing so, consider whether the other 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.

Management's Responsibility for the 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 including other comprehensive income, cash flows and changes in equity 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 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 statement 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

The Company does not pay remuneration to any of its Directors. Consequently, this clause has not been reported upon.

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 on its financial position in its financial statements.

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

(Firm's Registration No. 117366W/W-100018)
ABHIJIT A. DAMLE
Partner

(Membership No. 102912)

UDIN: 21102912AAAADA6451
Place: Mumbai
Date: 7th May, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Maxbhumi Developers Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Companies Act, 2013, 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

(Firm's Registration No. 117366W/W-100018)
ABHIJIT A. DAMLE
Partner

(Membership No. 102912)

UDIN: 21102912AAAADA6451
Place: Mumbai
Date: 7th May, 2021

Annexure “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the assets held for sale.

(b) The Company has a regular program of physical verification of its assets held for sale by which all assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification during the year.

(c) A ccording to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land, are held in the name of the Company as at the balance sheet date.

ii. The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

iii. In our opinion and according to information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted loans, investments, guarantees and security in accordance with the provision of Section 185 and 186 of the Act. Accordingly, paragraph 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 deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. Having regard to the nature of the Company’s business / activities, reporting under clause (vi) of CARO 2016 is not applicable.

vii. According to information and explanations given to us in respect of statutory dues,

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. The Company did not have any dues on account of Provident Fund, Employees’ State Insurance and Customs Duty.

(b) There were no undisputed amounts payable in respect of Income Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income Tax, Service Tax, Goods and Service Tax remaining unpaid as on March 31, 2021 on account of disputes.

viii. The Company has not taken loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act is not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, reporting under clause (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, the Company has not entered into any related party transactions during the year. Accordingly, reporting under clause (xiii) of the Order is not applicable to the Company.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

(Firm's Registration No. 117366W/W-100018)
ABHIJIT A. DAMLE
Partner
(Membership No. 102912)
UDIN: 21102912AAAADA6451
Place: Mumbai
Date: 7th May, 2021

Statement of Financial Position

as on 31 March, 2021

Amount in (₹)

	Notes	As at 31.03.2021	As at 31.03.2020
Assets			
Non Current assets			
Current Tax assets	2	100,000	75,000
		100,000	**75,000**
Current assets			
Financial Assets			
Cash and Cash Equivalents	3	5,092,287	8,009,875
Assets classified as held for sale	4	130,000,000	130,000,000
		135,092,287	**138,009,875**
Total		**135,192,287**	**138,084,875**
Equity and liabilities			
Equity			
Equity Share Capital	5	4,190,000	4,190,000
Other Equity	6	120,824,268	121,333,469
		125,014,268	**125,523,469**
Liabilities			
Current Liabilities			
Financial Liabilties			
Other financial liability	7	10,167,160	12,548,406
Other Current liabilities	8	10,859	13,000
		10,178,019	**12,561,406**
Total		**135,192,287**	**138,084,875**
Significant Accounting Policies and Key Accounting Estimates and judgements	1		
Notes referred above are an integral part of the financial statements	2 -16		

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors of Maxbhumi Developers Limited
ClN: U45400MH2007PLC175925

Abhijit A. Damle
Partner
Membership No. 102912

R J Jeyamurugan
Director
DIN : 00010124

Harish Lade
Director
DIN: 03505357

Mumbai
Date : 7th May, 2021

Mumbai
Date : 7th May, 2021

Statement of Profit and Loss

for the year ended 31 March, 2021

Amount in (₹)

	Particulars	Notes	Year 2020-21	Year 2019-20
I	**Total Income**		-	-
II	**EXPENSES**			
	Other expenses	9	509,201	11,089,041
	Total Expenses		**509,201**	**11,089,041**
III	(Loss) before tax (I-II)		(509,201)	(11,089,041)
IV	Tax expense			
	Short Provision for Previous year		-	11,077
V	**(Loss) for the Year (III-IV)**		**(509,201)**	**(11,100,118)**
VI	Other Comprehensive Income		-	-
VII	**Total Other Comprehensive (Loss) /Income**		**-**	**-**
VIII	**Total Comprehensive (Loss) (V+VII)**		**(509,201)**	**(11,100,118)**
IX	Earnings Per Share	14		
	Basic and Diluted		(1.22)	(26.49)
	Significant Accounting Policies and Key Accounting Estimates and judgements	1		
	Notes referred above are an integral part of the financial statements	2- 16		

As per our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm's Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors of Maxbhumi Developers Limited

CIN: U45400MH2007PLC175925

Abhijit A. Damle
Partner
Membership No. 102912

R J Jeyamurugan
Director
DIN : 00010124

Harish Lade
Director
DIN: 03505357

Mumbai
Date : 7th May, 2021

Mumbai
Date : 7th May, 2021

Statement of Changes in Equity

for the year ended 31 March, 2021

Amount in (₹)

A) Equity Share Capital

	As at 31.03.2021	As at 31.03.2020
Balance at the beginning of the year	4,190,000	4,190,000
Changes in Equity Share Capital during the year	-	-
Balance at the end of the reporting year	4,190,000	4,190,000

B) Other Equity

Particulars	Reserves and Surplus		
	Retained earnings	Securities Premium	Total
Balance as on 1st April 2019	**(18,856,413)**	**151,290,000**	**132,433,587**
(Loss) for the year	(11,100,118)	-	(11,100,118)
Balance as on 31st March 2020	**(29,956,531)**	**151,290,000**	**121,333,469**
(Loss) for the year	(509,201)	-	(509,201)
Balance as on 31st March 2021	**(30,465,732)**	**151,290,000**	**120,824,268**

As per our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm's Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors of Maxbhumi Developers Limited

CIN: U45400MH2007PLC175925

Abhijit A. Damle
Partner
Membership No. 102912

R J Jeyamurugan
Director
DIN : 00010124

Harish Lade
Director
DIN: 03505357

Mumbai
Date : 7th May, 2021

Mumbai
Date : 7th May, 2021

Statement of Cash Flows

for the year ended 31 March, 2021

Amount in (₹)

		Year 2020-21	Year 2019-20
A	**Cash Flow from Operating Activities**		
	(Loss) before tax	(509,201)	(11,089,041)
	Adjustments for:		
	Add:		
	Impairment on asset held for sale	-	10,764,846
	Sundry balance written off (Net)	63,146	73,247
	Operating (Loss) before working capital changes	(446,055)	(250,948)
	Adjustments for:		
	(Decrease) in current assets	-	(39,299)
	(Decrease) in current liabilities	(2,471,533)	(109,161)
	Net Cash (used in) operating activities	(2,917,588)	(399,408)
	Income Tax (Paid) / refund		64,260
	Net cash (used in) operating activities	**(2,917,588)**	**(335,148)**
B	**Cash flows from investing activities**	**-**	**-**
C	**Cash flows from financing activities**	-	-
	Net (decrease) in cash and cash equivalents	(2,917,588)	(335,148)
	Cash and cash equivalents as at 1st April	8,009,875	8,345,023
	Cash and cash equivalents as at 31st March	**5,092,287**	**8,009,875**
	Component of cash and cash equivalents		
	Cash and cash equivalents		
	Balance with a bank (Refer Note 3)	**5,092,287**	**8,009,875**

Note :

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS - 7) - Statement of Cash Flows.

As per our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm's Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors of Maxbhumi Developers Limited

CIN: U45400MH2007PLC175925

Abhijit A. Damle
Partner
Membership No. 102912

R J Jeyamurugan
Director
DIN : 00010124

Harish Lade
Director
DIN: 03505357

Mumbai
Date : 7th May, 2021

Mumbai
Date : 7th May, 2021

Notes To The Financial Statements

for the year ended 31 March, 2021

Company Overview

Maxbhumi Developers Limited (the 'Company') was incorporated under the Companies Act, 1956. The registered office of the Company is located at - Plot No. 5, Gaiwadi Industrial Estate, S.V. Road, Goregaon (West), Mumbai-400062. The Company has a land at Pune and primarily engaged in development of real estate and infrastructural facilities.

1. Significant Accounting Policies and Key accounting estimates and judgements

1.1 Basis of preparation of financial statements

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015(as amended).

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

1.2 Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets.

1.3 Summary of Significant accounting policies

a) Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

b) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

c) Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of 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 recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

d) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of bank overdrafts which are repayable on demand as these form an integral part of the Company's cash management.

e) Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

f) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

g) Non-current Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

1.4 Key accounting estimates and judgments

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Fair value measurement of assets held for sale

The Company intends to complete the sale of land in the next twelve months. The Company is currently in negotiation with some potential buyers and expects that the fair value less cost to sell of the land will be higher than the carrying amount of land.

2 Current tax asset

Amount in (₹)

	As at 31.03.2021	As at 31.03.2020
TDS receivable	100,000	75,000
	100,000	**75,000**

The Company has the following unused tax losses which arose on incurrence of business losses under the Income Tax, 1961, for which no deferred tax asset has been recognised in the Balance Sheet.

Financial Year	Business Loss Amount in (₹)	Expiry Date
2012-2013	4,34,996	31-03-2021
2013-2014	5,45,336	31-03-2022
2014-2015	1,75,455	31-03-2023
2015-2016	90,894	31-03-2024
2016-2017	1,23,740	31-03-2025
2017-2018	1,17,483	31-03-2026
2019-2020	2,95,713	31-03-2028
2020-2021	4,46,055	31-03-2029

3 Cash and cash equivalents

Amount in (₹)

	As at 31.03.2021	As at 31.03.2020
Balance with a bank		
- Current Account	5,092,287	8,009,875
	5,092,287	**8,009,875**

4 Assets classified as held for sale

Amount in (₹)

	Net Block as on 01.04.2020	Additions during the year	Impairment during the year	Net Block as on 31.03.2021
Freehold Land (i)	128,969,072	-	-	128,969,072
Building	1,030,928	-	-	1,030,928
Total	**130,000,000**	**-**	**-**	**130,000,000**

	Net Block as on 01.04.2019	Additions during the year	Impairment during the year	Net Block as on 31.03.2020
Freehold Land (i)	139,733,918	-	10,764,846	128,969,072
Building	1,030,928	-	-	1,030,928
Total	**140764846**	**-**	**10,764,846**	**130,000,000**

(i) The Company intends to sell freehold land along with fencing situated in Sanaswadi, it no longer plans to utilise in the next 12 months. No Impairment loss was recognised during the year by the Company. (Previous year, impairment loss of Rs. 1,07,64,846 was recognised on these assets based on the expected fair value less cost to sell).

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

5 Equity share capital

Amount in (₹)

	As at 31.03.2021	As at 31.03.2020
Authorised capital		
4,50,000 (Previous year - 4,50,000) Equity shares of ₹ 10/- each	4,500,000	4,500,000
Issued, subscribed and paid up capital		
4,19,000 Equity shares of ₹ 10/- each fully paid up	4,190,000	4,190,000
	4,190,000	**4,190,000**

A) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Amount in (₹)	No. of Shares	Amount in (₹)
At the beginning of the year	419,000	4,190,000	419,000	4,190,000
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**419,000**	**4,190,000**	**419,000**	**4,190,000**

B) Details of shareholding in the Company

All the shares are held by the holding Company, Asian Paints Limited and its nominees.

C) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having at par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll are in proportion to his share of the paid-up equity capital of the Company. Voting rights cannot be excercised in respect of shares on which any call or other sums presently payable have not been paid.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all liabilities. The distribution will be in proportion of the shares held by each shareholder.

6 Other equity

	Reserves and Surplus		
	Retained earnings	Securities Premium	Total
Balance as on 1st April 2019	(18,856,413)	151,290,000	132,433,587
(Loss) for the year	(11,100,118)	-	(11,100,118)
Balance as on 31st March 2020	**(29,956,531)**	**151,290,000**	**121,333,469**

	Reserves and Surplus		
	Retained earnings	Securities Premium	Total
Balance as on 1st April 2020	(29,956,531)	151,290,000	121,333,469
(Loss) for the year	(509,201)	-	(509,201)
Balance as on 31 March 2021	**(30,465,732)**	**15,1290,000**	**120,824,268**

7 Other financial liability

Amount in (₹)

	As at 31.03.2021	As at 31.03.2020
Payable towards services received	11,682	1,626
Advance against sale of land*	1,00,00,000	1,24,01,000
Provision for expenses	1,55,478	1,45,780
	1,01,67,160	**1,25,48,406**

* Includes advance received against erstwhile terminated land deal of Rs. NIL (Previous year ₹ 49,01,000)

8 Other current liabilities

Amount in (₹)

	As at 31.03.2021	As at 31.03.2020
Payable towards TDS under Income tax	10,859	13,000
	10,859	**13,000**

9 Other expenses

	2020-21	2019-20
Legal and professional fees	344,022	118,330
Payment to auditors (Refer Note 12)	100,000	130,000
Sundry balances written off	63,146	73,247
Bank Charges	-	118
Miscellaneous Expenses	2,033	2,500
Impairment loss on asset held for sale	-	10,764,846
	509,201	**11,089,041**

10 A) Catergory-wise classification of financial instruments

Amount in (₹)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Financial assets carried at amortised cost (Refer Note 3)				
Cash and cash equivalents	-	-	5,092,287	8,009,875
	-	**-**	**5,092,287**	**8,009,875**
Financial liabilities carried at amortised cost (Refer Note 7)				
Payable towards services received	-	-	11,682	1,626
Advance against sale of land	-	-	10,000,000	12,401,000
Provision for expenses	-	-	155,478	145,780
	-	**-**	**10,167,160**	**12,548,406**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

B) Fair value measurements

The carrying amount of financial assets and financial liabilities recognised in the financial statements is assumed to approximate their fair values, since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

C) Financial risk management - objectives and policies

The Company's financial liabilities comprise mainly of other payables. The Company's financial assets comprise mainly of cash and cash equivalents.

The Company is exposed to Liquidity risk. The following disclosures summarize the Company's exposure to Liquidity risk.

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by having adequate amount of Cash and cash equivalents to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses non-derivative financial liabilities of the the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
as at 31st Mar, 2021					
Other financial liabilities (Refer note 7)	**10,167,160**	**-**	**-**	**10,167,160**	**10,167,160**
As at 31 March 2020					
Other financial liabilities (Refer note 7)	12,548,406	-	-	12,548,406	12,548,406

The Company does not have any derivative finanical liabilites.

11 Contingent liabilities and commitments

Amount in (₹)

	As at 31.03.2021	As at 31.03.2020
Contingent Liabilities		
Non utilization charges on land at Sanaswadi, Pune #	17,420,092	17,420,092
# Further, transfer charges at applicable rate would be payable upon conclusion of sale of assets held for sale.	-	-
	17,420,092	**17,420,092**

12 Payment to auditors

	2020-21	2019-20
Statutory audit fees	100,000	100,000
Certification fees	-	30,000
	100,000	**130,000**

13 Information on Related Party Transactions as required by Ind AS- 24 - 'Related Party Disclosures' for the year ended 31 March, 2021

A) Holding Company :

Asian Paints Limited (Control exists)

B) Transactions and balances with Related Party during the year : NIL

14 Earnings per share

	2020-21 Amount in (₹)	2019-20 Amount in (₹)
a) Basic and diluted earnings per share before and after exceptional items (In ₹) per share (Face value of Rs.10/- per share)	(1.22)	(26.49)
b) (Loss) after tax as per Statement of Profit and Loss (In ₹)	(509,201)	(11,100,118)
c) Weighted average number of equity shares outstanding	419,000	419,000

15 The Company has taken into account external and internal information for assessing possible impact of COVID-19 on various elements of its financial statements, including recoverability of its assets.

16 These Financial Statements are approved for issue by the Board of Directors at meeting conducted on 7th May, 2021.

For and on behalf of the Board of Directors of
Maxbhumi Developers Limited
CIN: U45400MH2007PLC175925

R J Jeyamurugan
Director
DIN : 00010124

Harish Lade
Director
DIN: 03505357

Mumbai
Date : 7th May, 2021

RENO CHEMICALS PHARMACEUTICALS AND COSMETICS PRIVATE LIMITED

BOARD OF DIRECTORS

Mr. R.J. Jeyamurugan	(Non-Executive Director)
Mr. Harish Jairam Lade	(Non-Executive Director)
Mr. Aashish Kshetry	(Non-Executive Director)

AUDITORS

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants

REGISTERED OFFICE

6B, Shanti Nagar, Vakola, Santacruz East, Near Asian Paints,
Mumbai 400055, Maharashtra

Contents

Board's Report

Dear Members,

The Board of Directors are pleased to present the Fiftieth Annual Report of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited along with the Audited Financial Statements for the Financial Year ended 31st March, 2021.

Financial results:

The financial performance of the Company, for the year ended 31st March, 2021 is summarized below:

(Amount in ₹ lakhs)

Particulars	2020-21	2019-20
Revenue from Operations	0	0
Other Income	0.34	0.02
Total Revenue	0.34	0.02
Expenses	41.07	50.17
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	40.73	(50.15)
Less: Finance Costs	25.35	2.09
Less: Depreciation and Amortisation Expenses	0	0.11
Profit/ (Loss) Before Tax	(66.08)	(52.35)
Less: Tax Expense	0.07	1.09
Profit / (Loss) After Tax	(66.15)	(53.44)

Overview of the company's performance and state of affairs:

The Company had no operations during the financial year ended 31st March, 2021.

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2020 – 21 and the date of this report.

Merger of the company with asian paints limited, holding company

The Company Petition filed for amalgamation of the Company with Asian Paints Limited, Holding Company was admitted on 26th April, 2021 by Hon'ble National Company Law Tribunal, Mumbai (NCLT).

The said Petition is fixed for hearing before the Hon'ble NCLT on 13th May, 2021.

Share capital

The paid-up Equity Share Capital as on 31st March, 2021 is ₹ 4,95,000 (Rupees Four Lakh Ninety-Five Thousand). During the year under review, the Company has not issued shares with differential voting rights nor granted stock options or sweat equity.

Dividend

During the year under review, the Board of Directors has not recommended dividend on the equity shares of the Company. Further, the Company has not transferred any amount to the Investor Education & Protection Fund (IEPF) and no amount is lying in Unpaid Dividend A/c of the Company.

Transfer to reserves

During the year under review, the Company has not transferred any amount to General Reserve.

Subsidiary status

The Company continues to be a wholly owned Subsidiary of Asian Paints Limited during the year under the review.

Whereas the Company doesn't have any Subsidiary, Associates or Joint Ventures.

Public deposits

During the year under review, the Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013, read together with the Companies (Acceptance of Deposit) Rules, 2014. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Directors & key managerial personnel

The Board of Directors of the Company has been validly constituted as per Section 149 of the Companies Act, 2013 and corresponding Rules thereunder. Further, there has been no change in the Key Managerial Personnel of the Company.

Retirement by rotation and subsequent re-appointment:

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, Mr. Aashish Kshetry (DIN:08429701), Non – Executive Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting (hereinafter referred to as 'AGM') and being eligible offers himself for re-appointment.

Directors' responsibility statement:

Pursuant to the provisions of Section 134 (5) of the Act with respect to 'Directors' Responsibility Statement', your Directors state that:

a) in the preparation of the annual accounts for the year ended 31st March, 2021, the applicable Accounting Standards read with requirements set out under Schedule III of the Act, have been followed and that there are no material departures from the same;

b) the directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the loss of the Company for the year ended on that date;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts for the year ended 31st March, 2021 on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the directors had devised a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Meetings of the board:

During the financial year 2020-21, Four (4) meetings of the Board of Directors were held on 11th June, 2020; 20th July, 2020; 21st October, 2020; and 20th January, 2021. The maximum time gap between two (2) meetings did not exceed one hundred and twenty days.

The Company has complied with the applicable Secretarial Standards in respect of all the above Board meetings.

Number of Board meetings attended by individual Directors during the financial year 2020-21 is as follows:

Sr. No.	Name of the Director	No. of meeting(s) entitled to attend	No. of meeting(s) attended
1	Mr. R J Jeyamurugan	4	4
2	Mr. Harish Jairam Lade	4	3
3	Mr. Aashish Kshetry	4	4

Related party transactions

During the financial year 2020 – 21, the Company has entered into transactions with related parties as defined under Section 2 (76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued there under. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial

Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the related party transactions are set out in Notes to the financial statements of the Company.

The Form AOC- 2 pursuant to clause (h) of sub-section 3 of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as **"Annexure [1]"**.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Auditors and auditor reports

At the 47th AGM of the Company, the shareholders had approved the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W – 100018), as the Statutory Auditor of the Company for a period of 5 (five) years i.e. from the conclusion of 47th AGM till the conclusion of 52nd AGM of the Company.

M/s. Deloitte Haskins & Sells LLP have confirmed their eligibility and qualification required under Sections 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued there under (including any statutory modification(s) or reenactment(s) thereof for the time being in force).

The Auditors' Report for the financial year ended 31st March, 2021 on the financial statements of the Company is a part of this Annual Report. The Auditors' Report for the financial year ended 31st March, 2021 does not contain any qualification, reservation or adverse remark.

There were no incidences of reporting of frauds by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014.

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo:

The Company has not been carrying on any operations during the year. Accordingly, the information required to be published under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, concerning conservation of energy and technology absorption respectively are not applicable to the Company.

There was no inflow and outgo of foreign exchange involved during the Financial Year 2020-21.

Risk management policy

The Board has put in place appropriate framework and mechanism to review the risks for the Company including the operational and business risks. The Board reviews the risk mitigation plans from time to time.

Policy on prevention of sexual harassment

The Company doesn't have any employees hence Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder is not applicable to the Company.

Annual return

As the Company doesn't have its own website, the requirement to upload Annual Return of the Company on its website as on 31st March, 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with Companies (Management and Administration) Rules, 2014, is not applicable to the Company.

Internal financial controls and their adequacy

The Company has in place adequate internal financial controls with reference to Financials. The same is subject to review periodically by the Board of Directors for its effectiveness. The control measures adopted by the Company have been found to be effective and adequate to the Company's requirements.

Maintenance of cost records

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

Orders, if any, passed by regulators or courts or tribunals

No orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

Disclosure under section 43(a)(ii) of the companies act, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 54(1)(d) of the companies act, 2013:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 62(1)(b) of the companies act, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

Disclosure under section 67(3) of the companies act, 2013:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

Acknowledgements

Your Directors acknowledge with deep sense of appreciation the co-operation received from various other Central and State Government agencies, other Ministries, Customers, Bankers and other stakeholders. Your Directors express deep sense of appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels.

Your Directors also wish to express gratitude to all the Shareholders for the confidence reposed by them in the Company and for the continued support and co-operation.

For and on behalf of the Board of Directors

R J JEYAMURUGAN

CHAIRMAN
(DIN: 00010124)

Place: Mumbai
Date: 7th May, 2021

Annexure [1] To Board's Report

FORM AOC – 2

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

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

1.	Details of contracts or arrangements or transactions not at arm's length basis:		
	a.	Name(s) of the related party and nature of relationship	NA
	b.	Nature of contracts/arrangements/transactions	
	c.	Duration of the contracts / arrangements/transactions	
	d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
	e.	Justification for entering into such contracts or arrangements or transactions	
	f.	Date(s) of approval by the Board	
	g.	Amount paid as advances, if any:	
	h.	Date on which the special resolution was passed	
	i.	Amount paid as advances, if any:	
	j.	Date on which (a) the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangement or transactions at arm's length basis:		
	a.	Name(s) of the related party and nature of relationship	NA
	b.	Nature of contracts/arrangements/transactions	
	c.	Duration of the contracts / arrangements/transactions	
	d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	
	e.	Date(s) of approval by the Board, if any	
	f.	Amount paid as advances, if any	

For and on behalf of the Board of Directors

R J JEYAMURUGAN

CHAIRMAN
(DIN: 00010124)

Place: Mumbai
Date: 7th May, 2021

Independent Auditor's Report

To The Members of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021 and 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 a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31 March, 2021 its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 on the financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Board's Report including the annexures to the Board's Report, 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 and, in doing so, consider whether the other 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.

Management's Responsibility for the 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 including other comprehensive loss, cash flows and changes in equity 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 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 statement 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

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

   e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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 over financial reporting of the

Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration not applicable.

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 does not have any pending litigations which would impact its financial position

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

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Abhijit A. Damle
(Partner)
(Membership No. 102912)
UDIN -21102912AAAACY6974

Place: Mumbai
Date: 7th May, 2021

Annexure "A" To The Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ("the Company") as of 31st March, 2021 in conjunction with our audit of the IND AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Companies Act, 2013, 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Abhijit A. Damle
(Partner)
(Membership No. 102912)
UDIN -21102912AAAACY6974

Place: Mumbai
Date: 7th May, 2021

Annexure "B" to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified by the Company during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification during the year.

(c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable property of land which is freehold, is held in the name of the Company as at the balance sheet date.

ii. The Company does not have any inventory and hence reporting under paragraph (ii) of the order is not applicable.

iii. In our opinion and according to information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted loans, investments, guarantees and security in accordance with the provision of Section 185 and 186 of the Act. Accordingly, paragraph 3(v) 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 deposit from the public in accordance with the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income Tax and other material statutory dues applicable to it to the appropriate authorities. Employees' State Insurance, Provident Fund, Customs Duty, Goods and Services Tax and cess are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Income Tax, Service Tax, and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable. Employees' State Insurance, Provident Fund, Customs Duty, Goods and Services Tax and Cess are not applicable to the Company.

(c) There are no dues of Income Tax, Customs duty, Excise Duty, Value Added Tax and Goods and Services Tax as on March 31, 2021 on account of dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its bank and government. The Company does not have any loans or borrowings from any Financial Institution or debenture holders during the year.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under paragraph (ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act is not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, reporting under paragraph (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable and the details have been disclosed in the

Financial Statements as required by the applicable Indian Accounting Standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into noncash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

xvi. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Abhijit A. Damle
(Partner)
(Membership No. 102912)
UDIN -21102912AAAACY6974

Place: Mumbai
Date: 7th May, 2021

Statement of Financial Position

as on 31 March, 2021

(₹ in Lakhs)

	Notes	As on 31.03.2021	As on 31.03.2020
ASSETS			
Non Current assets			
Property, Plant and Equipment	2	0.88	0.88
Capital work-in-progress	2A	850.12	770.13
Financial Assets			
Loans	3	3.50	2.43
Current Tax Assets (net)	4	0.23	1.50
		854.73	**774.94**
Current assets			
Financial Assets			
Cash and Cash equivalents	5	0.21	12.54
		0.21	12.54
TOTAL ASSETS		**854.94**	**787.48**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	6	4.95	4.95
Other Equity	7	(134.02)	(67.87)
		(129.07)	**(62.92)**
LIABILITIES			
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowing	8	975.00	790.00
(ii) Other Financial Liabilities	9	8.61	55.57
(b) Other current liabilities	10	0.38	4.83
Current Tax Liabilities		0.02	-
		984.01	**850.40**
TOTAL EQUITY AND LIABILITIES		**854.94**	**787.48**
Significant accounting policies and Key accounting estimates and judgements	1		
See accompanying notes to the financial statements	2-24		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No:
117366W/W-100018

For and on behalf of the Board of Directors of
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited
CIN: U24110MH1972PTC015839

Abhijit A. Damle
Partner
Membership No: 102912
Mumbai
7th May, 2021

R J Jeyamurugan
Director
DIN: 00010124

Aashish Kshetry
Director
DIN: 08429701

Harish Lade
Director
DIN: 03505357
Mumbai
7th May, 2021

Statement of Profit and Loss
for the year ended 31 March, 2021

(₹ in Lakhs)

	Notes	As on 31.03.2021	As on 31.03.2020
REVENUE FROM OPERATIONS		-	-
OTHER INCOME	11	0.34	0.02
TOTAL INCOME (I)		**0.34**	**0.02**
EXPENSES			
Other Expenses	12	41.07	50.17
TOTAL EXPENSES (II)		**41.07**	**50.17**
EARNING BEFORE INTEREST,TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)		(40.73)	(50.15)
Finance Costs	13	25.35	2.09
Depreciation Expense	14	-	0.11
(LOSS) BEFORE TAX		**(66.08)**	**(52.35)**
Current Tax Expense		0.02	-
Short provision of Income Tax for earlier year		0.05	1.09
(LOSS) FOR THE YEAR		**(66.15)**	**(53.44)**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(66.15)**	**(53.44)**
Earnings per equity share (Face value of ₹ 100 each) Basic & Diluted (in ₹)	18	**(1,336.46)**	**(1,079.61)**
Significant accounting policies and Key accounting estimates and judgements	1		
See accompanying notes to the financial statements	2-24		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Firm's Registration No:
117366W/W-100018

For and on behalf of the Board of Directors of
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited

CIN: U24110MH1972PTC015839

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
7th May, 2021

R J Jeyamurugan
Director
DIN: 00010124

Aashish Kshetry
Director
DIN: 08429701

Harish Lade
Director
DIN: 03505357

Mumbai
7th May, 2021

Statement of Changes in Equity

for the year ended 31 March, 2021

A) Equity Share Capital

(₹ in Lakhs)

	As on 31.03.2021	As on 31.03.2020
Balance at the beginning of the year	4.95	4.95
Changes in Equity Share capital during the year	-	-
Balance at the end of the year	4.95	4.95

B) Other Equity

(₹ in Lakhs)

	Reserves and Surplus
	Retained earnings
Balance as at 1st April, 2019 (A)	**(14.43)**
Additions during the year;	
(Loss) for the year	(53.44)
Total Comprehensive Loss for the year (B)	**(53.44)**
Balance as on 31st March, 2020 (A+B)	**(67.87)**
Additions during the year;	
(Loss) for the year	(66.15)
Total Comprehensive Loss for the year (C)	**(66.15)**
Balance as on 31st March, 2021 (A+B+C)	**(134.02)**

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Firm's Registration No:
117366W/W-100018

For and on behalf of the Board of Directors of
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited

CIN: U24110MH1972PTC015839

Abhijit A. Damle
Partner
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Harish Lade
Director
DIN: 03505357

Mumbai
7th May, 2021

Statement of Cash Flows
for the year ended 31 March, 2021

(₹ in Lakhs)

	Particulars	Year 2020-21	Year 2019-20
(A)	**Cash Flow From Operating Activities**		
	Loss before tax	**(66.08)**	**(52.35)**
	Adjustments for :		
	Depreciation expenses	-	0.11
	Interest income	(0.34)	(0.02)
	Interest Expense	25.35	2.09
	Sundry balances written off	-	0.01
	Operating (Loss) before working capital changes	**(41.07)**	**(50.16)**
	Adjustments for :		
	Decrease in current Loans and Advances	(1.07)	-
	Increase/(Decrease) in other payables	(51.41)	44.92
	Cash (used in) Operating activities	**(93.55)**	**(5.24)**
	Income Tax (paid) / refund (net)	1.21	0.20
	Net Cash (used in) Operating activities	**(92.34)**	**(5.04)**
(B)	**Cash Flow from Investing Activities**		
	Purchase of Property, plant and equipment (incl. CWIP)	(79.98)	(611.30)
	Interest on sundry deposits	0.34	-
	Net Cash used in Investing activities	**(79.64)**	**(611.30)**
(C)	**Cash Flow from Financing Activities**		
	Proceeds from Loan from Holding Company - (Refer note c below)	185.00	625.00
	Interest Expense	(25.35)	(2.09)
	Net Cash generated from Financing activities	**159.65**	**622.91**
(D)	**Net (Decrease) / Increase in cash and cash equivalents:**	**(12.33)**	**6.57**
	Add: Cash and cash equivalents as at 1st April	12.54	5.97
	Cash and cash equivalents as at 31st March (Refer Note 5)	0.21	12.54

Notes:

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

		As at 31.03.2021	As at 31.03.2020
(b)	Cash and Cash equivalents comprises of		
	Balances with Bank:		
	- Current Accounts	0.21	12.54
Cash and cash equivalents in Cash Flow Statement		0.21	12.54

(c) Changes in liabilities arising from financing activities

	As at 31.03.2020	Cash Flows	Non-cash changes	As at 31.03.2021
Borrowings - Current (Refer Note 8)	790.00	185.00	-	975.00
	As at 31.03.2019	**Cash Flows**	**Non-cash changes**	**As at 31.03.2020**
Borrowings - Current (Refer Note 8)	165.00	625.00	-	790.00

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Firm's Registration No:
117366W/W-100018

For and on behalf of the Board of Directors of
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited
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Abhijit A. Damle
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Harish Lade
Director
DIN: 03505357
Mumbai
7th May, 2021

Notes To The Financial Statements
for the year ended 31 March, 2021

Company Overview

Reno Chemicals Pharmaceuticals and Cosmetics Private Limited (the 'Company') was incorporated in India under the Indian Companies Act, 1956. The registered office of the Company is located at 6B, Shanti Nagar, Santacruz East, Mumbai – 400055.

1. Significant Accounting Policies and Key accounting estimates and judgements

1.1. Basis of preparation of financial statements

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements. The financial statements have been prepared on going concern basis pending the merger of the Company with Asian Paints Limited. Refer note 23.

1.2. Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current. For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months.

1.4 Summary of Significant accounting policies

a) Property, plant and equipment

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of an item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Expenditure related to plans, designs and drawings of buildings is capitalized under relevant heads of Property, plant and equipment if the recognition criteria are met.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, plant and equipment recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such Property, plant and equipment.

Capital work in progress and capital advances:

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on each part of an item of Property, plant and equipment is provided using the straight line method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimated useful life of is mentioned below:

Particulars	Years
Factory Building	30

Freehold land is not depreciated.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

b) Impairment

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever event or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense.

Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

c) Interest Income

Interest income is recognized using effective interest rate method.

d) 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.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Financial assets

Initial recognition and measurement:

The Company recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

a. The Company's business model for managing the financial asset and

b. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances and loans and advances of the Company (Refer Note 15 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

Financial Liabilities

Initial recognition and measurement:

The Company recognizes a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method (refer note 15 for further details)

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognized 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 Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

e) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with the applicable tax laws.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

<u>Presentation of current and deferred tax:</u>

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/ expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

Deferred tax assets are recognized only to the extent there is reasonably certainty that the assets can be realized in the future; however, where there is unabsorbed depreciation or carry forward under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

f) Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of 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 recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

g) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments

h) Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

i) Segment reporting

The Company did not have any business during the year.

j) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

1.5 Key accounting estimates and judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Income taxes

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions

b. Property, plant and equipment

Property, plant and equipment is one of the key asset for the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

2 Property, plant and equipment

(₹ in Lakhs)

	Gross Carrying Value				Depreciation				Net Block
	As at 01.04.20	Additions during the year	Deductions	As at 31.03.21	As at 01.04.20	Additions during the year	Deductions	As at 31.03.21	As at 31.03.21
Land :									
Freehold	0.88	-	-	0.88	-	-	-	-	0.88
Buildings	0.11	-	0.11	-	0.11	-	0.11	-	-
Total	**0.99**	**-**	**0.11**	**0.88**	**0.11**	**-**	**0.11**	**-**	**0.88**

2A Capital work in progress

Out of Capital Work In Progress of ₹ 850.12 Lakhs (previous year ₹ 770.13 Lakhs), interest capitalised during the current year was ₹ 5.26 Lakhs (Previous year ₹ 20.69 Lakhs) - Refer note 13

(₹ in Lakhs)

	Gross Carrying Value				Depreciation				Net Block
	As at 01.04.19	Additions during the year	Deductions	As at 31.03.20	As at 01.04.19	Additions during the year	Deductions	As at 31.03.20	As at 31.03.20
Land :									
Freehold	0.88	-	-	0.88	-	-	-	-	0.88
Buildings	0.11	-	-	0.11	-	0.11	-	0.11	-
Total	**0.99**	**-**	**-**	**0.99**	**-**	**0.11**	**-**	**0.11**	**0.88**

3 Loans

(₹ in Lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Unsecured and Considered good:				
Security Deposits	3.50	2.43	-	-
TOTAL	**3.50**	**2.43**	**-**	**-**

4 Current tax assets (net)

(₹ in Lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Advance payment of income tax (net)	0.23	1.50	-	-
TOTAL	**0.23**	**1.50**	**-**	**-**

5 Cash and bank balances

(₹ in Lakhs)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Cash and Cash equivalents				
(a) Balances with a bank :				
Current Account	-	-	0.21	12.54
TOTAL	**-**	**-**	**0.21**	**12.54**

6 Equity share capital

(₹ in Lakhs)

	As on 31.03.2021	As on 31.03.2020
Authorised		
5,000 (Previous year 5,000) Equity Shares of ₹ 100/- each	5.00	5.00
	5.00	**5.00**
Issued, Subscribed and Paid up capital	4.95	4.95
4,950 (Previous year 4,950) Equity Shares of ₹ 100/- each fully paid	**4.95**	**4.95**

a) Reconciliation of the number of share outstanding at the beginning and at the end of the year

	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Fully paid Equity Shares				
At the beginning of the year	4,950	4.95	4,950	4.95
Add : Issued during the year	-	-	-	-
At the end of the year	**4,950**	**4.95**	**4,950**	**4.95**

b) Details of Shareholders Holding more than 5% equity shares in the company #

Name of Share holder	As at 31.03.2021		As at 31.03.2020	
	No. of Equity Shares	Percentage Holding	No. of Equity Shares	Percentage Holding
Asian Paints Limited (Holding Company) and its nominees	4,950	100%	4,950	100%

As per the records of the company, including its register of members

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

c) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 100 per share. Each holder of equity shares is entitles to one vote per share. The equity shares are entitled to receive dividend as declared from time to time.

As per the Companies Act 2013, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

7 Other equity

As at 31st March, 2021	Reserves and Surplus Retained earnings
Balance as on 1st April, 2019 (A)	**(14.43)**
Additions during the year	
(Loss) for the year	(53.44)
Total Comprehensive Income for the year (B)	**(53.44)**
Balance as on 31st March, 2020 (A+B)	**(67.87)**
Additions during the year	
(Loss) for the year	(66.15)
Total Comprehensive Income for the year (C)	**(66.15)**
Balance as on 31st March, 2021 (A+B+C)	**(134.02)**

8 Borrowings

(₹ in Lakhs)

	Current	
	As on 31.03.2021	As on 31.03.2020
Loan from Holding Company (Unsecured) (Refer Note 17)	975.00	790.00
	975.00	**790.00**

9 Other financial liabilities

(₹ in Lakhs)

	Current	
	As on 31.03.2021	As on 31.03.2020
Payable towards capital expenditure	-	45.22
Payable towards services received	5.85	7.21
Payable to holding company (Refer Note 17)	2.75	3.14
Payable towards other expenses	0.01	-
TOTAL	**8.61**	**55.57**

10 Other current liabilities

(₹ in Lakhs)

	Current	
	As on 31.03.2021	As on 31.03.2020
Payable towards Tax Deducted at Source	0.38	4.83
	0.38	**4.83**

11 Other income

(₹ in Lakhs)

	Current	
	As on 31.03.2021	As on 31.03.2020
(a) Other non-operating Income		
Interest income	0.34	0.02
TOTAL	**0.34**	**0.02**

12 Other expenses

(₹ in Lakhs)

	Year 2020-21	Year 2019-20
Electricity expenses	0.05	2.18
Repairs and maintenance: Building	0.99	1.23
Rates and taxes	10.98	10.79
Water charges	0.06	0.93
Payment to auditors (Refer Note 20)	1.18	2.18
Bank charges	0.01	0.01
Legal and professional expenses	2.44	0.35
Safety and security expenses	25.36	32.49
Sundry balances written off	-	0.01
TOTAL	**41.07**	**50.17**

13 Finance costs

(₹ in Lakhs)

	Year 2020-21	Year 2019-20
Interest		
Interest on loan from holding company (Refer note 17)	25.35	2.09
TOTAL	**25.35**	**2.09**

*Interest expense is net of interest capitalised under Capital work in progress of ₹ 5.26 Lakhs (previous year ₹ 20.69 Lakhs).

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

14 Depreciation

(₹ in Lakhs)

	Year 2020-21	Year 2019-20
Depreciation on property, plant and equipment (Refer note 2)	-	0.11
TOTAL	**-**	**0.11**

15(A) Catergory-wise classification of financial instruments

(₹ in Lakhs)

	Non-Current	Current	Non-Current	Current
	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020	As at 31.03.2020
Financial assets measured at amortised cost				
Cash and Cash Equivalents (Refer note 5)	-	0.21	-	12.54
Sundry Deposits (Refer note 3)	3.50	-	2.43	-
	3.50	**0.21**	**2.43**	**12.54**
Financial liabilities measured at amortised cost				
Payable towards capital expenditure (Refer note 9)	-	-	-	45.22
Payable towards services received (Refer note 9)	-	5.85	-	7.21
Payable to Holding Company (Refer note 9)	-	2.75	-	3.14
Payable towards other expenses (Refer note 9)	-	0.01	-	-
Loan from Holding Company (Refer note 8)	-	975.00	-	790.00
	-	**983.61**	**-**	**845.57**

Financial assets recognised at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

16 Contingent liabilities and commitments:

(₹ in Lakhs)

Commitments	As at 31.03.2021	As at 31.03.2020
1. Estimated amount of contracts remaining to be executed on capital account and not provided towards Property, Plant and Equipment.	206.98	78.37
TOTAL	**206.98**	**78.37**

17 Information on related party transactions as required by ind as – 24 on related party disclosures for the year ended march 31, 2021

a) Holding Company (where control exists):

Asian Paints Limited

b) Transactions with Related Parties during the year :

Transactions with Holding Company:

(₹ in Lakhs)

Nature of Transactions	2020-21	2019-20
Loan Received	185.00	625.00
Reimbursement Expenses	4.88	0.06
Interest on Loan	30.61	22.79

c) Outstanding at the end of the year:

(₹ in Lakhs)

Nature of Relationship	2020-21 Payable	2019-20 Payable
Borrowing	975.00	790.00
Interest Payable	2.98	3.49

d) Terms and conditions of transactions with related parties

The loan from holding company was made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end is unsecured, interest is charged at yield of 1 year Government Securities, which is revised quarterly in line with the yield of Government securities. There have been no guarantees received or provided for any related party receivables or payables.

18 Earnings per share (eps)

Particulars	2020-21	2019-20
Basic and Diluted Earnings per share in rupees (Face Value – ₹ 100 per share)	(1,336.46)	(1,079.61)
(Loss) after tax as per Statement of Profit and Loss (₹ in Lakhs)	(66.15)	(53.44)
Weighted average number of equity shares outstanding during the year	4,950	4,950

Earning per share is calculated by dividing the loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

19 Segment reporting

The Company does not have any operating segment in the context of IND AS 108 – Operating Segments. Accordingly, disclosure of segmental information is not applicable

20 Payments to auditors:

Particulars	2020-21	2019-20
Statutory audit fee	1.18	1.18
Other services/certifications	-	1.00
Total	**1.18**	**2.18**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

21 Disclosure under the micro, small and medium enterprises development act, 2006 are provided as under for the year 2019-20, to the extent the company has received intimation from the "suppliers" regarding their status under the act.

(₹ in Lakhs)

Particulars		2020-21	2019-20
(i)	Principal amount remaining unpaid(but within due date as per MSMED Act)	-	-
(ii)	Interest due thereon remaining unpaid	-	-
(iii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iv)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(v)	Interest accrued and remaining unpaid	-	-
(vi)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

22 As proposed by the Board of Directors in their meeting held on 23 July, 2018, the Company is jointly developing the Company's plot at Shantinagar, Santacruz (East) along with the plot owned by Asian Paints Limited (Holding Company) to build a single composite structure for the purpose of constructing the Head Office of the Company. Until 31st March, 2021 Rs 850.12 lakh (previous year ₹ 770.13 lakh) was spent and considered under Capital Work in Progress.

23 "The Board of Directors of the Company and of Asian Paints Limited (APL), Holding Company, at their meetings held on 20th January, 2020 and 22nd January, 2020 respectively, had approved the Scheme of Amalgamation of the Company with APL, subject to necessary statutory and regulatory approvals, including approval of the National Company Law Tribunal (NCLT) under Sections 230 to 232 and other applicable provisions of Companies Act, 2013. The matter is pending with the NCLT for final hearing of the petition for approval of the Scheme of Amalgamation. Pending the approval of the Amalgamation by NCLT, no effect has been given for the scheme in the financial statements."

24 The financial statements are approved for issue by the Board of Directors at its meeting held on 7th May, 2021

For and on behalf of the Board of Directors of
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited
ClN: U24110MH1972PTC015839

R J Jeyamurugan	Aashish Kshetry	Harish Lade
Director	Director	Director
DIN: 00010124	DIN: 08429701	DIN: 03505357

Mumbai
7th May, 2021

ASIAN PAINTS INTERNATIONAL PRIVATE LIMITED

Contents

Directors' statement

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 31 March 2021.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 7 to 49 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 March 2021, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 Directors

The directors of the company in office at the date of this statement are:

Jeyamurugan Ramalingam Jeyapandiyan

Gerald Loong Sie Kiong

Rajan Menon

Ronnie Teo Heng Hock

Kathpalia Surinder Devraj

Pragyan Kumar

2 Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 Directors' interests in shares and debentures

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act.

4 Share options

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the company or any corporation in the group were granted.

(b) Unissued shares under option and options exercised

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option. During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

5 Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....

Jeyamurugan Ramalingam Jeyapandiyan
Director

....

Pragyan Kumar
Director

7th May, 2021

Independent Auditor's Report

To The Member Of Asian Paints International Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asian Paints International Private Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 49.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 March 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises the Directors' Statement set out on page 4.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group'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 SSAs 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 bases of these financial statements.

As part of our audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) 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.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

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

(d) 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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 group to cease to continue as a going concern.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Public Accountants and Chartered Accountants

Singapore

7th May, 2021

Statement of Financial Position
as on 31 March, 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	7	46,018	46,039	4,350	2,673
Trade receivables	8	88,873	86,481	4,824	5,980
Other receivables	9	22,736	23,878	12,450	3,832
Inventories	10	72,780	65,366	-	-
Total current assets		**230,407**	**221,764**	**21,624**	**12,485**
Non-current assets					
Fixed deposits	7	915	2,145	915	2,145
Other receivables	9	155	215	-	-
Subsidiaries	11	-	-	208,260	209,270
Property, plant and equipment	12	84,960	71,344	753	645
Right-of-use assets	13	19,607	32,906	1,005	1,002
Intangible assets	14	61,713	71,457	-	-
Deferred tax assets	15	1,308	1,857	-	-
Total Non-current assets		**168,658**	**179,924**	**210,933**	**213,062**
Total assets		**399,065**	**401,688**	**232,557**	**225,547**
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	16	46,053	52,239	34,250	37,450
Trade payables	17	107,774	89,484	3,188	3,317
Other payables	18	2,177	2,121	700	1,992
Lease liabilities	19	3,726	4,637	390	387
Income tax payable		2,330	2,352	209	232
Total current liabilities		**162,060**	**150,833**	**38,737**	**43,378**
Non-current liabilities					
Bank loans and overdrafts	16	34	-	-	-
Lease liabilities	19	13,375	14,988	580	634
Retirement benefit liabilities	20	5,878	5,724	-	-
Deferred tax liabilities	15	8,584	12,402	-	-
Total non-current liabilities		**27,871**	**33,114**	**580**	**634**
Capital, reserves and non-controlling interests					
Share capital	21	150,306	150,306	150,306	150,306
Statutory reserve	22	1,579	1,499	-	-
Capital reserve	23	3,962	3,235	-	-
Merger reserve		35,744	36,570	-	-
Foreign currency translation reserve		(62,288)	(47,407)	-	-
Accumulated profits		41,538	32,234	42,934	31,229
Equity attributable to owner of the company		170,841	176,437	193,240	181,535
Non-controlling interests		38,293	41,304	-	-
Net equity		209,134	217,741	193,240	181,535
Total liabilities and equity		**399,065**	**401,688**	**232,557**	**225,547**

See accompanying notes to financial statements.

Consolidated Statement Of Profit and Loss
for the year ended 31 March, 2021

	Note	Group 2021 $'000	Group 2020 $'000
Continuing operations			
Revenue	24	400,832	383,814
Other operating income	25	4,208	4,191
Changes in inventories of finished goods and work in progress		335	266
Raw materials and consumables used		(249,663)	(237,109)
Manufacturing expenses		(7,447)	(5,425)
Sub-contracting costs and cost of sundry sales		(3,065)	(3,817)
Employee benefits expense	26	(53,632)	(51,961)
Depreciation of property, plant and equipment		(7,129)	(6,842)
Deprecation of right-of-use assets		(5,776)	(6,524)
Amortisation of intangible assets		(826)	(878)
Other operating expenses	27	(54,196)	(58,462)
Finance costs	28	(2,729)	(3,641)
Profit before income tax		20,912	13,612
Income tax	29	(5,967)	(8,143)
Profit for the year from continuing operations		**14,945**	**5,469**
Discontinued operation			
Loss for the year from discontinued operations	33	-	(3,864)
Profit for the year	**30**	**14,945**	**1,605**
Profit (Loss) attributable to:			
Owner of the company		9,265	(3,140)
Non-controlling interests		5,680	4,745
		14,945	**1,605**
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	20	(40)	(58)
Income tax relating to remeasurement of defined benefit obligation		59	28
		19	**(30)**
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(18,461)	(1,152)
Other comprehensive loss for the year, net of tax		(18,442)	(1,182)
Total comprehensive (loss) income for the year		(3,497)	423
Total comprehensive (loss) income attributable to:			
Owner of the company		(5,596)	(4,927)
Non-controlling interests		2,099	5,350
		(3,497)	**423**

See accompanying notes to financial statements.

Statements of Changes in Equity

as on 31 March, 2021

	Share capital	Statutory reserve	Capital reserve	Merger reserve	Foreign currency translation reserve	Accumulated (losses) profits	Equity attributable to owner of the company	Non-controlling interests	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group									
Balance at 1 April 2019	91,483	1,368	2,475	36,570	(45,659)	36,304	122,541	39,696	162,237
Total comprehensive income for the year									
Profit for the year	-	131	-	-	-	(3,271)	(3,140)	4,745	1,605
Other comprehensive loss	-	-	-	-	(1,748)	(39)	(1,787)	605	(1,182)
Total	**-**	**131**	**-**	**-**	**(1,748)**	**(3,310)**	**(4,927)**	**5,350**	**423**
Transactions with owner, recognised directly in equity									
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	(4,576)	(4,576)
Issue of share capital (Note 21)	58,823	-	-	-	-	-	58,823	834	59,657
Transfer from accumulated profits of a subsidiary upon bonus issue (Note 23)	-	-	760	-	-	(760)	-	-	-
Balance at 31 March 2020	**150,306**	**1,499**	**3,235**	**36,570**	**(47,407)**	**32,234**	**176,437**	**41,304**	**217,741**
Total comprehensive income for the year									
Profit for the year	-	80	-	-	-	9,185	9,265	5,680	14,945
Other comprehensive loss	-	-	-	-	(14,881)	20	(14,861)	(3,581)	(18,442)
Total	**-**	**80**	**-**	**-**	**(14,881)**	**9,205**	**(5,596)**	**2,099**	**(3,497)**
Transactions with owner, recognised directly in equity									
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	(5,110)	(5,110)
Deregistration of subsidiary	-	-	-	(826)	-	826	-	-	-
Transfer from accumulated profits of a subsidiary upon bonus issue (Note 23)	-	-	727	-	-	(727)	-	-	-
Balance at 31 March 2021	**150,306**	**1,579**	**3,962**	**35,744**	**(62,288)**	**41,538**	**170,841**	**38,293**	**209,134**

Statements of Changes in Equity

for the year ended 31 March, 2021

	Share capital $'000	Accumulated profits $'000	Total $'000
Company			
Balance at 1 April 2019	91,483	28,033	119,516
Profit for the year, representing total comprehensive income for the year	-	3,196	3,196
Issue of share capital, representing transaction with owner, recognised directly in equity (Note 21)	58,823	-	58,823
Balance at 31 March 2020	**150,306**	**31,229**	**181,535**
Profit for the year, representing total comprehensive income for the year	-	11,705	11,705
Balance at 31 March 2021	**150,306**	**42,934**	**193,240**

See accompanying notes to financial statements.

Consolidated Statement Of Cash Flows

for the year ended 31 March, 2021

	Group	
	2021	**2020**
	$'000	**$'000**
Operating activities		
Profit before income tax from continuing operations	20,911	13,612
Loss before income tax from discontinued operation	-	(4,017)
	20,911	9,595
Adjustments for:		
Depreciation of property, plant and equipment	7,129	6,842
Depreciation of right-of-use assets	5,776	6,625
Amortisation of intangible assets	826	878
Interest income	(2,872)	(2,559)
Interest expense	2,729	3,670
Loss on disposal of subsidiary	-	3,332
Net foreign exchange loss	840	359
Loss (Gain) on disposal of property, plant and equipment	4	(62)
Allowance for obsolete inventories	-	339
Allowance for credit losses	1,693	3,010
Retirement benefits	1,064	983
Provision for warranties	-	(55)
Operating cash flows before working capital changes	**38,100**	**32,957**
Trade receivables	(8,807)	(5,770)
Other receivables	(2,469)	(3,997)
Inventories	(12,464)	4,223
Trade payables	23,135	16,457
Other payables	182	213
Retirement benefits	(545)	(395)
Cash generated from operations	**37,132**	**43,688**
Interest income received	2,872	2,559
Interest paid on bank loans and overdrafts	(1,611)	(2,427)
Income tax paid	(7,427)	(9,202)
Net cash from operating activities	**30,966**	**34,618**
Investing activities		
Proceeds from disposal of property, plant and equipment	2,351	62
Purchase of property, plant and equipment	(15,821)	(10,725)
Disposal (Purchase) of other financial assets	2,113	(8,843)
Fixed deposits pledged	124	(3,335)
Disposal of subsidiary (Note 33)	-	3,293
Net cash used in investing activities	**(11,233)**	**(19,548)**

Consolidated Statement Of Cash Flows
for the year ended 31 March, 2021

	Group	
	2021	2020
	$'000	$'000
Financing activities		
Dividends paid to non-controlling shareholders	(5,110)	(4,576)
Proceeds from issue of shares	-	59,657
Repayment of bank loans	(21,764)	(83,698)
Proceeds from bank loans	19,612	32,663
Repayment of lease liabilities (Note 19)	(6,596)	(6,782)
Net cash used in financing activities	**(13,858)**	**(2,736)**
Net increase in cash and cash equivalents	5,875	12,334
Cash and cash equivalents at beginning of year	36,628	25,055
Net effect of exchange rate changes	(3,452)	(761)
Cash and cash equivalents at end of year (Note a)	**39,051**	**36,628**

Notes to consolidated statement of cash flows:

(a) Cash and cash equivalents in the consolidated statement of cash flows comprise the following statement of financial position amounts:

	Group	
	2021	2020
	$'000	$'000
Cash and bank balances (Note 7)	46,933	48,184
Bank overdrafts (Note 16)	(4,671)	(8,221)
Fixed deposits pledged (Note 7)	(3,211)	(3,335)
Cash and cash equivalents	**39,051**	**36,628**

See accompanying notes to financial statements.

Notes To The Financial Statements

for the year ended 31 March, 2021

1 General

The company (Registration No. 199307986G) is incorporated in Singapore with its principal place of business and registered office at 140 Robinson Road #11-05, Singapore 068907. The financial statements are expressed in Singapore dollars.

The principal activities of the company are those of investment holding and management.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 31 March 2021 were authorised for issue by the Board of Directors on 7 May 2021.

2 Summary of significant accounting policies

Basis of accounting -

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Adoption of new and revised standards -

On 1 April 2020, the group and the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's accounting policies and has no material effect on the amounts reported for the current or prior years.

Standards issued but not effective -

At the date of authorisation of these financial statements, the following amendments to FRSs that are relevant to the group and the company were issued but not effective:

- Amendments to FRS 16 Property, Plant and Equipment – Proceeds before Intended Use (1)
- Annual improvements to FRSs 2018 – 2020 (1)
- Amendments to FRS 1 Classification of Liabilities as Current or Non-current (2)

(1) Applies to annual periods beginning on or after 1 January 2022.

(2) Applies to annual periods beginning on or after 1 January 2023.

Management anticipates that the adoption of the above amendments to FRSs in future periods will not have a material impact on the financial statements in the period of their initial adoption.

Basis of consolidation -

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 109, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Business combinations -

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Business combinations under common control

Business combinations involving entities under common control are accounted for using merger accounting.

The net assets of the combining entities or businesses are consolidated using the existing book values from the date of the acquisition.

Any excess or shortfall of the consideration paid over the net book values of the acquiree is recognised as a component under equity as "merger reserve".

Financial instruments -

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated on a forward-looking basis using a provision matrix based on the group's historical credit loss experience over the past three years.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment.

The group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payable when the recognition of interest would be immaterial.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the group and the company have a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Leases

The group as lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The group applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in 'Impairment of tangible and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease 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.

Inventories -

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Property, plant and equipment -

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write-off the cost or valuation of assets, other than freehold land, over their estimated useful lives using the straight-line method. The annual rates of depreciation are as follows:

Freehold buildings	-	2%
Buildings		over terms of lease which are 2% to 20%
Plant and equipment	-	8% to 25%
Motor vehicles	-	20% to 25%

Land is not depreciated because the land is deemed to have unlimited useful life.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

Goodwill -

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period,

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets excluding goodwill -

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions -

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue recognition -

The group recognises revenue from paint and adhesive sales. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product to a customer. The group has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods before transferring them to the customer.

Revenue from the sale of goods is recognised at the point in time when the group has transferred to the buyer control of the asset, generally on delivery of the goods.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points, shipping and handling).

Certain contracts provide a customer with a promise of non-cash consideration (e.g. volume rebates, incentive trips and gifts) if certain criteria are met. The group estimates the most-likely amount of non-cash consideration to be given and recognises this as a reduction to revenue.

Contracting revenue is recognised over time by measuring the progress towards complete satisfaction of performance obligation for the services rendered. The group uses output method based on the nature of service offered to the customers when performance obligation is satisfied over a period of time as and when the services are delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Government grants -

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

Borrowing costs -

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs -

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out as at each reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The group presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Employee leave entitlement -

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Income tax -

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted, in countries where the company and the subsidiaries operate, by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Foreign currency transactions and translation -

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill and other intangible assets (Note 14)

Determining whether these assets impaired requires an estimation of the value in use of the cash-generating unit to which the assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. In light of the COVID-19 pandemic, management also considered the fair value less costs to sell of the relevant cash-generating units, with fair value derived by reference to the share prices of comparable listed companies. Management is satisfied that no impairment charges are required for the financial years ended 31 March 2021 and 2020.

Calculation of credit loss allowances on trade receivables (Note 8)

The group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables.

The provision matrix is prepared on a forward-looking basis and includes actual credit loss experience over the past three years. At each reporting date, the historical observed default rates are updated. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and credit loss allowances in the period in which such estimate has been changed. Management has considered economic conditions resulting from the COVID-19 pandemic in calculating credit loss allowances on trade receivables at 31 March 2021.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Allowances for inventories (Note 10)

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the group conducts physical counts on its inventories on a periodic basis in order to determine whether an allowance is required to be made. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Taxes (Notes 15 and 29)

In determining the provision for income taxes, management is required to estimate the amount of tax payable at each jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amounts of the group's and the company's current tax and deferred tax provision are disclosed in the statement of financial position with notes where relevant.

4 Financial instruments, financial risks and capital risks management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial assets				
At amortised cost (including cash and bank balances)	151,690	153,676	22,496	14,552
Financial liabilities				
At amortised cost	173,139	163,469	39,108	43,780

(b) Financial risk management policies and objectives

The group's activities expose it to a variety of financial risks. There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
US dollar	16,072	4,047	34,567	11,071
Ethiopian birr	3,514	3,766	-	-
UAE dirham	12,945	12,937	4,293	4,333

	Company			
	Assets		Liabilities	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
US dollar	13,896	3,272	689	696
Ethiopian birr	3,514	3,766	-	-
UAE dirham	6,600	6,960	-	-

The company has a number of investments in overseas subsidiaries, whose net assets are exposed to currency translation risk. The company does not hedge this exposure.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the group where they gave rise to an impact on the group's profit or loss before tax. If the relevant foreign currency weakens by 5% (2020 : 5%) against the functional currency of each group entity with all other variables being held constant, the profit before tax will increase (decrease) by:

	US dollar impact		Ethiopian birr impact		UAE dirham impact	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Group						
Profit or loss	925	351	(176)	(188)	(433)	(430)
Company						
Profit or loss	(660)	(129)	(176)	(188)	(330)	(348)

If the relevant foreign currency strengthens by 5% (2020 : 5%) against the functional currency of each group entity with other variables being held constant, the profit before tax will decrease (increase) by the same amount.

(ii) Interest rate risk management

The group and the company are exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The group manages its interest rate risk by monitoring the movements in the market interest rates closely.

Interest rate sensitivity

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's and company's profit before tax for the year ended 31 March 2021 would decrease/increase by $204,000 and $171,000 (2020 : $253,000 and $187,000) respectively. This is mainly attributable to the group's and company's exposures to interest rates on the variable rate borrowings.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

(iii) Credit risk management

Financial assets that potentially subject the group to credit risk consist principally of cash and bank balances and trade and other receivables.

The group places its cash and bank balances with reputable financial institutions.

The group performs on-going credit evaluation of its debtors' financial condition and maintains an allowance for doubtful accounts receivable based upon the expected collectability of all accounts receivables. There is no significant concentration of credit risk as the exposure is spread over a large number of counterparties and customers.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 respectively.

(iv) Liquidity risk management

The liquidity risk of the company is mitigated by optimum cash levels being maintained, availability of funding through an adequate quantum of credit facilities. Undrawn banking facilities are disclosed in Note 16.

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group - 2021						
Non-interest-bearing	-	109,951	-	-	-	109,951
Variable interest rate instruments	1.65	40,918	-	-	(19)	40,899
Fixed interest rate instruments	4.98	5,278	-	-	(90)	5,188
Lease liabilities (fixed rate)	7.51	4,474	8,118	11,961	(7,452)	17,101
		160,621	**8,118**	**11,961**	**(7,561)**	**173,139**
Group – 2020						
Non-interest-bearing	-	91,605	-	-	-	91,605
Variable interest rate instruments	3.53	50,669	-	-	(55)	50,614
Fixed interest rate instruments	4.50	1,661	-	-	(36)	1,625
Lease liabilities (fixed rate)	7.92	5,605	10,139	11,806	(7,925)	19,625
		149,540	**10,139**	**11,806**	**(8,016)**	**163,469**

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Company – 2021						
Non-interest-bearing	-	3,888	-	-	-	3,888
Variable interest rate instruments	0.83	34,269	-	-	(19)	34,250
Lease liabilities (fixed rate)	2.71	410	599	-	(39)	970
		38,567	**599**	**-**	**(58)**	**39,108**
Company – 2020						
Non-interest-bearing	-	3,981	-	-	-	3,981
Variable interest rate instruments	2.13	38,838	-	-	(60)	38,778
Lease liabilities (fixed rate)	2.83	410	645	-	(34)	1,021
		43,229	**645**	**-**	**(94)**	**43,780**

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets.
The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group - 2021						
Non-interest-bearing	-	127,296	-	-	-	127,296
Fixed interest rate instruments	5.42	23,503	767	387	(263)	24,394
		150,799	**767**	**387**	**(263)**	**151,690**
Group – 2020						
Non-interest-bearing	-	128,109	-	-	-	128,109
Fixed interest rate instruments	9.85	23,804	1,864	636	(737)	25,567
		151,913	**1,864**	**636**	**(737)**	**153,676**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Company - 2021						
Non-interest-bearing	-	8,877	-	-	-	8,877
Variable interest rate instruments	1.84	10,554	-	-	(146)	10,408
Fixed interest rate instruments	1.44	2,310	592	387	(78)	3,211
		21,741	**592**	**387**	**(224)**	**22,496**
Company - 2020						
Non-interest-bearing	-	9,793	-	-	-	9,793
Variable interest rate instruments	3.54	1,449	-	-	(25)	1,424
Fixed interest rate instruments	1.42	1,195	1,621	636	(117)	3,335
		12,437	**1,621**	**636**	**(142)**	**14,552**

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade receivables, other current financial assets, short-term borrowings, trade payables and other current financial liabilities approximate their respective fair values due to the short-term maturity of these financial assets and liabilities. For other classes of financial assets and liabilities, management considers that the carrying amounts approximate their fair values.

(c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance and to ensure that all externally imposed covenants are complied with.

The capital structure of the group consists of debt, which includes the borrowings disclosed in Note 16 and equity attributable to owners of the company, comprising issued capital, reserves and accumulated profits as presented in the statements of changes in equity. The group is in compliance with externally imposed capital requirements for the financial years ended 31 March 2021 and 2020.

The group's Board of Directors reviews the capital structure on a yearly basis and balances the group's overall capital structure through the approval of funding requirements.

The group's overall strategy remains unchanged from prior year.

5 Holding companies and related company transactions

The company's immediate and ultimate holding company is Asian Paints Limited, incorporated in India. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the company's transactions and arrangements are between members of the group and related companies and the effect of these, on the basis determined between the parties, is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand except for the following:

a) Loans to subsidiaries of $10,408,000 (2020 : $1,424,000) bear interest at average effective rates ranging from 1.5% to 3.9% (2020 : 3.5% to 3.6%) per annum with periodic repayment over 1 year.

b) Loans from subsidiaries of $7,000 (2020 : $1,334,000) bear interest at the average effective rate of Nil% (2020 : 2.3%) per annum.

Transactions between the company and its subsidiaries, which are related companies of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related companies are disclosed below.

During the year, group entities entered into the following transactions with the holding company:

	Group	
	2021	**2020**
	$'000	**$'000**
Purchase of goods	1,848	354
Royalty expense	8,258	7,701

6 Other related party transactions

Some of the group's transactions and arrangements are with related parties and the effect of these, on the basis determined between the parties, is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

During the year, group entities entered into the following transactions with related parties:

	Relatives of directors of subsidiaries		Entities controlled by directors of subsidiaries		Entities controlled by employee of a subsidiary		Promoter of a subsidiary	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Sales of goods	3,401	3,973	15	4	1,086	1,418	-	-
Purchase of goods	325	291	2,194	635	-	-	-	-
Rental expense	-	-	-	-	-	-	216	211
Management fee	-	-	-	-	-	-	137	137

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Short-term benefits	5,988	5,346
Post-employment benefits	195	187
	6,183	**5,533**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

7 Cash and bank balances

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at bank and on hand	30,277	33,118	2,054	1,483
Fixed deposits	16,656	15,066	3,211	3,335
	46,933	**48,184**	**5,265**	**4,818**
Analysed as:				
Current	46,018	46,039	4,350	2,673
Non-current	915	2,145	915	2,145
	46,933	**48,184**	**5,265**	**4,818**

Fixed deposits bear average effective interest rate of 3.1% (2020 : 4.9%) per annum and for a tenure of approximately 12 months (2020 : 12 months).

Fixed deposits of the group and the company amounting to $3,211,000 (2020 : $3,335,000) have been pledged as per the terms of underlying guarantees given by the banks on behalf of a former subsidiary, to various project customers in Singapore.

8 Trade receivables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Outside parties	108,285	105,798	391	20
Loss allowance	(19,421)	(19,317)	-	-
	88,864	86,481	391	20
Related companies (Note 5)	9	-	4,433	5,960
	88,873	**86,481**	**4,824**	**5,980**

Trade receivables

The credit period on sale of goods typically ranges from 30 to 210 days (2020 : 30 to 210 days).

No interest is charged on the outstanding balance.

The following table details the risk profile of trade receivables from contracts with customers based on the group's consolidated provision matrix. As the group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the group's different customer base.

	Group						
	Trade receivables – days past due						
	Not past due $'000	< 3 months $'000	4 – 6 months $'000	7 – 9 months $'000	10 – 12 months $'000	> 12 months $'000	Total $'000
2021							
Expected credit loss rate	< 2%	2 – 10%	10 - 15%	30 – 40%	60 – 70%	92 – 100%	
Estimated total gross carrying amount at default	61,718	19,806	6,352	2,191	1,592	16,635	108,294
Lifetime ECL	(831)	(666)	(751)	(745)	(1,045)	(15,383)	(19,421)
							88,873
2020							
Expected credit loss rate	< 2%	2 – 10%	5 – 15%	30 – 40%	50 – 60%	95 – 100%	
Estimated total gross carrying amount at default	51,906	25,576	7,378	2,693	1,975	16,270	105,798
Lifetime ECL	(598)	(672)	(602)	(887)	(1,018)	(15,540)	(19,317)
							86,481

The movements in credit loss allowance are as follows:

	2021 $'000	2020 $'000
Balance at beginning of year	19,317	16,678
Allowance made during the year – continuing operations	1,693	2,707
Allowance made during the year – discontinued operation (Note 33)	-	202
Translation difference	(1,138)	727
Receivables written off as uncollectible	(451)	(310)
Disposal of subsidiary (Note 33)	-	(687)
Balance at end of year	**19,421**	**19,317**

9 Other receivables and prepayments

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Loan to subsidiaries (Note 5)	-	-	10,408	1,424
Other financial assets	7,783	10,452	-	-
Recoverables from units	-	-	40	116
Holding company (Note 5)	187	184	-	-
Subsidiaries (Notes 5 and 11)	-	-	1,845	2,068
Deposits	730	775	104	113
Prepayments	1,407	2,772	43	78
Advances to staff	1,107	904	-	-
Advances to suppliers	5,600	2,310	-	-
Outside parties	6,077	6,696	10	33
	22,891	**24,093**	**12,450**	**3,832**
Analysed as:				
Current	22,736	23,878	12,450	3,832
Non-current	155	215	-	-
	22,891	**24,093**	**12,450**	**3,832**

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Other receivables of certain subsidiaries have been pledged to secure banking facilities granted to the group (Note 16).

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management is of the view that no significant credit allowances are required.

10 Inventories

	Group	
	2021	**2020**
	$'000	**$'000**
Raw materials	46,220	39,141
Work-in-progress	1,226	1,417
Finished goods	25,334	24,808
	72,780	**65,366**

The cost of inventories recognised as an expense includes $Nil (2020 : $276,000) in respect of allowance made for inventory obsolescence (Note 30).

11 Subsidiaries

	Company	
	2021	**2020**
	$'000	**$'000**
Unquoted equity shares, at cost	202,105	202,758
Loan to a subsidiary	6,155	6,512
	208,260	**209,270**

Management is of the view that the loan to a subsidiary represents deemed capital investment in the subsidiary, as there is no contractual obligation for repayment by the subsidiary except in the event of liquidation.

Details of the subsidiaries as at the end of the reporting period are as follows:

Name of subsidiary, country of incorporation and place of operations	Principal activities	Proportion of ownership interest		Proportion of voting power held	
		2021 %	2020 %	2021 %	2020 %
Kadisco Paint and Adhesive Industry S.C. (Ethiopia)	Manufacture, sale and distribution of paint and related products.	51	51	51	51
Asian Paints (Bangladesh) Limited (Bangladesh)	Manufacture, sale and distribution of paint and related products.	89.78	89.78	89.78	89.78
Asian Paints (Middle East) LLC (1) (Sultanate of Oman)	Manufacture, sale and distribution of paint and related products.	49	49	49	49
Asian Paints (Tonga) Limited (2) (Kingdom of Tonga)	Sale and distribution of paint and related products.	-	100	-	100
Samoa Paints Limited (Samoa)	Manufacture, sale and distribution of paint and related products.	80	80	80	80
Asian Paints (S.I.) Limited (Solomon Islands)	Sale and distribution of paint and related products.	75	75	75	75
Asian Paints (Vanuatu) Limited (Republic of Vanuatu)	Sale and distribution of paint and related products.	60	60	60	60
Asian Paints (South Pacific) Limited (Fiji Islands)	Manufacture, sale and distribution of paint and related products.	54.07	54.07	54.07	54.07
SCIB Chemicals, S.A.E. (Eqypt)	Manufacture, sale and distribution of paint and related products.	60	60	60	60
Asian Paints (Lanka) Limited (Sri Lanka)	Manufacture, sale and distribution of paint and related products.	99.18	99.18	99.18	99.18
Enterprise Paints Limited (Isle of Man, United Kingdom)	Investment holding.	100	100	100	100
Universal Paints Limited (Isle of Man, United Kingdom)	Investment holding.	100	100	100	100
PT Asia Paints Indonesia (Indonesia)	Manufacture, sale and distribution of paint and related products.	100	100	100	100
PT Asia Paints Colour Indonesia (Indonesia)	Dormant.	100	100	100	100
Causeway Paints Lanka (Private) Limited (Sri Lanka)	Manufacture, sale and distribution of paint and related products.	100	100	100	100

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Name of subsidiary, country of incorporation and place of operations	Principal activities	Proportion of ownership interest		Proportion of voting power held	
		2021 %	2020 %	2021 %	2020 %
Subsidiary of Enterprise Paints Limited					
Nirvana Investments Limited (Isle of Man, United Kingdom)	Investment holding.	100	100	100	100
Subsidiary of Nirvana Investments Limited					
Berger Paints Emirates LLC (United Arab Emirates)	Manufacture, sale and distribution of paint and related products.	100	100	100	100
Subsidiary of Universal Paints Limited					
Berger Paints Bahrain W.L.L. (Bahrain)	Manufacture, sale and distribution of paint and related products.	100	100	100	100

(1) By virtue of management agreement with the other shareholders of Asian Paints (Middle East) LLC, the company has control over the investee. Hence, this investee is considered a subsidiary.

(2) Deregistered during the year.

Details of non-wholly owned subsidiaries that have material non-controlling interests:

Name of subsidiary, country of incorporation and place of operations	Proportion of ownership interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2021 %	2020 %	2021 ₹'000	2020 $'000	2021 ₹'000	2020 $'000
Kadisco Paint and Adhesive Industry S.C. (Ethiopia)	49	49	1,392	2,311	10,565	12,121
Asian Paints (Middle East) LLC (Sultanate of Oman)	51	51	888	391	9,596	9,194
SCIB Chemicals, S.A.E. (Egypt)	40	40	1,541	886	10,417	9,920
Others			1,859	1,157	7,713	10,069
Total			**5,680**	**4,745**	**38,291**	**41,304**

Summarised financial information in respect of each of the group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Kadisco Paint and Adhesive Industry S.C.		Asian Paints (Middle East) LLC		SCIB Chemicals, S.A.E.	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	22,004	22,587	22,053	22,689	37,380	30,867
Non-current assets	12,375	16,595	15,314	16,689	10,637	12,330
Current liabilities	(9,616)	(10,613)	(17,298)	(20,134)	(21,297)	(17,810)
Non-current liabilities	(2,876)	(3,831)	(1,253)	(1,216)	(678)	(585)
Equity attributable to owner of the company	11,322	12,617	9,220	8,834	15,625	14,882
Non-controlling interests	10,565	12,121	9,596	9,194	10,417	9,920
Revenue	26,390	31,186	39,707	39,104	82,844	75,732
Expenses	(23,549)	(26,470)	(37,966)	(38,337)	(78,991)	(73,517)
Profit for the year	**2,841**	**4,716**	**1,741**	**767**	**3,853**	**2,215**
Profit attributable to owner of the company	1,449	2,405	853	376	2,312	1,329
Profit attributable to the non-controlling interests	1,392	2,311	888	391	1,541	886
Profit for the year	**2,841**	**4,716**	**1,741**	**767**	**3,853**	**2,215**
Other comprehensive (loss) income attributable to owner of the company	(2,903)	(1,070)	(468)	434	(773)	1,958
Other comprehensive (loss) income attributable to the non-controlling interests	(2,789)	(1,028)	(487)	452	(515)	1,305
Other comprehensive (loss) income for the year	**(5,692)**	**(2,098)**	**(955)**	**886**	**(1,288)**	**3,263**
Total comprehensive income attributable to owner of the company	(1,454)	1,335	385	810	1,539	3,286
Total comprehensive income attributable to the non-controlling interests	(1,397)	1,283	401	843	1,026	2,192
Total comprehensive income for the year	**(2,851)**	**2,618**	**786**	**1,653**	**2,565**	**5,478**
Dividends paid to non-controlling interests	(159)	(1,246)	-	-	(531)	-
Net cash inflow (outflow) from operating activities	5,048	6,895	3,967	4,263	3,926	1,373
Net cash outflow from investing activities	(301)	(696)	221	(705)	(52)	(326)
Net cash (outflow) inflow from financing activities	883	(2,328)	(4,750)	(3,085)	(3,623)	(1,920)
Net cash inflow (outflow)	**5,630**	**3,871**	**(562)**	**473**	**251**	**(873)**

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12 Property, plant and equipment

	Land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group					
Cost:					
At 1 April 2019	1,956	45,800	68,198	5,686	121,640
Currency translation differences	168	1,187	1,687	22	3,064
Additions	-	384	9,953	388	10,725
Disposals/Write offs	-	(78)	(532)	(213)	(823)
Transfer	-	1,843	(1,865)	19	(3)
Disposal of subsidiary (Note 33)	-	(6,645)	(4,034)	(87)	(10,766)
At 31 March 2020	2,124	42,491	73,407	5,815	123,837
Currency translation differences	(286)	(2,172)	(4,233)	(518)	(7,209)
Additions	65	1,903	13,643	210	15,821
Disposals/Write offs	-	(37)	(2,555)	(415)	(3,007)
Transfer	10,935	-	-	-	10,935
At 31 March 2021	**12,838**	**42,185**	**80,262**	**5,092**	**140,377**
Accumulated depreciation:					
At 1 April 2019	-	12,805	34,350	3,962	51,117
Currency translation differences	-	357	1,079	(25)	1,411
Depreciation for the year	-	1,174	5,195	473	6,842
Disposal of subsidiary (Note 33)	-	(2,890)	(3,179)	(81)	(6,150)
Disposals/Write offs	-	(24)	(586)	(213)	(823)
At 31 March 2020	-	11,422	36,859	4,116	52,397
Currency translation differences	-	(808)	(2,306)	(422)	(3,536)
Depreciation for the year	-	1,087	5,649	393	7,129
Disposals/Write offs	-	(9)	(367)	(276)	(652)
At 31 March 2021	**-**	**11,691**	**39,835**	**3,811**	**55,337**
Accumulated impairment:					
At 1 April 2019	-	12	89	-	101
Currency translation differences	-	(12)	4	-	(8)
Impairment	-	-	3	-	3
At 31 March 2020	-	-	96	-	96
Currency translation differences	-	-	(16)	-	(16)
At 31 March 2021	**-**	**-**	**80**	**-**	**80**
Carrying amount:					
At 31 March 2021	**12,838**	**30,494**	**40,347**	**1,281**	**84,960**
At 31 March 2020	2,124	31,069	36,452	1,699	71,344

Property, plant and equipment of certain subsidiaries amounting to $32.5 million (2020 : $26.8 million) have been pledged to secure banking facilities granted (Note 16).

Company

The company's property, plant and equipment had cost of $880,000 (2020 : $754,000) and accumulated depreciation of $127,000 (2020 : $109,000). Additions for the year amounted to $354,000 (2020 : $233,000) and depreciation for the year amounted to $89,000 (2020 : $52,000).

13 Right-of-use assets

	Land	Buildings	Plant and equipment	Motor vehicles	Employee accomodation	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost:						
At 1 April 2019	20,727	13,550	113	3,398	2,539	40,327
Currency translation differences	(753)	626	-	127	57	57
Additions	4,251	2,712	-	997	1,858	9,818
Expiry of lease term	-	(2,143)	-	(989)	(1,708)	(4,840)
Disposal of subsidiary (Note 33)	-	(2,344)	(113)	-	-	(2,457)
At 31 March 2020	24,225	12,401	-	3,533	2,746	42,905
Currency translation differences	(589)	(624)	-	(156)	(117)	(1,486)
Additions	-	1,891	10	828	1,639	4,368
Transfer	(10,935)	-	-	-	-	(10,935)
Expiry of lease term	-	(571)	-	(779)	(1,540)	(2,890)
Termination/Reassessment	905	(2,155)	-	(254)	(702)	(2,206)
At 31 March 2021	**13,606**	**10,942**	**10**	**3,172**	**2,026**	**29,756**
Accumulated depreciation:						
At 1 April 2019	1,771	3,236	53	1,830	1,397	8,287
Currency translation Differences	(27)	232	-	70	47	322
Depreciation for the year	556	3,272	13	1,036	1,748	6,625
Expiry of lease term	(143)	(1,899)	-	(1,010)	(1,556)	(4,608)
Disposal of subsidiary (Note 33)	-	(561)	(66)	-	-	(627)
At 31 March 2020	2,157	4,280	-	1,926	1,636	9,999
Currency translation differences	8	(264)	-	(28)	(273)	(557)
Depreciation for the year	461	3,114	1	1,013	1,718	6,307
Transfer	(531)	-	-	-	-	(531)
Expiry of lease term	-	(558)	-	(713)	(1,488)	(2,759)
Termination/Reassessment	-	(1,561)	-	(231)	(518)	(2,310)
At 31 March 2021	**2,095**	**5,011**	**1**	**1,967**	**1,075**	**10,149**
Carrying amount:						
At 31 March 2021	**11,511**	**5,931**	**9**	**1,205**	**951**	**19,607**
At 31 March 2020	22,068	8,121	-	1,607	1,110	32,906

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

	Buildings $'000	Employee accommodation $'000	Total $'000
Company			
Cost:			
At 1 April 2019	-	561	561
Additions	786	187	973
Expiry of lease term	-	(162)	(162)
At 31 March 2020	786	586	1,372
Additions	80	404	484
Expiry of lease term	-	(479)	(479)
At 31 March 2021	**866**	**511**	**1,377**
Accumulated depreciation:			
At 1 April 2019	-	170	170
Depreciation for the year	63	299	362
Expiry of lease term	-	(162)	(162)
At 31 March 2020	63	307	370
Depreciation for the year	167	288	455
Expiry of lease term	-	(453)	(453)
At 31 March 2021	**230**	**142**	**372**
Carrying amount:			
At 31 March 2021	**636**	**369**	**1,005**
At 31 March 2020	723	279	1,002

14 Intangible assets

	Group	
	2021 $'000	2020 $'000
Goodwill	32,922	37,434
Other intangible assets	28,791	34,023
	61,713	**71,457**

Goodwill

	Group	
	2021 $'000	2020 $'000
At beginning of year	37,434	38,698
Exchange differences	(4,512)	(1,264)
At end of year	**32,922**	**37,434**

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	Group	
	2021	2020
	$'000	$'000
Arising on acquisition of subsidiaries:		
Berger Paints Emirates LLC	505	505
Kadisco Paint and Adhesive Industry S.C.	6,418	8,326
Causeway Paints Lanka (Private) Limited	23,208	25,649
Arising on acquisition of subsidiaries under common control:		
Asian Paints (Lanka) Limited	15	16
Asian Paints (Vanuatu) Limited	172	182
Asian Paints (South Pacific) Limited	351	372
SCIB Chemicals, S.A.E.	2,253	2,384
	32,922	**37,434**

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares its cash flow forecasts based on the most recent financial budgets approved by management with projected revenue growth rates ranging from 3% to 51% (2020 : 3% to 32%) for the next five years. The expected profit margins range from 4% to 25% (2020 : 4% to 25%).

The rates used to discount the forecasted cash flows range from 8% to 23% (2020 : 8% to 23%).

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

In light of the COVID-19 pandemic, management also considered the fair value less costs to sell of certain CGUs, with fair value derived by reference to the share prices of comparable listed companies. As a result of this exercise, management is confident that no impairment charges are required.

Other intangible assets

	Brands	Distribution network	Others	Total
	$'000	$'000	$'000	$'000
Group				
Cost:				
At 1 April 2019	20,618	17,805	101	38,524
Currency translation differences	(995)	(593)	-	(1,588)
Disposal of subsidiary (Note 33)	-	-	(101)	(101)
At 31 March 2020	19,623	17,212	-	36,835
Currency translation differences	(2,888)	(1,921)	-	(4,809)
At 31 March 2021	**16,735**	**15,291**	**-**	**32,026**

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Other intangible assets

	Brands	Distribution network	Others	Total
	$'000	$'000	$'000	$'000
Amortisation:				
At 1 April 2019	-	2,031	-	2,031
Currency translation differences	-	(97)	-	(97)
Amortisation for the year	-	878	-	878
At 31 March 2020	-	2,812	-	2,812
Currency translation differences	-	(403)	-	(403)
Amortisation for the year	-	826	-	826
At 31 March 2021	**-**	**3,235**	**-**	**3,235**
Impairment:				
At 1 April 2019	-	-	71	71
Disposal of subsidiary (Note 33)	-	-	(71)	(71)
At 31 March 2020 and 2021	-	-	-	-
Carrying amount:				
At 31 March 2021	**16,735**	**12,056**	**-**	**28,791**
At 31 March 2020	19,623	14,400	-	34,023

The brands have indefinite useful life as their registrations can be renewed indefinitely. Accordingly, the brands are not amortised. The distribution network has finite useful life of 20 years, over which the asset is amortised on a straight-line basis. The amortisation expenses have been included in separate line item in profit or loss.

Other intangible assets are allocated to their respective CGUs for impairment testing purposes.

15 Deferred tax assets (liabilities)

Certain deferred tax assets and liabilities have been offset in accordance with the group's accounting policy. The following is the analysis of the deferred tax balances (after offset):

	Group	
	2021	2020
	$'000	$'000
Deferred tax liabilities	(8,584)	(12,402)
Deferred tax assets	1,308	1,857
	(7,276)	**(10,545)**

The following are the major deferred tax liabilities and assets recognised by the group and company and movements thereon during the year:

	Excess allowances over depreciation	Retirement benefits liabilities	Tax losses	Intangible assets	Property, plant and equipment	Lease liabilities	Undistributed earnings	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
At 1 April 2019	(3,356)	761	216	(10,392)	(1,698)	211	(776)	3,176	(11,858)
Foreign exchange differences	(178)	5	24	433	106	17	-	102	509
(Charge) Credit to profit or loss (Note 29)	(155)	44	618	249	152	55	32	220	1,215
Charge to other comprehensive income	-	28	-	-	-	-	-	-	28
Disposal of subsidiary (Note 33)	262	-	(80)	-	-	(18)	-	(313)	(149)
Others	-	-	(290)	-	-	-	-	-	(290)
Transfer	(239)	-	-	-	-	-	-	239	-
At 31 March 2020	(3,666)	838	488	(9,710)	(1,440)	265	(744)	3,424	(10,545)
Foreign exchange differences	215	(80)	(16)	1,120	254	(17)	-	(224)	1,252
(Charge) Credit to profit or loss (Note 29)	38	51	(472)	165	111	1	266	(395)	(235)
Charge to other comprehensive income	-	59	-	-	-	-	-	-	59
Effects of change in tax rate	249	(103)	-	2,268	132	(2)	-	(351)	2,193
At 31 March 2021	**(3,164)**	**765**	**-**	**(6,157)**	**(943)**	**247**	**(478)**	**2,454**	**(7,276)**

Deferred tax liabilities not recognised

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognised is $1,835,000 (2020 : $1,478,000). No liability has been recognised in respect of these differences because management controls the distributions of the earnings of the subsidiaries to the holding company and it has no intention to distribute the earnings of the subsidiaries. Other losses may be carried forward indefinitely, subject to the conditions imposed by the law.

Deferred tax assets not recognised

Subject to the agreement by the tax authority, at the end of the reporting period, the group has unutilised tax losses of $29,543,000 (2020 : $30,383,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of $1,973,000, $5,982,000, $7,464,000, $7,282,000 and $6,841,000 that will expire in 2022, 2023, 2024, 2025 and 2026 respectively.

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16 Bank loans and overdrafts

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Unsecured				
Bank loans	34,250	37,450	34,250	37,450
Secured				
Bank loans	7,166	6,568	-	-
Bank overdrafts	4,671	8,221	-	-
	11,837	**14,789**	**-**	**-**
Total bank loans and overdrafts	46,087	52,239	34,250	37,450
Less: Amount due for settlement within 12 months (shown under current liabilities)	(46,053)	(52,239)	(34,250)	(37,450)
Amount due for settlement after 12 months	34	-	-	-

Unsecured bank loans bear interest at rates ranging from 0.5% to 2.0% (2020 : 1.3% to 2.3%) per annum and are repayable within 12 months. Secured bank loans bear interest at rates 5.0% (2020 : 5.8%) per annum.

The average effective interest rate on bank overdrafts is 6.0% (2020 : 8.9%) per annum.

The security for bank loans and overdrafts relate to bank fixed deposits, receivables, inventories, and property, plant and equipment of certain subsidiaries.

The group has unutilised banking facilities of $124.6 million (2020 : $108.4 million) at the end of the reporting period.

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	1 April 2020	Financing cash flows [(i)]	New lease liabilities	Currency translation differences	31 March 2021
	$'000	$'000	$'000	$'000	$'000
Bank loans (Note 16)	44,018	(2,152)	-	(450)	41,416
Lease liabilities (Note 19)	19,625	(6,596)	4,368	(296)	17,101

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

17 Trade payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Outside parties	106,748	81,907	1,892	1,975
Holding company (Note 5)	1,026	7,577	1,296	1,342
	107,774	**89,484**	**3,188**	**3,317**

The credit period on purchases of goods ranges from 30 to 150 days (2020 : 30 to 150 days).

18 Other payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Holding company (Note 5)	1,389	1,364	704	666
Subsidiaries (Notes 5 and 11)	-	-	(11)	(8)
Outside parties	788	757	-	-
Loan from subsidiaries	-	-	7	1,334
	2,177	**2,121**	**700**	**1,992**

19 Lease liabilities

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Maturity analysis:				
Within 1 year	4,474	5,605	410	410
Within 2 to 5 years	8,118	10,139	599	645
More than 5 years	11,961	11,806	-	-
	24,553	**27,550**	**1,009**	**1,055**
Less: Unearned interest	(7,452)	(7,925)	(39)	(34)
	17,101	**19,625**	**970**	**1,021**
Analysed as:				
Current	3,726	4,637	390	387
Non-current	13,375	14,988	580	634
	17,101	**19,625**	**970**	**1,021**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

20 Retirement benefit liabilities

Certain overseas subsidiaries provide retirement benefits based on last drawn basic salary at the time of separation in accordance with the local labour laws. These defined benefit plans are unfunded.

Actuarial valuations

The above mentioned plans are valued by independent actuaries using the projected unit credit method. The information that follows is extracted from the actuarial reports of the subsidiaries, prepared by independent actuaries.

The principal actuarial assumptions used for the actuarial valuations were as follows:

	Group	
	2021	2020
	%	%
Discount rate at end of year	3.8% to 9.9%	4.5% to 10.5%
Future salary increases	3.5% to 12.0%	4.5% to 11.0%

21 Share capital

	Group and Company			
	2021	2020	2021	2020
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	427,875,387	322,833,370	150,306	91,483
Issue of share capital	-	105,042,017	-	58,823
At end of year	**427,875,387**	**427,875,387**	**150,306**	**150,306**

Fully paid ordinary shares which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

22 Statutory reserve

Certain subsidiaries of the group are required to set aside a minimum amount of specified percentage of profits annually in accordance with the local regulations. No further transfer is required when the reserve reaches certain percentage of the issued capital of the subsidiary. The statutory reserves may only be distributed to shareholders upon liquidation of the subsidiary or in the circumstances stipulated in the regulations.

23 Capital reserve

The capital reserve represents transfers from unappropriated profit upon bonus shares issued by certain subsidiaries in prior years. The capital reserve is not available for distribution.

24 Revenue

A disaggregation of the company's revenue for the year is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Type of goods or services		
Paint and adhesive sales	397,481	379,484
Contracting revenue	3,351	4,330
	400,832	**383,814**
Geographical markets		
Africa	114,028	111,072
Middle East	115,623	116,218
South Asia	142,028	126,798
Southeast Asia & Pacific Islands	29,153	29,726
	400,832	**383,814**
Timing of revenue recognition		
At a point in time	399,249	380,798
Over time	1,583	3,016
	400,832	**383,814**

25 Other operating income

	Group	
	2021	**2020**
	$'000	**$'000**
Royalty income	52	53
Interest income	2,872	2,559
Other income	1,284	1,579
	4,208	**4,191**

26 Employee benefits expense

	Group	
	2021	**2020**
	$'000	**$'000**
Staff costs (including directors' remuneration)	50,700	49,548
Amounts recognised in respect of defined benefit obligations	1,064	984
Contributions to defined contribution plans	1,868	1,429
	53,632	**51,961**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

27 Other operating expenses

	Group	
	2021 $'000	2020 $'000
Power and fuel	1,535	2,080
Freight and handling charges	12,666	12,020
Sales promotion expenses & advertisements	14,710	16,273
Insurance	685	674
Repairs and maintenance	2,335	2,523
Royalty	8,258	7,701
Printing, stationery, postage and telephone	1,170	1,454
Travelling expenses	2,420	3,829
Foreign exchange loss	1,785	676
Allowance for credit losses (Note 8)	1,693	2,707
Allowance for obsolete inventories	-	276
Legal and professional expenses	1,585	1,397
Others	5,354	6,852
	54,196	**58,462**

28 Finance costs

	Group	
	2021 $'000	2020 $'000
Interest expense on lease liabilities	1,118	1,214
Interest expense on bank loans and overdrafts	1,611	2,427
	2,729	**3,641**

29 Income tax

	Group	
	2021 $'000	2020 $'000
Current year	7,689	9,198
Under provision of current tax in prior years	236	7
Deferred tax (Note 15)	(1,958)	(1,062)
	5,967	**8,143**

The income tax expense varies from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2020 : 17%) to profit before income tax as a result of the following differences:

	Group	
	2021 $'000	2020 $'000
Profit before income tax	20,912	13,612
Income tax expense at statutory tax rate	3,555	2,314
Non-deductible items	1,364	1,819
Tax concessions	(88)	(70)
Withholding tax	830	801
Effects of different tax rates in different countries	(287)	383
Effects of change in tax rate	(2,192)	-
Deferred tax assets not recognised	2,311	2,638
Under provision of current tax in prior years	236	7
Others	238	251
	5,967	**8,143**

30 Profit for the year

Profit for the year is stated after charging (crediting):

	Group	
	2021 $'000	2020 $'000
Loss (Gain) on disposal of plant and equipment	4	(62)
Directors' remuneration:		
Directors of the company	358	322
Directors of subsidiaries	1,996	1,700
Foreign exchange adjustment loss	1,785	676
Cost of inventories recognised as expense	249,328	236,843
Allowance for obsolete inventories (Note 10)	-	276
Allowance for credit losses (Note 8)	1,693	2,707

Amount recognised in profit or loss relating to leases

	Group	
	2021 $'000	2020 $'000
Depreciation expense on right-of-use assets (Note 13)	5,776	6,625
Interest expense on lease liabilities (Note 28)	1,118	1,214
Expense relating to short-term leases	413	253
Expense relating to leases of low value assets	-	8

The total cash outflow of all lease payments is as follows:

	Group	
	2021 $'000	2020 $'000
Fixed payments	6,596	7,043
Variable payments	113	209
Total payments	**6,709**	**7,252**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

31 Contingent liabilities

(a) At the end of the reporting period, the group has provided performance guarantees and guarantees to banks as follows:

	Group	
	2021	2020
	$'000	$'000
Performance guarantees for contracts	23,065	9,570

(b) There are disputed tax assessments and import duties and taxes in respect of certain subsidiaries which are not acknowledged as debt and hence not provided for amounting to $2,784,000 (2020 : $121,000). Management believes that no liability will arise from the tax assessments as the group is expecting a favourable outcome for this case.

32 Commitments

As at 31 March 2021, the group is committed to $46,000 (2020 : $43,000) for short-term leases.

As at 31 March 2021, the group is committed to $13,217,000 (2020 : $182,000) for future capital expenditure.

33 Disposal of subsidiary/discontinued operation in prior year

The group had previously entered into a sale agreement to dispose of Berger Paints Singapore Pte Ltd ("BPS"), which carried out all of the group's operations in Singapore. The disposal was completed on 17 September 2019, on which date control of BPS passed to the acquirer.

Carrying amounts of BPS' assets and liabilities prior to disposal

	Group
	2020
	$'000
Current assets:	
Cash and bank balances	552
Trade receivables	6,250
Other receivables	327
Inventories	2,072
Non-current assets:	
Property, plant and equipment	4,616
Right-of-use assets	1,830
Intangible asset	30
Deferred tax assets	149
Current liabilities:	
Trade payables	(6,326)
Other payables	(53)
Lease liabilities	(135)
Provisions	(321)
Non-current liabilities:	
Lease liabilities	(1,814)
Net assets derecognised	**7,177**

Computation of gain on disposal of BPS

	Group 2020 $'000
Consideration received	3,845
Net assets derecognised	(7,177)
Loss on disposal	**(3,332)**

Net cash inflow from disposal of BPS

	Group 2020 $'000
Cash consideration received	3,845
Cash and cash equivalents disposed of	(552)
Net cash inflow from disposal of BPS	**3,293**

Results of BPS

The results of BPS had been presented separately on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2020 as "Profit after tax from discontinued operations". Prior year comparatives have been re-preseneted accordingly.

The profit for the year from discontinued operations was analysed as follows:

	Group 2020 $'000
Loss for the year	(532)
Loss on disposal of BPS	(3,332)
	(3,864)

The loss for the year from BPS was analysed as follows:

	Group 1 April 2019 to 17 September 2019 $'000
Revenue	10,222
Changes in inventories of finished goods and work-in-progress	(34)
Raw materials and consumables used	(3,210)
Manufacturing expenses	(122)
Sub-contracting costs and cost of Sundry sales	(5,025)
Employee benefits expense	(1,664)
Allowance for doubtful trade receivables	(202)
Depreciation of property, plant and equipment	(178)
Depreciation of right-of-use assets	(101)
Other operating expenses	(342)
Finance costs	(29)
Loss before income tax	(685)
Income tax	153
Loss for the year	**(532)**

During the year ended 31 March 2020, BPS contributed $0.46 million to the group's net operating cash flows and paid $0.5 million in respect of financing activities. BPS did not have significant contribution to the group's investing cash flows.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

34 Subsequent events

On 14 April 2021, the company acquired remaining 51% shareholding of Asian Paints (Middle East) LLC from the non-controlling shareholder for consideration of approximately $11.4 million.

With effect from 1 April 2021, Asian Paints (Lanka) Limited has been amalgamated into Causeway Paints Lanka (Private) Limited.

35 Covid-19

The outbreak of COVID-19 continues to impact the group. In many countries where the group operates, there has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. Some of the group's responses include the following:

(i) The group implemented measures to ensure the health and safety of employees by monitoring and ensuring compliance with guidelines and directives issued by the relevant authorities.

(ii) As part of credit risk management, the group undertook a review of its credit policies and reduced credit limits given to certain customers.

(iii) As part of liquidity risk management, the group will closely monitor the timing of payments to suppliers and seek extended payment terms where applicable.

(iv) The group also implemented cost saving measures in relation to employee costs and other expenses, and commenced price renegotiations with raw material suppliers.

The group has considered external and internal information in assessing the impact of COVID-19 on its financial statements. The group will continue to monitor economic conditions and assess their financial impact.

ASIAN PAINTS (NEPAL) PRIVATE LIMITED

Contents

Independent Auditor's Report

To The Shareholders Of Asian Paints (Nepal) Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian Paints (Nepal) Private Limited (the "Company"), which comprise the statement of financial position as at 13 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. These financial statements have been prepared to enable its parent company (Asian Paints Limited, India) to prepare consolidated financial statements of the group.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 13 March 2021, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Institute of Chartered Accountant of Nepal's code of ethics for Professional Accountants (ICAN Code) together with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 operation, or has no realistic alternative but to do so.

Those charged with governance are 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal circumstances control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

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.

Shashi Satyal
Partner

PKF T R Upadhya & Co.

Chartered Accountants

Kathmandu, Nepal

Date: 28th April, 2021

UDIN: 210505CA000086z68c

Statement of Financial Position

as at 13 March 2021 (29 Falgun, 2077)

	Note	As at 13 March 2021	As at 13 March 2020
			Amount in NPR
Assets			
Non current assets			
Property, plant and equipment	3	963,814,477	970,084,799
Capital work In progress	3	3,148,619	29,103,725
Right-of-Use assets	3A	206,883,844	103,886,901
Intangible assets	4	10,315,449	10,119,304
Prepayment	5	20,617,595	12,573,975
Advances & other receivable	6	11,840,716	13,750,914
Other non current assets	7	101,938,908	116,418,888
Deferred tax assets		73,604,985	67,504,707
Total non current assets		**1,392,164,592**	**1,323,443,213**
Current assets			
Inventories	8	891,530,728	800,969,776
Prepayment	5	23,319,724	25,016,118
Financial assets			
Trade receivables	9	744,645,783	411,121,773
Cash and cash equivalents	10 (A)	413,579,899	607,760,246
Other balance in bank	10 (B)	2,983,252,733	2,000,823,020
Advances & other receivable	6	25,152,140	27,867,311
Other current assets	7	92,563,425	67,573,769
Total current assets		**5,174,044,432**	**3,941,132,013**
Total assets		**6,566,209,024**	**5,264,575,226**
Equity and Liabilities			
Equity			
Share capital	11	61,735,000	61,735,000
Capital Redemption Reserve		2,075,000	2,075,000
Other equity		4,195,773,077	3,599,885,553
Total equity		**4,259,583,077**	**3,663,695,553**
Liabilities			
Non current liabilities			
Provision	15	37,593,226	32,932,484
Other non current liabilities	14	187,825,598	86,403,557
Total non current liabilities		225,418,824	119,336,041
Current liabilities			
Financial liabilities			
Trade payable	12	928,549,860	391,218,906
Accruals and other payables	13	685,739,517	622,031,320
Provisions	15	135,352,035	124,053,470
Current tax liabilities (net)	16	108,971,754	144,006,406
Other current liablities	14	222,593,956	200,233,530
Total current liabilities		**2,081,207,123**	**1,481,543,631**
Total equity and liabilities		**6,566,209,024**	**5,264,575,226**

The accompanying notes are an integral part of these financial statements

As per our report of even date

G. B. Khanal
Finance Manager

Sireesh Rao
Director & General Manager

Amit Kumar Baveja
Director

Laxmi Gopal Shrestha
Chairman

Shashi Satyal
Partner
PKF T R Upadhya & Co.
Chartered Accountants

Place: Lalitpur
Date: 28th April 2021

Statement of Profit and Loss

as at 13 March 2021 (29 Falgun, 2077)

Amount in NPR

	Note	FY 2020/21	FY 2019/20
Revenue from operations			
Revenue from sales of products	17 (A)	4,835,311,304	5,489,741,062
Other operating revenues	17 (B)	6,483,349	13,478,224
Other income	17 (C)	186,241,146	240,906,822
Total income		**5,028,035,799**	**5,744,126,108**
Expenses			
Cost of materials consumed	18	2,685,673,472	3,005,343,016
Changes in inventories of finished goods,stock in trade and work in progress	18	108,054,296	8,803,521
Employee benefit expenses	19	397,040,116	414,418,279
Other expenses			
Manufacturing expenses	20 (A)	110,376,155	97,654,776
Administrative expenses	20 (B)	100,465,452	124,783,057
Other selling and distribution expenses	20 (C)	226,344,796	235,589,841
Advertising & Promotion expenses	20 (D)	134,815,787	258,480,573
Intercompany royalty		99,002,309	115,331,034
Royalty to third parties		3,918,693	9,004,829
Provision for doubtful debt			4,570,419
Total expenses		**3,865,691,077**	**4,273,979,345**
Profit before interest, depreciation and tax		**1,162,344,722**	**1,470,146,763**
Finance cost	21	13,435,318	13,455,215
Depreciation and amortization	3 & 4	111,387,439	105,249,917
Profit before tax		**1,037,521,965**	**1,351,441,631**
Tax expenses			
Current tax		185,360,971	283,176,501
Deferred tax		(6,100,279)	(22,234,319)
Profit after tax (A)		**858,261,273**	**1,090,499,449**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Acturial gain/(loss) on remeasurement of defined benefit plans		-	-
Income tax expenses on acturial gain/(loss)		-	-
Other comprehensive income for the year (B)		-	-
Total comprehensive income for the year (A+B)		**858,261,273**	**1,090,499,449**

The accompanying notes are an integral part of these financial statements

As per our report of even date

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PKF T R Upadhya & Co.
Chartered Accountants

Place: Lalitpur
Date: 28th April 2021

Statement of Changes in Equity

as at 13 March 2021 (29 Falgun, 2077)

Amount in NPR

Particulars	Share Capital	Capital Redemption Reserve	Accumulated profit/ (loss)	Total
FY 2019/20				
Opening Balance as on 15 March 2019	**63,810,000**	**-**	**2,924,816,105**	**2,988,626,105**
Effect of IFRS 16 - lease adjustment	-	-		
Restated balance as at 15 March 2019	**63,810,000**	**-**	**2,924,816,105**	**2,988,626,105**
Net profit /(loss) for the year	-	-	1,090,499,449	1,090,499,449
Other comprehensive income, net of tax	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**1,090,499,449**	**1,090,499,449**
Transactions with equity owners				
Transfer to general reserve	-	-	-	-
Dividend paid	-	-	(234,593,000)	(234,593,000)
Income tax on dividend	-	-	(12,347,000)	(12,347,000)
Share buy back	(2,075,000)	2,075,000	(2,075,000)	(2,075,000)
Paid for share buy back			(149,773,500)	(149,773,500)
Capital gain tax on share buy back			(16,641,500)	(16,641,500)
Total transactions with equity owners for the year	**(2,075,000)**	**2,075,000**	**(415,430,000)**	**(415,430,000)**
Restated balance as at 13 March 2020	**61,735,000**	**2,075,000**	**3,599,885,553**	**3,663,695,553**

Particulars	Share Capital	Capital Redemption Reserve	Accumulated profit/ (loss)	Total
FY 2020/21				
Restated balance as at 14 March 2020	**61,735,000**	**2,075,000**	**3,599,885,553**	**3,663,695,553**
Net profit /(loss) for the year			858,261,273	858,261,273
Effect of IFRS 16 - lease adjustment				-
Total Comprehensive Income for the year	**-**	**-**	**858,261,273**	**858,261,273**
Transactions with equity owners				
Dividend paid	-	-	(249,255,063)	(249,255,063)
Income tax on dividend	-	-	(13,118,688)	(13,118,688)
Total transactions with equity owners for the year	**-**	**-**	**(262,373,750)**	**(262,373,750)**
Balance as at 13 March 2021	**61,735,000**	**2,075,000**	**4,195,773,077**	**4,259,583,077**

As per our report of even date

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Finance Manager

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Partner
PKF T R Upadhya & Co.
Chartered Accountants

Place: Lalitpur
Date: 28th April 2021

Statement of Cash Flows

for the year ended 13 March 2021 (29 Falgun 2077)

Amount in NPR

Particulars	FY 2020/21	FY 2019/20
(A) Cash flow from operating activities		
Net profit before tax	1,037,521,965	1,351,441,631
Adjustment for:		
a) Depreciation & amortization	111,387,439	105,249,917
b) Employee benefit plan	-	-
b) Interest income	(167,043,729)	(165,564,215)
c) Interest expenses	13,435,318	13,455,215
d) Loss on sale of property, plant & equipment	408,277	(51,504,928)
Operating cash flow before changes in operating assets/liabilities	995,709,269	1,253,077,620
a) Increase/(Decrease) in financial and other liabilities	603,960,252	60,439,496
b) Increase/(Decrease) in provisions	15,959,307	39,739,596
c) (Increase)/Decrease in prepayment	(6,347,226)	(22,139,507)
c) (Increase)/Decrease advances & other receivable	4,625,369	13,450,246
d) (Increase)/Decrease inventory	(90560953)	155496105
e) (Increase)/Decrease trade receivable	(333,524,010)	(115,393,854)
f) Interest payment	(13,435,318)	(11,385,389)
g) Payment of income tax	(220,395,622)	(280,671,559)
h) Increase in advance for capital expenditures	14,611,891	18,926,364
i) Increase in other assets	(25,121,567)	(19,933,234)
Total changes in operating assets/liablities	(50,227,876)	(161,471,737)
Net cash flow from operating activities (A)	**945,481,394**	**1,091,605,883**
(B) Cash flow from investing activities		
Purchase of property, plant & equipment	(51,301,053)	(131,847,903)
Sale of property, plant & equipment	188,700	108,720,354
Increase in Term deposit	(982,429,716)	(580,823,023)
Interest income	167,043,729	165,564,215
Increase in ROU assets-IFRS 16	(131,651,021)	-
Net cash flow from investing activities (B)	**(998,149,360)**	**(438,386,357)**
(C) Cash flow from financing activities		
Dividend & tax on dividend paid	(239,186,792)	(206,021,838)
Paid for share buy back	-	(166,415,000)
Decrease in Share Capital	-	(2,075,000)
Payment of lease liability-IFRS16	97,674,411	(16,006,637)
Net cash flow from financing activities (C)	**(141,512,380)**	**(390,518,475)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(194,180,347)	262,701,051
Add: Cash and cash equivalent as at 14 March 2020	607,760,246	345,059,195
Cash and cash equivalent as at 13 March 2021	**413,579,899**	**607,760,246**

The accompanying notes are an integral part of these financial statements

As per our report of even date

G. B. Khanal
Finance Manager

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Director & General Manager

Amit Kumar Baveja
Director

Laxmi Gopal Shrestha
Chairman

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Partner
PKF T R Upadhya & Co.
Chartered Accountants

Place: Lalitpur
Date: 28th April 2021

Notes To The Financial Statements

for the year ended 13 March 2021 (29 Falgun 2077)

1. Company information

Asian Paints (Nepal) Private Limited ("APN" or the "Company") is a private limited company incorporated in Nepal under the Companies Act 2063. The registered office of the Company is located at Hetauda Industrial Area, Hetauda Municipality, Ward No 8, Makwanpur, Nepal.

The Company is a subsidiary of Asian Paints Limited, India. Its principal business is to manufacture and sale of paints products and it has manufacturing facilities at Hetauda Industrial Area, Hetauda, Nepal.

2. Significant accounting policies and key accounting estimates and judgments

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN) which is materially in conformity with International Financial Reporting Standard (IFRS). The Financial Statements have also been prepared in accordance with the relevant presentational requirements as per group accounting policies.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently, except disclosed otherwise to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as disclosed in note 2.4

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

2.3 Use of estimate

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Any revision in accounting estimates is recognized prospectively in the period of change and material revision, including its impact on financial statements, is reported in the notes to accounts in the year of incorporation of revision. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

2.4 New standards issued but not yet effective

A new Financial Reporting Standard (NFRS 2018) has been pronounced by the ICAN on 11 Ashad 2077. The NFRS 2018 contains some new standards with amendments to the existing standards.

NFRS 2018 introduces the new standard as mentioned hereunder which will be applicable from the date mentioned below:

Nepal Financial Reporting Standard (NFRS)	Applicable date
NFRS 9	16 July 2021
NFRS 14	16 July 2021
NFRS 15	16 July 2021
NFRS 16	16 July 2021
NFRS 17	16 July 2021

2.5 Current and non-current classification

The Company presents assets and liabilities in statement of financial position based on current and non-current classification. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The Company classifies an asset as current when it is:

i) Expected to be realized or intended to sold or consumed in normal operating cycle

ii) Held primarily for the purpose of trading

iii) Expected to be realized within twelve months after the reporting period or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when:

i) Expected to be settled in normal operating cycle

ii) Held primarily for the purpose of trading

iii) Settled within twelve months after the reporting period or

iv) No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

v) All other liabilities are classified as non-current.

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

2.6 Property, Plant and Equipment

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Such Costs also include borrowing cost if the recognition criteria are met. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met.

Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant class of property, plant and equipment if the recognition criteria are met. The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the statement of profit or loss as and when incurred.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit or Loss when the item is derecognized.

Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the straight line method based on the useful life of the asset as estimated by the management and is charged to the statement of profit or loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Significant components of assets identified separately are depreciated separately over their useful life. Depreciation on tinting systems leased to dealers, is provided under Straight Line Method over the estimated useful life determined as per technical evaluation.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

The estimated useful life of items of property, plant and equipment is mentioned below:

Particulars	Estimated Useful Life (Years)	Depreciation Rate (%)
Building	30 to 61	1.63 to 3.34
Plant and Machinery	4 to 21	4.75 to 25
Vehicle	5	20
Personal Computer	4	25
Furniture	5 to 10	10 to 20
Office Equipment	4 to 8	12.5 to 25

2.7 Intangible Assets

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit or Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost/fair value at the date of acquisition less accumulated impairment loss, if any.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic

Notes to the Financial Statements (Contd.)
for the year ended 13 March 2021 (29 Falgun 2077)

life. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss. The estimated useful life of intangible assets (Software) are 4 to 5 years.

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

<u>Derecognition:</u>

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of profit or loss when the asset is derecognized.

<u>Impairment of non-financial assets:</u>

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization are reviewed for impairment, whenever event or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, if any, are recognized in the statement of profit or loss and included in depreciation and amortization expense.

Impairment losses, on assets other than goodwill, are reversed in the statement of profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

2.8 Capital work in progress and Capital advances

Cost of assets not ready for intended use, as on the statement of financial position date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each statement of financial position date are disclosed as other non-current assets.

2.9 Financial instrument

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.

<u>Financial assets</u>

<u>Initial recognition and measurement:</u>

The Company recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the statement of profit or loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the statement of profit or loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- The Company's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the statement of profit or loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the statement of profit or loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit or loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI. The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the consolidated statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits will flow to the Company and the amount can be measured reliably.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to statement of profit or loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the statement of profit or loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's balance

Notes to the Financial Statements (Contd.)
for the year ended 13 March 2021 (29 Falgun 2077)

sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognized in the statement of profit or loss.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables,

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

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 (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the standalone statement of profit or loss.

Financial Liabilities

Initial recognition and measurement:

The Company recognizes a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the statement of profit or loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the statement of profit or loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the statement of profit or loss.

Derecognition:

A financial liability is derecognized 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 Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the statement of profit or loss.

Derivative financial instruments and hedge accounting

The Company enters into derivative financial contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial liabilities measured at amortized cost. The Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognized financial liabilities ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Company's risk management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a fair value hedge under IFRS 9, Financial Instruments.

Recognition and measurement of fair value hedge:

Hedging instrument is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of hedging instrument is recognized in the consolidated statement of profit or loss. Hedging instrument is recognized as a financial asset in the balance sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

Hedged item (recognized financial liability) is initially recognized at fair value on the date of entering into contractual obligation and is subsequently measured at amortized cost. The hedging gain or loss on the hedged item is adjusted to the carrying value of the hedged item as per the effective interest method and the corresponding effect is recognized in the consolidated statement of profit or loss.

Derecognition:

On Derecognition of the hedged item, the unamortized fair value of the hedging instrument is recognized in the consolidated statement of profit or loss.

Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

Notes to the Financial Statements (Contd.)

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are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

2.10 Cash and cash equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks and other short-term highly liquid investments where the original maturity is three months or less net of bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Inventories

Inventories contain raw materials, packing materials, finished goods, semi-finished goods, raw material in transit and accessories.

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

2.12 Share capital

Financial Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's equity shares are classified as equity instruments.

2.13 Revenue Recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered includes variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of goods:

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of services:

Revenue from rendering services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Company uses output method for measurement of revenue from home solution operations/ painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Company.

Interest:

Interest income is recognized on the time proportion basis.

Other incomes;

Other incomes have been recognized on accrual basis in financial statements except for cash flow information.

2.14 Retirement (Employee) Benefits

Liabilities in respect of employee benefits to employees are provided for as follows:

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are expensed in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Long Term Employee Benefits:

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the financial year to which they relate.

The Company is registered in the Social Security Fund (SSF) and the Social Security Fund Contribution @31% of basic salary for all the retirement benefits (Provident fund, Social security tax, Gratuity and Medical Insurance to the staffs) are deposited therein effective from Shrawan 2076 on monthly basis.

Contributions to provident fund of employees seconded from Asian Paints Limited are paid to Asian Paints Limited and are charged to the statement of profit or loss as incurred.

(b) Other long-term employee benefits

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the statement of profit or loss (including actuarial gain and loss).

2.15 Foreign Currency Transactions

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit or Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. 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 is measured.

2.16 Taxation

Current tax:

Current tax is determined as the amount of tax payable in respect of taxable income for the year as per the provisions of the Income Tax Act, 2002. Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Notes to the Financial Statements (Contd.)

for the year ended 13 March 2021 (29 Falgun 2077)

Income tax rates applicable to company:

Income from local sale of goods: 16.67% (F/Y 2019/20:18%)

Income from export sale of goods: 12.5% (F/Y 2019/20: 15%)

Investment Income: 25% (F/Y 2019/20: 25%)

Income from service charges: 25% (F/Y 2019/20: 25%)

As per the amendment effected in section 11 of the Income Tax Act 2058 on promulgation of Finance Act, 2076, the special industries providing direct employment to 300 or more than 300 Nepali citizens for whole year are eligible to claim 20% concession on normal rate of income tax. As the company provides direct employment to more than 300 Nepali citizens throughout the year and is eligible to claim such concession having meet the criteria, the company has applied 16% tax rate for calculating tax on income from local sale of goods effective from 16th July 2020.

Deferred tax:

Deferred tax is provided using balance sheet approach on temporary differences at the reporting date as difference between the tax base and the carrying amount of assets and liabilities. Deferred tax is recognized subject to the probability that taxable profit will be available against which the temporary differences can be reversed. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are set off if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2.17 Provisions and Contingencies

The Company creates a provision when there exists a present obligation (legal or constructive) as a result of a past event that probably requires an outflow of resources representing economic benefits and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

No contingent asset is recognized but disclosed by way of notes to accounts.

2.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of accruals of past or future cash receipts or payments. The cash flows from regular revenue generating & investing activities of the company are segregated.

2.19 Lease accounting

Assets taken on lease (As a Lessee):

The Company mainly has lease arrangements for land and building for offices, residential apartment for expat employee, factory and warehouse spaces.

The Company assesses whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company contains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the company, term and currency of the contract. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options which the Company is reasonably certain to exercise.

Variable lease payments that don't depend on an index or rate are not included in the measurement of the lease liability and the Rou asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the line "other expense" in the statement of profit or loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets

The company has elected not to recognize right-of-use assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.20 Provision for bonus

Staff Bonus has been provided at rate of 10% of profit before tax and bonus

2.21 Provision for Corporate Social responsibilities (CSR)

CSR expenses is accounted as per Industrial Enterprises Act 2020 (2076 BS) (the "Act") which has been introduced with effect from February 11, 2020 replacing the Industrial Enterprises Act 2016 (2073 BS) (the "Previous Act"). Section 54 of Industrial Enterprises Act 2020 (2076 BS) makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement"). The fund created for CSR is to be utilized on the basis of annual plans and programs but in the sectors that are prescribed under the Industrial Enterprise Rules 2019 (2076 BS). The progress report of the utilization of the fund collected for CSR is required to be submitted to the registering authorities within six months from expiry of the fiscal year.

Notes to the Financial Statements (Contd.)

for the year ended 13 March 2021 (29 Falgun 2077)

3 Property, plant and equipment

Amount in NPR

	Land	Building	Vehicle	Plant and Machinery	Furniture, Fixture and Office Equipment	Total	Capital Work in Progress
Cost							
As at 15 March 2019	290,347,595	431,486,640	38,306,842	535,985,939	74,010,583	1,370,137,599	74,292,201
Addition	-	50,296,899	-	107,058,341	19,681,139	177,036,379	-
Transfer to PPE	-	-	-	-	-	-	-
Sales/Adjustment	-	-	(277,001)	(73,044,159)	-	(73,321,160)	(45,188,477)
Balance as at 13 March 2020	**290,347,595**	**481,783,539**	**38,029,841**	**570,000,120**	**93,691,723**	**1,473,852,818**	**29,103,725**
As at 14 March 2020	290,347,595	481,783,539	38,029,841	570,000,120	93,691,723	1,473,852,818	29,103,725
Addition/adjustment	-	2,104,836		71,429,917	(14,829)	73,519,924	
Transfer to PPE	-	-	-	-	-	-	-
Sales/Adjustment	-	-			(1516466)	(1516466)	(25955106)
Balance as at 13 March 2021	**290,347,595**	**483,888,375**	**38,029,841**	**641,430,037**	**92,160,428**	**1,545,856,276**	**3,148,619**
Accumulated Depreciation							
As at 15 March 2019	-	102,364,705	29,731,938	254,808,633	54,290,381	441,195,657	
Addition	-	14,970,445	3,546,349	50,993,783	9,167,518	78,678,096	
Transfer to PPE	-	-	-	-	-	-	
Sales/Adjustment	-	-	(277,001)	(15,828,734)		(16,105,734)	
Balance as at 13 March 2020	**-**	**117,335,150**	**33,001,287**	**289,973,683**	**63,457,899**	**503,768,019**	**-**
As at 14 March 2020	-	117,335,150	33,001,287	289,973,683	63,457,899	503,768,019	-
Addition	-	15,243,337	2,176,893	52,209,555	9,563,486	79,193,270	-
Sales/Adjustment	-	-	-	-	(919,489)	(919,489)	-
Balance as at 13 March 2021	**-**	**132,578,487**	**35,178,179**	**342,183,238**	**72,101,896**	**582,041,800**	**-**
Net Book Value							
Balance as at 14 March 2019	290,347,595	329,121,935	8,574,904	281,177,305	19,720,202	928,941,942	74,292,201
Balance as at 13 March 2020	**290,347,595**	**364,448,389**	**5,028,555**	**280,026,437**	**30,233,824**	**970,084,799**	**29,103,725**
Balance as at 13 March 2021	**290,347,595**	**351,309,888**	**2,851,662**	**299,246,799**	**20,058,532**	**963,814,477**	**3,148,619**

3(A) Right of Use Assets

Cost	**Amount in NPR** **Building**
FY 2019/20	
As at 15 March 2019	184,745,209
Addition	9,881,485
Sales/Adjustment	(293,863)
Balance as at 13 March 2020	**194,332,831**
As at 14 March 2020	194,332,831
Addition	131,651,021
Sales/Adjustment	(36,934,685)
Balance as at 13 March 2021	**289,049,167**
Accumulated Depreciation	
As at 15 March 2019	67,495,307
Addition	23,244,485
Sales/Adjustment	(293,863)
Balance as at 13 March 2020	**90,445,929**
As at 14 March 2020	90,445,929
Addition	28,877,857
Sales/Adjustment	(37,158,464)
Balance as at 13 March 2021	**82,165,322**
Net Book Value	
Balance as at 14 March 2019	**117,249,902**
Balance as at 14 March 2020	**103,886,901**
Balance as at 13 March 2021	**206,883,844**

4 Intangible assets

	Amount in NPR **Computer Software**
Cost	
FY 2019/20	
As at 15 March 2019	26,497,037
Addition	
Sales/Adjustment	
Balance as at 13 March 2020	**26,497,037**
As at 14 March 2020	26,497,037
Addition /adjustment	3,736,234
Sales/Adjustment	-
Balance as at 13 March 2021	**30,233,271**
Accumulated Amortization	
As at 15 March 2019	13,050,367
Addition	3,327,365
Sales/Adjustment	-
Balance as at 13 March 2020	**16,377,733**
As at 14 March 2020	16,377,733
Addition	3,540,089
Sales/Adjustment	-
Balance as at 13 March 2021	**19,917,822**
Net Book Value	
Balance as at 14 March 2019	**13,446,669**
Balance as at 13 March 2020	**10,119,304**
Balance as at 13 March 2021	**10,315,449**

Notes to the Financial Statements (Contd.)
for the year ended 13 March 2021 (29 Falgun 2077)

5 Prepayment

Amount in NPR

	As at 13 March 2021		As at 13 March 2020	
	Current	Non Current	Current	Non Current
Prepayments - rent	12,791,225	20,617,595	14,315,308	12,006,600
Prepayments - insurance	7,974,315	-	1,603,656	-
Prepayment - others	2,554,184	-	9,097,154	567,376
Total	**23,319,724**	**20,617,595**	**25,016,118**	**12,573,975**

6 Advances & other receivable

Amount in NPR

	As at 13 March 2021		As at 13 March 2020	
	Current	Non Current	Current	Non Current
Other receivables	18,825,843	-	20,136,877	-
Housing fund	-	-	4,307,073	-
Advance from related party	-	-	-	-
Staff advances	6,326,297	11,840,716	3,423,360	13,750,914
Total	**25,152,140**	**11,840,716**	**27,867,311**	**13,750,914**

7 Other assets

Amount in NPR

	As at 13 March 2021		As at 13 March 2020	
	Current	Non Current	Current	Non Current
Security & other deposits	-	82,983,713	76,750	96,147,800
Advance for capital expenditure	-	5,659,197	-	20,271,088
Advance to suppliers	41,859,724	13,295,998	50,720,341	-
L/C margin & deposit	50,703,701	-	16,776,677	-
Total	**92,563,425**	**101,938,908**	**67,573,769**	**116,418,888**

8 Inventories

Amount in NPR

	As at 13 March 2021	As at 13 March 2020
Raw materials*	609,646,884	441,991,154
Packing materials	48,318,704	32,017,751
Finished goods	254,257,223	360,586,445
Accessories	2,445,780	4,828,366
Semi-finished goods	3,147,900	2,490,388
	917,816,490	841,914,104
Less: Allowances for slow and non-moving inventories	(26,285,761)	(40,944,328)
Total	**891,530,728**	**800,969,776**

* Raw materials includes Raw Material in transit amounting to NPR 114,449,731 which were cleared at customs point but pending entry inward on factory as on reporting date

9 Trade Receivable

	Amount in NPR	
	As at 13 March 2021	As at 13 March 2020
Unsecured, considered goods	744,645,783	411,121,773
Unsecured, considered doubtful	11,108,588	12,240,621
	755,754,371	423,362,393
Less: Allowances for unsecured doubtful debts	(11,108,588)	(12,240,621)
Total	**744,645,783**	**411,121,773**

10(A) Cash and Cash Equivalents

	Amount in NPR	
	As at 13 March 2021	As at 13 March 2020
Cash in hand	2,018,277	2,247,803
Cash at bank	124,976,420	414,366,164
Call deposits	286,585,202	191,146,279
Total	**413,579,899**	**607,760,246**

10(B) Other balance in bank

	Amount in NPR	
	As at 13 March 2021	As at 13 March 2020
Fixed Term bank deposits	2,983,252,733	2,000,823,020
Total	**2,983,252,733**	**2,000,823,020**

Term deposits has been included under cash flow from investment activities for the purpose of statement of cash flows

11 Share Capital

	Amount in NPR	
	As at 13 March 2021	As at 13 March 2020
Authorised Share Capital		
230,000,000 equity shares of Rs. 10 each	2,300,000,000	1,600,000,000
a) Reconciliation of shares outstanding at the beginning and at the end of the year		
Fully Paid Equity Shares:		
Number of Shares	6,381,000	6,381,000
Add: Issue during the period	-	-
Less: Buy back of shares	207,500	207,500
Number of shares at the end of the year	6,173,500	6,173,500
Paid up value at the end of the year	**61,735,000**	**61,735,000**

Notes to the Financial Statements (Contd.)
for the year ended 13 March 2021 (29 Falgun 2077)

Amount in NPR

	As at 13 March 2021	As at 13 March 2020
b) Terms/Rights attached to equity shares		
The Company has only one class of shares referred to as equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share.		
Issued Subscribed and Paid up Capital		
6,173,500 equity shares of Rs. 10 each	61,735,000	61,735,000
c) Details of Shareholders		
Paid-up Share Capital		
Asian Paints Limited, India: 3,254,310 equity shares of Rs. 10 each	32,543,100	32,543,100
Ravi Associates: 574,290 equity share of Rs 10 each (includes 542,385 bonus shares)	5,742,900	5,742,900
Local Shareholders: 2,344,900 equity shares of Rs 10 each(includes 22,146,278 bonus shares)	23,449,000	23,449,000
	61,735,000	**61,735,000**

12 Trade Payables

Amount in NPR

	As at 13 March 2021		As at 13 March 2020	
	Current	Non Current	Current	Non Current
Trade Creditors	821,480,633	-	362,934,647	-
Trade creditors of related parties	107,069,227	-	28,284,260	-
	928,549,860	**-**	**391,218,906**	**-**

13 Accruals and other payables

Amount in NPR

	As at 13 March 2021		As at 13 March 2020	
	Current	Non Current	Current	Non Current
Accrued expenses	430,318,525		388,571,239	
Royalty payable (Group)	164,458,324	-	170,021,825	-
Royalty payable (Non Group)	21,933,046	-	19,773,290	-
Dividend Payable	64,105,120	-	40,918,162	-
Salary and personnel payable	4,924,503	-	2,746,804	-
Total	**685,739,517**	**-**	**622,031,320**	**-**

Royalty payable (Group) to Asian Paints Limited, India have been accrued based on the agreement between Asian Paints Nepal Pvt. Ltd. & Asian Paints Ltd. The approval from Department of Industries expired on 8 April 2020 and the the approval for renewal of trade mark registration agreement between Asian paints (Nepal) Pvt. Ltd. and Asian Paints Ltd. is under process and yet to be received from Department of Industry.

The Royalty Payable (Non Group) has been accrued based on the agreement between Asian Paints (Nepal) Pvt. Ltd. and Chemours, and the same has been discontinued from 13 January 2021. The approval for the trademark registration agreement between Asian Paints (Nepal) Pvt. Ltd. and Chemours is yet to be received from Department of Industry.

14 Other liabilities

Amount in NPR

	As at 13 March 2021		As at 13 March 2020	
	Current	Non Current	Current	Non Current
Advance received from customers	60,746,490	-	55,197,239	-
Security and other deposits	676,000	-	676,000	-
VAT payable	32,064,021	-	31,927,545	-
TDS payable	54,418,676	-	46,933,953	-
Excise duty payable	53,324,979	-	40,387,372	-
Lease liability	21,363,790	187,825,598	25,111,420	86,403,557
Total	**222,593,956**	**187,825,598**	**200,233,530**	**86,403,557**

15 Provisions

Amount in NPR

	As at 13 March 2021		As at 13 March 2020	
	Current	Non Current	Current	Non Current
Gratuity and leave	3,704,215	37,593,226	2,187,923	32,932,484
Bonus	103,431,895	-	100,592,540	-
Provision for Corporate Social Responsibility	28215924	-	21273007	-
Total	**135,352,035**	**37,593,226**	**124,053,471**	**32,932,484**

1% of profit after tax has been provided for corporate social responsibility as per sec 54.1 of Industrial Enterprises Act 2076. Out of the CSR provision, the company has made major contribution in educational sector.

16 Current tax liabilities (Net)

Amount in NPR

	As at 13 March 2021	As at 13 March 2020
Provision of income tax	1,562,302,996	1,376,942,025
Less: Payment of income tax	1,453,331,241	1,232,935,619
Total	**108,971,754**	**144,006,406**

Notes to the Financial Statements (Contd.)
for the year ended 13 March 2021 (29 Falgun 2077)

17 Revenue

Amount in NPR

	FY 2020/21	FY 2019/20
(A) Revenue from sales of products		
Domestic sales (net of return)	5,893,804,630	6,637,253,537
Less: Discount	(804,844,124)	(862,879,200)
Less: Discount II **	(253,649,201)	(284,633,275)
Total	**4,835,311,304**	**5,489,741,062**
(B) Other operating revenue		
Scrap sales	6,483,349	13,478,224
Total	**6,483,349**	**13,478,224**
(C) Other Income		
(i) Interest Income		
Interest income from Call account and term deposits	167,043,729	165,564,215
	167,043,729	**165,564,215**
(ii) Other Non Operating Income		
Service Charge *	11,114,859	11,383,482
Miscellaneous Income**	5,151,709	12,454,198
	16,266,568	**23,837,680**
(iii) Other gain and loss		
Net gain / (loss) on sales of property, plant and equipment	(408,277)	51,504,928
Foreign exchange gain	2,207,094	-
	1,798,818	**51,504,928**
(iv) Provision written off		
Provision for doubtful debt	1,132,031	-
Excess provision for housing fund written off	-	-
	1,132,031	**-**
Total (i+ii+iii+iv)	**186,241,146**	**240,906,822**

*The company has entered in to an marketing agreement with Aavik Impex Pvt. Ltd Service charge has been incurred from Aavik Impex against providing the logistic service.

** The discount II pertaining to gift and dealer trip directly related to sales revenue has been netted against sales revenue as per IFRS 15."

18 Cost of Material Consumed

Amount in NPR

	FY 2020/21	FY 2019/20
Raw materials		
Opening stock	441,991,154	562,218,915
Add: Raw materials purchased	2,528,537,758	2,524,309,972
Less: Closing stock	609,646,884	441,991,154
Raw Material Consumed (A)	2,360,882,028	2,644,537,734
Packing materials		
Opening stock	32,017,751	39,829,801
Add: Packing materials purchased	341,092,396	352,993,232
Less: Closing stock	48,318,704	32,017,751
Packaging Material Consumed (B)	**324,791,444**	**360,805,282**
Cost of Materials Consumed (A+B=C)	**2,685,673,472**	**3,005,343,016**
Changes in inventories of finished goods, stock-in-transit and work in progress		
Inventory at the beginning of the year		
Finished goods	365,414,811	370,254,021
Work in progress	2,490,388	6,454,698
Total	**367,905,199**	**376,708,719**
Inventory at the end of the year		
Finished goods	256,703,003	365,414,811
Work in progress	3,147,900	2,490,388
Total	**259,850,903**	**367,905,199**
Changes in inventories of finished goods, stock in trade and work in progress (D)	**108,054,296**	**8,803,521**
Total material cost (C+D)	**2,793,727,768**	**3,014,146,536**

19 Employee Benefit Expenses

Amount in NPR

	FY 2020/21	FY 2019/20
Salary and allowances	242,778,099	223,916,514
Contribution to provident fund	6,294,129	7,546,460
Gratuity & leave expenses*	19,446,568	18,207,117
Bonus expenses**	115,280,218	150,160,181
Other employee cost	13,241,101	14,588,006
Total	**397,040,116**	**414,418,279**

* Leave has been provided based on the acturial valuation report.The gratuity is part of Social security Fund (SSF) and is contributed on monthly basis from Shrwan 2076 as per Labor Act 2074 and Social Security Act 2075.

**Provision for bonus is made at the rate of 10% of profit before tax and bonus. (Refer to Note 2.20)

Notes to the Financial Statements (Contd.)
for the year ended 13 March 2021 (29 Falgun 2077)

20 (A) Manufacturing Expenses

Amount in NPR

	FY 2020/21	FY 2019/20
Stores and spares consumed	13,539,670	18,565,204
Power/ electricity - Factory	10,763,992	12,306,480
Fuel	797,168	-
Handling charge	5,157,969	4,652,741
Repairs and maintenance Plant and Machinery	1,349,255	1,528,935
Repairs and maintenance - Buildings	630,875	128,200
Water charges	672,626	590,804
Research and Development	665,965	1,033,548
Out process contract fee	64,266,164	58,718,314
Safety Expenses	12,532,472	130,550
Total	**110,376,155**	**97,654,776**

20(B) Administrative Expenses

Amount in NPR

	FY 2020/21	FY 2019/20
Stores and spares consumed	2,031,611	638,493
Fuel	286,447	492,219
Repairs and maintenance - Buildings	20,000	6,420
Repairs and maintenance - Vehicle	227,282	227,206
Repairs and maintenance - Office Equipment	324,089	204,971
Repairs and maintenance - Others	4,941,420	9,591,286
State levy/property/Vehicle Tax	922,791	926,088
Water charges	574,060	431,197
Insurance - Assets	11,549,066	8,067,944
Insurance - Personnel	9,179,017	5,513,261
Telecommunication/ internet	281,324	300,047
Courrier/ postage expenses	212,442	245,363
Printing and Stationary	669,828	848,049
Local travel	1,801,432	4,619,865
Foreign travel/Transfer	674,312	3,174,389
Donation	-	364,500
Security charges	9,216,800	8,904,474
Entertainment	1,274,618	3,582,445
Library / Subscription	-	21,570
Recruitment expenses	591,453	390,120
Training expenses	1,180,016	3,060,873
Statutory audit fees	250,000	250,000
Group audit fees	250,000	250,000
Tax audit fees	250,000	250,000
Audit fees - Certification	30,000	20,000
Audit fees - Out of pocket	124,123	719,468
Legal and professional fees	2,586,537	3,627,802

Amount in NPR

	FY 2020/21	FY 2019/20
Electricity charge	42,935	-
Miscellaneous expenses	8,531,801	5,007,357
VAT expenses for earlier years (disputed)		18,568,036
Systems expenses	20,880,013	16,373,714
Other financial charges	5,319,483	5,073,584
Exchange gain/(loss)	-	2,684,829
CSR contribution	8,582,613	15,167,695
Cleaning & hygine	7,659,939	5,179,792
Total	**100,465,452**	**124,783,057**

20(C) Other Selling and Distribution Expenses

Amount in NPR

	FY 2020/21	FY 2019/20
Stores and spares consumed	4,383,400	4,037,291
Fuel	1,973,832	3,082,948
Freight outward	174,227,817	173,230,330
Handling charge	5,779,734	2,538,954
Repairs and maintenance - Buildings	1,440	25,070
Repairs and maintenance - P&M	-	-
Repairs and maintenance - Vehicle	2,026,831	2,213,909
Repairs and maintenance - Office Equipment	772,099	866,904
Repairs and maintenance - Others	1,970,907	1,563,987
Rent - branch/ depot/ godown	3,354,731	1,942,462
State levy/property/Vehicle Tax	79,030	871,619
Water charges	1,039,363	1,178,012
Insurance - General/Transit	4,743,030	4,873,813
Telecommunication/ internet	1,673,494	2,106,297
Courrier/ postage expenses	616,376	890,595
Printing and Stationary	1,396,160	2,360,922
Local travel	8,606,456	18,262,910
Foreign travel/Transfer	61,621	1,501,402
Security charges	9,878,387	8,994,911
Entertainment	2,336,183	3,614,986
Library / subscription	7,475	14,910
Training expenses	-	-
Electricity charge	1,016,981	1,190,467
Miscellaneous expenses	399,450	227,143
Total	**226,344,796**	**235,589,841**

Notes to the Financial Statements (Contd.)
for the year ended 13 March 2021 (29 Falgun 2077)

20(D) Advertising & Promotion Expenses

Amount in NPR

	FY 2020/21	FY 2019/20
Electronic/Digital Media tracking	32,925,170	47,690,390
All press related activities	3,417,611	4,249,930
Consumer engagement	24,943,386	82,312,432
Architech/project initiative	-	6,855,456
Event sponsorship	-	16,714,395
New product catagories creation	20,460,841	9,731,807
Advertisement in banner and signboard	19,273,496	21,198,237
Other marketing promotional expenses***	31,256,884	59,654,998
Shadecard and colateral	2,538,398	10,072,929
Total	**134,815,787**	**258,480,573**

21 Finance Cost

Amount in NPR

	FY 2020/21	FY 2019/20
Interest Expenses -Non group	465,820	2,841,008
Interest Expenses- Lease IFRS 16	12,969,498	10,614,208
Total	**13,435,318**	**13,455,215**

Interest Payable Non group includes the interest on the Income tax of earlier years against CW cases.

22 Income Taxes

Amount in NPR

	FY 2020/21	FY 2019/20
Income tax expense charged to the Statement of Profit or Loss and OCI		
Current tax		
Current income tax charge	185,360,971	283,176,501
Deferred tax credit/(charge)		
Origination and reversal of temporary differences	(6,100,279)	(22,234,319)
Adjustments/(credits) related to previous years - (net)	-	-
Income tax expense charged to the Statement of Profit or Loss	**179,260,692**	**260,942,183**
Tax expense recognised in Other Comprehensive Income	**FY 2020/21**	**FY 2019/20**
Current tax		
Net gain/(loss) on remeasurement of defined benefit plans	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Changes in tax rates	-	-
Income tax charged to OCI (other comprehensive income)	-	-
Reconciliation of tax liability on book profit vis-à-vis actual tax liability		
Accounting Profit/ (Loss) before income tax	1,037,521,965	135,144,1631
Add: Items of Other Comprehensive Income (OCI)	-	-
Profit before tax including OCI items	**1,037,521,965**	**1,351,441,631**
Computed tax expense		
Differences due to:		
Additional allowance for tax purpose	(485,146,422)	(523,286,710)
Expenses not allowed for tax purpose	690,808,263	621,399,949
Other temporary differences	-	-
Total taxable Income	**1,243,183,806**	**1,449,554,870**
Taxable income from domestic sales	1,243,183,806	1,272,607,173
Taxable income from Investment	-	165,564,215
Taxable income-Services charges *	-	11,383,482
	1,243,183,806	**1,449,554,870**
Enacted tax rate		
Export sales	12.500%	15.00%
Local sales	16.67%	18.00%
Investment	25.00%	25.00%
Service Charges	25.00%	25.00%
Income tax expenses on export sales	-	-
Income tax expenses on domesctic sales	207,197,301	229,069,291
Income tax expenses on investment income	-	41,391,054
Income tax expenses on service charges*	-	2,845,871
Income tax expense charged to the Statement of Profit or Loss and OCI	**207,197,301**	**273,306,215**
Income tax of earlier year	-	9,870,286
Total tax expenses charges to income statements	**207,197,301**	**283,176,501**

Notes to the Financial Statements (Contd.)

for the year ended 13 March 2021 (29 Falgun 2077)

23 Post Employment Benefit Plans

Refer Note 2.13 for accounting policy relating to post employment benefit plans

Post employment benefits includes leave benefits and gratuity provided to eligible employees as per Labor Act 2074. Leave benefits liability has been calculated using actuarial valuation technique in line with requirement of NAS 19.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the statement of financial position for the plan:

Amount in NPR

	Post retirement Leave (Unfunded Plan)	
	FY 2020/21	**FY 2019/20**
Opening post employment benefit obligation	36,697,213	28,940,622
Service cost	3,736,050	2,945,531
Net Interest	3,301,459	2,463,121
Sub-total included in statement of profit or loss	7,037,509	5,408,652
Actuarial (gain)/loss	5,350,788	7,753,334
Sub-total included in other comprehensive income	-	-
Benefits paid	(7,474,551)	(6,112,377)
Acquisition/Business Combination/Divestiture*		706,982
Closing post employment benefit obligation (A)	41,610,959	36,697,213
Opening fair value of plan assets	-	-
Expected return on plan assets	-	-
Sub-total included in statement of profit or loss	-	-
Actuarial gain/(loss)	-	-
Sub-total included in other comprehensive income	-	-
Contribution by employer	-	-
Benefits paid	-	-
Closing fair value of plan assets (B)	-	-
Net closing post employment benefit obligation/ (assets) (A-B)	**41,610,959**	**36,697,213**
Expense recognized in:		
Statement of Profit or Loss	12,573,046	13,161,986
Statement of Other Comprehensive Income	-	-

24 Financial instruments

Accounting classifications and fair values

The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties other than in forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. Fair Value of cash and short-term deposits trade and other short term receivables trade payables other current liabilities short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation allowances are taken to the account for the expected losses of these receivables.

   The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

   Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly

   Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The carrying amounts and fair values of financial instruments by class are as follows:

Amount in NPR

	Note	Carrying value		Fair value	
		As at 13 March 2021	**As at 13 March 2020**	**As at 13 March 2021**	**As at 13 March 2020**
Financial assets					
Financial assets measured at amortised cost					
Trade receivables	9	744,645,783	411,121,773	744,645,783	411,121,773
Cash and cash equivalents	10 A and 10B	3,396,832,632	2,608,583,266	3,396,832,632	2,608,583,266
		4,141,478,414	**3,019,705,039**	**4,141,478,414**	**3,019,705,039**
Financial liabilities					
Financial liabilities measured at amortised cost					
Trade payables	12	928,549,860	391,218,906	928,549,860	391,218,906
Lease Liability	14	209,189,388	111,514,977	209,189,388	111,514,977
		1,137,739,248	**502,733,883**	**1137,739,248**	**502,733,883**

Notes to the Financial Statements (Contd.)
for the year ended 13 March 2021 (29 Falgun 2077)

Income expenses gains or losses on financial instruments

Interest income and expenses gains or losses recognised on financial assets and liabilities in the Statement of Profit or Loss and other comprehensive income are as follows:

	As at 13 March 2021	As at 13 March 2020
Financial assets measured at amortised cost		
Interest income	167,043,729	165,564,215
Financial liabilities measured at amortised cost		
Interest expense	13,435,318	13,455,215

25 financial risk management

Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to the shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

The Company's financial risk management is an integral part of how to plan and execute its business strategies.

Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings. The Company manages market risk through a Risk Management Committee engaged in, inter alia, evaluation and identification of risk factors with the object of governing/mitigating them according to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments. The Board provides oversight and reviews the Risk management policy on a quarterly basis.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to balance the Company's position with regards to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive interest rate risk management. The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign currency risk

The Company is subject to the risk that changes in foreign currency values impact the Company's imports of raw material and property, plant and equipment. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The aim of the Group's approach to management of currency risk is to leave the Company with no material residual risk. This aim has been achieved in all years presented. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are set accordingly. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occuring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers reasonable and supportive forward-looking information. Financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Company. The Company provides for overdue outstanding for more than 90 days other than institutional customers which are evaluated on a case to case basis.

Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The company treasury department is responsible for maintenance of liquidity (including quasi liquidity), continuity of funding as well as timely settlement of debts. In addition, policies related to mitigation of risks are overseen by senior management. Management monitors the company net liquidity position on the basis of expected cash flows vis a vis debt service fulfillment obligation.

26 Related party disclosures

a) Transactions and balances with the related parties

The company is controlled by M/s Asian Paints Ltd. India a company incorporated in India under Indian company act which owns 52.71% share of the company's share.

The company is providing logistic service to Aavik Impex Pvt. Ltd. Aavik Impex is Single share holding company owned by Bidya Laxmi Shrestha (spouse of the Chairman of Asian Paints Nepal Pvt. Ltd. Mr. Laxmi Gopal Shrestha)

The transactions with the related parties are tabulated as below:

Amount in NPR

Name of related parties	Nature of transaction	FY 2020/21	FY 2019/20
Asian Paints Limited	Purchase of material	204,600,113	171,056,411
Asian Paints Limited	Purchase of services/sundries	11,625,360	10,346,987
Asian Paints Limited	Royalty expenses	99,002,309	115,331,034
Asian Paints Limited	Intercompany trade creditor (Trade/Non trade)	107,069,227	(27,144,243)
Asian Paints(Lanka) Limited	Intecompany trade creditor (Non trade)	(768,227)	(768,227)
Aavik Impex	Service Charges against logistic service	11,114,859	11,383,482

b) Key Management Personnel

Name	Designation
Laxmi Gopal Shrestha	Chariman, Promotor
Amit Baveja	Director
Sireesh Rao	Director cum General Manager

(c) Transactions and balances with key management personnel

Key management personal cost includes remuneration and other benefits paid to the General Manager cum director which were as follows:

Amount in NPR

	FY 2020/21	FY 2019/20
Short-term employee benefits	26,232,837	22,284,618
Post employment benefits	665,379	568,629
Other long-term benefits	-	-
Termination benefits	-	-

27 contingent liabilities and capital commitments

a) Claims against the company not acklowledge at debts

b) Contingent liablities

	FY 2020/21	FY 2019/20
Income tax (FY 2061/62 to FY 2071/72)	75,872,889	75,872,889
TDS (FY 2067/68)	2,826,000	2,826,000
VAT/Excise on Customs Tariff	15,400,186	15,400,186

The Company has disputed the demand of the Large Taxpayer Office(LTO) and has filed an appeal with the Inland Revenue Department for administrative review for the FY 2063/64 (2006/07 to FY 2071/72 (2014/15)) for which decision from IRD is received for year 2006/07 to 2009/10. The company has filed an appeal in Revenue Tribunal for the year FY 2006/07 (2063/64) to 2009/10 (2066.67) and 2012/13(2069.70) to 2014/15 (2071.72).

The verdict from revenue tribunal has been received for the year 2010/11 and 2011/12. The company has filed an appeal to Supreme court against the verdict of revenue tribunal

The company has provided 9.88 crore for the disputed amount related to CW machine including the estimated additional interest liability up to balance sheet date.

The Customs office has changed the HS code of the raw material emulsion and charged the customs assuming the raw material as finished goods. The company has appealed to the department of customs and revenue tribunal against the decision of customs office decision. The material has been released in deposit and the VAT and excise on such consignment is fully paid and booked as security and other deposit.

(i) It is not practicable for the Company to estimate the timings and amount of cash outflows if any in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

(ii) The Company does not expect any reimbursements in respect of the above contingent liabilities.

c) Unexpired letter of credit

	FY 2020/21	FY 2019/20
Contingent liabilities in respect of unexpired irrevocable Letter of Credit	1,014,074,016	335,533,545

d) Capital commitments

	FY 2020/21	FY 2019/20
Estimated value of contracts in capital account remaining to be executed and not provided for	9,490,330	28,570,139

ASIAN PAINTS (BANGLADESH) LIMITED

Contents

Independent Auditor's Report

To the Shareholders of Asian Paints (Bangladesh) Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Asian Paints (Bangladesh) Limited, (the "Company") which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 charged with governance are 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 ISAs 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 ISAs, 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 omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 going concern.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, we also report the following:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

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

c. The Company's statement of financial position, the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and return.

For Nurul Faruk Hasan & Co
Chartered Accountants

Sk. Ashik Iqbal
Enrollment Number: 1310
VC: 2104221310AS646476

Dhaka, Bangladesh
Date: 22nd April, 2021

Statement of Financial Position

as on 31 March, 2021

	Note	31 March 2021 Taka	31 March 2020 Taka
Assets			
Non-current assets			
Property, plant and equipment	8	1,12,06,17,693	60,64,66,624
Intangible asset	9	1,10,71,570	1,50,47,928
Right-of-use assets	10	38,85,73,221	41,21,50,446
Other non-current assets	11	20,04,59,662	19,84,53,234
Deferred tax assets	12	4,38,35,390	8,07,14,412
Total non-current assets		**1,76,45,57,536**	**1,31,28,32,644**
Current assets			
Inventories	13	63,86,49,719	78,09,91,190
Trade and other receivables	14	41,36,34,792	43,65,77,550
Other current assets	15	23,44,44,509	6,55,97,806
Current tax assets	16	2,12,52,114	2,03,70,286
Cash and bank balances	17	1,95,18,760	1,55,85,032
Total current assets		**1,32,74,99,894**	**1,31,91,21,864**
Total assets		**3,09,20,57,430**	**2,63,19,54,508**
Equity and liabilities			
Capital and reserves			
Share capital	18	88,77,66,000	88,77,66,000
Retained earnings		(16,82,67,331)	(18,34,30,632)
Total equity		**71,94,98,669**	**70,43,35,368**
Non-current liabilities			
Lease liabilities	19	32,79,91,643	34,91,10,243
Defined benefit obligation	21	5,31,75,153	3,96,76,758
Unearned finance income	22	77,03,594	96,73,721
Total non-current liabilities		**38,88,70,390**	**39,84,60,722**
Current liabilities			
Lease liabilities	19	5,53,37,116	5,19,10,194
Bank overdraft	23	22,69,17,171	36,28,05,602
Short term loan	24	32,00,00,000	-
Trade and other payables	25	1,38,14,34,084	1,05,49,77,622
Inter-company loan	20	-	5,94,65,000
Total current liabilities		**1,98,36,88,371**	**1,52,91,58,418**
Total liabilities		**2,37,25,58,761**	**1,92,76,19,140**
Total equity and liabilities		**3,09,20,57,430**	**2,63,19,54,508**

The accompanying notes 1 to 39 form an integral part of these financial statements.

Tarique Ahmed
Head of Finance

Shamsul Alam
Director

Ritesh Doshi
Director

Per our annexed report of same date

Dhaka, Bangladesh
Dated: 22nd April, 2021

Nurul Faruk Hasan & Co
Chartered Accountants

Sk. Ashik Iqbal
Partner
Enrollment No. 1310 DVC: 2104221310AS646476

Statement of Profit and Loss

for the year ended 31 March, 2021

	Note	31 March 2021 Taka	31 March 2020 Taka
Revenue	26	3,75,57,46,012	3,61,62,06,956
Cost of sales	27	(2,70,52,69,279)	(2,63,79,09,163)
Gross profit		**1,05,04,76,733**	**97,82,97,793**
Other income	28	1,37,80,947	2,94,34,311
Selling and distribution expenses	29	(60,15,98,695)	(56,42,01,751)
Administrative expenses	30	(24,09,57,649)	(34,40,86,303)
Foreign exchange loss	31	(17,85,725)	(61,06,206)
Operating profit		**21,99,15,611**	**9,33,37,844**
Finance income	32	70,87,202	75,05,916
Finance costs	33	(8,21,34,388)	(8,37,60,317)
Net finance costs		**(7,50,47,186)**	**(7,62,54,401)**
Profit before contribution to WPPF and tax		**14,48,68,425**	**1,70,83,443**
Contribution to WPPF		(72,43,421)	(8,54,172)
Profit before tax		**13,76,25,004**	**1,62,29,271**
Income tax	34	(11,77,26,838)	(7,66,81,927)
Profit/(loss) for the year		**1,98,98,166**	**(6,04,52,656)**
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability		(70,14,615)	(20,94,158)
Related tax		22,79,750	7,32,955
Other comprehensive income for the year, net of tax		**(47,34,865)**	**(13,61,203)**
Total comprehensive income for the year		**1,51,63,301**	**(6,18,13,859)**

The accompanying notes 1 to 39 form an integral part of these financial statements.

Tarique Ahmed
Head of Finance

Shamsul Alam
Director

Ritesh Doshi
Director

Per our annexed report of same date

Dhaka, Bangladesh
Dated: 22nd April, 2021

Nurul Faruk Hasan & Co
Chartered Accountants

Sk. Ashik Iqbal
Partner
Enrollment No. 1310 DVC: 2104221310AS646476

Statement of Changes in Equity

as on 31 March, 2021

	Share capital	Retained earnings	Total equity
	Taka	**Taka**	**Taka**
Balance at 1 April 2019	39,45,62,700	(12,16,16,773)	27,29,45,927
Loss for the year	-	(6,04,52,656)	(6,04,52,656)
Other comprehensive income for the year	-	(13,61,203)	(13,61,203)
Total comprehensive income for the year	**-**	**(6,18,13,859)**	**(6,18,13,859)**
Issue of share capital	49,32,03,300	-	49,32,03,300
Balance at 31 March 2020	88,77,66,000	(18,34,30,632)	70,43,35,368
Balance at 1 April 2020	**88,77,66,000**	**(18,34,30,632)**	**70,43,35,368**
Profit for the year	-	1,98,98,166	1,98,98,166
Other comprehensive income for the year	**-**	**(47,34,865)**	**(47,34,865)**
Total comprehensive income for the year	**-**	**1,51,63,301**	**1,51,63,301**
Issue of share capital	-	-	-
Balance at 31 March 2021	**88,77,66,000**	**(16,82,67,331)**	**71,94,98,669**

The accompanying notes 1 to 39 form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 March, 2021

	Note	31 March 2021	31 March 2020
		Taka	Taka
Profit/(loss) for the year		1,98,98,166	(6,04,52,656)
Adjustments for:			
Finance income	32	(60,46,873)	(67,95,907)
Finance costs	33	8,21,34,388	8,37,60,317
Interest income on security deposit	32	(10,40,329)	(7,10,009)
Income tax expenses	12 & 16	11,54,47,087	(1,02,52,691)
Depreciation of property, plant and equipment	8	4,95,86,061	5,16,65,675
Depreciation of right-of-use assets	10	6,42,50,777	6,15,14,492
Amortisation of intangible assets	9	45,76,358	25,19,697
Gain on disposal of property, plant and equipment	28	(31,02,457)	(17,34,990)
Foreign exchange loss	31	17,85,725	61,06,206
Actuarial loss		(70,14,615)	(20,94,158)
Operating cash flows before movements in working capital		**32,04,74,288**	**12,35,25,976**
Decrease/(increase) in inventories	13	14,23,41,471	(12,46,58,765)
Decrease/(increase) in trade and other receivables	14	2,29,42,758	(1,03,71,829)
Increase in other non-current assets		(24,79,964)	(11,26,14,120)
Decrease/(increase) in other current assets	15	(16,88,46,703)	99,29,791
Increase in trade and other payables	25	32,64,56,462	20,31,40,812
Increase in defined benefits obligation	21	1,57,78,145	48,68,321
Increase/(decrease) in unearned finance income	22	40,76,746	41,31,205
Cash generated by operations		**66,07,43,203**	**9,79,51,391**
Income tax paid		(7,94,49,893)	(4,68,16,700)
Net cash from operating activities		**58,12,93,310**	**5,11,34,691**
Investing activities			
Proceeds on disposal of property, plant and equipment	28.1	35,73,910	17,34,990
Purchases of property, plant and equipment		(56,42,08,583)	(10,13,15,389)
Purchases of intangible assets	9	(6,00,000)	(1,69,81,115)
Net cash used in investing activities		**(56,12,34,673)**	**(11,65,61,514)**
Financing activities			
Interest paid	33	(1,88,68,232)	(1,56,82,868)
Repayments of inter-company loan		(5,98,88,050)	(5,29,07,872)
Repayments of short term loan		25,53,71,169	(19,63,35,783)
Repayment of lease liabilities	19	(5,68,51,365)	(5,67,35,777)
Proceeds on issue of shares	18	-	49,32,03,300
Net cash from financing activities		**11,97,63,522**	**17,15,41,000**
Net increase in cash and bank balances		**13,98,22,159**	**10,61,14,177**
Cash and bank balances at beginning of year		(34,72,20,570)	(45,33,34,747)
Cash and bank balances at end of year*		**(20,73,98,411)**	**(34,72,20,570)**

* Cash and bank balances includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

The accompanying notes 1 to 39 form an integral part of these financial statements.

Notes to the Financial Statements
for the year ended 31 March, 2021

1. General information

Asian Paints (Bangladesh) Limited ("the Company") was incorporated as a Private Limited Company on 4 October 2000, under the Companies Act 1994. On 1 April 2015, the Company became a subsidiary of Asian Paints International Private Limited (formerly known as Berger International Private Limited), a registered company in Singapore. The ultimate controlling party of the Company is Asian Paints Ltd, a company registered in India. The head office of the Company is situated at The Pearl Trade Center (PTC), 4th Floor, Cha-90/3, Progoti Sarani, North Badda, Dhaka-1212 and the manufacturing plant is located at Gazipur. The commercial production of the Company started from 1 September 2002.

The Company is involved in manufacturing and distributing a wide range of decorative, marine and industrial paint products along with home improvement & décor with its expertise and cutting edge technology to satisfy the painting needs of consumers in Bangladesh. The Company has ten sales depots in Demra, Turag, Chattagram, Cumilla, Khulna, Sylhet, Bogura, Mymensingh, Barisal and Rajshahi.

2. Adoption of new and revised Standards

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied a number of amendment to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments are not relevant to the Company.

Impact of COVID-19 related rent concessions for lessees

In May 2020, the IASB issued COVID-19 Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. These amendments were adopted by the Company. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for an change in lease payments resulting from the COVID-19 related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

iii) there is no substantive change to other terms and conditions of the lease.

The Company did not adopt this practical expedient. COVID-19 related rent concessions were treated as lease modifications.

Amendments to References to the Conceptual Framework in IFRS Standards

The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IAS 1 and IAS 8 Definition of material

The company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

2.2 New and revised IFRS Standards in issued but not yet effective

The following new and revised IFRS Standards have been issued but are not yet effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Frame
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS	Amendments to IFRS 1 First-time Adoption of International Financial Reporting
Standards 2018-2020 Cycle	Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agri culture

The Standards listed above are not expected to have a material impact on the financial statements of the Company in future periods.

3. Significant accounting policies

3.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) and the Companies Act, 1994.

3.2 Basis of measurement

These financial statements have been prepared on historical cost basis except for the following items in the statement of financial position;

a) Inventories are measured at lowerof cost and net realisable value.
b) Lease liabilities are measured at the present value of the lease payments discounted by using implicit rate.

3.3 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (Tk/BDT), which is the Company's functional currency. All financial information presented in Tk/BDT has been rounded off to the nearest Tk/BDT unless otherwise indicated.

3.4 Property, plant and equipment

<u>Recognition and measurement</u>

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment.

<u>Subsequent costs</u>

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

<u>Depreciation</u>

Depreciation is charged on all items of property, plant and equipment (excluding land and land development) on a straight line method. Right-of-use assets are depreciated over the shorter of the lease term of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation method, estimated useful lives and residual values are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The rates of depreciation for the current and comparative year which vary according to the estimated useful lives of the class of property, plant and equipment, are as follows:

Building	2 per cent per annum
Plant and machinery	10 per cent per annum
Furniture and fixtures	10 per cent per annum
Office equipment	20 per cent per annum
Vehicles	20 per cent per annum
Color World Machines	20 per cent per annum

Retirements and disposals

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Construction in progress

Under construction in progress represents the cost incurred for acquisition and construction of items of property, plant and equipment that are not ready for use which is measured at cost. As per Company's policy each addition of property, plant and equipment assets is passed through capital work in progress.

3.5 Intangible asset

Recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be measured reliably. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of intangible asset

Intangible assets are amortised on a straight-line basis over their estimated useful lives, from the date that they are available for use. Amortisation method, estimated useful lives and residual values are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The rate of amortisation is as follows:

Software	25 per cent per annum

Derecognition of intangible asset

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount on the asset, are recognised in profit or loss when the asset is derecognised.

3.6 Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measur ement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objective for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Company's management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
– how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets-Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities- Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment

Financial instruments

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation.

3.7 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

– The amount expected to be payable by the lessee under residual value guarantees;

– The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

– Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

In addition, the Company remeasured the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

– The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

– The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

– A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-ofuse asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Manufacutring overhead and administratve expense" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease 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.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. In the case of manufactured work-in-progress, cost includes an appropriate share of production overheads based on normal operation capacity.

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

Goods in transit represents goods for which shipment is done but are not received till the reporting date.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

3.9 Share capital

Paid up share capital represents total amount contributed by the shareholders of ordinary shares who are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Incremental costs directly articulable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

3.10 Employee benefit

Short-term benefits

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

Defined contribution plan (provident fund)

All permanent employees contribute 12% of their basic salary to the provident fund and the Company also makes equal contribution. Provident fund is administered by a Board of Trustees. Registration of the provident fund with the National Board of Revenue (NBR) was effected on 31 August 2008.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for those contributions. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

Workers' profit participation fund

As per Bangladesh Labour Act, 2006, the Company had created a fund for workers as 'Workers' Profit Participation Fund' and 5% of the profit before charging such expense has been transferred to this fund. The Company has introduced the fund since 2009.

Defined benefit plan (gratuity)

The Company operates an unfunded gratuity scheme; provision in respect of which is made annually covering all its permanent eligible employees and workers who have completed five years of their service with the Company. This scheme is qualified as defined benefit plan.

Other long term benefit (leave encashment)

The Company initiated a leave encashment scheme under which employees would be paid maximum 60 days of his/her latest gross salary for annual leave balance carried forward at final settlement.

3.11 Provision

Provisions are recognised on the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.12 Revenue recognition

Revenue from contracts with customers

As per IFRS 15, revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over goods to customer.

Manufacturing

Revenue from manufactured goods comprises of the sale of locally manufactured finished goods measured at the fair value of the consideration received or receivable which is net off sales return, VAT, trade discounts, early settlement discount and volume rebates and discounts.

Trading

The Company sells Color World Machines to dealers both in the form of on cash and on deferred credit. In case of deferred credit, the instalment is received from dealers over a period of years. Revenue is recognised at the present value of all equal monthly instalments with down-payment. The present value is determined by discounting all the future monthly instalments using an imputed rate of interest. Difference between present value and gross value is reflected as unearned finance income which is amortised over a period of years using effective interest rate method.

3.13 Finance income and finance costs

Finance income is the amount of current year's reduction of unearned finance income that arises from a credit sale of Color World Machine.

Finance costs comprise interest on bank overdraft, short term loan, inter-company loan and finance charge on lease.

3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount or current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. As a private limited company, the applicable rate of taxation is 32.5% (change brought in Finance Act 2021).

Deferred tax

Deferred tax is provided using the balance sheet method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purpose. Currently enacted tax rate is being used in the determination of deferred income tax.

A deferred tax asset is recognised for deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

3.15 Foreign currency

Transactions denominated in foreign currencies are translated to the Company's functional currencies at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

3.16 Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, L/C opened for the procurement, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability shall not be recognised in the financial statements, but requires disclosure in the notes of the financial statements. A provision shall be recognised in the period in which the recognition criteria of provision have been met.

Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognise contingent asset.

3.17 Statement of cash flows

Cash flows from operating activities are presented under Indirect Method as per IAS 7: Statement of Cash Flows.

3.18 Reporting period

The financial period of the Company is determined from 1 April to 31 March each year and is followed consistently. This financial statements cover one year from 1 April 2020 to 31 March 2021.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 3, judgments (other than those involving estimations) are required to be made that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that has been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest and the business model test (please see financial assets sections of note 3). The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluate and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a charge in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainties at 31 March 2021 that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

–	Note 8	Property, plant and equipment
–	Note 9	Intangible assets
–	Note 13	Inventories
–	Note 14	Trade and other receivables
–	Note 12	Deferred tax assets
–	Note 21	Defined benefits obligation
–	Note 16	Provision for income tax
–	Note 37	Contingencies and commitments
–	Note 10	Right of use assets
–	Note 19	Lease liability

5. Comparatives and rearrangement

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current period.

6. Events after the reporting period

No material events had occurred after the reporting period to the date of issue of these financial statements which could affect the values stated in the financial statements.

7. Going concern and the impact of COVID-19

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient fund to meet the present requirements of its existing business.

As COVID-19 continues to spread and significantly impact various markets around the world, including Bangladesh, the Company has put preparedness plans in place at facilities to ensure continued operations. At present the trajectory of the pandemic is difficult to predict. However based on available information management did not identify any significant concern with regard to the recoverability of assets or settlement of liability as they fall due.

8. Property, plant and equipment

In Taka

	Land and land development	Building	Plant and machinery	Furniture and fixtures	Office equipment	Color World Machines	Motor vehicle	Construction in progress	Total
Cost									
At 1 April 2019	1,11,71,550	32,39,66,717	34,15,97,659	6,27,87,534	5,04,68,792	76,13,676	4,29,19,647	67,60,088	84,72,85,663
Additions/ (Adjustment)	-	13,79,862	1,16,47,744	57,18,801	(31,04,384)	-	-	11,83,02,506	13,39,44,529
Transfers	-	-	-	-	-	-	-	(3,26,29,140)	(3,26,29,140)
Disposals	-	-	-	-	-	-	(36,70,100)	-	(36,70,100)
At 31 March 2020	**1,11,71,550**	**32,53,46,579**	**35,32,45,403**	**6,85,06,335**	**4,73,64,408**	**76,13,676**	**3,92,49,547**	**9,24,33,454**	**94,49,30,952**
At 1 April 2020	1,11,71,550	32,53,46,579	35,32,45,403	6,85,06,335	4,73,64,408	76,13,676	3,92,49,547	9,24,33,454	94,49,30,952
Additions	-	5,49,996	85,60,529	8,56,891	25,95,451	-	-	55,73,25,351	56,98,88,218
Transfers	-	-	-	-	-	-	-	(56,79,635)	(56,79,635)
Disposals	-	-	-	(4,41,017)	(1,19,000)	-	(79,21,097)	-	(84,81,114)
At 31 March 2021	**1,11,71,550**	**32,58,96,575**	**36,18,05,932**	**6,89,22,209**	**4,98,40,859**	**76,13,676**	**3,13,28,450**	**64,40,79,170**	**1,50,06,58,421**
Accumulated depreciation									
At 1 April 2019	-	3,37,79,184	16,31,62,993	1,97,73,680	3,15,23,473	73,10,622	3,49,18,801	-	29,04,68,753
Charge for the year	-	65,06,113	2,93,89,186	65,25,798	42,87,530	83,346	48,73,702	-	5,16,65,675
Disposals/transfers	-	-				-	(36,70,100)	-	(36,70,100)
At 31 March 2020	**-**	**4,02,85,297**	**19,25,52,179**	**2,62,99,478**	**3,58,11,003**	**73,93,968**	**3,61,22,403**	**-**	**33,84,64,328**
At 1 April 2020	-	4,02,85,297	19,25,52,179	2,62,99,478	3,58,11,003	73,93,968	3,61,22,403	-	33,84,64,328
Charge for the year	-	65,22,554	3,02,14,282	63,39,722	46,45,070	72,830	17,91,603	-	4,95,86,061
Disposals	-	-	-	(2,76,615)	(76,595)	-	(76,56,451)	-	(80,09,661)
At 31 March 2021	**-**	**4,68,07,851**	**22,27,66,461**	**3,23,62,585**	**4,03,79,478**	**74,66,798**	**3,02,57,555**	**-**	**38,00,40,728**
Carrying amount									
At 31 March 2021	**1,11,71,550**	**27,90,88,724**	**13,90,39,471**	**3,65,59,624**	**94,61,381**	**1,46,878**	**10,70,895**	**64,40,79,170**	**1,12,06,17,693**
At 31 March 2020	1,11,71,550	28,50,61,282	16,06,93,224	4,22,06,857	1,15,53,405	2,19,708	31,27,144	9,24,33,454	60,64,66,624
At 1 April 2019	1,11,71,550	29,01,87,533	17,84,34,666	4,30,13,854	1,89,45,319	3,03,054	80,00,846	67,60,088	55,68,16,910

Depreciation charge for the year allocated to

In Taka

	Note	31 March 2021	31 March 2020
Manufacturing expenses	27.1	3,85,79,433	3,51,32,659
Administrative expenses	30	67,69,045	1,03,33,135
Selling and distribution expenses	29	42,37,583	61,99,881
		4,95,86,061	**5,16,65,675**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

9. Intangible assets

		In Taka
	Software	**Total**
Cost		
At 1 April 2019	2,23,80,974	2,23,80,974
Additions	1,69,81,115	1,69,81,115
At 31 March 2020	**3,93,62,089**	**3,93,62,089**
At 1 April 2020	3,93,62,089	3,93,62,089
Additions	6,00,000	6,00,000
At 31 March 2021	**3,99,62,089**	**3,99,62,089**
Accumulated amortisation		
At 1 April 2019	2,17,94,464	2,17,94,464
Charge for the year	25,19,697	25,19,697
At 31 March 2020	**2,43,14,161**	**2,43,14,161**
Balance at 1 April 2020	2,43,14,161	2,43,14,161
Charge for the year	45,76,358	45,76,358
At 31 March 2021	**2,88,90,519**	**2,88,90,519**
Carrying amount		
At 31 March 2021	**1,10,71,570**	**1,10,71,570**
At 31 March 2020	1,50,47,928	1,50,47,928
At 1 April 2019	5,86,510	5,86,510

Amortisation charge for the year allocated to

			In Taka
	Note	**31 March 2021**	**31 March 2020**
Administrative expenses	30	45,76,358	25,19,697
		45,76,358	**25,19,697**

10. Right-of-use assets

In Taka

	Building	Land	Vehicles	Employee accommodation	Total
Cost					
At 1 April 2019	18,07,28,619	4,31,84,600	1,05,04,349	1,20,72,030	24,64,89,598
Additions	1,46,40,618	26,25,25,859	2,03,80,491	1,10,03,668	30,85,50,636
Termination/ reassessment	-	-	-	-	-
Expiry of lease term	(2,00,88,271)	-	(92,76,519)	(54,90,764)	(3,48,55,554)
At 31 March 2020	**17,52,80,966**	**30,57,10,459**	**2,16,08,321**	**1,75,84,934**	**52,01,84,680**
At 31 March 2020	17,52,80,966	30,57,10,459	2,16,08,321	1,75,84,934	52,01,84,680
Additions	3,17,78,355	-	1,34,77,851	33,97,784	4,86,53,990
Termination/ reassessment	(8,14,000)	-	(79,78,299)	(77,12,479)	(1,65,04,778)
Expiry of lease term	(99,68,210)	-	(53,52,466)	(65,81,266)	(2,19,01,942)
At 31 March 2021	**19,62,77,111**	**30,57,10,459**	**2,17,55,407**	**66,88,973**	**53,04,31,950**
Accumulated depreciation					
At 1 April 2019	4,98,59,811	1,87,01,899	63,85,125	64,28,461	8,13,75,296
Charge for the year	3,60,18,862	68,27,938	1,12,34,622	74,33,070	6,15,14,492
Termination/ reassessment	-	-	-	-	-
Expiry of lease term	(2,00,88,271)	-	(92,76,519)	(54,90,764)	(3,48,55,554)
At 31 March 2020	**6,57,90,402**	**2,55,29,837**	**83,43,228**	**83,70,767**	**10,80,34,234**
At 31 March 2020	6,57,90,402	2,55,29,837	83,43,228	83,70,767	10,80,34,234
Charge for the year	3,70,05,795	95,61,688	1,29,21,522	47,61,772	6,42,50,777
Termination/ reassessment			(39,91,815)	(45,32,525)	(85,24,340)
Expiry of lease term	(99,68,210)	-	(53,52,466)	(65,81,266)	(2,19,01,942)
At 31 March 2021	**9,28,27,987**	**3,50,91,525**	**1,19,20,469**	**20,18,748**	**14,18,58,729**
Carrying amount					
At 31 March 2021	**10,34,49,124**	**27,06,18,934**	**98,34,938**	**46,70,225**	**38,85,73,221**
At 31 March 2020	10,94,90,564	28,01,80,622	1,32,65,093	92,14,167	41,21,50,446
At 1 April 2019	13,08,68,808	2,44,82,701	41,19,224	56,43,569	16,51,14,302

The Company leases several assets including buildings, land and vehicles. The average lease term is 2.39 years (FY2019-20: 2.57 years).

The maturity analysis of lease liabilities is presented in note 19.

	31 March 2021 Taka	31 March 2020 Taka
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	6,42,50,777	6,15,14,492
Interest expense on lease liabilities	1,88,68,232	1,56,82,868
	8,31,19,009	**7,71,97,360**
Amounts recognised in statement of cash flow		
Interest payment on lease	1,88,68,232	1,56,82,868
Principal payment on lease	5,68,51,365	5,67,35,777
	7,57,19,597	**7,24,18,645**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Depreciation charge for the year allocated to

	Note	31 March 2021 Taka	31 March 2020 Taka
Manufacturing expenses	27.1	1,52,33,730	1,24,58,560
Administrative expenses	30	1,30,83,584	1,37,82,683
Selling and distribution expenses	29	3,59,33,463	3,52,73,249
		6,42,50,777	**6,15,14,492**

11. Other non-current assets

	Note	31 March 2021 Taka	31 March 2020 Taka
Advances for acquisition of fixed assets		15,23,03,526	13,92,60,567
Security deposit for rent and others		1,47,95,262	1,48,49,172
Trade receivables	14	3,33,60,874	4,43,43,495
		20,04,59,662	**19,84,53,234**

12. Deferred tax assets

	Note	31 March 2021 Taka	31 March 2020 Taka
Property, plant and equipment excluding land		(8,08,32,437)	(8,69,99,336)
Intangible assets		28,32,062	22,17,628
Business Loss		-	2,87,30,680
Provision for trade receivables		7,55,49,505	8,74,82,912
Provision for inventories		1,15,11,055	1,88,46,176
Provision for gratuity		1,72,81,925	1,38,86,865
Provision for leave encashment		74,52,313	83,88,674
Provision for Sick leave		16,83,498	10,22,572
Right-of-use assets		(12,62,86,297)	(14,42,52,656)
Other assets		1,04,39,836	1,10,33,744
Lease liabilities		12,42,03,930	14,03,57,153
Deferred tax assets		**4,38,35,390**	**8,07,14,412**
Deferred tax income/(expense)			
Deferred tax assets at the end of the year		4,38,35,390	8,07,14,412
Deferred tax assets at the beginning of the year		8,07,14,413	4,09,17,593
		(3,68,79,023)	**3,97,96,819**
Deferred tax income recognised directly in profit			
Deferred tax income/(expense) recognised in profit and loss		(3,91,58,773)	3,90,63,863
Deferred tax attributable to actuarial gain/(loss) on gratuity recognised in equity		22,79,750	7,32,955
		(3,68,79,023)	**3,97,96,819**

13. Inventories

	Note	31 March 2021 Taka	31 March 2020 Taka
Raw materials	13.1	32,75,76,458	38,48,38,074
Packing materials	13.2	1,12,63,066	1,06,75,568
Finished goods	13.3	26,03,24,824	28,53,57,382
Work-in-process	13.4	47,82,446	43,98,074
Goods in transit		3,47,02,925	9,57,22,092
		63,86,49,719	**78,09,91,190**

13.1 Raw materials

	Note	31 March 2021 Taka	31 March 2020 Taka
Raw materials		34,40,76,505	41,25,91,346
Provision for obsolescence		(1,65,00,047)	(2,77,53,272)
		32,75,76,458	**38,48,38,074**

13.2 Packing materials

	Note	31 March 2021 Taka	31 March 2020 Taka
Packing materials		1,15,52,753	1,12,18,281
Provision for obsolescence		(2,89,687)	(5,42,713)
		1,12,63,066	**1,06,75,568**

13.3 Finished goods

	Note	31 March 2021 Taka	31 March 2020 Taka
Locally manufactured finished goods		27,55,13,659	30,13,23,383
Color World Machines		26,97,185	88,15,379
		27,82,10,844	**31,01,38,762**
Provision for obsolescence		(1,78,86,020)	(2,47,81,380)
		26,03,24,824	**28,53,57,382**

13.4 Work-in-process

	Note	31 March 2021 Taka	31 March 2020 Taka
Work-in-process		55,25,321	51,66,928
Provision for obsolescence		(7,42,875)	(7,68,854)
		47,82,446	**43,98,074**

13.5 Movement in provision for inventories

	Note	31 March 2021 Taka	31 March 2020 Taka
Opening balance		5,38,46,218	4,38,40,498
(Reversal of provision)/provision made during the year		(1,84,27,590)	1,00,05,720
		3,54,18,628	**5,38,46,218**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

14. Trade and other receivables

	Note	31 March 2021 Taka	31 March 2020 Taka
Trade receivables	14.1	43,47,48,601	47,98,55,739
Other receivables		72,25,329	5,35,445
Receivable from related party		50,21,736	5,29,861
		44,69,95,666	**48,09,21,045**
Non-current		3,33,60,874	4,43,43,495
Current		41,36,34,792	43,65,77,550
		44,69,95,666	**48,09,21,045**

14.1 Trade receivables

	Note	31 March 2021 Taka	31 March 2020 Taka
Trade receivables - manufactured finished goods		60,32,85,841	64,65,85,039
Trade receivables - Color World Machines		6,39,22,776	8,32,21,876
		66,72,08,617	**72,98,06,915**
Provision for trade receivables		(23,24,60,016)	(24,99,51,176)
		43,47,48,601	**47,98,55,739**

15. Other current assets

	31 March 2021 Taka	31 March 2020 Taka
Advances		
Advance to employees	92,39,550	58,47,666
Advance to suppliers against materials and services	22,29,96,860	5,70,79,964
Letter of credit margin	6,04,844	3,11,512
	23,28,41,254	**6,32,39,142**
Deposits		
Security deposit for rent & others	8,66,929	14,87,697
	8,66,929	**14,87,697**
Prepayments		
Prepaid expenses	7,36,326	8,70,967
	7,36,326	8,70,967
	23,44,44,509	**6,55,97,806**

16. Current tax assets

	Note	31 March 2021 Taka	31 March 2020 Taka
Advance income tax	16.1	58,82,32,423	50,87,82,530
Provision for income tax	16.2	(56,69,80,309)	(48,84,12,244)
		2,12,52,114	**2,03,70,286**

16.1 Advance income tax

	31 March 2021 Taka	31 March 2020 Taka
Opening balance	50,87,82,530	37,57,64,168
Paid during the year for:		
Income year 2020-21	7,94,49,893	-
Income year 2019-20	-	8,99,17,531
Income year 2011-12	-	4,31,00,831
	58,82,32,423	**50,87,82,530**

16.2 Provision for income tax

	31 March 2021 Taka	31 March 2020 Taka
Opening balance	48,84,12,244	37,26,66,454
Provision for:		
Current year	6,42,31,517	6,98,66,899
Prior years	1,43,36,548	4,58,78,891
	56,69,80,309	**48,84,12,244**

17. Cash and bank balances

	Note	31 March 2021 Taka	31 March 2020 Taka
Cash in hand		15,49,858	20,47,788
Cash at bank		1,79,68,902	1,35,37,244
Cash and cash equivalents in the statement of financial position		**1,95,18,760**	**1,55,85,032**
Bank overdrafts	23	(22,69,17,171)	(36,28,05,602)
Cash and cash equivalents in the statement of cash flows		**(20,73,98,411)**	**(34,72,20,570)**

18. Share capital

	31 March 2021 Taka	31 March 2020 Taka
Authorised:		
9,000,000 ordinary shares of Tk 100 each	90,00,00,000	90,00,00,000

18.1

Issued and fully paid up: 8,877,660 ordinary shares of Tk 100 each	88,77,66,000	88,77,66,000

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

18.1 Composition of shareholders at 31 March

Name of shareholders	Nationality/ Incorporated in	Number of Shares		Holding %	
		2021	2020	2021	2020
Asian Paints International Private Limited	Singapore	79,70,232	79,70,232	89.78%	89.78%
Confidence Cement Ltd.	Bangladesh	4,12,312	4,12,312	4.64%	4.64%
Shamsul Alam	Bangladesh	82,462	82,462	0.93%	0.93%
Rupam Kishore Barua	Bangladesh	82,462	82,462	0.93%	0.93%
Rezaul Karim	Bangladesh	1,32,111	1,32,111	1.49%	1.49%
Shah Md. Hasan	Bangladesh	1,32,111	1,32,111	1.49%	1.49%
Runu Anwar	Bangladesh	65,970	65,970	0.74%	0.74%
		88,77,660	**88,77,660**	**100%**	**100%**

19. Lease liabilities

	31 March 2021 Taka	31 March 2020 Taka
Opening balance	40,10,20,437	16,51,42,899
Additions	3,91,59,687	29,26,13,315
Finance cost accrued during the period	1,88,68,232	1,56,82,868
Payment of lease liabilities	(7,57,19,597)	(7,24,18,645)
	38,33,28,759	**40,10,20,437**
Non-current	32,79,91,643	34,91,10,243
Current	5,53,37,116	5,19,10,194
	38,33,28,759	**40,10,20,437**
Maturity analysis of lease liabilities on undiscounted basis		
Less than one year	(7,04,47,225)	(6,92,69,907)
One to five year	(13,46,53,128)	(16,16,10,240)
More than five year	(43,79,61,963)	(44,10,61,783)
Closing balance on undiscounted basis	(64,30,62,316)	(67,19,41,930)
Less: Impact of discounting	25,97,33,557	27,09,21,494
Closing balance at FV	**(38,33,28,759)**	**(40,10,20,437)**

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

20. Inter-company loan

	31 March 2021 Taka	31 March 2020 Taka
Opening balance	5,94,65,000	10,95,25,000
Paid during the year	(5,93,60,000)	(5,08,68,000)
Realised foreign exchange gain/(loss)	(1,05,000)	1,68,000
Unrealised foreign exchange loss	-	6,40,000
	-	**5,94,65,000**
Non-current	-	-
Current	-	5,94,65,000
	-	**5,94,65,000**

Asian Paints (Bangladesh) Limited borrowed USD 2.5 million from Asian Paints (International) Limited ((a company incorporated on 3 December 1993 having its registered office at 22 Benoi Sector Singapore, 629854) which had been disbursed on 2 August 2010 from Citibank, N.A., New York equivalent to BDT 171,875,000. This inter-company loan was for import of machineries and equipment for its factory. Interest rate is at the rate of 0.3% p.a. on carrying amount of loan for the first 3 years and upon the expiry of the first 3 years, the interest rate shall be subject to revision at the discretion of Asian Paints (International) Limited depending upon the market situation which shall not exceed LIBOR + 3%. The interest rate has been changed from 0.3% to 1.50% p.a. with effect from 27 July 2014. Each year the loan amount is being adjusted with the foreign exchange gain or loss.

Repayment schedule of inter-company loan:

Instalment	Amount	Repayment due on	Status
1st instalment	USD 600,000	1 Sep 2017	Paid in Aug 2017
2nd instalment	USD 600,000	1 Sep 2018	Paid in Aug 2018
3rd instalment	USD 600,000	1 Sep 2019	Paid in Aug 2019
4th instalment	USD 700,000	1 Sep 2020	Paid in Aug 2020

21. Defined benefit obligation

	31 March 2021 Taka	31 March 2020 Taka
Opening balance	3,96,76,758	3,55,41,392
Service cost	49,14,121	45,76,003
Interest cost	36,47,667	33,76,048
Actuarial loss recognised in other comprehensive income	70,14,615	20,94,159
Benefit paid	(20,78,008)	(59,10,844)
Expat gratuity	1,78,832	3,03,518
Payable to intercompany	(1,78,832)	(3,03,518)
	5,31,75,153	**3,96,76,758**
Current	27,09,835	32,08,380
Non-current	5,04,65,318	3,64,68,378
	5,31,75,153	**3,96,76,758**
Significant actuarial assumptions		
Discount rate	9.88%	9.00%
Salary growth	8% to 10%	7% to 8%
Employee turnover	4%-7%	9.00%
Sensitivity analysis		
Due to change in significant actuarial assumptions by 1%, potential impact would range from		
Discount rate +1%	(50,33,262)	(28,38,684)
Discount rate -1%	51,91,648	30,00,871
Salary growth +1%	56,69,783	35,01,345
Salary growth -1%	(54,29,410)	(32,55,186)
Life expectancy +1%	68,780	53,374
Life expectancy -1%	(66,108)	(48,183)

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

22. Unearned finance income

	31 March 2021 Taka	31 March 2020 Taka
Opening balance	96,73,721	1,23,38,423
Addition during the year	40,76,746	41,31,205
Finance income recognised during the year	(60,46,873)	(67,95,907)
	77,03,594	**96,73,721**

23. Bank overdraft

	31 March 2021 Taka	31 March 2020 Taka
Citibank N. A.	13,45,35,428	32,99,06,240
Standard Chartered Bank	9,23,81,743	3,28,99,362
	22,69,17,171	**36,28,05,602**

Bank overdrafts are repayable on demand and used for cash management purposes.

24. Short term bank loan

	31 March 2021 Taka	31 March 2020 Taka
Citibank, N.A.	32,00,00,000	-
	32,00,00,000	**-**

Facilities as at 31 March 2021	Bank	Credit limit	Interest rate	Facilities availed	Purpose
Short term loan	Citibank, N.A.	71,61,00,000	5% pa	32,00,00,000	For financing working capital
Overdraft	Citibank, N.A.	71,61,00,000	5.5% pa	21,66,43,387	For financing working capital
Letter of credit	Citibank, N.A.	71,61,00,000	0.09% pq	12,58,80,831	For import of materials
Acceptance	Citibank, N.A.	71,61,00,000	0.09% pq	66,56,996	For import of materials
Trade Loan	Citibank, N.A.	71,61,00,000	7% pa	-	For Purchases of materials
Import loan	Citibank, N.A.	71,61,00,000	-	-	For import of materials
Shipping guarantees	Citibank, N.A.	71,61,00,000	-	-	For import of materials
Guarantee	Citibank, N.A.	71,61,00,000	-	-	For general course of business
Above facility with USD	Citibank, N.A.	USD 1500000	0.09% pq	-	For financing working capital
Short term loan	Standard Chartered Bank	40,00,00,000	8% pa	-	For financing working capital
Overdraft	Standard Chartered Bank	29,00,00,000	8% pa	12,67,12,697	For financing working capital
Letter of credit	Standard Chartered Bank	75,00,00,000	0.1% pq	75,05,23,622	For import of materials
Acceptance	Standard Chartered Bank	72,00,00,000	0.1% pq	36,98,15,673	For import of materials
Bonds and guarantees	Standard Chartered Bank	5,00,00,000	-	13,74,116	For import of materials
Import loan	Standard Chartered Bank	72,00,00,000	8% pa	-	For import of materials
Import invoice financing	Standard Chartered Bank	5,00,00,000	8% pa	-	For import of materials
Shipping guarantees	Standard Chartered Bank	20,00,00,000	-	3,35,80,400	For import of materials

Security/collateral: Citibank, N.A.

a Hypothecation charge on pari-passu basis over fixed assets for BDT 900,000,000.

b Hypothecation charge on pari-passu basis over floating assets for BDT 900,000,000.

Security/collateral: Standard Chartered Bank

a Demand Promissory (DP) note and letter of continuation for BDT 2,110,000,000.

b Registered hypothecation for specific charge over plant and machinery for BDT 1,100,000,000.

c Registered hypothecation for floating charge over stocks and book debts for BDT 1,010,000,000.

d Registered hypothecation for floating charge over plant & machinery for BDT 1,010,000,000.

25. Trade and other payables

	Note	31 March 2021 Taka	31 March 2020 Taka
Trade payables due to related parties		2,63,47,853	1,12,89,438
Other trade payables	25.1	45,85,74,722	35,12,03,352
Other payables	25.2	89,65,11,509	69,24,84,832
		1,38,14,34,084	**1,05,49,77,622**

25.1 Other trade payables

	Note	31 March 2021 Taka	31 March 2020 Taka
Payable to local suppliers		12,06,68,863	6,07,99,305
Payable to foreign suppliers		33,79,05,859	29,04,04,047
		45,85,74,722	**35,12,03,352**

25.2 Other payables

	Note	31 March 2021 Taka	31 March 2020 Taka
Other payables due to related parties	25.2.1	6,46,15,896	5,50,86,082
Tax deducted at source		2,52,63,064	1,53,91,651
VAT deducted at source		1,06,57,883	49,14,194
VAT & SD payable		5,84,62,149	2,94,63,680
Royalty payable to third party	25.2.2	5,23,953	26,85,446
Royalty payable to group	25.2.3	21,87,80,602	21,80,67,293
Interest due on inter-company loan		-	28,47,872
Payable to employees	25.2.4	5,70,67,938	3,73,00,659
Payable for capital items		5,51,50,151	25,87,907
Accrued expenses		40,36,84,317	32,37,40,048
Interest on short term loan		19,05,556	-
Audit fees		4,00,000	4,00,000
		89,65,11,509	**69,24,84,832**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

25.2.1 Other payables due to related parties

	Note	31 March 2021 Taka	31 March 2020 Taka
Asian Paints International Private Limited, Singapore	36	4,37,32,665	3,42,29,651
Asian Paints Limited, India	36	2,08,83,231	2,08,56,430
		6,46,15,896	**5,50,86,082**

25.2.2 Royalty payable to third party

	Note	31 March 2021 Taka	31 March 2020 Taka
Opening balance		26,85,446	38,81,288
Net sales of Royal Teflon products		-	5,23,95,089
Royalty charge during the year @ 1% on Teflon products		-	5,23,951
		26,85,446	**44,05,239**
Paid during the year		(21,61,493)	(17,19,793)
		5,23,953	**26,85,446**

25.2.3 Royalty payable to group

	Note	31 March 2021 Taka	31 March 2020 Taka
Opening balance		21,80,67,293	21,50,18,000
Charge during the year	29	10,79,32,674	11,08,47,927
		32,59,99,967	**32,58,65,927**
Paid during the year		(10,72,19,365)	(10,77,98,634)
		21,87,80,602	**21,80,67,293**

25.2.4 Payable to employees

	Note	31 March 2021 Taka	31 March 2020 Taka
Workers' profit participation fund	25.2.4.1	72,43,421	8,54,172
Employees provident fund		68,67,947	1,30,391
Short term benefits		1,48,46,384	1,30,14,863
Other long term benefits		2,81,10,186	2,33,01,233
		5,70,67,938	**3,73,00,659**

25.2.4.1 Worker's Profit protection fund

	Note	31 March 2021 Taka	31 March 2020 Taka
Opening balance		8,54,172	-
Charge during the year		72,43,421	8,54,172
		80,97,593	**8,54,172**
Payment made from the fund during the year		(8,54,172)	-
		72,43,421	**8,54,172**

26. Revenue

	31 March 2021 Taka	31 March 2020 Taka
Revenue from manufactured goods	3,73,55,18,241	3,60,04,31,811
Revenue from trading goods	2,02,27,771	1,57,75,145
	3,75,57,46,012	**3,61,62,06,956**

Revenue (category-wise)

	Quantity (Litre)		Taka	
	2021	2020	2021	2020
Paints & others	3,15,66,443	2,94,50,438	3,73,55,18,241	3,60,04,31,811
Color World Machine sales	84 pieces	73 pieces	2,02,27,771	1,57,75,145
			3,75,57,46,012	**3,61,62,06,956**

27. Cost of sales

	Note	31 March 2021 Taka	31 March 2020 Taka
Manufactured portion:			
Opening finished goods		27,65,42,003	23,91,58,875
Cost of goods manufactured	27.1	2,66,64,52,280	2,65,97,21,317
Cost of finished goods available for sale		**2,94,29,94,283**	**2,89,88,80,192**
Closing finished goods		(25,76,27,639)	(27,65,42,003)
		2,68,53,66,644	**2,62,23,38,189**
Trading portion:			
Opening finished goods		88,15,379	-
Purchase during the year		1,37,84,441	2,43,86,353
Cost of finished goods available for sale		**2,25,99,820**	**2,43,86,353**
Closing finished goods		(26,97,185)	(88,15,379)
		1,99,02,635	1,55,70,974
		2,70,52,69,279	**2,63,79,09,163**

27.1 Raw materials and packing materials consumed

	Note	31 March 2021 Taka	31 March 2020 Taka
Raw materials and packing materials consumed	27.1.1	2,42,10,56,351	2,39,07,15,057
		2,42,10,56,351	**2,39,07,15,057**
Manufacturing overhead:			
Personnel expenses		7,02,77,504	6,81,72,334
Outsourced personnel expenses		2,36,33,800	2,27,30,802
OPC processing charges		1,07,10,418	1,09,83,275
Utilities expenses		1,65,12,847	1,48,35,100
Entertainment expenses		4,26,548	14,03,889
Consumable stores and spare parts		96,94,253	91,61,451

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

	Note	31 March 2021 Taka	31 March 2020 Taka
Printing and stationeries expenses		6,29,468	1,78,939
Courier charges		3,25,990	1,76,444
Travel and transportation expenses		2,54,939	9,74,106
Foreign travel expenses		-	25,670
Security expenses		22,01,326	10,81,143
Rent, rates and taxes		26,45,187	19,42,388
Repairs and maintenance expenses		54,57,420	83,29,744
Insurance expenses		16,47,821	-
Depreciation on property, plant & equipment		3,85,79,433	3,51,32,659
Depreciation on right-of-use assets		1,52,33,730	1,24,58,560
Primary freight expenses		4,24,04,982	7,32,81,831
Car hire charges		23,36,112	25,38,276
Training expenses		6,072	43,134
Legal and professional fees		7,56,245	12,90,522
Research and development expenses		6,44,303	5,37,151
Licence fees		14,01,903	2,01,101
		24,57,80,301	**26,54,78,519**
Opening work-in-process		43,98,074	79,25,815
Closing work-in-process		(47,82,446)	(43,98,074)
		2,66,64,52,280	**2,65,97,21,317**

27.1.1 Raw materials and packing materials consumed

	Note	31 March 2021 Taka	31 March 2020 Taka
Opening balance		39,55,13,642	35,60,14,022
Purchase during the year		2,36,43,82,233	2,43,02,14,677
		2,75,98,95,875	**2,78,62,28,699**
Closing balance		(33,88,39,524)	(39,55,13,642)
		2,42,10,56,351	**2,39,07,15,057**

28. Other income

	Note	31 March 2021 Taka	31 March 2020 Taka
Gain on sales of assets	28.1	31,02,457	17,34,990
Income from scrap sales		82,21,226	86,08,578
Write back of sundry balances		-	1,83,90,743
Income from defined contribution plan*		16,05,418	-
Insurance claim received		8,51,846	7,00,000
		1,37,80,947	**2,94,34,311**

*The Company operates a defined contribution plan for its employees. The amounts withheld and forfeited from employees who left without completing two years of services, have been refunded from the defined contribution plan to Company to comply with the direction of the Financial Reporting Council.

28.1 Gain on sales of assets

31 March 2021

In Taka	Original cost	Accumulated depreciation	Book value	Sale value	Gain/(loss) on sale of assets
Motor vehicle	79,21,097	76,56,451	2,64,646	34,40,219	31,75,573
Furniture and fixtures	4,41,017	2,76,615	1,64,402	96,429	(67,973)
Office equipment	1,19,000	76,595	42,405	37,262	(5,143)
	84,81,114	**80,09,661**	**4,71,453**	**35,73,910**	**31,02,457**

31 March 2020

In Taka	Original cost	Accumulated depreciation	Book value	Sale value	Gain/(loss) on sale of assets
Motor vehicle	36,70,100	36,70,100	-	17,34,990	17,34,990
	36,70,100	**36,70,100**	**-**	**17,34,990**	**17,34,990**

29. Selling and distribution expenses

	31 March 2021 Taka	31 March 2020 Taka
Personnel expenses	16,47,36,240	13,39,16,990
Outsourced personnel expenses	10,26,53,523	8,80,79,551
Secondary freight expenses	7,39,39,195	5,67,52,393
Advertisement	7,37,65,234	4,67,01,427
Events/workshops	1,05,54,307	1,14,78,422
Promotional expenses	2,12,99,994	6,01,31,539
Research and others	65,46,482	1,42,96,421
Royalty charge*	10,79,32,674	11,08,47,927
Royalty to third party*	-	5,23,951
Depreciation on property, plant & equipment	42,37,583	61,99,881
Depreciation on right-of-use assets	3,59,33,463	3,52,73,249
	60,15,98,695	**56,42,01,751**

*As per agreement between Asian Paints (Bangladesh) Limited and Asian Paints Limited, India, royalty at the rate of 3% is payable on net sales, except for sale of The Chemours Company FC, LLC (Wilmington, USA)'s product which is sales net off return and VAT less the primary and secondary freight. Royalty at the rate of 1% of net sales of The Chemours Company FC, LLC (Wilmington, USA)'s product is payable to The Chemours Company FC, LLC (Wilmington, USA).

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

30. Administrative expenses

	Note	31 March 2021 Taka	31 March 2020 Taka
Personnel expenses		9,05,27,418	7,70,15,021
Outsourced personnel expenses		22,91,648	27,63,929
Medical expenses		25,62,662	16,70,639
Printing and stationery		24,12,259	41,60,123
Travel and transportation		3,27,42,176	3,65,66,400
Foreign travel expenses		-	5,19,079
Vehicle fuel and maintenance		28,87,901	46,07,773
Office maintenance		55,42,117	91,34,849
Electricity, gas and water		26,81,799	46,44,515
Rent, rates and taxes		82,80,210	72,52,732
Telephone and internet expenses		73,32,689	75,19,312
Insurance expenses		41,99,679	55,20,818
Bad debt written off		2,16,48,803	-
Provision for bad debts		(1,74,91,160)	1,94,18,477
Courier and postage expenses		15,61,390	11,97,465
Training expenses		10,75,907	14,08,682
Entertainment expenses		19,17,225	72,21,123
Recruitment expenses		9,35,500	9,72,214
Security expenses		60,09,759	68,34,177
Audit fees		4,81,800	4,00,000
Legal and professional fees		97,16,987	1,00,00,654
Depreciation on property, plant & equipment		67,69,045	1,03,33,135
Amortisation on intangible assets		45,76,358	25,19,697
Depreciation on right-of-use assets		1,30,83,584	1,37,82,683
Staff and other welfare		69,49,936	87,72,031
System expenses		1,43,43,578	1,41,96,449
License fee		4,57,559	4,10,683
Other administrative expenses		74,60,820	8,52,43,643
		24,09,57,649	**34,40,86,303**

31. Foreign exchange loss

	31 March 2021 Taka	31 March 2020 Taka
Unrealised exchange loss	(5,20,631)	(16,19,336)
Realised foreign exchange loss	(12,65,094)	(44,86,870)
	(17,85,725)	**(61,06,206)**

32. Finance income

	31 March 2021 Taka	31 March 2020 Taka
Earned finance income	60,46,873	67,95,907
Interest income on security deposit	8,62,250	7,10,009
Income on remeasurement / termination of lease	1,78,079	
	70,87,202	**75,05,916**

33. Finance costs

	31 March 2021 Taka	31 March 2020 Taka
Interest on short term loan	4,74,72,775	3,89,23,023
Interest on bank overdraft	49,80,556	1,62,76,001
Other financial charges	1,03,89,775	1,00,30,553
Interest on inter-company loan	4,23,050	28,47,872
Interest on lease liability	1,88,68,232	1,56,82,868
	8,21,34,388	**8,37,60,317**

34. Income tax expense

	Note	31 March 2021 Taka	31 March 2020 Taka
Current tax expense	34.1	7,85,68,065	11,57,45,790
Deferred tax income	12	3,91,58,773	(3,90,63,863)
		11,77,26,838	**7,66,81,927**

34.1 Current tax

	Note	31 March 2021 Taka	31 March 2020 Taka
Current year		6,42,31,517	6,98,66,899
Adjustment for prior year		1,43,36,548	4,58,78,891
		7,85,68,065	**11,57,45,790**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

35. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2021 In Taka	Note	Carrying amount Financial assets at amortised cost	Total amount
Financial assets not measured at fair value			
Trade and other receivables	14	44,69,95,666	44,69,95,666
Deposits	11 &15	1,56,62,191	1,56,62,191
Cash and bank balances	17	1,95,18,760	1,95,18,760
		48,21,76,617	**48,21,76,617**

		Other financial liabilities	Total amount
Financial liabilities not measured at fair value			
Short term loan	24	32,00,00,000	32,00,00,000
Bank overdraft	23	22,69,17,171	22,69,17,171
Trade and other payables	25	1,38,14,34,084	1,38,14,34,084
		1,92,83,51,255	**1,92,83,51,255**

31 March 2020 In Taka	Note	Carrying amount Financial assets at amortised cost	Total amount
Financial assets not measured at fair value			
Trade receivables	14	48,09,21,045	48,09,21,045
Deposits	11 &15	1,63,36,869	1,63,36,869
Cash and bank balances	17	1,55,85,032	1,55,85,032
		51,28,42,946	**51,28,42,946**

		Other financial liabilities	Total amount
Financial liabilities not measured at fair value			
Inter-company loan	20	5,94,65,000	5,94,65,000
Bank overdraft	23	36,28,05,602	36,28,05,602
Trade and other payables	25	1,05,49,77,622	1,05,49,77,622
		1,47,72,48,224	**1,47,72,48,224**

B. Financial risk management framework

The Company has exposure to the following risks arising from financial instruments:

– credit risk (see (B) (ii));

– liquidity risk (see (B) (iii)); and

– market risk (see (B) (iv)).

i. Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii. Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from dealers, institutional and individual customers etc.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. The Company's exposure to credit risk on receivables is mainly influenced by customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	31 March 2021 Taka	31 March 2020 Taka
Trade and other receivables (net)	14	44,69,95,666	48,09,21,045
Deposits	11 &15	1,56,62,191	1,63,36,869
Cash and bank balances	17	1,95,18,760	1,55,85,032
		48,21,76,617	**51,28,42,946**

b) Ageing of trade receivables (gross)

	Note	31 March 2021 Taka	31 March 2020 Taka
Invoiced 0-180 days		36,60,55,084	31,75,60,785
Invoiced 181-365 days		4,67,05,374	8,17,93,562
Invoiced 365 days		25,44,48,158	33,04,52,568
		66,72,08,617	**72,98,06,915**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The followings are the contractual maturities of financial liabilities:

31 March 2021				**Contractual cash flows**				
In Taka	**Carrying amount**	**Maturity period**	**Nominal Interest rate**	**Expected cash flows**	**Within 6 months or less**	**Within 6-12 months**	**1-3 years**	**More than 3 years**
Bank overdraft	22,69,17,171	N/A	5.5.00% - 9.00%	22,69,17,171	22,69,17,171	-	-	-
Short term loan	32,00,00,000	2-6 Months	5.00%- 9.00%	32,00,00,000	32,00,00,000	-	-	-
Trade and other payables	1,38,14,34,084	2-12 Months	N/A	1,38,14,34,084	1,27,35,01,410	10,79,32,674	-	-
	1,92,83,51,255			**1,92,83,51,255**	**1,82,04,18,581**	**10,79,32,674**	**-**	**-**

31 March 2020				**Contractual cash flows**				
In Taka	**Carrying amount**	**Maturity period**	**Nominal Interest rate**	**Expected cash flows**	**Within 6 months or less**	**Within 6-12 months**	**1-3 years**	**More than 3 years**
Inter-company loan	5,94,65,000	72 months	3.00% to 4.00%	5,94,65,000	5,94,65,000	-	-	-
Bank overdraft	36,28,05,602	N/A	7.00% - 9.00%	36,28,05,602	36,28,05,602	-	-	-
Short term loan	-	2-6 Months	6.00%- 9.75%	-	-	-	-	-
Trade and other payables	1,05,49,77,622	2-12 Months	N/A	1,05,49,77,622	94,41,29,695	11,08,47,927	-	-
	1,47,72,48,224			**1,47,72,48,224**	**1,36,64,00,297**	**11,08,47,927**	**-**	**-**

iv. Market risk

Market risk is the risk that any changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is Taka. The currencies in which these transactions are denominated is USD and INR.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the Management of the Company based on its risk management policy was as follows:

	31 March 2021			31 March 2020	
	INR	**EUR**	**USD**	**INR**	**USD**
Foreign currency denominated assets					
Trade and other receivable from related party	-	-	59,114	-	6,303
	-	**-**	**59,114**	**-**	**6,303**
Foreign currency denominated liabilities					
Inter-company loan	-	-	-	-	(7,00,000)
Inter-company interest payable	-	-	-	-	(33,524)
Trade payables due to related parties	-	-	(3,10,157)	-	(1,32,846)
Other payable due to related parties	(1,63,18,902)	-	(5,24,278)	(1,02,73,595)	(4,10,168)
Other trade payables	-	(40,685)	(39,27,167)	(28,98,484)	(33,40,814)
	(1,63,18,902)	**(40,685)**	**(47,61,602)**	**(1,31,72,078)**	**(46,17,353)**
Net exposure	**(1,63,18,902)**	**(40,685)**	**(47,02,488)**	**(1,31,72,078)**	**(46,11,050)**

The following exchange rates are applied at reporting date:

		In Taka
	Year end spot rate	
	31 March 2021	**31 March 2020**
USD	84.95	84.95
INR	1.15	1.12
EUR	99.33	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of USD,INR and EUR against Taka at 31 March would have effected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecast sales and purchases.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

31 March 2021	Profit or (loss)		Equity	
In Taka	Strengthening	Weakening	Strengthening	Weakening
USD (3% movement)	(1,19,84,291)	1,19,84,291	1,19,84,291	(1,19,84,291)
INR (3% movement)	(5,65,352)	5,65,352	5,65,352	(5,65,352)
EUR (3% movement)	(1,21,237)	1,21,237	1,21,237	(1,21,237)
	(1,26,70,880)	**1,26,70,880**	**1,26,70,880**	**(1,26,70,880)**

31 March 2020	Profit or (loss)		Equity	
In Taka	Strengthening	Weakening	Strengthening	Weakening
USD (3% movement)	(1,17,51,260)	1,17,51,260	1,17,51,260	(1,17,51,260)
INR (3% movement)	(4,42,582)	4,42,582	4,42,582	(4,42,582)
	(1,21,93,842)	**1,21,93,842**	**1,21,93,842**	**(1,21,93,842)**

b) Interest rate risk

At the date of financial position the interest risk profile of the Company's interest bearing financial instruments were as follows:

Variable rate instruments

	31 March 2021 Taka	31 March 2020 Taka
Financial asset		
Cash at bank	1,79,68,902	1,35,37,244
Financial liabilities		
Bank overdraft	22,69,17,171	36,28,05,602
Inter-company loan	-	5,94,65,000
Short term loan	32,00,00,000	-
	54,69,17,171	**42,22,70,602**

The following significant interest rates are applied per annum

	31 March 2021	31 March 2020
Bank overdraft	5.5.00% - 9.00%	7.00% - 9.00%
Inter-company loan	0.0%	3.00% to 4.00%
Short term loan	5.00%-9.00%	6.00%-9.75%

Interest rates on overdraft and short term loan may be changed subject to mutual consent.

36. Related party disclosures

Key management personnel

Name	Designation
Mr. Ritesh Doshi	Director/General Manager

Mr. Ritesh Doshi has authority and responsibility for planning, directing and controlling the activities of the Company.

Transactions with key management personnel

Key management personnel compensation comprised the following:

	31 March 2021 Taka	31 March 2020 Taka
Short term employee benefits (salary and other allowances)	1,09,57,007	1,04,09,572
	1,09,57,007	**1,04,09,572**

Other related party transactions

Name of the party	Relationship	Nature of transaction	Transaction value for the year ended 31 March 2021	Balance outstanding as at 31 March
Asian Paints Limited, India	Group company	Purchase of raw materials	7,69,27,083	2,52,38,837
		Royalty	10,79,32,674	21,87,80,602
		Service fees	66,22,162	2,08,83,231
		Others	31,04,310	(34,04,296)
Berger Paints Emirates Ltd.	Group company	Purchase of trading stock	25,39,133	8,86,198
		Export sales	33,42,358	-
		Others	1,99,827	1,99,827
Asian Paints International Private Limited, Singapore	Group company	Sundry expenses	1,48,52,196	4,35,32,838
		Interest on long term loan	4,23,050	-
Asian Paints (Lanka) Limited	Group company	Export sales	53,09,194	(16,17,440)
Sleek International Private Limited	Group company	Purchase of trading stock	4,66,970	-
Berger Paints Bahrain W.L.L	Group company	Purchase of samples	68,039	68,039
Asian Paints (Middle East) LLC, Oman	Group company	Purchase of samples	1,54,779	1,54,779
Confidence Steel Limited	Shareholder's associated entity"	Capex advance	3,99,83,261	2,10,94,790
		Payable for capital items	22,69,59,649	2,36,74,669

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Name of the party	Relationship	Nature of transaction	Transaction value for the year ended 31 March 2021	Balance outstanding as at 31 March
Asian Paints Limited, India	Group company	Purchase of raw materials	4,26,06,261	1,06,56,051
		Royalty	11,08,47,927	21,80,67,293
		Service fees	1,09,87,242	2,08,56,430
		Sundry expenses	2,99,986	(2,99,986)
Berger Paints Emirates Ltd.	Group company	Purchase of raw materials	6,33,387	6,33,387
Asian Paints International Private Limited, Singapore	Group company	Sundry expenses	2,86,53,143	3,42,29,651
		Sundry expenses	2,29,875	(2,29,875)
		Interest on long term loan	28,47,872	28,47,872
Confidence Steel Limited	"Shareholder's associated entity"	Capex advance	17,779,744	1,77,79,744
		Payable for capital items	13,20,418	13,20,418

37. Contingencies and commitments

37.1 Contingent liabilities

There is contingent liability in respect of outstanding letters of credit of Tk 1,289,580,971 (last year: Tk 429,000,000). No contingent tax liabilities exist as on 31 March 2021.

37.2 Commitment

There was capital commitment of BDT 831,642,174 for new plant at BEZA as at 31 March 2021 (FY 2019-20 4,603,000,000).

38. Particulars of employees

The number of employees engaged by the Company for the whole year or part thereof who received a total salary of Tk 36,000 or above was 369 (FY 2019-20: 345).

39. Approval of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 22 April 2021.

CAUSEWAY PAINTS LANKA
PRIVATE LIMITED

Contents

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Causeway Paints Lanka (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka Code of Ethics that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors report, 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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. As the management does not present any other information and we were not provided with any, we have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that 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 charged with governance are 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 SLAuSs 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 SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

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

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

SJMS ASSOCIATES
Chartered Accountants

Colombo
30th April, 2021

Statement of Financial Position

as on 31 March, 2021

	Note	31.03.2021 LKR	31.03.2020 LKR
Assets			
Non current assets			
Property, plant and equipment	11	697,644,481	669,318,837
Intangible assets	11.1	14,245,239	20,272,301
Right of use assets	11.2	650,72,044	64,568,976
Deferred tax asset	8.4	22,906,205	35,449,967
		799,867,969	**789,610,081**
Current assets			
Inventory	12	1,646,186,986	1,122,956,202
Trade and other receivables	13	2,853,765,217	2,353,654,961
Other financial investments	14	541,936,309	420,246,809
Cash in hand and at bank	15	419,747,463	264,719,165
		5,461,635,975	4,161,577,137
Total assets		**6,261,503,944**	**4,951,187,220**
Equity and liabilities			
Shareholders' equity			
Stated capital	16	1,365,002,710	1,365,002,710
Retained earnings		2,755,579,029	2,299,425,527
Total equity		4,120,581,739	3,664,428,237
Non current liabilities			
Retirement benefit obligations	17	13,68,84,162	10,52,18,163
Lease liability	20	3,349,952	-
		140,234,114	**105,218,163**
Current liabilities			
Trade and other payables	18	1,907,249,667	1,032,753,698
Income tax payable	19	70,987,989	55,890,494
Lease liability	20	4,012,139	4,631,639
Bank overdrafts	21	18,438,296	88,264,990
		2,000,688,091	1,181,540,821
Total liabilities		2,140,922,205	1,286,758,984
Total equity and liabilities		**6,261,503,944**	**4,951,187,220**

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

………………………..
Amit Kumar Khemka
Financial Controller

………………………..
V. Kiritharan
General Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by the following on 29 April 2021.

………………………..
Amit Kumar Baveja
Director

Accounting policies and notes from 01 to 27 form an integral part of these financial statements.

Statement of Profit and Loss

for the year ended 31 March, 2021

	Note	2020/2021 LKR	2019/2020 LKR
Revenue	5	8,414,025,079	6,514,134,227
Cost of materials consumed		(5,592,062,232)	(4,100,122,000)
Gross profit		2,821,962,847	2,414,012,227
Other income	6	53,226,956	53,073,329
Employee benefits expenses		(974,306,291)	(783,988,445)
Other expenses		(627,905,111)	(555,432,866)
Depreciation and amortization		(81,405,350)	(48,807,596)
Finance and other costs		(17,896,751)	(1,186,214)
Profit before taxation	**7**	**1,173,676,300**	**1,077,670,435**
Income tax expense	8	(205,342,958)	(305,020,732)
Profit for the year		**968,333,342**	**772,649,703**
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain / (loss) on defined benefit plans, net of tax		(12,179,841)	(5,215,769)
Total comprehensive income for the year		**956,153,501**	**767,433,934**
Earnings per share	9	25.81	20.59
Dividend per share	10	13.33	10.66

Accounting policies and notes from 01 to 27 form an integral part of these financial statements.

Statement of Changes in Equity

as on 31 March, 2021

	Stated capital	Retained earnings	Total
	LKR	LKR	LKR
Balance as at 31 March 2019	1,365,002,710	1,931,991,593	3,296,994,303
Profit for the year	-	772,649,703	772,649,703
Other comprehensive expense	-	(5,215,769)	(5,215,769)
Total comprehensive expense for the year	-	767,433,934	767,433,934
Payment of dividend for 2019	-	(400,000,000)	(400,000,000)
Balance as at 31 March 2020	1,365,002,710	2,299,425,527	3,664,428,237
Profit for the year	-	968,333,342	968,333,342
Other comprehensive expense	-	(12,179,841)	(12,179,841)
Total comprehensive expense for the year	-	956,153,501	956,153,501
Payment of dividend for 2020 (interim)	-	(500,000,000)	(500,000,000)
Balance as at 31 March 2021	**1,365,002,710**	**2,755,579,028**	**4,120,581,738**

Accounting policies and notes from 01 to 27 form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 March, 2021

	Note	2020/2021 LKR	2019/2020 LKR
Cash flows from operating activities			
Profit before taxation		1,173,676,300	1,077,670,435
Adjustments for:			
Interest income	6	(36,880,164)	(41,218,965)
Interest expense		2,117,330	629,425
Retirement benefit obligations	17	22,807,302	18,742,915
Depreciation and amortisation of property plant and equipment		81,405,350	48,807,596
Operating cash flows before working capital changes		**1,243,126,118**	**1,104,631,406**
Changes in working capital			
Decrease / (increase) in inventories		(523,230,784)	(107,961,769)
Decrease / (increase) in trade and other receivables		(501,584,062)	143,797,828
(Increase) / decrease in trade and other payables		874,495,971	76,349,964
Cash flows from operating activities		**1,092,807,243**	**1,216,817,429**
Interest paid		(1,417,571)	(542,763)
Gratuity paid	17	(6,097,850)	(6,598,850)
Income tax and Economic Service Charge paid	19	(174924,995)	(323,858,690)
Net cash flows generated from operating activities		**910,366,829**	**885,817,126**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		(95,913,243)	(327,459,355)
Purchase of right of use assets		(6,263,064)	(5,100,000)
Investing in other financial assets		(121,689,500)	(221,654,913)
Interest income received		383,53,970	41,122,270
Net cash used in investing activities		**(185,511,837)**	**(513,091,996)**
Cash flows from financing activities			
Dividend paid		(500,000,000)	(400,000,000)
Net cash used in financing activities		(500,000,000)	(400,000,000)
Net increase / (decrease) in cash and cash equivalents during the year		224,854,992	(27,274,870)
Cash and cash equivalents at the beginning of the year		176,454,176	203,729,045
Cash and cash equivalents at the end of the year (Note 22)		401,309,168	176,454,176

Accounting policies and notes from 01 to 27 form an integral part of these financial statements.

Notes to the Financial Statements
for the year ended 31 March, 2021

1. Reporting entity

1.1 Domicile and Legal Form

Causeway Paints Lanka (Pvt) Limited, ("the Company") is a limited liability Company incorporated and domiciled in Sri Lanka. The Company's registered office and the principal place of business is located at. 15, Noel Mendis Mawatha, Modarawila Industrial Estate, Panadura.

1.2 Principal activities and Nature of Operations

The principal activities of the Company are manufacturing and selling of paints and related products. There have been no significant changes to these principal activities during the financial year.

1.3 Parent entity and ultimate parent

Asian Paints International Private Limited (APIPL) (formerly known as Berger International Private Limited) is the immediate parent of the company and Asian Paints Limited, India is the ultimate parent undertaking.

1.4 Date of authorization for issue

The financial statements were authorized for issue by the Board of Directors on 29 April 2021.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the company (statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

2.2 Going concern

In determining the basis of preparing the financial statements for the year ended 31 March 2021, the management has assessed the existing and anticipated effects of COVID-19 on the Company and the appropriateness of the use of the going concern basis based on available information. The management evaluated the resilience of its business considering a wide range of factors such as current and expected profitability, the ability to defer capital expenditure, repayment schedule of trade creditors, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue manufacturing products.

The management is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and no significant impact was assessed on carrying amounts of assets and liabilities thereby justifying adoption of the going concern basis in preparing these financial statements.

2.3 Basis of measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and is an order that reflect their relative liquidity. The financial statements have been prepared on the assumption that the company will continue as a going concern for the foreseeable future.

2.4 Functional and presentation currency

The financial statements of the company presented in Sri Lankan Rupees, which is the company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with the Sri Lankan Accounting Standards requires management to make judgements, estimates and assumptions than effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances and assumptions based on such knowledge and expectation of future events. Hence, actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical Judgements in applying accounting policies that have the most significant effect on the amounts recognized in the company's financial statements is included in the respective notes.

Deferred taxes

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent it is probable that taxable profits will be available against which these credits/ losses can be utilised. Significant management judgments are required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Employee benefit liability

The cost of defined benefit obligations and other post-employment benefit plans are determined using actuarial valuation. Actuarial valuation involves making various assumptions, determining discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, the management considers the interest rates of Sri Lanka Government Bonds. The mortality rate is based on publicly available mortality tables. Future salary increase is based on expected future inflation rates and expected future salary increase rate of the company.

Provision for slow moving inventories and impairment for trade receivables

The company assesses at each reporting date whether there is an impairment of inventory and trade receivables. To determine impairment of inventories, the company reviews the movement of inventory balances. For the trade receivables, the company uses a simplified approach to determine the recoverability of the debtors by using a provision matrix.

Useful lifetime of the property, plant and equipment

The company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.6 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

2.7 Comparative information

The comparative information is re-classified wherever necessary to conform with the current year's presentation in order to provide a better presentation.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Unless otherwise indicated.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRS/ LKAS) requires management to make judgments, estimates, and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses.

The judgement, estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.

3.1 Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

3.1.1 Financial Assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with SLFRS 15, all financial assets are initially measured at fair value

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

In the periods presented the company does not have any financial assets categorized as FVOCI. The classification is determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

During the year the company had not classified any financial assets as FVTPL.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

During the year the company had not classified any financial assets at FVOCI.

3.1.1.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities or three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.1.1.2 Impairment - Financial Asset

The Company use more forward-looking information to recognise expected credit losses.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been Computed based on the days past due.

3.1.2 Financial Liabilities

Recognition and derecognition

The Company recognizes financial liabilities in the statement of financial position when the company becomes a party to the contractual provisions of the financial liability.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where 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 a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.1.3Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.2 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and is recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	Over the lease period of 30 to 50 years
Buildings	From 15 to 50 years, subject to the remaining useful life of the leasehold land not exceeding the useful life of the building
Plant and machinery	4 to 10 years
Factory, stores, office and lab equipment	10 years
Computers	4 years
Furniture and fittings	4 years
Vehicles	10 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Impairment of property, plant and equipment

The carrying value of Property Plant and Equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognized in profit or loss unless it reverses a previous revaluation surplus for the same asset.

The Company has not identified any indications of impairment as at the reporting date due to the disruptions caused to operations by the COVID-19 pandemic and the Company resumed operations on 11 May 2020, whilst strictly adhering to and supporting government directives.

Capital work in progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work – In – Progress whilst, the capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

3.3 Intangible assets

Software

Software acquired by the Company is measured at cost less accumulated amortization and any accumulated impairment losses.

Expenditure on internally developed software is recognized as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in income statement over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is four years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4 Leases

The Company assesses whether a contract is or contains a lease at the inception of the contract. The assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a corresponding lease liability at the lease commencement date.

3.4.1 Right-of-use assets

3.4.1.1 Recognition

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3.4.1.2 Depreciation of the right-of-use asset

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

3.4.1.3 Impairment of right-of-use asset

The Company applies LKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in impairment on non-financial assets.

3. 4.2 Lease liability

3.4.2.1 Initial measurement of lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the Company, term and currency of the contract. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentive receivables
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lease under the residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate lease

3.4.2.2 Subsequent measurement of lease liability

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

3.4.3 Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5 Inventory

Inventory are measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition as appropriate. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Net realisable value of obsolete and slow-moving inventory over 365 days are considered as nil.

The cost of each category of inventory is based on the following:

Raw Materials	:	Based on the weighted average cost price and includes expenditure incurred in acquiring the inventory and bringing them to their existing location and condition.
Work - in – Progress	:	At raw material cost which include direct expenditure and production overhead on normal operating capacity
Finished Goods	:	At raw material cost and packing materials, which include direct expenditure and production overhead on normal operating capacity.

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Packing Materials	:	Based on the weighted average cost price and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition
Spares, Stores and Accessories:		Based on the weighted average cost price and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.6 Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

3.7 Liabilities and Provisions

All financial liabilities are initially recognized at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Liabilities are settled in the normal operating cycle of the company.

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the financial position date.

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past events, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the date of statement of financial position, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.8 Employee benefits

3.8.1 Short-term benefits

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

3.8.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an expense in the Profit or loss when incurred.

3.8.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. As required by LKAS 19 the Company applies the actuarial valuation method to determine the liability in respect of retirement gratuity. Resulting actuarial gains and losses are recognised in other comprehensive income.

The liability is not externally funded.

Statement of profit or loss

3.9 Revenue recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered includes variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

3.9.1 Sale of goods

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is dispatched to the customer.

3.9.2 Exchange of goods

When goods are exchanged for those with similar nature and value, the exchange is not regarded as a transaction, which generates revenue. When exchanges are made with dissimilar goods or services the exchange is recognized as revenue measured at fair value of the goods received, adjusted by the amount of any cash or cash equivalents transferred.

3.10 Expenditure recognition

All expenditure incurred in running of the business and in maintaining the capital assets in a state of efficiency has been charged to Revenue in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are recognized in profit or loss in the year in which the expenditure is incurred.

3.11 Finance income and Finance costs

Finance Income comprise interest income on funds invested recognized in profit or loss using the effective interest method. Finance Costs comprise interest expense on borrowings recognized in profit or loss using the effective interest method and foreign currency losses.

3.12 Borrowing costs

All borrowing costs are recognized as expenses in the period in which they are incurred except those that are directly attributable to the construction or development of property, plant and equipment which are capitalized as a part of the cost of that asset during the period of construction or development.

3.13 Income tax expense

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity, or in other comprehensive income.

3.13.1 Current tax

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017. As per the Guideline issued by the Institute of Chartered Accountants of Sri Lanka (CASL) on 23rd April 2021, the applicable income tax rate should be determined based on the income tax rates specified in the Bill presented to the Parliament to amend the Inland Revenue Act which was published via the Gazette on 18th March 2021. According to the said guideline, the income tax rates specified in the said Bill is to be considered as substantively enacted on 26th March 2021 (the date on which the first reading of the bill was passed at the Parliament by the majority Government).

3.13.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets

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and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.14 Statement of cash flows

The statement of cash flow has been prepared using the Indirect Method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short-term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

3.15 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable, or the amount cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position but are disclosed.

3.16 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 LKAS. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

3.17 Basic Earnings/ (Loss) Per Share

The Company presents Basic Earnings/ (Loss) Per Share (EPS) date for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of Ordinary Shares outstanding during the period.

4. Events after the reporting period

All events after the reporting period are considered in preparing these financial statements and where necessary disclosures or amendments are made.No significant events have occurred after the statement of financial position date which requires adjustments to or disclosures in the financial statements other than the following:

Asian Paints Lanka Limited (APLL) amalgamated with Causeway Paints Lanka (Pvt) Limited (CPLL) with effect from 1st April 2021. The amalgamation was effective by way of an agreed share swap, whereby the shareholders of APLL will be offered ordinary voting shares in CPLL in accordance with the amalgamation proposal.

5. Revenue

	2020/2021 LKR	2019/2020 LKR
Local sales	8,362,768,228	6,478,862,465
Export sales	51,256,851	35,271,762
	8,414,025,079	**6,514,134,227**

6. Other income

	2020/2021 LKR	2019/2020 LKR
Interest income	36,880,164	41,218,965
Miscellaneous income	-	25,000
Exchange gain	-	11,829,364
Scrap sales	15,331,338	-
Processing income	1,015,454	-
	53,226,956	**53,073,329**

7. Profit before tax

	2020/2021 LKR	2019/2020 LKR
Profit before tax is stated after accounting for all expenses including the following:		
Salaries and wages	829,520,146	682,268,085
Defined contribution plan	58,710,597	51,831,217
Retirement benefit obligations	22,807,302	18,742,915
Depreciation and amortisation	81,405,350	48,807,596
Auditor's remuneration	1,751,432	1,588,551
Impairment allowance on inventory / (reverse)	2,465,280	(22,962,939)
Increase in loss allowance on trade receivables	11,762,767	34,273,028
Foreign exchange (gain) / loss	14,801,860	(11,829,364)

8. Income tax expense

8.1 Income tax recognised in profit or loss

	2020/2021 LKR	2019/2020 LKR
Current tax		
In respect of current year	2,18,511,177	294,983,204
Over provision of previous year taxes	(28,488,687)	-
	190,022,490	**294,983,204**
Deferred tax		
Relating to the origination and (reversal) of temporary differences	27,265,650	10,037,528
Relating to change in tax rates	(11,945,182)	-
Total income tax recognised in the current year	**205,342,958**	**305,020,732**

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8.2 Reconciliation between accounting profit and taxable income

A reconciliation between the tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	2020/2021 LKR	2019/2020 LKR
Accounting profit before taxation	1,173,676,300	1,077,670,435
Less: Allowable expenses:		
Gratuity paid	(6,097,850)	(6,598,850)
Capital allowance	(121,319,101)	(101,920,743)
Less: Disallowable income		
Reversal of impairment allowance on inventory	-	(22,962,939)
Add: Disallowable expenses		
Depreciation	81,405,350	48,807,596
Provision for gratuity	22,807,302	18,742,915
Provision for doubtful debt	11,762,767	34,273,028
Impairment allowance on inventory	2,465,280	-
Others	1,500,000	5,500,000
Adjusted trade profit	**1,166,200,048**	**1,053,511,443**
Liable income		
Profit at normal rate	-	1,053,511,443
Profit on manufactured income	1,022,947,240	-
Profit on all other income	143,252,809	-
Statutory income	1,166,200,049	1,053,511,443
Assessable income	**1,166,200,049**	**1,053,511,443**
Tax payable on		
Profit at normal rate @ 28%	-	294,983,204
Tax on manufactured income @ 18%	184,130,503	-
Tax on all other income @ 24%	34,380,674	-
Income tax expense	**218,511,177**	**294,983,204**
Effective tax rate	18.6%	27.4%

8.3 Deferred tax expense

	2020/2021 LKR	2019/2020 LKR
Recognized income statement		
Deferred tax expense arising from;		
Property, plant and equipment	15,859,609	(16,604,692)
Retirement benefit obligation	(6,825,040)	3,400,338
Provision for doubtful debts	(16,364,582)	9,596,448
Provision for obsolete inventory	(2,675,752)	(6,429,623)
	(10,005,765)	**(10,037,529)**

	2020/2021 LKR	2019/2020 LKR
Recognized in other comprehensive income		
Deferred tax expense arising from;		
Re-measurement of employee benefit obligation	2,776,705	2,028,355
	2,776,705	**2,028,355**

8.4 Deferred tax assets

	2020/2021 LKR	2019/2020 LKR
At the beginning of the year	354,49,967	43,459,141
Charge for the previous year	-	-
Charge for the year (Note 8.3)	(12,543,762)	(8,009,174)
At the end of the year	22,906,205	35,449,967
The following are the major deferred tax (liabilities) and assets recognized by the company and movements thereon during the current and prior reporting period.		
Tax amount of temporary differences arising from accounting depreciation	(58,269,571)	(74,129,180)
Tax amount of temporary differences arising from retirement benefit obligation	25,412,751	29,461,086
Tax amount of temporary differences arising from provision for doubtful debtors	38,681,767	55,046,349
Tax amount of temporary differences arising from provision for obsolete inventory	17,081,259	25,071,713
	22,906,205	**35,449,967**
Effective tax rate used for deferred tax calculation	18.6%	28.0%

9. Earnings per share

The calculation of basic and diluted earnings per share is based on the net profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

	2020/2021 LKR	2019/2020 LKR
Profit attributable to shareholders	968,333,342	772,649,703
Weighted average number of ordinary shares used as denominator	37,520,000	37,520,000
Basic and diluted earnings per share	25.81	20.59

Diluted earnings per share and the basic earnings per share are same due to non availability of potential dilutive ordinary shares.

10. Dividends per share Paid:

	2020/2021 LKR	2019/2020 LKR
Interim LKR 13.33 Per share (2019/2020 - LKR 0)	500,000,000	
Final LKR 0 Per share (2019/2020 LKR 10.66)		400,000,000
Dividend per share	13.33	10.66

11.1 Intangible assets

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

11. Property, plant and equipment

	Buildings	Vehicles	Plant & machinery	Office equipment	Furniture & fittings	Lab equipment	Computers	Capital WIP	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cost									
Balance as at 1 April 2019	157,346,692	198,089,642	105,044,938	13,199,967	13,852,915	18,341,821	14,025,140	166,549,383	686,450,498
Additions during the year	-	-	-	-	-	4,247,648	2,779,478	297,170,815	304,197,941
Transfers during the year	137,781,576	12,200,000	251,461,311	11,231,014	12,327,062	-	-	(425,000,964)	-
Balance as at 1 April 2020	295,128,268	210,289,642	356,506,249	24,430,981	26,179,977	22,589,469	16,804,618	38,719,234	990,648,439
Additions during the year	-	-	-	7,332,414	4,262,710	7,083,752	8,029,057	68,276,871	94,984,804
Transfers during the year	10,205,220	-	91,325,639	-	-	-	-	(101,530,858)	-
Disposal during the year	-	-	(452,756)	-	-	(702,058)	-	-	(1,154,814)
Balance as at 31 March 2021	305,333,488	210,289,642	447,379,132	31,763,394	30,442,687	28,971,164	24,833,675	5,465,247	1,084,478,430
Accumulated depreciation									
Balance as at 1 April 2019	35,448,704	148,714,248	56,447,495	11,497,287	8,499,703	11,036,127	11,943,952	-	283,587,515
Depreciation for the year	6,244,392	6,908,899	19,318,123	1,026,054	1,440,100	1,346,531	1,457,990	-	37,742,088
Balance as at 1 April 2020	41,693,095	15,562,3147	75,765,618	12,482,932	9,939,803	12,382,658	13,442,350	-	321,329,603
Depreciation / ammortization	10,075,379	8,055,585	35,007,622	3,243,199	4,885,731	2,494,435	2,636,376	-	66,398,326
Disposal during the year	-	-	(452,756)	-	-	(441,225)	-	-	(893,981)
Balance as at 31 March 2021	51,768,474	163,678,732	110,320,483	15,726,130	14,825,534	14,435,868	16,078,726	-	386,833,948
Carrying value									
As at 31 March 2021	**253,565,014**	**46,610,910**	**337,058,648**	**16,037,264**	**15,617,153**	**14,535,296**	**8,754,949**	**5,465,247**	**697,644,481**
As at 31 March 2020	253,435,173	54,666,495	280,740,631	11,948,049	16,240,174	10,206,812	3,362,268	38,719,234	669,318,837

Property, plant and equipment include fully depreciation asset having a cost of LKR 193,050,452.34 (2020 - LKR 185,142,174.41)

Computer software and systems

	2020/2021 LKR	2019/2020 LKR
Balance at the beginning of the year	20,272,301	5,332,463
Additions during the year	1,189,272	23,261,411
Amortized during the year	(7,216,334)	(8,321,573)
Balance at the end of the year	14,245,239	20,272,301

Intangible assets includes fully amortised asset having a cost of LKR 10,572,547.33 (2020 - LKR 7,607,891.23)

11.2 Right of use assets

11.2.1 Cost

	Leasehold Land	Leasehold Apartments	Total
Balance as at 1 April 2019	73,396,184	-	73,396,184
Additions during the year	-	9,644,976	9,644,976
Balance as at 1 April 2020	73,396,184	9,644,976	83,041,160
Additions during the year	-	8,293,758	8,293,758
Balance as at 31 March 2021	**73,396,184**	**17,938,734**	**91,334,918**

11.2.2 Accumulated depreciation

Balance as at 1 April 2019	15,728,250	-	15,728,250
Charge for the year	1,952,281	791,653	2,743,934
Balance as at 1 April 2020	17,680,531	791,653	18,472,184
Charge for the year	1,952,281	5,838,409	7,790,690
Balance as at 31 March 2021	**19,632,812**	**6,630,063**	**26,262,874**
Carrying value as at 31 March 2021			65,072,044
Carrying value as at 31 March 2020			64,568,976

12. Inventory

	2020/2021 LKR	2019/2020 LKR
Raw materials and packing materials	693,525,468	648,332,064
Work-in-progress	34,723,102	49,329,550
Finished goods	644,199,059	495,980,499
Goods in transit	388,871,672	41,981,124
	1,761,319,301	1,235,623,237
Less: Allowance for impairment of inventory (Note 12.1)	(115,132,315)	(112,667,035)
	1,646,186,986	**1,122,956,202**

Details of inventory mortgaged against bank overdrafts are disclosed under note 21.

12.1 Movement in allowance for impairment of inventories

	2020/2021 LKR	2019/2020 LKR
Balance at the beginning of the year	112,667,035	135,629,974
Net increase / (decrease) in impairment allowance	2,465,280	(22,962,939)
Balance at the end of the year	**115,132,315**	**112,667,035**

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for the year ended 31 March, 2021

13. Trade and other receivables

	2020/2021 LKR	2019/2020 LKR
Trade receivables	2,948,029,488	2,336,306,556
Less: Loss allowance for impairment (Note 13.1)	(208,356,871)	(196,594,104)
	2,739,672,617	2,139,712,452
Discounts receivable	20,659,784	33,304,395
Prepaid expenses	10,109,186	1,373,000
Advance to employees	2,974,999	4,769,999
Advance towards capital expenditure	22,704,576	43,378,144
Advance to suppliers	52,433,723	98,102,948
Other receivables	1,323,720	116,384
Amounts due from related companies - trade dues (Note 13.2)	3,886,612	32,897,638
	2,853,765,217	**2,353,654,960**

The details of trade receivables mortgaged against bank overdrafts are disclosed under note 21.

13.1 Movement in loss allowance for receivables

	2020/2021 LKR	2019/2020 LKR
Balance at the beginning of the year	196,594,104	162,321,076
Net increase / (decrease) in loss allowance	11,762,767	34,273,028
Balance at the end of the year	**208,356,871**	**196,594,104**

13.2 Amounts due from related companies - trade dues

	2020/2021 LKR	2019/2020 LKR
Asian Paints (Lanka) Limited	-	25,486,499
Asian Paints Limited	-	6,438,207
Asian Paints (South Pacific) Limited, Fiji	2,557,502	972,381
Asian Paints (Nepal) Limited	1,329,110	552
	3,886,612	**32,897,639**

The transactions with related parties have been disclosed in Note 27.2 to these financial statements.

14. Other financial investments

	2020/2021 LKR	2019/2020 LKR
Term deposits with banks	541,936,309	420,246,809

These deposits have been pledged as securities for the bank overdraft obtained as detailed in Note 21 to these financial statements.

15. Cash in hand and at bank

	2020/2021 LKR	2019/2020 LKR
Cash at bank	417,333,873	261,960,874
Cash in hand	2,413,590	2,758,291
	419,747,463	**264,719,165**

15.1 Cash at bank

	2020/2021 LKR	2019/2020 LKR
Current accounts	250,190,395	44,308,894
Savings accounts	167,143,478	217,651,980
	417,333,873	**261,960,874**

16. Stated capital

	No. of shares	2020/2021 LKR	2019/2020 LKR
Fully paid ordinary shares	37,520,000	1,365,002,710	1,365,002,710

17. Retirement benefit obligations

	2020/2021 LKR	2019/2020 LKR
Defined benefit plan - Gratuity		
Balance at the beginning of the year	105,218,163	85,829,974
Add: Current services cost	11,759,395	9,301,618
Interest charge for the year	11,047,907	9,441,297
Less: Payments made during the year	(6,097,850)	(6,598,850)
Actuarial (gains) / losses	14,956,547	7,244,124
Balance at the end of the year	**136,884,162**	**105,218,163**

An actuarial valuation was carried out by an independent professional value, Messer's, Actuarial and Management Consultants (Pvt) Ltd as of 31 March 2021, to determine the actuarial value of the retirement benefit obligations applicable in terms of the Payment of Gratuity Act No 12 of 1983, in respect of all employees of the Company as at 31 March 2021, from the commencement of employment.

The following assumptions were used in determining the post-employment benefit obligations:

Discount rate	8.0%	10.5%
Expected future salary increment rate	7.5%	8.0%
Staff turnover rate	6% to 18%	5% to 27%
Retirement age	55 years	55 years

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

17.1 The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2020/2021 LKR	2019/2020 LKR
Defined benefit obligation on current assumption	136,884,162	105,218,163
Impact of increase in rate of discounting by 100 basis point	(9,783,955)	(7,689,667)
Impact of decrease in rate of discounting by 100 basis point	11,062,081	8,696,929
Impact of increase in rate of salary increase by 100 basis point	11,227,439	9,003,884
Impact of decrease in rate of salary increase by 100 basis point	(10,097,147)	(8,075,691)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions maybe correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis when compared to the prior year.

17.2 Maturity analysis of the payments

	2020/2021 LKR	2019/2020 LKR
The following payments are expected on employee benefit liabilities in future years:		
Less than 1 year	9,595,612	7,012,976
Over 1 year and less than or equal to 2 years	12,044,587	6,340,939
Over 2 years and less than or equal to 5 years	25,058,561	22,276,814
Over 5 years and less than or equal to 10 years	44,108,117	33,038,953
Over 10 years	46,077,285	36,548,482

18. Trade and other payables

	2020/2021 LKR	2019/2020 LKR
Trade creditors	1,218,507,867	679,840,662
Amounts due to related companies - Trade payables (Note 18.1)	37,176,072	26,697,797
Amounts due to related companies - Other payables (Note 18.2)	51,744,207	5,062,598
Deposits from employees	36,231,901	36,290,750
Other payables and accrued expenses (Note 18.3)	563,589,620	284,861,890
	1,907,249,667	**1,032,753,698**

18.1 Amounts due to related companies - Trade payables

	2020/2021 LKR	2019/2020 LKR
Asian Paints Limited	3,558,308	-
Asian Paints International (Private) Limited	19,113,598	17,294,767
Asian Paints (Lanka) Limited	-	9,403,029
Berger Paints (Emirates) Limited	14,504,166	-
	37,176,072	**26,697,796**

18.2 Amounts due to related companies - Royalty fees

	2020/2021 LKR	2019/2020 LKR
Asian Paints Limited	51,744,207	5,062,598

18.3 Other payables and accrued expenses

	2020/2021 LKR	2019/2020 LKR
VAT payable	34,599,822	5,385,524
Salary payable	69,878,742	36,873,180
PAYE	979,506	180,0025
EPF and ETF payable	7,124,228	5,928,124
NBT payable	(3,104)	(3,104)
Employee bonus	36,400,000	44,247,803
Leave encashments	24,299,007	17,420,828
Dealer discounts	124,545,000	50,030,528
Payable to sundry creditors	64,683,548	34,631,513
Payable for capital expenditure	12,096,936	19,616,028
Others	188,985,935	68,931,441
	563,589,620	**284,861,890**

19. Income tax payable

	2020/2021 LKR	2019/2020 LKR
Balance at the beginning of the year	55,890,494	84,765,979
Provision for the year	218,511,177	294,983,204
Under provision for previous year	(28,488,687)	-
Tax payments during the year	(174,924,995)	(288,994,388)
ESC paid during the year	-	(34,864,302)
Balance as at the end of the year	**70,987,989**	**55,890,494**

20. Lease liability

	2020/2021 LKR	2019/2020 LKR
At the beginning of the year	4,631,639	-
Additions	8,293,758	9,644,976
Interest	699,759	86,662
Payments	(6,263,064)	(5,100,000)
At the end of the year	7,362,091	4,631,639
Lease liability current	4,012,139	4,631,639
Lease liability non-current	3,349,952	-

-

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Leasehold land represents leases of land obtained from NDA under different lease agreements, which have tenures ranging from 30 years to 50 years.

Lease agreements		Period		
	1	19-11-1997 - 18/11/2047	50 years	50 years
	2	01-08-2005 - 31/07/2055	50 years	50 years
	3	02-01-2014 - 02/01/2034	30 years	30 years

21. Bank overdrafts

Lending institution	Interest rate p.a.	31.03.2021 LKR	31.03.2020 LKR
MCB Bank Limited	FD rate + 1.5%	18,438,296	88,264,990
		18,438,296	**88,264,990**

The following securities have been pledged against the above facilities:

MCB Bank Limited: Lien over term deposit for LKR 125,512,378 and mortgage of inventories and trade receivables amounting to LKR 125 million for the overdraft facilities of LKR 85 million, LKR 75 million and short term loan facility of LKR 50 million.

Public Bank Berhad: Lien over Term Deposit for LKR 104,805,959 for the overdraft facility value of Rs 75 million.

Commercial Bank: Lien over term deposit for LKR 5,607,953 for the overdraft facility of LKR 3,665,000.

22. Notes to the cash flow statement

	2020/2021 LKR	2019/2020 LKR
Cash and cash equivalents		
Cash at bank and in hand (Note 15)	419,747,463	264,719,165
Bank overdraft (Note 21)	(18,438,296)	(88,264,990)
	401,309,167	**176,454,176**

23. Events after the reporting period

No significant events have occurred after the statement of financial position date which requires adjustments to or disclosures in the financial statements other than the following:

- Asian Paints Lanka Limited (APLL) amalgamated with Causeway Paints Lanka (Pvt) Limited (CPLL) with effect from 1st April 2021. The amalgamation was effective by way of an agreed share swap, whereby the shareholders of APLL will be offered ordinary voting shares in CPLL in accordance with the amalgamation proposal.

24. Impact of COVID

On 11 March 2020 the World Health Organization declared the novel coronavirus ("COVID-19) outbreak as pandemic. Responding to the potentially serious threat that COVID – 19 presents to public health, the Sri Lankan government took measures to combat the outbreak. The impact of COVID-19 and measures to prevent its spread are affecting the local economies and these have triggered significant disruptions to businesses worldwide, resulting in economic slowdown in many countries, including Sri Lanka. The wider economic impacts of these events include:

- Disruption to business operations and economic activities in Sri Lanka, with a cascading impact on both upstream and downstream supply chains;

- Significant disruption to businesses in a number of sectors, both within Sri Lankan and in the rest of the world. The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector;
- Significant decrease in demand for non-essential goods and services;
- An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates. The Company has considered the possible effects that may arise out of COVID-19 pandemic on the company's business operations and the carrying values of its assets. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including economic forecasts, industry reports, etc. Based on the current estimates, the Company does not expect any significant impact on the company's business operations or the carrying values of its assets. Further, the management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

However, the impact of COVID-19 on the Company's financial statements may differ in future from that estimated as at the date of approval of these financial statements.

25. Contingent liabilities and capital commitments

No significant capital commitments and contingent liabilities exists as the financial reporting date which required adjustments to or disclosures in the financial statements other than the following:

	2020/2021	2019/2020
	LKR	LKR
Contingent liabilities		
Bank guarantees issued	8,018,078	2,838,762
Outstanding letters of credit	98,504,459	122,928,105

26. Financial instruments

26.1 Categories of financial instruments

	2020/2021	2019/2020
	LKR	LKR
Financial assets		
Cash and bank balances	419,747,463	264,719,165
Amortised cost	541,936,309	420,246,809
Financial liabilities		
Amortized cost	1,872,649,845	1,027,368,174

Carrying values of financial assets and liabilities that have a short term maturity such as trade and other receivables and payables, other financial assets, cash and cash equivalents are reasonable approximation of their fair value. Therefore, a fair value hierarchy is not applicable.

26.2 Financial risk management objectives and policies

Financial instruments held by the company, principally comprise of cash, short term deposits, trade and other receivables, trade and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the company.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Financial risk management of the company is carried out by unit Finance function which reports to the General Manager and comes under the purview of the Board of Directors of the company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department which has also issued various policies and guidelines to ensure financial risk control. The group provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk and foreign currency risk.

The company has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling. The guidelines upon which the company's risk management processes are based are designed to identify and analyze these risks throughout the company, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products. The company manages and monitors these risks primarily through its operating and financing activities.

26.3 Credit risk

Credit risk is the risk that the 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, foreign exchange transactions and other financial instruments.

The company trades only with recognised, creditworthy third parties. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty. The company takes all reasonable steps to ensure that the counterparties fulfil their obligations.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

The requirement for impairment is analysed at each month on an individual basis for all customers. In order to mitigate settlement and operational risks related to cash and cash equivalents, the Company uses selected banks with acceptable ratings for its deposits.

a) The maximum exposure to credit risk at reporting date

	2020/2021	2019/2020
	LKR	LKR
Cash at bank (Note 15.1)	417,333,873	261,960,874
Other financial assets (Note 14)	541,936,309	420,246,809
Trade receivables (Note 13)	2,739,672,617	2,139,712,452
Other receivables (Note 13)	110,205,988	181,044,871
Amounts due from related parties (Note 13.2)	3,886,612	32,897,638
	3,813,035,399	**3,035,862,644**

b) The aging of trade receivables at the reporting date

	Gross Receivables	
	2021	2020
	LKR	LKR
Not due	2,216,081,467	1,454,415,257
Past due:		
Past due 0-3 months	428,646,637	608,816,866
Past due 4-6 months	98,238,725	70,979,771
Past due 7-9 months	20,869,980	37,735,855
Past due 10-12 months	16,784,599	36,865,687
More than 12 months	167,408,080	127,493,672
Total	**2,948,029,488**	**2,336,307,108**

	31.03.2021	31.03.2020
	LKR	LKR
c) Movement in the impairment allowance		
Balance at the beginning of the year	196,594,104	162,321,076
Allowance for impairment recognized during the year	11,762,767	34,273,028
Balance at the end of the year	208,356,871	196,594,104

d) Other financial assets

The Company limits its exposure to credit risk by investing in fixed deposits with selected bankers with Board approval.

e) Cash equivalents

The Company held cash at bank balances of LKR 417.3 Mn as at 31 March 2021 (31 March 2020 - LKR 261.9 Mn) which represent its maximum credit exposure on these assets. The cash equivalents are held with bank and financial institutions counterparties, which have better rankings.

26.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including short term loans and overdrafts.

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Company has available funds to meet its medium term capital and funding obligations and to meet any unforeseen obligations. The Company holds cash and undrawn committed facilities to enable the Company to manage its liquidity risk.

a) The following are the contractual maturities of the financial liabilities (excluding other payables and amounts due to related parties) at its carrying value:

31 March 2021	Contractual maturities of financial liabilities			
	Carrying amount	Up to 3 Months	3-12 Months	More than 1 Year
	LKR	LKR	LKR	LKR
Trade payables	1,218,507,867	1,218,507,867	-	-
Royalty fee payable	51,744,207	51,744,207	-	-
Leave encashments	24,299,007	-	24,299,007	-
Dealer discounts	124,545,000	124,545,000	-	-
	1,419,096,081	**1,394,797,074**	**24,299,007**	**-**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

31 March 2020	**Contractual maturities of financial liabilities**			
	Carrying amount	**Up to 3 Months**	**3-12 Months**	**More than 1 Year**
	LKR	**LKR**	**LKR**	**LKR**
Trade payables	679,840,662	679,840,662	-	-
Royalty fee payable	5,062,598	5,062,598	-	-
Leave encashments	17,420,828	-	17,420,828	-
Dealer discounts	50,030,528	50,030,528	-	-
	752,354,617	**734,933,789**	**17,420,828**	**-**

26.5 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates was related primarily to the company's fixed deposits held at MCB Bank, Commercial Bank and Public Bank.

b) Foreign currency risk

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The Company is exposed to foreign currency risk on revenue, and cash deposits denominated in currencies other than the functional currency of the Company. The currency giving rise to this risk is primarily US Dollars.

27. Transactions with key management personnel and related parties

Mr. Amit Kumar Baveja, Mr. Aashish Kshetry and Mr. Parag Rane continued to be directors for the financial year.

27.1 Key management personnel compensation

Key Management Personnel comprised of the directors and the General Manager of the Company. Remuneration paid to key management personnel during the year are as disclosed below:

	2020/2021	**2019/2020**
	LKR	**LKR**
Remuneration paid to key management personnel	82,472,820	59,484,900

27.2 Related party transactions

The related party transactions during the period are as follows:

Company	Relationship	Nature of transactions	2020/2021 LKR	2019/2020 LKR
Asian Paints Limited	Ultimate Parent Company	Royalty fees	51,744,207	5,062,599
		Reimbursement of expenses incurred on behalf of company	8,112,852	3,966,228
		Reimbursement of time cost of executives on behalf of company	1,204,665	11,920,815
		Recovery of expenses incurred by the company	556,350	515,971
		Recovery of value of leave balance for employee transferred	3,208,562	4,802,150
		Reimbursement of value of leave balance for employee transferred	-	2,910,372
		Purchase of materials	25,092,881	3,904,707
		Recovery of time cost of executives	12,336,261	-
Asian Paints International Private Limited	Immediate Parent Company	Recovery of time cost of executives.	7,801,249	14,500,538
		Reimbursement of information technology cost	20,168,248	9,922,497
Asian Paints (Lanka) Limited	Related Company	Sale of goods	172,898,667	45,274,922
		Purchase of goods	150,086,260	12,473,095
		Reimbursement of time cost of executives on behalf of company	6,491,145	2,817,230
		Recovery of time cost of executives	23,379,990	-
		Reimbursement of expenses incurred on behalf of company	10,779,864	-
		Recovery of expenses incurred by the company	10,641,024	-
Asian Paints (South Pacific) Limited, Fiji	Related Company	Recovery of time cost of executives	7,997,687	-
Asian Paints (Nepal) Limited	Related Company	Sale of goods	2,690,138	-
Berger Paints (Emirates) Limited	Related Company	Reimbursement of time cost of executives on behalf of company	5,689,405	-
Asian Paints PPG Pvt limited	Related Company	Purchase of goods	469,611	-
Asian Paints (Middle East) LLC, Oman	Related Company	Purchase of goods	1,426,006	-

Please refer to notes 13.2 for balances due from related parties and 18.1 and 18.2 for balances due to related parties.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

DETAILED NOTES TO THE FINANCIAL STATEMENTS

		2020/2021 LKR	2019/2020 LKR
1.	**Cost of materials consumed**		
	Opening stock of materials	1,122,956,202	1,014,994,433
	Purchases	6,115,293,016	4,208,083,769
	Closing stock of materials	(1,646,186,986)	(1,122,956,202)
		5,592,062,232	**4,100,122,000**
2.	**Employee benefits expenses**		
	Directors remuneration	21,128,935	8,049,230
	Salaries, wages and allowances	808,391,211	674,218,855
	Contribution towards EPF and ETF	58,710,597	51,831,217
	Gratuity	22,807,302	18,742,915
	Staff welfare	63,268,246	31,146,228
		974,306,291	**783,988,445**
3.	**Finance and other costs**		
	Interest expense	2,117,330	629,425
	Bank charges	977,561	556,789
	Exchange loss	14,801,860	-
		17,896,751	**1,186,214**

		2020/2021 LKR	2019/2020 LKR
4.	**Other expenses**		
	Repairs and maintenance machinery	15,239,314	7,654,680
	Power and fuel	21,457,682	17,122,202
	Processing charges	10,886,117	627,685
	Water charges	2,684,402	1,535,341
	NBT on sales	-	79,067,140
	Vehicle fuel, maintenance & delivery expenses	103,159,348	107,662,111
	Customer helpers incentive	26,532,909	18,495,984
	Freight and handling charges	69,092,596	6,915,039
	Advertisement	126,672,566	131,224,042
	Provision for doubtful debts	11,762,767	34,273,028
	Travelling expenses	26,144,290	17,516,717
	Rates and taxes	1,781,713	1,757,763
	Security expenses	6,412,050	5,716,508
	Legal and professional expenses	29,502,334	20,792,654
	Printing stationery and communication expenses	18,176,970	14,703,421
	Systems expenses	29,302,377	19,377,544
	Conference seminar and workshops	18,601,788	37,367,665
	Royalty	51,744,207	5,062,599
	Auditor’s remuneration	1,751,432	1,588,551
	Repairs and maintenance others	11945164	9567751
	Insurance	3,840,153	3,864,436
	Other miscellaneous expenses	5,806,766	3436339
	Donations	373,765	334,500
	Lab expenses	5,201,525	3,854,425
	Training and recruitment expenses	779,258	5,914,741
	Loss on disposal of property and equipment	260,833	-
	VAT expense	2,133,147	-
	Material handling expenses	3,501,344	-
	Fines and penalties	15,268	-
	Rent	6,690,020	-
	Outsourced manpower	16,453,004	-
		627,905,111	**555,432,866**

ASIAN PAINTS (LANKA) LIMITED

Contents

Independent Auditor's Report

TO THE SHAREHOLDERS OF ASIAN PAINTS (LANKA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian Paints (Lanka) Limited ("the Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 charged with governance are 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 SLAuSs 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditorsresponsibility.php. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

KPMG

Colombo, Sri Lanka
26 April 2021

Statement of Financial Position
as on 31 March, 2021

	Notes	2021 LKR	2020 LKR
Assets			
Property, plant and equipment	12	158,293,411	173,190,656
Right of use assets	13	26,588,095	38,037,012
Intangible assets	14	7,664,728	11,197,300
Deferred taxation	15	27,188,922	45,672,414
Non-current assets		**219,735,156**	**268,097,382**
Inventories	16	586,417,141	465,849,088
Trade and other receivables	17	694,704,279	803,515,343
Deposits and prepayments		29,828,203	19,654,037
Amounts due from related parties	18	9,037,463	25,077,963
Cash and cash equivalents	19	136,478,929	4,261,163
Current assets		**1,456,466,015**	**1,318,357,594**
Total assets		**1,676,201,171**	**1,586,454,976**
Equity			
Stated capital	20	785,890,768	785,890,768
Capital reserve	21	50,800,363	50,800,363
General reserve		5,250,000	5,250,000
Accumulated losses		(98,171,482)	(129,872,111)
Total equity		**743,769,649**	**71,206,9020**
Liabilities			
Employee benefits	22	51,183,005	43,201,758
Interest bearing loan	25	5,004,000	-
Lease liabilities	23	13,154,230	23,376,688
Non-current liabilities		**69,341,235**	**66,578,446**
Trade and other payables	24	643,300,397	524,065,541
Interest bearing loan	25	9,996,000	-
Amounts due to related parties	26	41,423,946	59,483,429
Lease liabilities	23	13,293,590	17,069,700
Current taxation	27	17,148,086	23,899,363
Bank overdraft	19	137,928,268	183,289,477

	Notes	2021 LKR	2020 LKR
Current liabilities		**863,090,287**	**807,807,510**
Total liabilities		**932,431,522**	**874,385,956**
Total equity and liabilities		**1,676,201,171**	**1,586,454,976**

The Notes to the Financial Statements form an integral part of these Financial Statements.

These Financial Statements are in compliance with the requirements of Companies Act No 7 of 2007.

Amit Kumar Khemka
Financial Controller

The Board of Directors are responsible for the preparation of these Financial Statements.

Approved and signed for and on behalf of the Board:

Amit Kumar Baveja
Director

Mustafa Turra
Director

29th April, 2021
Colombo

Statement of Profit and Loss

for the year ended 31 March, 2021

	Notes	2021 LKR	2020 LKR
Revenue	6	2,856,070,010	2,208,277,557
Cost of sales		(2,098,895,864)	(1,607,733,241)
Gross profit		**757,174,146**	**600,544,316**
Other operating income	7	14,941,708	37,462,053
Personnel expenses		(233,206,810)	(215,950,746)
Administrative expenses		(112,196,062)	(88,188,969)
Selling and distribution expenses		(322,057,406)	(300,163,993)
Profit from operations	8	**104,655,576**	**33,702,661**
Net finance expense	9	(29,472,196)	(28,369,649)
Profit before tax		75,183,380	533,3012
Income tax expense	10	(41,946,770)	(7,776,346)
Profit/(Loss) for the year		**33,236,610**	**(2,443,334)**
Other comprehensive income for the year			
Net actuarial loss on defined benefit plans		(1,873,148)	(924,336)
- Related tax		337,167	258,814
Total other comprehensive income for the year		**(1,535,981)**	**(665,522)**
Total comprehensive income for the year		**31,700,629**	**(3,108,856)**
Earnings/(Loss) per share	11	0.43	(0.03)

The Notes to the Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Statement of Changes in Equity

as on 31 March, 2021

	Stated capital LKR	Capital reserve LKR	General reserve LKR	Accumulated losses LKR	Total LKR
Balance as at 1 April 2019	785,890,768	50,800,363	5,250,000	(126,763,255)	715,177,876
Loss for the year	-	-	-	(2,443,334)	(2,443,334)
Other comprehensive income for the year					
- Net actuarial losses on defined benefit plans	-	-	-	(665,522)	(665,522)
Total comprehensive income for the year	**-**	**-**	**-**	**(3,108,856)**	**(3,108,856)**
Balance as at 31 March 2020	**785,890,768**	**50,800,363**	**5,250,000**	**(129,872,111)**	**712,069,020**
Balance as at 1 April 2020	785,890,768	50,800,363	5,250,000	(129,872,111)	712,069,020
Profit for the year	-	-	-	33,236,610	33,236,610
Other comprehensive income for the year					
- Net actuarial losses on defined benefit plans	-	-	-	(1,535,981)	(1,535,981)
Total comprehensive income for the year	**-**	**-**	**-**	**31,700,629**	**31,700,629**
Balance as at 31 March 2021	**785,890,768**	**50,800,363**	**5,250,000**	**(98,171,482)**	**743,769,649**

Capital reserve

Capital reserve consists of revaluation reserve of LKR 47.9 Mn. There has been no movement in the revaluation reserve balance since year ended 1999 as described in Note 21 to the Financial Statements.

General reserve

The Company transfers the surplus profit, after payment of dividends proposed, from the retained earnings account to the General reserve account. The purpose of setting up the General reserve is to meet potential future unknown liabilities.

The Notes to the Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Statement of Cash Flows
for the year ended 31 March, 2021

	2021 LKR	2020 LKR
Cash flows from operating activities		
Profit before tax	75,183,380	5,333,012
Adjustment for:		
Depreciation charge of Property, Plant and Equipment	27,000,311	29,597,243
Depreciation charge of Right of use assets	19,052,167	20,937,690
Gain on Property Plant equipment disposal	(205,515)	-
Profit on termination of lease asset	(2,019,652)	-
Amortization of Intangible Asset	3,532,572	2,598,705
Provision for impairment of debtors	37,554,681	47,498,822
Charge of impairment provision for obsolete stocks	294,334	6,900,584
Provision for employee benefits	7,718,291	7,067,874
Provision for leave encashment	3,964,803	3,557,866
Provision for sick leave	1,329,564	574,080
Lease interest	3,837,649	4,664,356
Interest income	(393,655)	(2,156,132)
Operating profit before working capital changes	**176,848,930**	**126,574,100**
(Increase)/decrease in inventories	(120,862,387)	48,052,546
Decrease/(increase) in trade and other receivables	61,267,485	(101,649,769)
Increase in deposits and prepayments	(10,174,166)	(3,201,108)
Decrease/(increase) in amounts due from related parties	16,040,500	(18,448,733)
Increase/(decrease) in trade and other payables	114,416,942	(82,522,369)
(Decrease)/increase in amounts due to related parties	(18,059,483)	929,4068
Cash generated from/(used in) operations	**219,477,821**	**(21,901,265)**
Gratuity paid	(1,634,058)	(3,930,002)
Leave encashment paid	(452,587)	(2,801,883)
Current tax paid	(20,595,068)	(19,667,766)
Net cash generated from/(used in) operations	**196,796,108**	**(48,300,916)**
Cash flow from investing activities		
Interest received	393,655	2,156,132
Purchase of Intangible assets	-	(13,796,005)
Disposal of property, plant and equipment	269,259	-
Purchase of property, plant and equipment	(12,166,810)	(11,997,526)
Net cash used in investing activities	**(11,503,896)**	**(23,637,399)**
Cash flow from finance activities		
Payment of lease liabilities	(22,713,237)	(23,663,636)
Received long term loans	15,000,000	-
Net cash used in finance activities	**(7,713,237)**	**(23,663,636)**
Net increase/(decrease) in cash and cash equivalents	177,578,975	(95,601,951)
Cash and cash equivalents at the beginning of the year	(179,028,314)	(83,426,363)
Cash and cash equivalents at the end of the year (Note 19)	**(1,449,339)**	**(179,028,314)**

The Notes to the Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Notes To The Financial Statements

for the year ended 31 March, 2021

1. REPORTING ENTITY

1.1. Reporting Entity

Asian Paints (Lanka) Limited, ("the Company") is a limited liability company incorporated and domiciled in Sri Lanka. The address of the Company's registered office is No. 81, Koralawella Road, Moratuwa.

1.2. Principal Activities

The principal activities of the Company continued to be manufacturing and selling of paints.

There have been no significant changes to these principal activities during the financial year.

1.3. Number of Employees

The number of employees of the Company as at 31 March 2021 was 134 (2020: 138).

1.4. Parent Entity and Ultimate Parent

Asian Paints International Private Limited ("APIL") owns 99.18% shareholding in Asian Paints (Lanka) Limited ("APLL") and Asian Paints Limited, India owns 100% shareholding in Asian Paints International Private Limited.

On 19 September, 2016, Asian Paints International Private Limited ("APIL") transferred its shareholding of 99.18% in Asian Paints (Lanka) Limited (APLL) to Berger International Private Limited, which is a Singapore based Company and a wholly owned subsidiary of APIL.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of the Companies Act No 7 of 2007 and amendments thereto.

The financial statements were authorised for issue by the Board of Directors on 29 April 2020.

2.2. Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- The defined benefit liability is recognized as the present value of the defined benefit obligation, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

2.3. Functional and Presentation currency

These financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

2.4. Comparative Figures

Where necessary, comparative figures have been rearrange to conform to the current year's presentation.

2.5. Use of Estimate and Judgment

The preparation of the Financial Statements in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Current tax (Note 3.14.1)
- Deferred tax (Note 3.14.2)
- Employee benefits (Note 3.10)

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

- Provisions (Note 3.9)
- Impairment of assets (Note 3.4)

2.6 Assessment of Implications of COVID-19 Pandemic and Application of Going Concern Basis of Accounting

On 11 March 2020 the World Health Organisation (WHO) declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe with over 200 countries now effected. Businesses have been negatively impacted due to the overall negative economic conditions caused by the pandemic.

In light of the COVID-19 outbreak, the Company has been taking various precautionary measures to protect employees and workmen, their families, customers and the eco system in which they interact, while at the same time ensuring business continuity. As a step in this direction and taking into account the directives issued by the Government of Sri Lanka, the Company suspended operations and continued its operations in a limited manner till 11 May 2020 during the island-wide curfew period.

The Company's significant operations relate to selling of paints, which was affected by the spread of COVID-19 in 2020.

The Company has assessed the appropriateness of going concern basis of preparation of these financial statements taking into consideration the potential implications of COVID-19 and concluded that it remains appropriate.

In 2020, border closures, production stoppages and workplace closures have resulted in periods where the Company's operations were temporarily suspended to adhere to the respective governments' movement control measures. The Company operations were resumed in a phased manner. These have negatively impacted business operations as the Company sales are based on the seasonal factors of the market, resulting in a negative impact on the Company's financial performance for 2020.

The Company reacted quickly and decisively to the outbreak of the Covid-19 crisis and the associated significant decline of revenues, by initiating revenue enhancement measures, wide-ranging cost cutting and cash saving measures across all operations and functions in order to conserve liquidity including:

- the re-negotiation of contracts with suppliers and business partners to reduce costs and change payment terms,
- government supported the business by providing subsidized loan
- change in the pricing mechanism to attract the customers

Measures implemented helped to reduce operating expenses.

The Company believes that the fundamental value drivers of the business remain intact and are supported by secular growth trends. A significant proportion of the cost savings and other initiatives planned and undertaken in response to Covid-19 are expected to have sustainable effect to strengthen the business also post the recovery and have a lasting positive effect on the profitability.

However, there is still significant uncertainty over how the outbreak will impact the Company's business in the future periods.

Based on the Company's liquidity position as at the reporting date, the Board of Directors has assessed that there is no uncertainty regarding the Company's ability to settlement external liabilities during the next 12 months from the date of authorization of these financial statements.

Accordingly, the Board of Directors are confident that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Company has the right to direct the use of the asset if either: the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company has applied this approach to contracts entered into or changed on or after 1 April 2019. The Company's approach to other contracts is explained in Note 05.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available for- sale equity instruments, which are recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.3 FINANCIAL INSTRUMENTS

3.3.1 Financial Assets

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair value through

OCI) - debt investment; FVOCI - equity investment; or FVTPL (Fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.3.2 Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables, amounts due to related parties and bank overdraft.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method

3.2.3 Derecognition

The Company derecognises a financial asset when;

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

On derecognition of a financial asset, the difference between the carrying amount of the asset or the carrying amount allocated to the portion of the asset transferred and the sum of the consideration received together with receivable and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.3.4 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under SLASs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

3.4 Impairment of Assets

3.4.1 Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

3.4.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss.

3.5 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.5.1 Use of assumptions and estimation uncertainty

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.6 Property, Plant and Equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Buildings	Over 30 years
Plant & Machinery	Over 10 years
Laboratory Equipment	Over 10 years
Factory, Stores & Office Equipment	Over 05 years
Computers	Over 04 years
Colour World Machines	Over 09 years
Furniture & Fittings	Over 08 years

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Impairment of Property, plant and equipment

The carrying value of Property Plant and Equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in profit or loss unless it reverses a previous revaluation surplus for the same asset.

Capital Work In Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work – In – Progress whilst, the Capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

3.7 Intangible Assets

Software

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis income statement over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of each category of inventory is based on the following

Raw Material	Based on the weighted average cost price and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
Work-in–Progress	At the Cost of raw material and appropriate portion of the production overhead based on normal operating capacity.

Finished Goods	At raw material cost and packing materials, which include direct expenditure and production overhead on normal operating capacity.
Packing Material	Based on the weighted average cost price and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition
Spares, stores & accessories	Cost of inventory comprises all costs of purchase, duties, and taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Provision for inventories is made based on an internally developed model and 1 years from the invoice date has assumed as the default point. LGD has assumed as 100%.

Liabilities and Provisions

Liabilities classified as Current Liabilities in the statement of financial position are those obligations payable on demand or within one year from the reporting date. Items classified as non current liabilities are those obligations, which expire beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.9 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.10 Employee Benefits

3.10.1 Short-term benefits

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

3.10.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an expense in the Profit or loss when incurred.

3.10.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the Statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

As required by the Sri Lanka Accounting Standards 19 – Employee Benefits (LKAS 19), the Company applies the actuarial valuation method to contribute for Retirement Gratuity based on Projected Unit Credit Method as recommended by LKAS 19.The re - measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in other comprehensive income.

The liability is not externally funded.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in Other Comprehensive Income.

STATEMENT OF PROFIT OR LOSS

3.11 Revenue Recognition

The Company has initially applied SLFRS 15 from 1 April 2018. Due to the transition method chosen in applying SLFRS 15, comparative information has not been restated to reflect the new requirements.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

3.12 Expenditure recognition

Expenditure is recognised in the financial statements as they are incurred and recognised on an accrual basis.

Operating Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to the statement of profit or loss.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Sale of paints	Customers obtain control of paint when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 60 days. Customer contracts permit the customer to return an item.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of paints. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

3.13 Finance income and expenses

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Borrowing costs

All borrowing costs are recognized as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of property, plant and equipment which are capitalized as a part of the cost of that asset during the period of construction or development.

3.14 Income tax expense

As per the Sri Lanka Accounting Standards - LKAS 12 on 'Income taxes', tax expense (tax income) is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxes. Income tax expense is recognized in the profit or loss except to the extent it relates to items recognised directly in Equity through Other Comprehensive Income (OCI).

3.14.1 Current tax

Inncome tax liability of the Company has been computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 which has became effective from 1 April 2018.

3.14.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. STATEMENT OF CASH FLOWS

The Statement of Cash Flow has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

5. STANDARDS ISSUED BUT NOT YET ADOPTED

5.1 Standards Issued but Not Yet Effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the company has not early adopted any of these standards when preparing these financial statements.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The Following amended standards are not expected to have a significant impact on the Company's financial statements.

A. Onerus Contracts – Cost of Fulfilling a contract (Amendment to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling contract for the purpose of assessing whether the contract is onerus. The amendments apply for annual reporting periods beginning on or after the 1 January 2022 to contracts existing at the date. When the amendments are first applied. At the date of initial application, the cumilative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existed as at 31 December 2020 will be completed before the amendments become effective.

B. Interest Rate benchmark Reform- Phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16

The amendments address issues that might affect financial reporting as result of the reform of an interest rate benchmark, including the effects changes to contractual cash flows or hedeging relationships arising from the replacement of an interest rate benchmark with an alternative LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 relating to.

- Changes the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities: and

- Hedge accounting

The Company plans to apply the ammendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

C. Property Plant and Equipment proceeds before intended use (Amendments to LKAS 16) – effective date from 1 January 2022.

D. References to Conceptual Framework in SLFRS Standards. (Amendments to SLFRS 3) effective date from 1 January 2022.

E. Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) effective date from 1 January 2023.

F. SLFRS 17 Insurance Contracts and Amendments to SLFRS 17 effective date from 1 January 2023.

6. Revenue

	2021 LKR	2020 LKR
Local sales	2,681,443,901	2,149,987,056
Inter group sales to Causeway Paints Lanka (Pvt) Ltd (Note 6.2)	142,036,770	20,788,175
Export sales (Note 6.3)	32,318,421	36,778,496
Other sales (Note 6.4)	270,918	723,830
	2,856,070,010	**2,208,277,557**

6.1 The Company's revenue include income earned through selling of paints. Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. Revenue from contracts with customers is disaggregated by the timing of revenue recognition as follows;

	2021 LKR	2020 LKR
Timing of revenue recognition	2,856,070,010	2,208,277,557
Products transferred at a point in time	**2,856,070,010**	**2,208,277,557**

6.2 Inter group sales consist of raw materials and packing materials sales made to Causeway Paints Lanka (Pvt) Ltd.

6.3 Export sales is made to Maldives.

6.4 Other sales consist of raw material, packing material and other accessories sales made during the year.

7. Other operating income

	2021 LKR	2020 LKR
Rental of colour world machines (Note 7.1)	5,989,424	27,720,624
Sale of scrap	4,035,991	2,593,256
Sundry income	1,678,464	7,148,173
Gain on Property Plant equipment disposal	205,515	-
Processing fee Income	1,012,662	-
Profit on termination of lease asset	2,019,652	-
	14,941,708	**37,462,053**

7.1 Rental income comprises the rentals received on colour world machines which are rented out to dealers. During the year 2019/20 Company assessed the existing rental deposit payable balances and reversed back the rental deposits which no longer in existed.

8. Profit from operations

	2021 LKR	2020 LKR
Profit from operations is stated after charging all expenses including the following:		
Directors' emoluments	18,818,535	14,311,860
Depreciation of Property, Plant and Equipment	27,000,311	29,597,243
Depreciation charge of Right of use asset	19,052,167	20,937,690
Amortization of Intangible Assets	3,532,572	2,598,705
Auditor's Remuneration	710,000	800,000
Personnel Expenses (Note 8.1)	233,206,810	215,950,746
Legal and professional fees	5,614,473	5,430,635
Royalty expense (Note 8.2)	70,259,755	5,64,59,306
Impairment provision for trade receivables	37,554,681	47,498,822
Reversal of impairment provision for obsolete stock	294,334	6,900,584

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

8.1 Personnel Expenses

	2021 LKR	2020 LKR
Salaries and wages	203,146,600	186,848,281
Employees provident fund	14,079,794	15,013,871
Employees trust fund	2,967,758	2,888,774
Provision for gratuity	7,718,291	7,067,874
Provision for leave encashment	3,964,803	3,557,866
Provision for sick leave	1,329,564	574,080
	233,206,810	**215,950,746**

8.2 The Company pays a royalty fee of 3% over the base sales to Asian Paints Limited, India, based the agreement which was revised in 2016.

9. Net finance expense

	2021 LKR	2020 LKR
Interest income	393,655	2,156,132
Net foreign exchange gains	3,656,860	6,084,130
Finance income	**4,050,515**	**8,240,262**
Interest on bank overdraft	6,302,594	16,321,018
Bank charges	6,622,484	5,392,110
Lease Interest (Note 23)	3,837,649	4,664,356
Net foreign exchange loss	16,759,984	10,232,427
Finance expense	**33,522,711**	**36,609,911**
Net finance expense	**29,472,196**	**28,369,649**

10. Income tax expense

	2021 LKR	2020 LKR
Current Tax Expenses		
Current tax expense	12,809,141	20,572,521
Adjustment for prior years	10,316,970	2,137,080
	23,126,111	**22,709,601**
Deferred Tax Expense		
Reversal/(origination) of Deferred tax assets (Note 15)	30,042,416	(6,721,786)
Reversal of Deferred tax liabilities (Note 15)	(11,221,757)	(8,211,469)
	18,820,659	(14,933,255)
	4,194,6770	**7,776,346**

10.1 As explained in Note 15.4, the new tax rate of 18% (2020 - 28%) has been used for the computation of Current and Deferred tax in these financial statements.

10.2 Reconciliation of the accounting profit and the income tax expense

	2021 LKR	2020 LKR
Profit/(loss) for the year	33,236,610	(2,443,334)
Income tax expense	41,946,770	7,776,346
Accounting Profit before tax	**75,183,380**	**5,333,012**
Disallowable expenses	90,964,980	2,370,813,927
Allowable expenses	(98,364,399)	(2,302,673,651)
Taxable Profit	**67,783,961**	**73,473,288**
Income tax expense at 18%	10,377,027	-
Income tax expense at 24%/28%	2,432,114	20,572,521
Total Income Tax Expense for the year	**12,809,141**	**20,572,521**

11. Earnings/(Loss) per share

The earnings/(loss) per share is calculated based on the net profit/loss attributable to the ordinary shareholders divided by the weighted average number of ordinary shares in issue as at the reporting date.

	2021 LKR	2020 LKR
Net profit/(loss) for the year, attributable to the ordinary shareholders	33236610	(2443334)
Number of ordinary shares	77700188	77700188
Earnings/(loss) per share (LKR)	**0.43**	**(0.03)**

Dilutive earnings/(loss) per share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, Diluted earnings/(loss) per share is same as Basic earnings/(loss) per share shown above.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

12. Property, plant and equipment

	Freehold land	Buildings	Plant & machinery	Office equipment	Furniture & fittings	Lab equipment	Computers	Tinting machine	Capital WIP	Total - 2021	Total - 2020
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cost											
Balance as at 1 April	32,277,655	74,222,572	202,728,209	6,509,018	16,198,895	8,879,234	42,136,946	243,533,523	410,253	626,896,305	614,898,779
Additions during the year	-	-	-	-	-	-	-	-	12,166,810	12,166,810	11,997,526
Transfers during the year	-	280,000	2,017,069	226,700	-	-	1,243,466	7,684,485	(11,451,720)	-	-
Disposals during the year	-	-	(4,156,610)	-	-	-	(148,000)	-	-	(4,304,610)	-
Balance as at 31 March	**32,277,655**	**74,502,572**	**200,588,668**	**6,735,718**	**16,198,895**	**8,879,234**	**43,232,412**	**251,218,008**	**1,125,343**	**634,758,505**	**626,896,305**
Accumulated depreciation											
Balance as at 1 April	-	28,517,612	164,763,998	6,269,314	15,551,171	8,116,618	41,080,339	189,406,597	-	453,705,649	424,108,406
Charge for the year	-	2,668,982	9,939,960	143,948	266,491	273,016	692,705	13,015,209	-	27,000,311	29,597,243
Disposals during the year	-	-	(4,156,607)	-	-	-	(842,59)	-	-	(4,240,866)	-
Balance as at 31 March	**-**	**31,186,594**	**170,547,351**	**6,413,262**	**15,817,662**	**8,389,634**	**41,688,785**	**202,421,806**	**-**	**476,465,094**	**453,705,649**
Carrying value											
As at 31 March 2021	**32,277,655**	**43,315,978**	**30,041,317**	**322,456**	**381,233**	**489,600**	**1,543,627**	**48,796,202**	**1125343**	**158,293,411**	
As at 31 March 2020	32,277,655	45,704,960	37,964,211	239,704	647,724	762,616	1,056,607	54,126,926	410253		173,190,656

12.1 The total cost of the fully depreciated PPE were LKR 221.4 Mn (2020-LKR 236.3 Mn)

12.2 It is the Company's practice to classify addition to PPE as CWIP first and then transfer it to the relevant category under additions. The transfer to additions is made the same day that it added to CWIP unless it is Plant and Machinery and it needs some customization to get it to the working condition.

12.3 The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2021. Based on the assessment, no impairment provision was required to be made in the financial statements as at the reporting date.

13. Right-of-use assets

	Buildings LKR	Motor Vehicles LKR	Employee Accommodation LKR	Total - 2021 LKR	Total - 2020 LKR
Cost					
Balance as at 1 April 2020	43,099,546	10,141,051	17,499,890	70,740,487	61,102,579
Additions/remeasurement to right-of-use assets	168,203	4,486,085	9,512,869	14,167,157	13,422,678
Derecognition of right-of-use-assets	-	(1,459,143)	(17,499,890)	(18,959,033)	(3,784,770)
Balance as at 31 March 2021	**43,267,749**	**13,167,993**	**9,512,869**	**65,948,611**	**70,740,487**
Accumulated depreciation					
Balance as at 1 April 2020	21,710,614	3,308,326	7,684,534	32,703,475	15,550,555
Depreciation charge for the year	7,992,019	2,445,913	8,614,235	19,052,167	20,937,690
Derecognition of right-of-use-assets	-	(1,459,143)	(10,935,983)	(12,395,126)	(3,784,770)
Balance as at 31 March 2021	**29,702,633**	**4,295,096**	**5,362,786**	**39,360,516**	**32,703,475**
Balance as at 31 March 2021	**13,565,116**	**8,872,897**	**4,150,083**	**26,588,095**	
As at 31 March 2020	21,388,932	6,832,725	9,815,356		38,037,012

13.1 Derecognition of right of use assets is as a result of termination of lease assets and re-assessment during the year.

14. Intangible assets

	2021 LKR	2020 LKR
Computer software		
Cost		
Balance at the beginning of the year	19,477,148	5,681,143
Additions	-	13,796,005
Balance at the end of the year	**19,477,148**	**19,477,148**
Amortisation		
Balance at the beginning of the year	8,279,848	5,681,143
Charge for the year	3,532,572	2,598,705
Balance at the end of the year	11,812,420	8,279,848
Carrying amount	**7,664,728**	**11,197,300**

15. Deferred taxation

	2021 LKR	2020 LKR
Deferred tax liability (Note 15.1)	14,720,576	25,942,333
Deferred tax asset (Note 15.2)	(41,909,498)	(71,614,747)
	(27,188,922)	**(45,672,414)**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

15.1 Deferred tax liability

	2021 LKR	2020 LKR
Balance at the beginning of the year	25,942,333	34,153,802
Reversed during the year	(3,043,659)	(8,211,469)
Effect of change in tax rates	(8,178,098)	-
Balance at the end of the year	**14,720,576**	**25,942,333**

15.2 Deferred tax asset

	2021 LKR	2020 LKR
Balance at the beginning of the year	71,614,747	64,634,147
(Reversed)/originated during the year	(6,759,364)	6,721,786
Effect of change in tax rates	(23,283,052)	-
Originated during the year - recognised in other comprehensive income	337,167	258,814
Balance at the end of the year	**41,909,498**	**71,614,747**

Deferred tax assets and liabilities are attributable to the following:

	2021		2020	
	Temporary difference LKR	Tax effect LKR	Temporary difference LKR	Tax effect LKR
Deferred tax liabilities				
Property, plant and equipment	81,014,253	14,582,566	91,800,892	25,704,250
Intangible assets	766,724	138,010	850,296	238,083
	81,780,977	**14,720,576**	**92,651,188**	**25,942,333**
Deferred tax assets				
Employee benefits	(51,183,005)	(9,212,941)	(43,201,758)	(12,096,492)
Provision for leave encashment	(15,927,721)	(2,866,990)	(12,218,257)	(3,421,112)
Provision for sick leave	(3,855,732)	(694,032)	(2,747,282)	(769,239)
Right of use assets	26,588,095	4,785,857	38,037,012	10,650,363
Lease liabilities	(26,447,820)	(4,760,608)	(40,446,388)	(11,324,989)
Unrealized forex loss	(7,131,654)	(1,283,698)	(10,997,319)	(3,079,249)
Other provisions (Note 15.3)	(154,872,700)	(27,877,086)	(184,192,962)	(51,574,029)
	(232,830,537)	**(41,909,498)**	**(255,766,954)**	**(71,614,747)**
	(151,049,560)	**(27,188,922)**	**(163,115,766)**	**(45,672,414)**

15.3 The Company has recognized deferred tax assets against specific provision made in relation to slow moving/ obsolete inventory, long outstanding trade debtors and promotional expenses based on the historic data.

15.4 Impact due to corporate income tax rate change

As provided for in LKAS 12 - Income taxes, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the reporting date.

As instructed by the Ministry of Finance on January 31, 2020, a change to the Income Tax Rate of the Company, from 28% to 18% has been proposed, pending formal amendments being made to the Act and to be implemented with effect from January 01, 2020. The Bill to amend the Inland Revenue Act No. 24 of 2017 was gazetted and issued on 18 March 2021. The Bill was presented at the Parliament for first reading and approved on 26th March 2021. Accordingly, the new tax rate of 18% has been considered to be substantially enacted as at reporting date for the computation of Current and Deferred tax computation in these financial statements for the year ended 31 March 2021.

16. Inventories

	2021 LKR	2020 LKR
Raw materials	297,941,555	203,215,943
Work in progress	20,416,434	14,825,889
Finished goods	250,250,992	250,538,698
Packing materials	17,894,074	16,075,472
Goods in transit	19,015,334	-
	605,518,389	484,656,002
Impairment provision for obsolete stock (Note 16.1)	(19,101,248)	(18,806,914)
	586,417,141	**465,849,088**

16.1 Impairment provision for obsolete stock

	2021 LKR	2020 LKR
Balance at the beginning of the year	18,806,914	11,906,330
Charge during the year	294,334	6,900,584
Balance at the end of the year	**19,101,248**	**18,806,914**

17. Trade and other receivables

	2021 LKR	2020 LKR
Trade receivables	810,261,912	869,785,917
Less : Provision for impairment (Note 17.1)	(127,175,402)	(89,620,721)
	683,086,510	780,165,196
Rebate receivables	5,388,723	7,426,223
Other receivables	4,890,530	5,291,308
ESC receivables	-	9,282,321
WHT receivables	11,767	23,712
NBT receivables	1,326,749	1,326,583
	694,704,279	**803,515,343**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

17.1 Provision for impairment

	2021 LKR	2020 LKR
Balance at the beginning of the year	89,620,721	42,121,899
Provision during the year	37,554,681	47,498,822
Balance at the end of the year	**127,175,402**	**89,620,721**

Based on internal assessment, no additional provision in excess of the provision made based on the current provisioning approach for COVID 19 implication.

18. Amounts due from related parties

	2021 LKR	2020 LKR
Asian Paints Limited	585,779	2,446,365
Asian Paints International (Private) Limited	-	1,476,636
Causeway Paints Lanka (Private) Limited	-	17,344,280
Asian Paints (Nepal) Limited	2,452,121	2,452,121
SCIB Chemicals S.A.E	5,999,563	711,432
Apco Coatings	-	647,129
	9,037,463	**25,077,963**

19. Cash and cash equivalents

	2021 LKR	2020 LKR
Cash at bank	135,382,053	3,464,386
Cash in hand	1,096,876	796,777
Cash and cash equivalents	**136,478,929**	**4,261,163**
Bank overdrafts	(137,928,268)	(183,289,477)
Cash and cash equivalents for the purpose of cash flow statement	**(1,449,339)**	**(179,028,314)**

20. Stated capital

	2021 LKR	2020 LKR
Issued and fully paid	785,890,768	785,890,768
77,700,188 Ordinary shares	**785,890,768**	**785,890,768**

Asian Paints International Private Limited (APIPL) is a Singapore based Company which owns the 99.18% share of Asian Paints (Lanka) Limited (APLL).

21. Capital reserves

	2021 LKR	2020 LKR
Capital reserves	2,862,171	2,862,171
Revaluation reserve (Note 21.1)	47,938,192	47,938,192
Cash and cash equivalents for the purpose of cash flow statement	**50,800,363**	**50,800,363**

Note 21.1

The Revaluation reserve of Rs 47,938,192 relates to the revaluation carried out prior to 1999, before the Company was acquired by Asian Paints (International) Limited. In accordance with the Group policy of Asian Paints (International) Limited, the parent, the Company adopted the cost model for measurement of Property, plant and equipment (PPE), from the date the Company was acquired by the parent on 31 August 2000 and since then there has been no revaluation of PPE. Accordingly, there are no movements in the revaluation reserve. The said revaluation reserve will be transferred to retained earnings when the related assets are disposed.

22. Employee benefits

22.1 Defined contribution plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

	2021 LKR	2020 LKR
Employees' Provident Fund		
Employer's contribution	14,079,794	15,013,871
Employees' contribution	9,726,479	10,429,441
Employees' Provident Fund	**2,967,758**	**2,888,774**

22.2 Defined benefit plan

	2021 LKR	2020 LKR
Balance at the beginning of the year	43,201,758	37,763,733
Provision for the year (Note 22.2.1)	7,718,291	7,067,874
Actuarial loss during the year (Note 22.2.2)	1,897,014	2,300,153
Payments made during the year	(1,634,058)	(3,930,002)
Balance at the end of the year	**51,183,005**	**43,201,758**

An actuarial valuation was carried for gratuity liability as at March 31, 2021 by Mr. Saket Singhal of Trans Value Consultants, a firm of Actuaries and Financial Consultants. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method (PUCM)", the method recommended by the Sri Lanka Accounting Standard, LKAS 19 on "Employee Benefits".

22.2.1 Provision recognized in the profit or loss

	2021 LKR	2020 LKR
Current service cost	33,77,910	3,228,405
Interest on obligation	4,340,381	3,839,469
	7,718,291	**7,067,874**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

22.2.2 Provision recognized in the other comprehensive income

	2021 LKR	2020 LKR
Actuarial loss during the year	**1,897,014**	**2,300,153**

22.2.3 The principal assumptions used in determining the cost of employee benefits were as follows;

	2021 LKR	2020 LKR
Discount rate	8.00%	10.50%
Future salary increment rate	7.5%	8%

22.2.4 Sensitivity analysis;

The Following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in the employment benefit liability measurement. The effect to the statement of financial position with the assumed changes in the discount rates and salary increment rate is given below:

	Present Value of Defined Benefit Obligation			
	31-Mar-21		31-Mar-20	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate	(1,990,373)	2,285,659	(2,686,605)	3,012,834
Salary Escalation Rate	2,301,237	(2,200,247)	3,089,788	(2,886,732)

23. Lease liability

	2021 LKR	2020 LKR
Balance as at the beginning of the year	40,446,388	46,022,990
Additions to right-of-use-assets	4,877,020	13,422,678
Interest expense for the year (Note 9)	3,837,649	4,664,356
Repayment during the year	(22,713,237)	(23,663,636)
Balance at the end of the year	26,447,820	40,446,388
Payable after one year	13,154,230	23,376,688
Payable within one year	13,293,590	17,069,700
	26,447,820	**40,446,388**

24. Trade and other payables

	2021 LKR	2021 LKR
Trade payables	389,563,822	262,811,285
Other payables and accruals (Note 24.1)	253,736,575	261,254,256
	643,300,397	**524,065,541**

24.1 Other payables and accruals

	2021 LKR	2020 LKR
Leave encashment provision (Note 24.1.1)	15,927,721	12,218,257
Sick leave provision (Note 24.1.2)	3,855,732	2,747,282
VAT payable	1,608,202	4,061,608
Accrued expenses and other payables	146,833,264	170,151,990
CW deposits received	15,041,593	15,405,505
Other security deposits	210,307	210,307
Royalty provision	70,259,756	56,459,307
	253,736,575	**261,254,256**

24.1.1 Provision for leave encashment

	2021 LKR	2020 LKR
Balance at the beginning of the year	12,218,257	12,452,576
Provision for the year (Note 24.1.1.1)	3,964,803	3,557,866
Actuarial loss/(gain) during the year (Note 24.1.1.2)	197,248	(990,302)
Payments made during the year	(452,587)	(2,801,883)
Balance at the end of the year	**15,927,721**	**12,218,257**

An actuarial valuation was carried for leave encashment liability as at March 31, 2021 by Mr. Saket Singhal of TransValue Consultants, a firm of Actuaries and Financial Consultants. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method (PUCM)", the method recommended by the Sri Lanka Accounting Standard, LKAS 19 on "Employee Benefits". Further during the year company has employed few secondment employees from Asian Paint (India) Limited and has provided leave encashment during the year.

24.1.1.1 Provision recognized in the profit or loss

	2021 LKR	2020 LKR
Current service cost	3,141,209	2,723,518
Interest on obligation	823,594	834,348
	3,964,803	**3,557,866**

24.1.1.2 Provision recognized in the other comprehensive income

	2021 LKR	2020 LKR
Actuarial loss/(gain) during the year	3,964,803	3,557,866

24.1.1.3 The principal assumptions used in determining the cost of leave encashment were as follows;

	2021 LKR	2020 LKR
Discount rate	8.00%	10.50%
Future salary increment rate	7.5%	8.0%

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

24.1.1.4 Sensitivity analysis;

The Following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in the employment benefit liability measurement. The effect to the statement of financial position with the assumed changes in the discount rates and salary increment rate is given below:

	Present Value of Defined Benefit Obligation			
	31-Mar-21		31-Mar-20	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate	(323,085)	398,966	(599,186)	683,860
Salary Escalation Rate	403,857	(379,273)	535,883	(448,443)

24.1.2 Provision for sick leave

	2021 LKR	2020 LKR
Balance at the beginning of the year	2,747,282	2,558,717
Provision for the year (Note 24.1.2.1)	1,329,564	574,080
Actuarial gain during the year (Note 24.1.2.2)	(221,114)	(385,515)
	3,855,732	2,747,282
Payments made during the year	-	-
Balance at the end of the year	**3,855,732**	**2,747,282**

An actuarial valuation was carried for sick leave liability as at March 31, 2021 by Mr.Saket Singhal of Trans Value Consultants, a firm of Actuaries and Financial Consultants. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method (PUCM)", the method recommended by the Sri Lanka Accounting Standard, LKAS 19 on "Employee Benefits".

24.1.2.1 Provision recognised in the profit or loss

	2021 LKR	2020 LKR
Current service cost	125,6260	446,265
Interest on obligation	73,304	127,815
Balance at the end of the year	**1,329,564**	**574,080**

24.1.2.2 Provision recognized in the other comprehensive income

	2021 LKR	2020 LKR
Actuarial gain during the year	(221,114)	(3,5,515)

24.1.2.3 The principal assumptions used in determining the cost of sick leave were as follows;

	2021 LKR	2020 LKR
Discount rate	8%	10.50%
Future salary increment rate	7.5%	8%

24.1.1.4 Sensitivity analysis;

Reasonably possible changes at the reporting date to one of the relevant actuarial assumption, holding other assumptions constant, would have been affected the defined benefit obligation by the amount shown below,

	Present Value of Defined Benefit Obligation			
	31-Mar-21		31-Mar-20	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate	(37,059)	54,440	(108,232)	112,424
Salary Escalation Rate	50,082	(47,762)	76,277	(72,352)

25. Interest bearing loan

	2021 LKR	2020 LKR
Loan obtained during the year	15,000,000	-
Balance as at end of the year	**15,000,000**	**-**

The Company has obtained the Saubhagya loan from Hatton National Bank PLC for working capital purposes. Securities pledged for the are disclosed in Note 28.

	2021 LKR	2020 LKR
Payable after one year	5,004,000	-
Payable within one year	9,996,000	-
	15,000,000	**-**

Bank	Purpose	Repayment terms	Year of Maturity	Interest	Type of Security	Annual repayment (LKR)
Hatton National Bank PLC	Working Capital Purposes	24 Months	2022	4% p.a.	Mortgage over immovable property	9,996,000

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

26. Amounts due to related parties

	2021 LKR	2020 LKR
Asian Paints Limited, India	22,012,240	13,989,209
Asian Paints International (Private) Limited	13,073,246	16,580,759
Causeway Paints Lanka (Private) Limited	-	24,199,049
Berger Paints (Emirates) Limited	1,374,985	642,886
Asian Paints (Nepal) Limited	1,224,019	1,224,019
SCIB Chemicals S.A.E	-	560,468
Apco Coatings	-	2,196,903
Asian Paints Bangladesh Limited	3,739,456	90,136
	41,423,946	**59,483,429**

27. Current taxation

	2021 LKR	2020 LKR
Balance at the beginning of the year	23,899,363	38,517,798
Provision for the year	12,809,141	20,572,521
Tax payments during the year	(20,595,068)	(19,667,766)
ESC set-off	(9,282,320)	(17,660,270)
Adjustments for under provision	10,316,970	2,137,080
Balance at the end of the year	**17,148,086**	**23,899,363**

28. Assets pledged as security

Asset	Nature of pledge	Nature of liability (In LKR)
Stocks and book debts of the Company	Concurrent mortgage	131.5 Mn overdraft facility from Citi Bank
Stocks, book debts and immovable assets of the Company	Concurrent mortgage	105 Mn overdraft facility from HNB PLC 15Mn Saubhagya Loan facility from HNB PLC
Stocks, book debts and immovable assets of the Company	Concurrent mortgage	40 Mn import facility from HNB PLC 2 Mn Bank Guarantee facility from HNB PLC

29. Contingent liabilities

There were no material Contingent Liabilities as at the reporting date, which require disclosures in the Financial Statements except for disclosed below.

29.1 Litigation and claims

Magistrate's Court of Hingurakgoda case no. 50385

The above action was instituted by the Consumer Affairs Authority against Asian Paints (Lanka) Limited for violating section 60(5)(b) read together with section 10(3) of the Consumer Affairs Authority Act No.9 of 2003.

The case is now at the trial stage.

Magistrate's Court of Naula case no. 27737

The above action was instituted by the Consumer Affairs Authority against Asian Paints (Lanka) Limited for violating section 60(5)(b) read together with section 10(3) of the Consumer Affairs Authority Act No.9 of 2003.

A written representation was made to the Chairman of the Consumer Affairs Authority urging the authority to take steps to discharge Asian Paints (Lanka) Limited from the case and charge the distributor of the relevant area for the offence. A submission was also made to the Hon. Magistrate of Naula requesting the same. Currently, a calling date has been given for the case in order for the Consumer Affairs Authority to consider filing an amended charge sheet.

Magistrate's Court of Moratuwa case no. B/504/2019

The above action was instituted by the Moratuwa Police Station based on the complaint made on behalf of the Asian Paints (Lanka) Limited against an employee of the company namely, Anushka Sampath for the offences of Criminal misappropriation of property and Cheating as stipulated in Section 386 and 403 in the Penal Code.

Due to the prevailing coronavirus pandemic, the case was taken up in open court only once during the last year. Currently, a calling date has been given in the matter pending further investigations.

29.2 Open tax assessments

Assessment Year	Assessment
2009/10	Asian Paints Lanka Limited has received a default tax notice from IRD during April 2018 amounting to 18Mn.
2010/11	Default tax includes VAT, NBT, PAYE & IT where 6.6Mn is for IT & the balance is on other taxes.
	Except for the IT the rest APPI have settled by paying LKR 500,209 on VAT & NBT default. On PAYE APPL had nothing to pay, only proof of pay slips provided to IRD to convince them APPL have settled PAYE before the due date.
	The remaining IT defaults originated from 2009/10 & 10/11 assessments raised on NBT disallowance, Expats education fee and rental and provisions.
2016/17 & 2017/18	APPL has received the notice of assessment dated 30 May 2019 bearing the charge number 0201617002 and the assessment number 2, pertaining to the year of assessment 2016/17 and the notice of assessment date 01 June 2020 bearing the charge number 0201718002 and the assessment number 2, pertainiing to the year of assessment 2017/18 which were served on the Company and the Company has already appealed against the said notices of assessment.

The Management is of the view that the Management has followed due process and acted in accordance with the prevailing laws in its tax submissions for above years of assessment. Accordingly, There was LKR 16.5Mn provision have been booked in relating to above assessments.

30. Capital commitments

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date.

31. Related party disclosures

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', the details of which are reported below:

Key Management Personnel (KMP)

The board of directors of the Company have the authority and responsibility of planning, directing and controlling the activities of the Company. Accordingly, the Board of directors of the Company have been identified as the key management personnel ("KMP") of the Company. The compensation paid to KMP's is as follows:

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	2021 LKR	2020 LKR
Short term employment benefits	18,818,535	14,311,860
Post employment benefits	-	454,707

Company name	Relationship	Transactions	Transaction amount 2021 LKR	Transaction amount 2020 LKR
Asian Paints India Limited	Ultimate parent	Purchase of raw material	80,682,251	35,094,406
		Purchase of finished goods	13,163,290	27,775,981
		Marketing items and others	-	28,9901
		Royalty payments	70,259,755	56,459,307
		Other services	-	2,458,696
		Other Services Payable	6,282,813	5,256,213
Asian Paints International (Private) Limited	Immediate parent	Service Payable/Paid to services	22,097,970	35,424,587
		Other services	598,975	1,476,636
Causeway Paints Lanka (Private) Limited	Fellow Subsidiary	Purchase of raw material	122,192,615	29,511,692
		Purchase of finished goods	47,000,898	7,859,810
		Purchase of Intermediate	-	6390207
		Purchase of Packings	1,904,294	483321
		Sale of raw materials	38,290,705	17,448,805
		Sale of finished goods	103,746,065	1,478,975
		Processing fees	615,719	380,448
		Service Recivable	18,317,907	-
		Service Payable	33,378,802	3,548,137
		Purchase of PPE	2,100,926	-
		Other services	-	732,315
Berger Paints (Singapore) Pte Ltd	Fellow Subsidiary	Purchase of raw material	-	774,348
Berger Paints Emirates Ltd Co.	Fellow Subsidiary	Marketing item purchase/Freight charges	858,286	759,552
		Purchases of finished goods	-	4,958,219
		Other services	4,819,979	314,602
PPG Asian Paints Lanka (Pvt) Ltd	KMP without significant influence	Provide warehouse facilities & other services	-	172,807
		Sale of paints	-	325,019
Apco Coatings	Subsidiary	Other services	-	3,544,996
Scib Chemicals	Subsidiary	Service Payable	1,048,445	1,793,739
		Service Receivable	5,288,131	-

Company name	Relationship	Transactions	Transaction amount 2021 LKR	Transaction amount 2020 LKR
Asian Paints Bangladesh	Subsidiary	Purchase of raw material	11,980,095	-
		Other services	-	90,136
Asian Paints Middle East (Oman)	Subsidiary	Purchase of raw material	2,371,774	-
		Other services	118,461	-
Asian Paints Indonesia	Subsidiary	Other services	25,561	689,789
Asian Paints (Nepal) Limited	Fellow Subsidiary	Service Receivable	1,418,138	3,676,140
Resins and Plastics Ltd	KMP with significant influence	Purchase of raw material	1,436,207	808,357

Amounts due from and due to related parties have been disclosed in Note 18 and Note 26 respectively.

32. Fair Values of Financial Instruments

32.1 Valuation of Financial Instruments Measured at Fair Value

The Company does not have any financial instruments which are measured at fair vale.

32.2 Valuation of Financial Assets and Liabilities not Carried at Fair Value

Set out below is a comparison of the carrying amounts and fair values of the financial instruments of the Company which are not measured at fair value in the financial statements. These tables do not include non-financial assets and liabilities.

As at 31 March,	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Trade Receivables	683,086,510	683,086,510	780,165,196	780,165,196
Amounts due from Related Parties	9,037,463	9,037,463	25,077,963	25,077,963
Cash & Cash Equivalents	136,478,929	136,478,929	4,261,163	4,261,163
Financial liabilities				
Trade Payables	389,563,822	389,563,822	262,811,285	262,811,285
Amounts due to Related Parties	41,423,946	41,423,946	59,483,429	59,483,429
Lease Creditors	26,447,820	26,447,820	40,446,388	40,446,388
Interest bearing loan	15,000,000	15,000,000	-	-
Bank Overdrafts	1,379,28,268	137,928,268	183,289,477	183,289,477

Notes to the Financial Statements (Contd.)
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33. Financial risk management

33.1 Overview

The Company has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk
4. Operational risk

Introduction and overview

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

33.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

33.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company's of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	2021 LKR	2020 LKR
Trade receivables	683,086,510	780,165,196
Cash and cash equivalents	136,478,929	4,261,163
Amounts due from related parties	9,037,463	25,077,963
	828,602,902	**809,504,322**

The maximum exposure to credit risk for loans and receivables at the reporting date by currency wise;

	Carrying amount	
	2021 LKR	2020 LKR
USD	18,294,498	25,264,014
	18,294,498	**25,264,014**

Impairment losses

The ageing of trade receivables at the end of the reporting period was as follows.

	2021 LKR	2020 LKR
Neither past due nor impaired	362,175,446	71,716,147
Past due 1–30 days	175,453,767	417,186,998
Past due 31–90 days	113,414,930	291,526,910
Past due 91–275 days	20,522,827	89,355,862
Due and impaired	11,519,540	(89,620,721)
	683,086,510	**780,165,196**

Impairment losses

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

	Collective impairments LKR
Balance at 1 April 2019	42,121,899
Impairment loss recognised	47,498,822
Balance at 31 March 2020	89,620,721
Balance at 1 April 2020	89,620,721
Impairment loss recognised	37,554,681
Balance at 31 March 2021	**127,175,402**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The Company believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available. The credit quality of trade receivables is assessed based on a credit policy established by the company. The company has monitored customer credit risk, by grouping trade and other receivables based on their characteristics.

33.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit:

	2021 LKR	2020 LKR
Colour world deposits outstanding	15,041,593	15,405,505
Bank overdraft facilities	137,928,268	183,289,477
Lease liability	26,447,820	40,446,388
Interest bearing borrowing	15,000,000	-
Amounts due to related parties	41,423,946	59,483,429

33.4.1 Exposure to liquidity risk

The following are the remaining contractual maturities of the Company at the end of the reporting period of financial liabilities.

As at 31 March 2021	Carrying amount (LKR)	Total (LKR)	up to 3 months	3-12 months	More than a year
Non- derivative financial liabilities					
Colour world deposits outstanding	15,041,593	15,041,593	-	790,000	14,251,593
Trade Payables	389,563,822	389,563,822	-	389,563,822	-
Bank overdraft facilities	137,928,268	137,928,268	-	137,928,268	-
Lease liability	26,447,820	26,447,820	-	13,154,230	13,293,590
Interest bearing borrowing	15,000,000	15,000,000	-	9,996,000	5004,000
Amounts due to related parties	41,423,946	41,423,946	-	41,423,946	-

As at 31 March 2020	Carrying amount (LKR)	Total (LKR)	up to 3 months	3-12 months	More than a year
Non- derivative financial liabilities					
Colour world deposits outstanding	15,405,505	15,405,505	-	790,000	14,615,505
Trade Payables	262,811,285	262,811,285	-	262,811,285	-
Bank overdraft facilities	183,289,477	183,289,477	-	183,289,477	-
Lease liability	40,446,388	40,446,388	-	17,069,700	23,376,688
Amounts due to related parties	59,483,429	59,483,429	-	59,483,429	-

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's policy is to hold cash and undrawn overdraft facilities at a level sufficient to ensure that the Company has available funds to meet its liabilities.

33.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

33.5.1. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes on foreign exchange rates. The Company monitors the fluctuations in foreign currencies with appropriate strategies to minimize risk.

The Company is exposed to currency risk on transaction and settlements of transaction that are denominated in a currency other than the respective functional currencies of Company entities, primarily the US Dollars (USD), Great Britain Pound (GBP) and euro (e). The currencies in which these transactions primarily are denominated are USD, GBP and Euro.

33.5 Market risk

33.5.1. Currency risk

The following significant exchange rates were applied during the year:

As at 31 March,	Average rate	Reporting rate	Average rate	Reporting rate
	2021	2021	2020	2020
USD	189.93	201.40	186.82	192.45
GBP	251.46	277.89	233.82	238.79
EURO	224.83	237.37	208.76	213.56

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The Company's exposure to foreign currency risk is as follows;

As at 31 March 2021	USD converted to LKR	LKR	Total LKR
Trade receivables	9,257,035	801,004,877	810,261,912
Amounts due from related parties	9,037,463	-	9037,463
Cash and cash equivalents	-	136,478,929	136,478,929
Trade payables	(228,870,620)	(160,693,202)	(389,563,822)
Amounts due to related parties	(23,034,918)	(18,389,028)	(41,423,946)
Lease liabilities	-	(26,447,820)	(26,447,820)
Interest bearing borrowing	-	(15,000,000)	(15,000,000)
Bank overdrafts	-	(137,928,268)	(137,928,268)

As at 31 March 2021	USD converted to LKR	LKR	Total LKR
Trade receivables	66,335	869,719,582	86,978,5917
Amounts due from related parties	25,077,963	-	25,077,963
Cash and cash equivalents	119,716	4,141,447	4,261,163
Trade payables	-	(262,811,285)	(262,811,285)
Amounts due to related parties	(59,483,429)	-	(59,483,429)
Lease liabilities	-	(40,446,388)	(40,446,388)
Bank overdrafts	-	(183,289,477)	(183,289,477)

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency sensitivity

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in US Dollar exchange rates are given below. In calculation of risk it is assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Company as at 31 March 2021.

	2021		2020	
	Effect on profit/(loss) (LKR)	Effect on equity (LKR)	Effect on profit/(loss) (LKR)	Effect on equity (LKR)
LKR depreciated against USD by 5%	16,097,815	16,097,815	4,237,372	4,237,372
LKR appreciated against USD by 5%	(16,097,815)	(16,097,815)	(4,237,372)	(4,237,372)

33.5.2 Interest rate risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

33.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.

34. Events occurring after the reporting date

There were no material events occurring after the reporting date which require adjustments to or disclosures in the financial statements.

On 07 February 2021, the Board of Directors of the Company decided to merge with it's fellow subsidiary, Causeway Paints Lanka (Pvt) Ltd. With the approval of regulators, the merged entity will be continue with effect from 01 April 2021.The surviving entity will be Causeway Paints Lanka (Pvt) Ltd.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

35. Comparative information

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

36. Board of Director's responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007.

SCIB CHEMICALS S.A.E.

Contents

Independent Auditor's Report

To: The Shareholders' of SCIB Chemicals

Report on the financial Statements

We have audited the accompanying financial statements of SCIB Chemicals S.A.E., which are comprised of the statement of financial position as of March 31, 2021, and the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year from April 1, 2020 till March 31,2021, and summary of the significant accounting policies and other notes.

Management Responsibility on the Financial Statements

Management is responsible for the preparation and fair of the financial statements in accordance with the Egyptian Accounting Standards and in light of the relevant Egyptian Laws. This responsibility includes designing, implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and in light of the relevant Egyptian Laws. Those standard require that we should plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement including the assessment of the risks of material misstatements, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we obtained are sufficient and appropriate and provide a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCIB Chemicals S.A.E. as of March 31, 2021 and the result of its operations and cash flows for the year then ended in accordance with Egyptian Accounting Standards and the applicable Egyptian laws and regulations relating to the preparation of these financial statements.

Reporting on the Legal and Other Organizational Requirements

The Company maintains proper books of accounts, which include all that is required by law and by the statues of the company. The company maintains proper cost accounts. The physical inventory was held by the company on consistent basis.

The financial information referred to in the Board of Directors report is prepared in compliance with Law No. 159 of 1981 and its executive regulation thereto and is in accordance with what is recorded in the company's books of account.

For Saleh, Barsoum & Abdel Aziz (Deloitte)

Cairo, 28th April, 2021
Kamel Magdy Saleh FCA
F.E.S.A.A. (R.A.A.8510)

Statement of Financial Position

as on March 31, 2021

	Note No.	31/3/2021 EGP	31/3/2020 EGP
Assets			
Non-Current Assets			
Property, plant and equipment (net)	(6)	110 436 688	118 887 382
Assets under construction		321 519	-
Long term notes receivable (net)	(7)	606 782	509 668
Right to Use of assets - building (net)	(4.2,8)	11 696 098	17 541 993
Deferred tax Assets	(20)	2 044 413	3 145 555
Total non-current assets		**125 105 500**	**140 084 598**
Current Assets			
Inventories (net)	(9)	179 721 082	133 138 535
Accounts and notes receivable (net)	(10)	129 365 059	80 878 014
Other debit accounts (net)	(11)	29 739 841	23 982 094
Treasury bills	(12)	88 019 096	113 265 707
Cash on hand and at banks	(13)	64 997 708	36 999 959
Total current assets		**491 842 786**	**388 264 309**
Total assets		**616 948 286**	**528 348 907**
Owners' Equity and Liabilities			
Owners' Equity			
Issued and paid-up capital	(18)	18 000 000	18 000 000
Legal reserve		9 000 000	9 000 000
General reserve		73 948 455	73 948 455
Retained earnings	(19)	156 482 675	145 394 863
Net income for the year		46 144 173	28 087 812
Total owners' equity		**303 575 303**	**274 431 130**
Non-Current Liabilities			
Deferred tax liabilities	(20)	9 948 761	9 614 616
Lease Liabilities - Long term	(4.2,17)	8 184 696	12 809 062
Total non-current liabilities		**18 133 457**	**22 423 678**
Current Liabilities			
Provisions	(14)	16 220 351	16 004 943
Lease Liabilities - Short term	(4.2,17)	5 676 264	8 844 981
Accounts and notes payable	(15)	156 725 729	105 088 462
Other credit accounts	(16)	116 617 182	101 555 712
Total current liabilities		**295 239 526**	**231 494 098**
Total liabilities and owners' equity		**616 948 286**	**528 348 907**

The accompanying notes form an integral part of the financial statements and to be read therewith.

Sparsh Dwivedi
Financial Controller

Prashant Shekhar
Chief Executive

* Auditor’s report attached.

Statement of Profit and Loss
for the year ended March 31, 2021

	Note No.	31/3/2021 EGP	31/3/2020 EGP
Sales of paints (net)		951 704 330	896 167 876
Sales of coloring machines		2 786 461	2 150 3 32
Sales of other materials		1 190 242	4 139 033
		955 681 033	**902 457 240**
Less:			
Cost of sales		(742 402 655)	(688 271 980)
Cost of coloring machines		(1 498 727)	(1 319 157)
Cost of other materials		(1 541 244)	(4 209 785)
		(745 442 626)	**(693 800 921)**
Gross profit		**210 238 407**	**208 656 319**
Less:			
Selling and marketing expenses		(144 832 052)	(159 371 394)
General and administrative expenses		(22 861 027)	(18 157 115)
Finance expenses		(2 395 682)	(3 456 467)
Reversed Provision	(14)	5 693 932	107 884
Provision for claims	(14)	(4 475 858)	(6 191 542)
Interest income		1 228 738	1 997 470
Other Income		2 545 409	2 682 382
Treasury bills interest income	(21)	16 236 928	11 909 039
Capital Gains		7 052	38 621
Capital Losses		(377)	(44 142)
Foreign currency exchange differences		366 555	(2 441)
Profit for the year before taxes		**61 752 025**	**38 168 616**
Current tax		(14 172 565)	(9 500 847)
Deferred tax	(20)	(1 435 287)	(579 956)
Net income for the year after taxes		**46 144 173**	**28 087 812**

The accompanying notes form an integral part of the financial statements and to be read therewith.

Sparsh Dwivedi
Financial Controller

Prashant Shekhar
Chief Executive

Statement of Other Comprehensive Income
for the year ended March 31, 2021

	Note No.	31/3/2021 EGP	31/3/2020 EGP
Profit for the year		46 144 173	28 087 812
Other comprehensive income		-	-
Net income for the year after taxes		**46 144 173**	**28 087 812**

The accompanying notes form an integral part of the financial statements and to be read therewith.

Sparsh Dwivedi
Financial Controller

Prashant Shekhar
Chief Executive

Statement of Changes in Equity
for the year ended 31 March, 2021

	Capital EGP	Legal Reserve EGP	General Reserve EGP	Retained Earnings EGP	Profit for the year EGP	Total EGP
Balance as of March 31, 2019	18 000 000	9 000 000	73 948 455	136 221 079	29 234 444	**266 403 978**
Transferred to retained earnings	-	-	-	29 234 444	(29 234 444)	**-**
Dividends distribution according to the General Assembly Meeting Decree on June 11, 2019	-	-	-	(11 000 000)	-	**(11 000 000)**
Dividends distribution according to the General Assembly Meeting Decree on December 23, 2019	-	-	-	(6 000 000)	-	**(6 000 000)**
Adjustment for Early adoption for EAS 49 related to lease (See Note 4.1.2)	-	-	-	(3 060 660)	-	**(3 060 660)**
Net profits for the Year	-	-	-	-	28 087 812	**28 087 812**
Balance as of March 31, 2020	**18 000 000**	**9 000 000**	**73 948 455**	**145 394 863**	**28 087 812**	**274 431 130**
Transferred to retained earnings	-	-	-	28 087 812	(28 087 812)	**-**
Dividends distribution according to the General Assembly Meeting Decree on July 22, 2020	-	-	-	(9 000 000)	-	**(9 000 000)**
Dividends distribution according to the General Assembly Meeting Decree on February 10, 2021	-	-	-	(8 000 000)	-	**(8 000 000)**
Net profits for the period	-	-	-	-	46 144 173	**46 144 173**
Balance as of March 31, 2020	**18 000 000**	**9 000 000**	**73 948 455**	**156 482 675**	**46 144 173**	**303 575 303**

The accompanying notes form an integral part of the financial statements and to be read therewith.

Sparsh Dwivedi
Financial Controller

Prashant Shekhar
Chief Executive

Statement of Cash Flows
for the year ended 31 March, 2021

	Note No.	31/3/2021 EGP	31/3/2020 EGP
Cash flows from operating activities			
Net income for the period before taxes		61 752 025	38 168 616
Adjustments for:			
Depreciation	(6)	8 728 772	8 505 669
Lease Obligation adjustment	(8)	5 845 895	(17 541 993)
Provisions for claims	(14)	3 256 246	3 114 602
Provisions used	(14)	(3 146 838)	(5 216 164)
Impairment in account receivables and other debit balance	(14)	1 219 612	1 370 717
Reversal of Inventory write down	(14)	(4 893 968)	(107 884)
Reversal of in accounts receivable		(799 964)	1 706 224
Interest related to lease contracts		2 386 926	3 419 746
Capital Losses		377	44 142
Capital Gains		(7 052)	(38 621)
Operating profits before working capital changes		**74 342 031**	**33 425 053**
(increase) Decrease in inventories		(41 688 579)	40 343 597
Increase in accounts and notes receivable and other debit accounts		(60 297 404)	(7 038 661)
(Increase) Decrease in long-term notes receivable		(97 114)	700 366
(Increase) decrease in investments in treasury bills		25 246 612	(105 377 240)
Increase in accounts and notes payable, other credit accounts		58 905 655	70 031 835
Taxes paid *		(8 433 603)	(15 610 534)
Net cash flows provided from operating activities		**47 977 598**	**16 474 416**
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment	(6)	(608 095)	(3 999 307)
Proceeds from the sale of property, plant and equipment		15 172	86 995
Net cash (used in) investing activities		**(592 923)**	**(3 912 312)**
Cash flows from financing activities			
Dividends paid	(19)	(17 000 000)	(19 619 540)
Interest paid related to lease contracts		(2 386 926)	(3 419 746)
Net cash (used in) financing activities		**(19 386 926)**	**(23 039 286)**
Net changes in cash and cash equivalents during the year		**27 997 749**	**(10 477 182)**
Cash and cash equivalents at the beginning of the year	(13)	**36 999 959**	**47 477 141**
Cash and cash equivalents at the end of the year	(13)	**64 997 708**	**36 999 959**

* Taxes Paid represent prior year income tax net of withholding tax in addition to advance payment paid till final settlement from Current year income tax

** The accompanying notes form an integral part of the financial statements and to be read therewith.

Sparsh Dwivedi
Financial Controller

Prashant Shekhar
Chief Executive

Notes To The Financial Statements

For the year from April 1, 2020 till March 31, 2021

1 The Company background

SCIB Chemicals Company S.A.E. was incorporated on July 31, 1990 according to the provisions of Law No. 159 of 1981. It was registered at the Commercial Register under No. 1519 (Cairo – South) on August 27, 1990. On March 2, 1997, the Commercial Register was transferred to Giza under No. 1025.

The purpose of the company is:

- Manufacturing, trading, and distributing of modern building chemicals of all types.
- Manufacturing of roof fixtures, paints, polishes, industrial detergents and anti-wear floors.
- Manufacturing of isolation materials for (water, heat and fire), concrete additions, adhesive materials, restoring and filling materials, anti-leaking, and all special construction materials.
- Performing all needed and supplementary activities for all these products such as packing, storing and distributing either through the company stores or others (distribution outlets), for the company's products or others.
- The trading in all tools and equipment related to the company's activities.
- The import, export, and distribution in accordance with laws and decrees regulating those activities.
- Re-exportation of any products or imported materials in accordance with the regulating laws and decrees.

2 Statement of compliance

The financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's Decree No. (110) of 2015 and applicable laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRSs", when no Egyptian Accounting Standard or legal requirement exists to address certain types of transactions and treatments.

3 Basis of Preparing the Financial Statements

The financial statements have been prepared on the historical cost basis. The following is the company's significant accounting policies Applied:

a Property, plant and equipment and their depreciation

Property, plant and equipment are stated at historical cost and depreciated according to the straight-line method over their estimated useful lives. Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment losses.

Cost of an asset comprises its purchase price, including import duties, non-refundable purchase taxes, professional fees and any directly attributable costs of bringing the asset to its working condition and location for its use intended by management. Depreciation of these assets commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any resulting changes accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income statement.

Depreciation is calculated on a straight line basis according to the following estimated annual rates:

Description	Useful life	Rates
Buildings and utilities	50 years	2%
Plant machinery and equipment	14.3 years	7%
Computers and Software	5,4 years	20,25%
Furniture and office equipment	10 years	10%
Vehicles	5 years	20%

b Investments in treasury Bills

Treasury bills acquired with sale back commitment are stated at cost plus accrued interest for the period starting from the acquisition date till the financial statements date. Interest earned is recorded as income on treasury bills in the statement of profit or loss.

c Revenue recognition and measurement

Sales revenue is recognized upon delivery of products to customers. Other earned revenues and interests are recognized on accrual basis.

Sales of goods

Revenue is measured at the fair value of the consideration received or receivable. Net sales are represented by the value of sales invoices for the goods sold less any discounts and returns. Revenue resulting from the sale of goods is recognized, when delivered to customers provided that the following conditions are all met:

- The company transfers the significant risks and rewards of ownership of the goods to the buyer.
- The company does not maintain the right of the continuous managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company.
- The costs incurred or to be incurred in respect of the transactions can be measured reliably.
- Revenue is recognized when goods are delivered to the buyer.

Revenue from contracts with customers

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

d Inventory

Inventory is valued at the end of the financial period as follows:

1 Finished goods

Finished goods are stated at the lower of cost or net realizable value. Cost includes direct materials, direct labor, and indirect manufacturing overhead. Cost is defined according to the average method.

Notes to the Financial Statements (Contd.)

For the year from April 1, 2020 till March 31, 2021

2 Work in process

Work in process is stated at the production cost incurred till the last stage of production reached.

3 Raw and packing materials

Raw and packing materials are stated at the lower of cost or net realizable value. Cost is defined according to the average method.

e Foreign Currency Transactions

Functional and Reporting Currency

The company's records are maintained in Egyptian Pound which is the functional currency of the primary economic environment in which the entity operates. The Egyptian pound has been designated as the functional and reporting currency of the company.

Transactions in Foreign Currencies

Transactions denominated in foreign currencies are translated into Egyptian pound at the rates prevailing at each transaction date. At the financial statements date, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian Pounds at the exchange rates prevailing on the financial statements date. The company uses the free market rates which will be the rates to be used at which the future cash flows represented by the transaction or balance could have been settled of those cash flows had occurred at the measurement date. For non-monetary assets and liabilities denominated in foreign currencies and stated at fair value, they are retranslated to the Egyptian pound according to the prevailing rates on the date the fair value is determined, while the non-monetary assets and liabilities stated at historical cost are not retranslated. Foreign exchange gains and losses resulting from translation and settlement of transactions in foreign currencies are recognized in the income statement for the year except for the differences resulting from the non-monetary balances of assets and liabilities stated at fair value, which are recognized as part of the changes in fair value.

f Taxation

Taxes is provided for in accordance with the Egyptian Income Tax Law. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the financial statements date.

Deferred Tax

Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the financial statements date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the financial statements date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and the company intends to settle its deferred tax assets and liabilities on a net basis.

Current and Deferred Tax

Current and deferred tax are recognized as an expense or income in the statement of profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity.

g Provisions

Provisions are recognized when the company has a present obligation, legal or constructive, as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate for the amount of obligation can be made. Provisions are reviewed at each financial statements date and adjusted to management best estimate. Changes in the carrying amount of provisions are recognized in the income statement in the year during which a change in estimate arises.

h Leases contracts

The Company assesses whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgement about whether it depends on a specified asset, or whether the company contains substantially all the economic benefits from the use of that asset, or has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset initially measured at cost (including any direct costs, if any), and subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability

The lease liability initially measured at the present value of the lease payments, discounted using borrowing rate prescribed by Central Bank of Egypt. Lease payments included in the measurement of the lease liability include Fixed payments, Variable lease payments, if any that depend on an index or a rate known at the commencement date and extension option payments or purchase options which the Company is reasonable certain to exercise. After the commencement date, the amount of lease liabilities increase to reflect the accretion of interest and reduce for the lease payments, re-measure (with a corresponding adjustment to the related Right to Use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

i Impairment loss

1. Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its cash generating units to determine whether

Notes to the Financial Statements (Contd.)

For the year from April 1, 2020 till March 31, 2021

there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL) are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

j Financial instruments

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

Financial assets and financial liabilities are recognized on the company's balance sheet when the company becomes a party to the contractual rights and obligations of the financial instrument.

Financial liabilities or part of a financial liability are removed from the financial statements when, and only when the obligation specified in the contract is discharged, cancelled or expired.

The difference between the carrying amount of a financial liability (or the completed portion or the transferred to another party) and the cash flows, including any transferred non-cash assets or estimated liabilities, is recognized in the statement of profit or loss.

Accounts receivable

Accounts receivable balance represents sales not collected as of the date of the balance sheet. Accounts receivable are shown net of accumulated impairment losses and deferred revenue, which represents issued and uncollected invoices.

Cash

Cash and bank balances include cash on hand, current accounts with banks, short-term deposits with an original maturity of three months or less.

Accounts payable

Accounts payable are recognized for amounts to be paid in the future for goods received or services rendered during the period.

k Statement of cash flows

The statement of cash flows is prepared applying the indirect method. For the purpose of preparing the cash flows, the cash and the cash equivalents represent cash on hand and at banks and deposits with banks less bank overdraft balance.

l- Legal reserve

According to the company's Articles of Association, 5% of the net profit is reserved to form a legal reserve, and it ceases once the reserve reaches 50% of the company's issued capital, and resumes whenever the reserve decreases.

4 New Standards, amendments, revisions and interpretations effective on the reporting period after "1 January 2021", however the company has applied the earlier application to these standards which are permitted in the company's reporting period commencing 1 April 2019.

4.1 EAS 47 'Financial instruments'

EAS 47 replaces the provisions of EAS 26 that relates to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of EAS 47 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions in EAS 47, comparative figures have not been restated. EAS 47 replaces the 'incurred loss' model in EAS 26 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost and debt investments at FVOCI (fair value through other comprehensive income), but not to investments in equity instruments. Under EAS 47, credit losses are recognized earlier than under EAS 26. The Company applies the EAS 47 simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

The assessment of the expected credit losses did not result in an additional impairment of trade receivables at the initial adoption of the standard as at 1st April 2019 , will be monitored on a continuous basis going forward and periodically re-assessed; as EAS 47 is required to be applied retrospectively.

Notes to the Financial Statements (Contd.)

For the year from April 1, 2020 till March 31, 2021

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

4.2 EAS 49 'Leases'

EAS 49 issued on 18 March 2019 is effective for reporting periods beginning on or after 1 January 2020. EAS 49 sets out the principles for the recognition, measurement, presentation and disclosure of leases for the customer ('lessee') and the supplier ('lessor').

EAS 49 introduces lessee accounting model under which a lessee will recognize a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset) at the commencement date of lease. Lessees will be required to separately recognize interest expense on the lease liability and depreciation expense on the right of use asset. Though, EAS 49 is effective for annual periods beginning on or after 1 April 2020, the company has elected to adopt EAS 49, effective from April 1st 2019. Refer to notes (8,17, 19).

4.3 EAS 48 - Revenue from contracts with customers

EAS 48 has been adopted retrospectively. No opening balance adjustments were made, as the impact was immaterial.

5 Critical accounting estimates and judgments

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period during which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

a. Critical judgments in applying accounting policies

The following are the critical judgments in estimations, that company has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

Revenue recognition

In making its judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods and services rendered set out in EAS (49) "Revenue from Contracts with customers" See Note (3C), and in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods or services rendered. Management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the related costs.

b. Key sources of estimating uncertainty

1. Useful lives of tangible assets

As at March 31, 2021, the carrying value of tangible assets amounted to EGP 110 436 688 against EGP 118 887 382 as at March 31, 2020, (Note No. 6). Management's assessment of the useful life of a tangible asset is based on the expected use of the asset, the expected physical wear and tear on the asset, technological developments as well as past experience with comparable assets. A change in the useful life of an asset may have an effect on the future amount of depreciation recognized in the statement of profit or loss.

2. Inventories write-down

Inventory is written-down to net realizable value if it is lower than its cost. Net realizable value is determined based on management assessment for obsolete and slow-moving items. Inventories write-down amounted to EGP 9 086 277 as of March 31, 2021, against EGP 13 980 245 as at March 31, 2020 (Note 9).

3. Impairment of accounts receivable and other receivables

Impairment is recognized for estimated irrecoverable amounts in order to record foreseeable losses arising from events such as customer's insolvency. In determining appropriate impairment several factors are considered. These include the aging of accounts receivable balances, the current solvency of the customers and historical recovery experience. The actual write-offs might be higher than expected if these factors are actually different from estimated, or there are new factors that were not considered earlier. As of March 31, 2021, accounts receivable impairment amounted to EGP 1 101 067 against EGP 1 273 970 as at March 31, 2020 (Note 10) and other debit accounts impairment amounted to EGP 680 129 as at March 31, 2021 against EGP 193 578 as at March 31, 2020 (Note 11).

4. Provision

Provision is based on an estimate of future costs for claims made by other parties in connection with the company's activity. As the claims cannot be determined with accuracy, this amount could change in the future. The carrying amount of provision as of March 31, 2021 amounted to EGP 16 220 351, compared to EGP 16 004 943 as at March 31, 2020 (Note 14).

5. Deferred income tax

The valuation of deferred income tax assets and liabilities is based on the management's judgment. Deferred income tax assets are only recognized if it is probable that they can be used. The deferred tax asset arising from accumulated tax losses is recognized to the extent that it is probable to realize sufficient taxable profit in the future, to offset these accumulated losses. The estimate is based on a variety of factors such as future operating results. If there is a difference between the actual and the estimated value, this may lead to a re-evaluation of the possibility of accommodating the future tax profits to the value of deferred tax asset. The deferred tax assets balance amounted to EGP 2 044 413 as at March 31, 2021 against EGP 3 145 555 as at March 31, 2020. The deferred tax liabilities balance amounted to EGP 9 948 761 as at March 31, 2021 against 9 614 616 as at March 31, 2020 (Note No 20).

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For the year from April 1, 2020 till March 31, 2021

6 Property, Plant and Equipment (Net)

	Land *	Buildings and utilities	Plant, machinery and equipment	Computers and software	Furniture and office equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost							
As of April 1, 2019	**11 436 000**	**67 028 913**	**87 537 456**	**4 703 184**	**5 206 230**	**632 991**	**176 544 774**
Additions during the year	-	-	695 892	3 244 505	58 910	-	**3 999 307**
Disposals	-	-	(685 335)	(231 591)	(51 410)	-	**(968 336)**
As of April 1, 2020	**11 436 000**	**67 028 913**	**87 548 013**	**7 716 098**	**5 213 730**	**632 991**	**179 575 745**
Additions during the Year	-	-	121 712	148 863	16 000	-	**286 575**
Disposals	-	-	-	(174 620)	(19 643)	-	**(194 263)**
As of March 31, 2021	**11 436 000**	**67 028 913**	**87 669 725**	**7 690 341**	**5 210 087**	**632 991**	**179 668 057**
Accumulated depreciation							
As of April 1, 2019	**-**	**11 306 223**	**33 898 745**	**3 686 052**	**3 560 642**	**606 852**	**53 058 514**
Depreciation	-	1 339 277	6 031 732	689 698	423 862	21 100	**8 505 669**
Accumulated depreciation of disposals	-	-	(596 409)	(228 056)	(51 356)	-	**(875 820)**
As of April 1, 2020	**-**	**12 645 500**	**39 334 068**	**4 147 695**	**3 933 149**	**627 952**	**60 688 363**
Depreciation	-	1 339 271	5 944 122	1 093 833	346 510	5 036	**8 728 772**
Accumulated depreciation of disposals	-	-	-	(166 125)	(19 641)	-	**(185 766)**
As of March 31, 2021	**-**	**13 984 771**	**45 278 190**	**5 075 403**	**4 260 018**	**632 988**	**69 231 369**
Net Book Value as of March 31, 2021	**11 436 000**	**53 044 142**	**42 391 535**	**2 614 938**	**950 069**	**3**	**110 436 688**
Net Book Value as of March 31, 2020	**11 436 000**	**54 383 413**	**48 213 945**	**3 568 403**	**1 280 581**	**5 039**	**118 887 382**
Fully depreciated fixed assets	**-**	**-**	**7 210 635**	**2 922 593**	**2 395 958**	**632 990**	**13 162 176**

*The opening balance includ an amount of EGP 10 509 450, related to land purchased at the 6th of October Governorate during 2008. The company paid the full amount but the ownership of the land not transfer to the company till now, as the sales agreement stipulate that the built up area must be equivalent to 40% of the plot area as a precondition to the transfer of the title.

Depreciation charges is allocated for Profit or loss as follows:

	31/3/2021 EGP	31/3/2020 EGP
Cost of sales	7 408 643	7 561 114
Selling and marketing expenses	374 480	372 392
General and administrative expenses	945 649	572 163
	8 728 772	**8 505 669**

7 Long-Term notes receivable

	31/3/2021 EGP	31/3/2020 EGP
Long term notes receivable	710 600	597 200
Less: Interest	(103 818)	(87 532)
	606 782	**509 668**

8 Right of Use assets - building (net)

	31/3/2021 EGP	31/3/2020 EGP
Cost at Beginning of the year	**33 137 660**	**33 239 132**
Addition during the year	7 178 663	11 041 169
Disposal during the year	(17 216 785)	(11 142 641)
Cost at Ending of the year	**23 099 538**	**33 137 660**
Accumulated depreciation at Beginning of the year	**15 595 667**	**15 743 905**
Amortization during the year	7 477 962	9 244 827
Disposal during the year	(11 670 188)	(9 393 065)
Accumulated depreciation at Ending of the year	**11 403 441**	**15 595 667**
Net at Ending of the year	**11 696 098**	**17 541 993**

9 Inventories (net)

	31/3/2021 EGP	31/3/2020 EGP
Raw materials	69 045 301	56 521 474
Packing materials	8 540 396	8 487 218
Work in process	2 733 158	3 718 068
Finished goods	62 444 521	56 454 810
Tinting machines	720 261	2 193 890
Goods in transit	45 323 722	19 743 320
	188 807 359	**147 118 780**
Less: Inventory write-down (Note No. 14)	(9 086 277)	(13 980 245)
	179 721 082	**133 138 535**

Notes to the Financial Statements (Contd.)

For the year from April 1, 2020 till March 31, 2021

10 Accounts and notes receivables (net)

	31/3/2021 EGP	31/3/2020 EGP
Accounts receivables	105 657 709	71 765 750
Notes receivable	24 764 538	10 369 814
Related Parties		
Berger paints Emirates limited (Note No. 22)	43 879	16 420
	130 466 126	**82 151 984**
Less: Impairment in accounts and notes receivable (Note No. 14)	(1 101 067)	(1 273 970)
	129 365 059	**80 878 014**

11 Other debit accounts

	31/3/2021 EGP	31/3/2020 EGP
Advance payments to suppliers	4 132 810	5 489 446
Refundable deposits	1 541 555	2 441 436
Prepaid expenses	2 684 896	2 089 668
Employees' loans	5 469 077	3 155 166
Tax Authority - Withholding taxes	6 150 445	4 598 044
Tax Authority – advance payments for current tax	10 296 534	6 109 972
Accrued revenue	-	88 750
Accrued interest	144 654	203 190
	30 419 970	**24 175 672**
Less: Impairment in debit accounts' value (Note No. 14)	(680 129)	(193 578)
	29 739 841	**23 982 094**

12 Treasury Bills

No. of days	Period		Face Value	Cost	Accrued Interest	31/03/2021	W/H	31/03/2021
	From	To				Balance before taxes		Balance after taxes
84	09/02/2021	04/05/2021	10 000 000	9 722 500	165 179	9 854 679	33 039	9 854 643
91	16/02/2021	18/05/2021	10 000 000	9 698 200	142 609	9 840 809	28 522	9 812 287
86	21/02/2021	18/05/2021	8 000 000	7 768 800	102 158	7 870 958	20 432	7 850 527
98	23/02/2021	01/06/2021	40 000 000	38 674 000	487 102	39 161 102	97 420	39 063 682
86	07/03/2021	01/06/2021	10 000 000	9 707 200	81 712	9 788 912	16 342	9 772 569
89	11/03/2021	15/06/2021	5 000 000	4 848 200	22 172	4 870 372	4 435	4 865 937
83	31/03/2021	22/06/2021	7 000 000	6 799 450	-	6 799 450	-	6 799 450
			90 000 000	**87 218 350**	**1 000 932**	**88 219 282**	**200 187**	**88 019 096**

13 Cash on hand and at banks

	31/3/2021 EGP	31/3/2020 EGP
Banks current accounts	24 731 943	25 878 040
Time Deposits	31 540 000	-
Checks under collection	8 464 697	10 033 971
Cash on hand	261 068	1 087 948
	64 997 708	**36 999 959**

For purpose of preparing the statement of cash flows, cash and cash equivalents are comprised of the following:

	31/3/2021 EGP	31/3/2020 EGP
Banks current accounts	24 731 943	25 878 040
Time Deposits	31 540 000	-
Checks under collection	8 464 697	10 033 971
Cash on hand	261 068	1 087 948
	64 997 708	**36 999 959**

14 Provisions, impairment loss and Inventory write-down

	Balance as of 01/04/2020 EGP	Recognized during the year EGP	Reversed during the year EGP	Used during the year EGP	Balance as of 31/03/2021 EGP
Provisions	**16 004 943**	3 256 246	-	(3 040 838)	**16 220 351**
Impairment					
Impairment in accounts receivable	**1 273 970**	539 483	(799 964)	87 578	**1 101 067**
Impairment in other debit accounts	**193 578**	680 129	-	(193 578)	**680 129**
Inventory write-down	**13 980 245**	-	(4 893 968)	-	**9 086 277**
Total impairment and write-down	**31 452 736**	**4 475 858**	**(5 693 932)**	**(3 146 838)**	**27 087 824**

15 Accounts and notes payable

	31/3/2021 EGP	31/3/2020 EGP
Accounts payable	82 729 260	42 968 058
Notes payable	71 545 848	58 001 100
Related Parties Supplier		
Asian Paints International Private Limited (Note No.22)	2 050 226	3 920 584
Asian Paints Limited- India (Note No.22)	199 605	168 810
Berger Paints Emirates (Note No.22)	200 790	10 123
Asian Paints Sri-lanka (Note No.22)	-	12 668
PT Asian Paints Limited- Indonesia (Note No.22)	-	7 119
	156 725 729	**105 088 462**

Notes to the Financial Statements (Contd.)
For the year from April 1, 2020 till March 31, 2021

16 Other credit accounts

	31/3/2021 EGP	31/3/2020 EGP
Accrued expenses	76 326 792	68 651 193
Accrued taxes	6 286 803	10 611 168
Current tax	14 360 652	5 845 074
Asian Paints Limited- India	14 766 305	12 745 443
Asian Paints International Private Limited (Holding company)	422 657	565 732
Other credit balances	4 453 973	3 137 102
	116 617 182	**101 555 712**

17 Lease Liabilities

	31/3/2021 EGP	31/3/2020 EGP
Impact of implementing EAS 49 as of April 1, 2019	-	(21 444 472)
Balance at beginning of year	(21 654 043)	
Movement during current		
Payment	9 442 552	11 904 556
Additions	(6 680 334)	(11 041 169)
Disposals	7 417 791	2 346 788
Accretion of interest	(2 386 926)	(3 419 746)
Total at ending year	**(13 860 960)**	**(21 654 043)**
lease liabilities – Current (within one year)	**5 676 264**	**8 844 981**
lease liabilities – Non current (from 2 to 5 years)	**8 184 696**	**12 809 062**

18 Capital

The authorized capital amounted to EGP 50 million and the issued and paid-up capital amounted to EGP 18 million, distributed among 1.8 million shares with a par value of EGP 10 each, fully paid.

19 Retained earnings and dividends distribution

The Ordinary General Assembly Meetings held on July 22, 2020 and on February 10, 2021 approved dividends distribution during the year as follows:

	31/3/2020 EGP
Retained earnings as of April 1, 2020	**145 394 863**
Profit for the year ended March 31, 2020	28 087 812
Distributable profit	**173 482 675**
Dividends distribution according to the General Assembly Meeting Decree on July 22, 2020	(9 000 000)
Dividends distribution according to the General Assembly Meeting Decree on February 10, 2021	(8 000 000)
Retained earnings as of March 31, 2021	**156 482 675**
Total dividends distribution has been distributed as following:	
Employees' share	(1 700 000)
Shareholders' share	(15 300 000)
Total dividends distribution during the year	**(17 000 000)**

20 Deferred Tax assets and (liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) 31/3/2021 EGP	Assets (Liabilities) 31/3/2020 EGP
Balance at the beginning of the year	3 145 555	3 284 353
Deferred tax Assets during the year	(1 101 142)	(138 798)
Balance at the end of the year	2 044 413	3 145 555
Balance at the beginning of the year	(9 614 616)	(10 062 038)
Deferred tax liabilities during the year	(334 145)	447 422
Balance at the end of the year	**(9 948 761)**	**(9 614 616)**

21 Treasury bills revenue

	Assets (Liabilities) 31/3/2021 EGP	Assets (Liabilities) 31/3/2020 EGP
Income from treasury bills purchased during the previous year, and sold during the current year	2 343 434	11 588
Income from treasury bills purchased and sold during the year	13 748 840	9 554 016
Accrued treasury bills revenue (Note No. 12)	144 654	2 343 434
	16 236 928	**11 909 039**

Notes to the Financial Statements (Contd.)

For the year from April 1, 2020 till March 31, 2021

22 Related Parties transaction

Company Name	Nature of Relationship	Transaction Description	Volume during the period EGP	Balance 31/03/2021 EGP	Balance 31/03/2020 EGP
Berger paints Emirates limited	Customer	Paints Sales	985 917	43 879	16 420
Berger paints Emirates limited	Supplier	Consultation and other expenses	1 736 901	200 790	10 123
Asian Paints International Private Limited (Holding company)	Supplier	Consultation and other expenses	2 919 705	2 050 226	3 920 584
PT Asian Paints Limited – Indo-nesia	Supplier	Other expenses	294 486	-	7 119
Asian Paints Sri-lanka	Supplier	Purchases	355 165	-	12 668
Asian Paints Limited - India	Supplier	Expenses	487 372	199 604	168 810
Asian Paints Limited - India	Current	Royalty	27 936 766	14 766 305	12 745 443
Asian Paints International Private Limited (Holding company)	Current	Royalty	422 657	422 657	565 732

23 Contingent Liabilities

Contingent liabilities balance represents the uncovered portion of letters of guarantee as of March 31, 2020 amounted to EGP 1 411 906.

24 Financial instruments fair value

The financial instruments represent balances of cash in hand and at banks, debtors, creditors and related party balances. The carrying amounts of these financial instruments represent a reasonable estimate for their fair values. Note (4) includes significant accounting polices applied in recognition and measurement of those financial instruments, and its related revenues and expenses.

25 Financial risk management

The company is exposed to the following risks, due to its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk represented in the failure of the customers to discharge their obligations at the due date, the company deals with customers who has a good reputation.

Liquidity

This risk represents the Company's inability to settle its financial liabilities on maturity dates. The Company's liquidity risk management policy requires that sufficient cash is maintained to meet short term funding requirements, to avoid unacceptable loss that may affect the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holding of financial instruments.

Foreign currencies fluctuation risk

Foreign currency Fluctuation risk represented in the risk of change in foreign currencies exchange rates, which in turn affects payments and receipts in foreign currencies as well as the value of monetary assets and liabilities reported in foreign currency.

Interest rate risk

This risk represents the effect of changes in interest rate, which might adversely affect the results of operations and the value of the financial assets and liabilities. . In order to minimize the interest rate risk, the company tends to reduce interest rates on facilities obtained from its banks on an ongoing basis.

26 Tax Position

The company was exempted from taxes according to the New Urban Community Law No. 59 of 1979 and its amendments for the period of ten years ending December 31, 2007.

Corporate Tax

The company's records has been inspected and due taxes were settled from year 1994 until March 31, 2016.

From year 2017 till March 31, 2020 the company wasn't inspected yet

Salary Tax

The company was inspected and due taxes were settled until December 31, 2018.

From January 1, 2019 till March 31, 2021 the company's books not yet inspected.

Stamp Tax

The company was inspected and due taxes were settled until March 31, 2017.

From April 1, 2017 till March 31, 2021 the company's books not yet inspected.

Sales Tax (Value Added)

The company was inspected and due taxes were settled until March 31, 2016.

From April 1, 2016 till March 31, 2021 the company's books not yet inspected.

27 Significant events

During the current year, the world was exposed to the spread of the new Corona virus (COVID-19), as the global economy entered into an unprecedented health care crisis, which has already caused global disruption in commercial activities and daily life. Many countries have adopted extraordinary and costly containment measures. Some countries required companies to restrict or even suspend normal business operations. Until the World Health Organization declared a state of health emergency, on January 30, 2020, and the virus was declared a global pandemic on March 11, 2020, and the spread of this virus had a negative impact on the economies of many countries, which was reflected in the reality of the performance of financial markets, the volume of global trade and the movement of tourism and travel.

On March 19, 2020, international air traffic was suspended, and on March 25, 2020, the Egyptian government imposed a curfew for two weeks, and it was renewed for another two weeks, which negatively affected the Egyptian economy in general. It is also expected that some activities such as tourism and recreational activities will stop due to being directly affected by these measures, while some industrial activities and financial services are indirectly affected, which may have a negative impact on th e results of its business.

Notes to the Financial Statements (Contd.)
For the year from April 1, 2020 till March 31, 2021

The management is closely following the situation and adjusting the necessary plans to face these consequences by extension. If the situation continues to evolve for a longer period, and to support the company's liquidity position, additional measures will be taken to find other sources of financing.

The company's management believes that, in the current circumstances, it is able to continue production, sales and purchases, and pay its obligations and cash flows to meet the company's objectives.

Sparsh Dwivedi Financial Controller	Prashant Shekhar Chief Executive

KADISCO PAINT AND ADHESIVE INDUSTRY SHARE COMPANY

Contents

DIRECTORS AND KEY MANAGEMENT

Parag Rane	Director
Joseph Eapen	Director
Gurpreet Singh Sarna	Director and General Manager
Salahadin Khalifa	Director
Eng. Saifudin Khalifa	Director and Senior Deputy General Manager
Fouzia Khalifa (Dr.)	Senior Deputy General Manager
Frewoyni B/Meskel	Deputy General Manager
Kaustubh Karhu	Sales and Marketing Manager
Daniel Shigute	Production Head
Kamlesh Sodha	Financial controller

REGISTERED ADRESS

Akaki/Kality Sub City, Wereda 05 Addis Ababa, Ethiopia

AUDITORS

HST General Partnership, Chartered Certified Accountants and Authorized Auditors
5th Floor, Mina Building, Wollo Sefer
P.O. Box 1608, Addis Ababa, Ethiopia

BANKERS

Commercial Bank of Ethiopia
P.O. Box 255, Addis Ababa, Ethiopia
Dashen Bank Share Company
P.O. Box 12752, Addis Ababa, Ethiopia
Birhan International Bank Share Company
P.O. Box 387 Code 1110, Addis Ababa, Ethiopia
Bank of Abyssinia Share Company
P.O. Box 12947, Addis Ababa, Ethiopia
Awash International Bank Share Company
P.O. Box 12638, Addis Ababa, Ethiopia
NIB International Bank Share Company
Gotera Ibex Branch, Addis Ababa, Ethiopia
Zemen Bank Share Company
P.O. Box: 1212, Addis Ababa, Ethiopia

LEGAL ADVISORS

Tesfaye Deresse
tesfayelawoffice@gmail.com

ULTIMATE HOLDING COMPANY

Asian Paints Limited

Directors' Report

The Directors submit their report and the audited financial statements for the year ended 31 March, 2021 which show the Company's state of affairs.

Incorporation and nature of the business

Kadisco Paint and Adhesive Industry Share Company (the Company) is incorporated in Ethiopia under the Commercial Code of Ethiopia 1960 and is domiciled in Ethiopia. In 2014, the former Kadisco Chemical Industry Pvt. Ltd. Co. was converted to a Share Company named Kadisco Paint and Adhesive Industry Share Company under Articles 536 and 547 of the Commercial Code of Ethiopia 1960. The Company manufactures full range of paints for the construction, industrial and automotive sectors. It also produces wood and concrete lacquers as well as adhesives for the wood and leather industry.

Share capital

The Company has registered and paid up capital of ETB 250,000,000 (2020: ETB 212,000,000) divided in to 250,000 (2020: 212,000) ordinary shares of par value ETB 1,000.

Reserves

The Company's equity and reserves are presented on page 9.

Dividend

The Board of Directors have declared dividend in the form of newly issued shares and cash amounting to ETB 106,074,494 (2019: ETB 87,818,751) during the year.

Operating results

The Company's results for the year ended 31 March, 2021 are set out on page 9. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	31 March 2021 ETB	31 March 2020 ETB
Revenue	**703,317,811**	**684,676,737**
Profit before income tax	128,298,190	166,269,824
Income tax (expense)/charges	(44,120,216)	(54,281,354)
Profit for the year	**84,177,974**	**111,988,470**
Other comprehensive income, net of income tax	77,806	66,642
Total comprehensive income for the year	**84,255,780**	**112,055,112**

Directors and Management

The Directors and Management who held office during the year and to the date of this report are set out on page 2.

Parag Rane
Director

Gurpreet Singh Sarna
Director and General Manager

7th May, 2021

Statement Of Director's Responsibilities

The Commercial Code of Ethiopia 1960 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the Directors to ensure that the Company keeps proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Commercial Code of Ethiopia 1960 and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of Commercial Code of Ethiopia 1960. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors also accept responsibility for:

i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

ii) Selecting suitable accounting policies and applying them consistently; and

iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Signed on behalf of the Company by:

Parag Rane
Director

Gurpreet Singh Sarna
Director and General Manager

7th May, 2021

Independent Auditors' Report

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Kadisco Paint and Adhesive Industry Share Company, set out on pages 9 to 63, which comprise the statement of financial position as at 31 March, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Commercial Code of Ethiopia 1960.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information contained in the Directors' Report as required by the Commercial Code of Ethiopia 1960 which we obtained prior to the date of this Auditors' Report. Our opinion on the financial statement does not cover the other information and we do not express any form of assurance or conclusion there on.

In connection with our audit of the financial statements, our responsibility is to read the Directors' Report and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materiality misstated. If, based on the work we have performed on the other information in the Directors' report that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact to the board/shareholders where appropriate.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide the Directors with a statement that we have complied with the 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 Requirements

As required by the Commercial Code of Ethiopia 1960 and based on our audit, we report as follows:

(i) Pursuant to Article 375 (1) of the Commercial Code of Ethiopia 1960 and based on our reviews of the Board of Directors' report, we have not noted any matter that we may wish to bring to your attention.

(ii) Pursuant to Article 375 (2) of the Commercial Code of Ethiopia 1960 we recommend the financial statements for approval.

The engagement partner on the audit resulting in this independent auditors' report is Yonas Harun.

Yonas Harun
Audit Partner
HST General Partnership, Chartered Certified Accountants and Authorized Auditors
(Auditors' of Kadisco Paint and Adhesive Industry Share Company)
Addis Ababa, Ethiopia
7th May, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	31 March 2021 ETB	31 March 2020 ETB
ASSETS			
Non-current assets			
Property, plant and equipment	11	60,160,546	59,806,526
Right of use assets	12	8,569,747	11,776,542
Intangible assets	13	1,749,414	2,381,229
Deferred tax asset	10.5	3,355,070	3,284,488
Other assets	17	15,978	15,978
Investment securities:			
– Financial assets measured at amortized cost	14	4,500,000	5,000,000
Total non-current assets		**78,350,755**	**82,264,763**
Current assets			
Inventories	15	162,626,002	183,558,309
Trade receivables	16	42,084,534	3,192,697
Other assets	17	23,864,593	17,166,556
Investment securities:			
– Financial assets measured at amortized cost	14	2,500,000	-
Cash and bank balances	18	432,628,692	339,555,547
Total current assets		**663,703,821**	**543,473,109**
Total assets		**742,054,576**	**625,737,871**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	250,000,000	212,000,000
Retained earnings	20	80,042,992	106,074,495
Legal reserve	21	41,465,024	37,252,235
Total equity		**371,508,016**	**355,326,730**
Non-current liabilities			
Provision for retirement benefit obligation and leave pay	23	7,014,663	6,536,709
Lease obligation	24	1,569,360	5,446,967
Total non-current liabilities		**8,584,023**	**11,983,676**
Current liabilities			
Trade payables	25	95,748,206	62,555,024
Other liabilities	26	195,971,860	129,459,076
Borrowings	22	28,990,809	10,119,997
Provision for retirement benefit obligation and leave pay (current portion)	23	1,028,264	1,031,306
Income tax liability	10.4	35,946,633	51,011,383
Lease obligation (current portion)	24	4,276,765	4,250,680
Total current liabilities		**361,962,537**	**258,427,466**
Total liabilities		**370,546,560**	**270,411,142**
Total equity and liabilities		**742,054,576**	**625,737,871**

The notes on pages 13 to 62 are an integral part of these financial statements.

The financial statements on pages 19 to 62 were approved and authorized for issue by the Company's Directors on 7 May, 2021 and were signed on its behalf by:

Parag Rane
Director

Gurpreet Singh Sarna
Director and General Manager

Statement of Profit and Loss

for the year ended 31 March, 2021

	Notes	31 March 2021 ETB	31 March 2020 ETB
Revenue	5	703,317,811	684,676,737
Cost of sales	6	(517,512,529)	(461,638,524)
		185,805,282	223,038,213
Other income	7	3,424,922	3,411,741
		189,230,204	226,449,954
Operating expenses:			
Selling and administration	8	(58,854,227)	(52,119,123)
Operating profit		130,375,978	174,330,831
Finance cost, net	9	(2,077,788)	(8,061,007)
Profit before tax		128,298,190	166,269,824
Income tax expense	10.1	(44,120,216)	(54,281,354)
Profit for the year		84,177,974	111,988,470
Other comprehensive income, net of income tax			
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gains (losses) on retirement benefit plans	23.1.2	111,151	95,203
Deferred tax (liability)/asset on remeasurement gain or loss	10.5	(33,345)	(28,561)
Total comprehensive income for the year		**84,255,780**	**112,055,112**

The notes on pages 13 to 62 are an integral part of these financial statements.

Statement of Changes in Equity
as on 31 March, 2021

	Share capital ETB	Retained earnings ETB	Legal reserve ETB	Total ETB
As at 1 April 2019	180,000,000	87,440,890	3,16,49,479	299,090,369
Profit for the year	-	111,988,470	-	111,988,470
Other comprehensive income:				
Remeasurement gains on retirement benefit plans (net of deferred tax)	-	66,642	-	66,642
Total comprehensive income for the year	**-**	**112,055,112**	**-**	**112,055,112**
Transfer to legal reserve (note 20)	-	(5,602,756)	5,602,756	-
Transactions with owners in their capacity as owners				
Dividend capitalized	32,000,000	(32,000,000)	-	-
Dividend distributed to shareholders	-	(55,818,751)	-	(55,818,751)
	32,000,000	**(87,818,751)**	**-**	**(55,818,751)**
As at 31 March 2020	**212,000,000**	**106,074,495**	**37,252,235**	**355,326,730**
As at 1 April 2020	**212,000,000**	**106,074,495**	**37,252,235**	**355,326,730**
Profit for the year	-	84,177,974	-	84,177,974
Other comprehensive income:				
Remeasurement gains on retirement benefit plans (net of deferred tax)	-	77,806	-	77,806
Total comprehensive income for the year	**-**	**84,255,780**	**-**	**84,255,780**
Transfer to legal reserve (note 20)	-	(4,212,789)	4,212,789	-
Transactions with owners in their capacity as owners				
Dividend capitalized	38,000,000	(38,000,000)	-	-
Dividend distributed to shareholders	-	(68,074,494)	-	(68,074,494)
	38,000,000	(106,074,494)	-	(68,074,494)
As at 31 March 2021	**250,000,000**	**80,042,992**	**41,465,024**	**371,508,016**

The notes on pages 13 to 62 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 March, 2021

	Notes	31 March 2021 ETB	31 March 2020 ETB
Cash flows from operating activities			
Cash generated from operations	27	222,804,282	262,622,242
Employee benefits paid	23	(61,111)	(49,741)
Income tax paid	10.4	(55,103,261)	(36,372,661)
Prior years profit tax expenses	10.1	(4,185,631)	-
Net cash inflow from operating activities		**163,454,279**	**226,199,840**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(8,026,328)	(12,618,633)
Acquisition of intangible assets	13	-	(2,526,837)
Purchase of investment securities	14	(2,000,000)	
Payment for right of use asset	12	-	(77,508)
Net cash outflow from investing activities		**(10,026,328)**	**(15,222,978)**
Cash flows from financing activities			
Dividend declared	26.1	(68,074,494)	(55,818,751)
Loans received from parent company	22	25,885,060	9,756,210
Settlement of loan	22	(12,021,750)	-
Settlement of lease payable	24	(6,143,622)	(4,846,016)
Net cash outflow from financing activities		**(60,354,806)**	**(50,908,557)**
Increase in cash and cash equivalents		**93,073,145**	**160,068,305**
Cash and cash equivalents at the beginning of the year		339,555,547	179,487,242
Cash and cash equivalents at the end of the year	18	**432,628,692**	**339,555,547**

The notes on pages 13 to 62 are an integral part of these financial statements.

Notes To The Financial Statements

for the year ended 31 March, 2021

1 Incorporation and other general information

Kadisco Paint and Adhesive Industry Share Company (the Company) is incorporated in Ethiopia under the Commercial Code of Ethiopia 1960 and is domiciled in Ethiopia.

In 2014, the former Kadisco Chemical Industry Pvt. Ltd. Co. was converted to a share Company named Kadisco Paint and Adhesive Industry Share Company under Articles 536 and 547 of the Commercial Code of Ethiopia 1960.

The major shareholder of the Company which owns 51% of the total shares of the Company is Asian paint International Private Limited (formerly known as Berger International Private Limited), a Company domiciled in Singapore.

The objective of the Company is to produce and sell adhesives and glues, paints and allied products for construction, industrial, automotive and wood industries.

The Company's Head Office and principal place of business is in Addis Ababa, Ethiopia.

2 Summary of significant accounting policies

2.1 Presentation of Annual Financial Statements

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements for the year ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by national regulations are included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The Directors have no doubt that the Company would remain in existence for the next 12 months.

2.2.2 Changes in accounting policies and disclosures

(i) New Standards, amendments, interpretations issued but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January, 2022 with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January, 2022 with early application permitted.

Annual Improvements to IFRS Standards 2018-2020 Cycle

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January, 2022 with early application permitted. This standard is not applicable as the Company has already adopted IFRS in the past.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognised a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January, 2022 with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

consistent cash flows and discount rates and enables preparers to determine whether to use pre- tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e., for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January, 2022 with early application permitted.

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended because of the on-going interest rate benchmark reforms.

The amendments are not relevant to the Company given that it does not apply hedge accounting to its benchmark interest rate exposures.

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended because of the on-going interest rate benchmark reforms.

The amendments are not relevant to the Company given that it does not apply hedge accounting to its benchmark interest rate exposures.

IFRS 17: Insurance Contracts

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January, 2023. Application of this amendment has no relevance to the Company.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

The amendments to IFSR 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associates or joint venture. Specifically, the amendments state that gains or losses resulting form the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated inventors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted or using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board. The impact of this amendment is currently being assessed.

(ii) Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

New and Amendments to standards	Date of initial application
Revised Conceptual Framework for Financial Reporting	1 January, 2020
IFRS 3: Definition of a Business	1 January, 2020
IAS 1 and IAS 8 Presentation of Financial Statements: Definition of Material	1 January, 2020
IAS 8 : Amendment to Accounting Policies, Changes in Accounting Estimates and Errors	1 January, 2020
Impact of the initial application of Covid 19 Related Rent Concessions Amendment to IFRS 16	1 January, 2020

Amendments to References to the Conceptual Framework in IFRS Standards

The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements about references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

The adoption of this amendment does not have a material impact on the Company's financial statements.

Amendments to IFRS 3 Definition of a business

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Company of similar assets. The amendments are applied prospectively to all business combinations

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and asset acquisitions for which the acquisition date is on or after 1 January, 2020.

The adoption of this amendment does not have a material impact on the Company's financial statements.

Amendments to IAS 1 and IAS 8 Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of this amendment does not have a material impact on the Company's financial statements.

IAS 8 : Amendment to Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

The adoption of this amendment does not have a material impact on the Company's financial statements.

Impact of the initial application of Covid 19 Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June, 2021 and increased lease payments that extend beyond 30 June, 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption.

The amendments are not relevant to the Company given that there is no rent concession and deferral given to the Company.

2.3 Foreign currency translation

Foreign currency transactions are translated into the functional currency (Ethiopian Birr (ETB)) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

A foreign currency transaction is recorded, on initial recognition in Ethiopian Birr, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Ethiopian Birr by applying to the foreign currency amount the exchange rate between the Ethiopian Birr and the foreign currency at the date of the cash flow.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognized includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, including borrowing costs on qualifying assets in accordance with the Company’s accounting policy and the estimated costs of dismantling and removing the items and restoring the site on which they are located if the Company has a legal or constructive obligation to do so.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives and are individually significant in relation to total cost of an item, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The cost of day to day servicing of the property plant and equipment is recognized in profit or loss as incurred.

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An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost/revaluation of an asset, or other amount substituted for cost/revaluation, less its residual value (except for freehold land and properties under construction). Depreciation is recognized on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Strategic spare parts with high value and held for commissioning of a new plant or for infrequent maintenance of plants are capitalized and depreciated over the shorter of their useful life and the remaining life of the plant from the date such strategic spare parts are capable of being used for their intended use.

Major overhaul expenditure, including replacement spares and labor costs, is capitalized and amortized over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of plant are charged to profit or loss on consumption or as incurred respectively.

Depreciation is charged on the straight-line basis over the useful life using the following rate:

	%
Buildings	3
Plant and equipment	7
Motor vehicles	20
Furniture and fittings	13
Office equipment	20
Computers and accessories	25

Taxable profit is determined using the rates stated in the Income Tax Proclamation No. 979/2016.

The Company commences depreciation when the asset is available for use. Freehold land is not depreciated.

Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

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

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.

Properties in the course of construction are carried as work in progress at cost, less any recognized impairment loss. Cost includes professional fees. Such properties are reclassified to the appropriate categories of asset when completed and ready for intended use.

2.5 Intangible assets

In accordance with criteria set out in IAS 38 – "Intangible assets", intangible assets are recognized only if identifiable; controlled by the entity because of past events; it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets primarily include amortizable items such as software that meet the IAS 38 criteria.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized using the straight-line method over their useful lives ranging from two to seven years. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.6 Lease accounting

2.6.1 The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying

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asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.8, Impairment of non-financial assets.

2.6.2 The Company as lessor

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

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

Initial and subsequent measurement of a finance lease

The Company recognize assets held under a finance lease in its statement of financial position as a lease receivable at an amount equal to the net investment in the lease. The net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease.

The following lease payments are included in the net investment in the lease:

- Fixed payments less any incentive paid/ payable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at start date;
- Amounts expected to be receivable under a residual value guarantee;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise the purchase option;
- Payments of penalties for termination of the lease if the lessee is reasonably certain to exercise the termination option;

The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease (i.e. discount rate x lease receivable outstanding).

Initial and subsequent measurement of an operating lease

Lease income from operating leases is recognised as income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the use benefit derived from the leased asset is diminished. Usually, the straight-line basis is used to recognise income from operating leases.

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, or when annual impairment testing for an asset is required, 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) fair value less costs of disposal and its value in use. 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. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

2.8 Inventories

Inventories are measured at lower of cost and net realizable value.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Cost is determined as follows:

Raw Materials

Raw Materials which include purchase cost and other costs incurred to bring the materials to their location and condition are valued using a weighted average cost basis.

Work in progress

Cost of work in progress includes cost of raw material, labor, production and attributable overheads based on normal operating capacity. Work in progress is valued at the lower of cost or net realizable value, cost being determined using a weighted average cost basis.

Finished goods

Cost is determined using the weighted average method and includes cost of material, labor, production and attributable overheads based on normal operating capacity. Finished goods are stated at the lower of cost or net realizable value.

Cost of sales

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount

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of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.9 Financial instruments - initial recognition and subsequent measurement

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.

Financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Company does not have any financial assets categorized as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

The category also contains an equity investment. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for the any equity investment at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 4.3 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

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Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derecognition of financial liabilities

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Company has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.

2.10 Other assets

(a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially recognized in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received.

The Company's other receivables are staff advances and other receivables from debtors.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash and restricted balances with National Bank of Ethiopia.

2.12 Revenue recognition

Sales of goods and services

Revenue arises mainly from the sale of paint and other related products.

To determine whether to recognize revenue, the Company follows a 5-step process:

1 Identifying the contract with a customer

2 Identifying the performance obligations

3 Determining the transaction price

4 Allocating the transaction price to the performance obligations

5 Recognizing revenue when/as performance obligation(s) are satisfied

Almost all sale contracts have a single performance obligation and thus transaction price is not allocated to performance obligations. The amount of revenue recognized is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as trade and other payables in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

As the period of time between customer payment and performance for its products and services will always be one year or less, the Company applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for the effects of financing.

2.13 Employee benefits

Short-term employee benefits

Remuneration of employees is charged to profit or loss or to carrying amount of an asset (inventory). Short-term employee benefits are those that are expected to be settled within 12 months after the end of the reporting period in which the services have been rendered. Short-term employee benefit obligations are measured on an undiscounted basis and are charged to profit or loss or to inventory as the related service is provided. An accrual is recognized for accumulated and unexpired leave, incentive bonuses and other employee benefits when the company has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

Post-employment benefit plans

The Company operates various post-employment schemes, including both defined benefit and defined contribution post employment benefits plans.

(a) Defined contribution plan

The only defined contribution plan the company operates is a pension scheme. The pension scheme is in line with the provisions of Ethiopian Pension of Private Organization Employees Proclamation No. 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively.

Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in the profit and loss account.

(b) Defined benefit plan

The Company is obliged by law to pay severance payment for eligible employees who have served the Company for more than five (5) years when the employment contract is terminated.

The severance benefits are based on the statutory severance benefit as set out in Labor Proclamation No. 1156/2019. Employees who have served the Company for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for the benefit. The final pay-out is determined by reference to final monthly salary and number of years in service computed as one-month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months salary.

This qualifies as a defined benefit plan. Typically defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

(c) Bonus plans

The Company recognizes a provision for bonus where contractually obliged or where there is a past practice that has created a constructive obligation; though it does not have such an obligation currently.

2.14 Fair value measurement

The Company measures financial instruments classified as available-for-sale at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarized in the following notes:

- Financial instruments (including those carried at amortized cost) note 4.2
- Disclosures for valuation methods, significant estimates and assumptions note 4.6"

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company's Directors determines the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.

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.

2.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 recognized as other operating expenses.

2.16 Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. The excess of the issue price over the par value is recorded in the share premium reserve.

2.17 Income taxation

(a) Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred 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 nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

2.18 Distribution of profits / Dividend

Dividends declared by the company to the holders of the company's shares are recognised in the statement of changes in equity. Dividends that have not been declared at the Statement of Financial Position date are not accounted for in the current period. Such dividends are disclosed where the declaration occurred after the Statement of Financial Position date, but before these financial statements are approved for issue.

Dividend income is recognised in profit or loss when the company's right to receive payment has been established.

Profits are distributed as the shareholders resolve, in accordance with the Commercial Code of Ethiopia of 1960.

2.19 Related parties

A person or close member of that person's family is related to the company if that person:

- Has control or joint control over the company;
- Has significant influence over the company; or
- Is a member of the key management personnel of the company or of a parent of the company.

An entity is related to the company if any of the following conditions applies:

- The entity and the company are members of the same group;
- One entity is an associate or joint venture of the other entity;
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company;
- The entity is controlled or jointly controlled by a person identified above.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management and policies note 4.2
- Capital management note 4.5

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas of significant estimates and judgments are listed below:

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation (Judgement)

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Impairment testing (Estimate)

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, Directors determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, Directors assesses the recoverable amount for the cash generating unit to which the asset belongs.

Property, plant and equipment (Estimate)

The Directors provide for depreciation on the cost of property, plant and equipment over the assets' useful lives after taking their residual values into account.

The Directors estimate the residual values as the amount currently obtainable from the disposal of the asset, after deducting the estimated disposal costs, if the asset were already of the age and in the condition expected at the end of its useful life.

3.2 Critical accounting judgements and key sources of estimation uncertainty

Allowance for doubtful debts (Estimate)

An allowance for doubtful debt is based on past experiences of little prospect of collecting debtors overdue and an allowance is raised on those debtors. Accounts are written off as and when they become irrecoverable.

Deferred tax (Judgement)

Directors provide for deferred tax on temporary differences between the accounting and tax values of assets and liabilities at the tax rates expected to apply to different categories of assets and liabilities at the time and in the manner in which carrying values of the underlying items are expected to be recovered or settled.

Valuation of receivables (Judgement)

The Company assesses its trade receivables for impairment at each financial reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Company make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment

At the reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Key estimates

Valuation of receivables

The Company assesses its trade receivables for impairment at each financial reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Company make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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for the year ended 31 March, 2021

4 Financial risk management

4.1 Introduction

4.1.1 Risk measurement and reporting systems

The Company's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected regions. In addition, the Company measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

4.1.2 Risk mitigation

The Company uses various risk mitigating techniques to reduce its risk to the level acceptable. Risk controls and mitigants, identified and approved for the Company, are documented for existing and new processes and systems.

The adequacy of these mitigants is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently reviewed as part of the review process.

4.2 Financial risk

Financial instruments by category

The Company's financial assets are classified into the following categories: at amortized cost, at fair value through P&L and at FV through OCI and the financial liabilities are classified into other liabilities at amortized cost.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

The Company's classification of its financial assets is summarized in the table below:

	Notes	At fair value through profit or loss ETB	At amortized cost ETB	Total ETB
31 March, 2021				
Cash at bank	18	-	432,628,692	432,628,692
Investment securities:				
– Financial assets measured at amortized cost	14	-	7,000,000	7,000,000
Trade receivables	16	-	42,084,534	42,084,534
Other financial assets	17	-	4,761,757	4,761,757
Total financial assets		**-**	**486,474,983**	**486,474,983**
31 March, 2020				
Cash at bank	18	-	339,555,547	339,555,547
Investment securities:				
– Financial assets measured at amortized cost	14	-	5,000,000	5,000,000
Trade receivables	16	-	3,192,697	3,192,697
Other financial assets	17	-	4,044,938	4,044,938
Total financial assets		**-**	**351,793,182**	**351,793,182**

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are market risk, interest rate risk, liquidity risk, credit risk, legal risk and foreign currency risks. The Company reviews and agrees policies for managing each of these risks which are summarized below.

Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk is trade receivables.

Management of credit risk

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Companies of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved executive management.

The table below show the maximum exposure to credit risk for the Company's financial assets.

	Notes	31 March 2021 ETB	31 March 2020 ETB
Cash and balances with banks	18	432,628,692	339,555,547
Investment securities:			
– Financial assets measured at amortized cost	14	7,000,000	5,000,000
Trade receivables	16	42,084,534	3,192,697
Other receivables excluding prepayments	17	4,761,757	4,044,938
		486,474,983	**351,793,182**

(a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances that were neither past due nor impaired at as 31 March, 2021 and 31 March, 2020 are held in banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

(b) Credit quality of Trade and other receivables

Trade receivables

The Company calculates imparment allowance for trade receivables using two methods, IFRS 9 simplified approach for impairment of trade receivables and a 100% provision for receivables that have been outstanding for more than twelve months, the highest of the two being charged to profit and loss.

The Company applied the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location and nature of customers. A lifetime expected credit loss is charged on receivables that have objective evidence of impairment at the reporting date.

The expected loss rates are based on the payment profile for sales over the past 24 months before 31 March, 2021 and 31 March, 2020 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Company has identified gross domestic product (GDP) and unemployment rates of the country to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Current year provision for trade receivable is charged using 100% provision for receivable that have been outstanding for more than twelve months.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The closing balances of the trade receivables loss allowance as at 31 March, 2021 and 31 March, 2020 reconciles with the trade receivables loss allowance opening balance as follows:

	ETB
Opening loss allowance at 01 April, 2020	678,643
Reversal of loss allowance	(298,218)
Loss allowance as at 31 March, 2020	380,425
Loss allowance recognized during the year	789,875
Opening loss allowance at 31 March, 2021	**1,170,300**

4.3.3 Credit concentrations

The Company monitors concentrations of credit risk by sector, location and purpose. Below is an analysis of concentrations of credit risk at 31 March, 2021 and 31 March, 2020. The Company concentrates all its financial assets in Ethiopia.

	Public ETB	Private ETB	Total ETB
31 March 2021			
Cash and balances with banks			
Investment securities:	-	432,628,692	432,628,692
– Financial assets measured at amortized cost			
Trade receivables	7,000,000	-	7,000,000
Other financial assets	-	42,084,534	42,084,534
	-	4,761,757	4,761,757
	7,000,000	**479,474,983**	**486,474,983**
31 March 2020			
Cash and balances with banks			
Investment securities:	-	339,555,547	339,555,547
– Financial assets measured at amortized cost			
Trade receivables	5,000,000	-	5,000,000
Other financial assets	-	3,192,697	3,192,697
	-	4,044,938	4,044,938
	5,000,000	**346,793,182**	**351,793,182**

4.4 Market risk

Market risk is effectively managed by identifying and quantifying risks on the basis of current and future expectations and ensuring that trading occurs within defined parameters. This involves review and implementation of methodologies to reduce risk exposure. The Company is mainly exposed to the financial risks of changes in foreign currency exchange rates.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies, mainly in USD and Euro ; consequently, exposures to exchange rate fluctuations arise. The Company imports various materials from various suppliers using supplier credit arrangements which result in liabilities denominated in USD and Euro. The carrying amount of these balances result in exchange losses. The carrying amounts of these financial liabilities at the end of the reporting period are as follows.

	Financial assets	
	31 March 2021 ETB	31 March 2020 ETB
US Dollar denominated	10,167,377	9,767,991

	Financial liabilities	
	31 March 2021 ETB	31 March 2020 ETB
US Dollar denominated	96,926,615	41,518,633
Euro denominated	-	**5,490,501**

Foreign currency exchange rate fluctuation sensitivity analysis

The Company is mainly exposed to fluctuations relating to US Dollar and EURO to Ethiopian Birr exchange rates.

The following table details the Company's sensitivity to a 10% (2020: 10%) increase and decrease in the ETB against the US Dollar and EURO. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated financial instruments and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in loss for the year or equity for a 10% change in the exchange rates. A negative number below indicates a decrease in loss for the year or equity for a 10% change in the exchange rates.

	31 March 2021 ETB	31 March 2020 ETB
Effect on result for the year/equity for a 10% (2020:10%) appreciation	(8,675,924)	(3,724,114)
Effect on result for the year/equity for a 10% (2020:10%) depreciation	**8,675,924**	**3,724,114**

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through operating cash calls closely monitored by the management.

	1 - 3months ETB	3 mths - 1 yr. ETB	1 - >5 yrs. ETB	Total ETB
As at 31 March 2021	15,343,388	309,644,253	1,569,360.00	309,644,253
As at 31 March 2020	81,344,212	125,040,565	5,446,967	211,831,744

Interest risk

The Company is exposed to interest rate fluctuation risk via floating interest rate bearing Parent Company loan which is priced at LIBOR +2%.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The following table details the sensitivity to a 1% (2020: 1%) increase or decrease in the market interest rates:

	31 March 2021 ETB	31 March 2020 ETB
Parent Company loan balance	25,885,060	9,756,210
Effect on result or equity for a 1% (2020:1%) increase in rate	**(258,851)**	**(97,562)**
Effect on result or equity for a 1% (2020:1%) decrease in rate	**258,851**	**97,562**

4.5 Capital management

The Company maintains an efficient capital structure of equity shareholders' funds, consistent with the Company's risk profile and the regulatory and market requirements of its business.

The Company's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

An important aspect of the Company's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the Company is focused on the creation of value for shareholders.

The Company is not subject to imposed capital requirement. However, the Company is subject to thin capitalization as required on tax proclamation 979/2016, which require foreign controlled entities to have an average debt to average equity ratio not to be in excess of 1:2 for a tax year, otherwise a deduction will not be allowable for interest paid determined according to the formula stated in the proclamation. Accordingly, the Directors review the capital structure of the Company on an annual basis with a view to ensuring that the Company's net gearing ratio is optimal and is also in compliance with the regulatory requirements set by the Ethiopian Government i.e. loan to capital ration of 2:1.

4.6 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.6.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

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

- Level 1: Inputs that are quoted market 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	31 March, 2021		31 March, 2020	
	Carrying amount ETB	Fair value ETB	Carrying amount ETB	Fair value ETB
Financial assets				
Cash at bank	432,628,692	432,628,692	339,555,547	339,555,547
Investment securities:				
– Financial assets measured at amortized cost	7,000,000	7,000,000	5,000,000	5,000,000
Trade receivables	42,084,534	42,084,534	3192,697	3,192,697
Other financial assets	4,761,757	4,761,757	4,044,938	4,044,938
Total	**486,474,983**	**486,474,983**	**351,793,182**	**351,793,182**
Financial liabilities				
Trade payables	95,748,206	95,748,206	62,555,024	62,555,024
Borrowings	28,990,809	28,990,809	10,119,997	10,119,997
Lease obligation	5,846,125	5,846,125	9,697,647	9,697,647
Other financial liabilities	176,562,092	176,562,092	122,932,755	122,932,755
Total	**307,147,232**	**307,147,232**	**205,305,423**	**205,305,423**

4.6.2 Fair value methods and assumptions

Trade receivables and other assets are carried at cost net of provision for impairment. The estimated recoverable/ payable amount is assumed to approximate the future cash flows to be received/paid.

4.6.3 Valuation technique using significant unobservable inputs – Level 3

The Company has no financial asset measured at fair value on subsequent recognition.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

4.6.4 Transfers between the fair value hierarchy categories

During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.7 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

5 Revenue

	31 March 2021 ETB	31 March 2020 ETB
Sales of:		
Construction products	491,428,465	456,574,719
Industrial products	117,230,135	100,016,995
Automotive products	72,854,035	92,866,991
Wood work products	33,417,642	30,224,241
Adhesive products	26,866,596	40,276,214
	741,796,873	719,959,160
Less: sales discounts and return	(38,479,061)	(35,282,423)
	703,317,811	**684,676,737**

6 Cost of sales

	31 March 2021 ETB	31 March 2020 ETB
Work in progress, beginning	5,057,812	1,930,866
Material consumption	500,617,407	458,920,090
Labor	8,830,374	7,818,602
Depreciation	5,122,817	4,355,874
Insurance -machinery	1,641,835	1,472,655
Utilities	1,048,552	993,565
Repair and maintenance of machinery	468,475	329,374
Amortization of right of use asset	77,027	77,027
	522,864,299	475,898,053
Work in progress, ending	(5,070,387)	(5,057,812)
Cost of Production	517,793,912	470,840,241
Finished goods, beginning	13,469,616	4,267,899
Finished goods, ending	(13,750,999)	(13,469,616)
	517,512,529	**461,638,524**

7 Other income

	31 March 2021 ETB	31 March 2020 ETB
Sales of used empty drums	3,350,790	3,019,227
Sundry	74,132	94,296
Bad debts recovered	-	298,218
	3,424,922	3,411,741

8 Selling and administration expense

	31 March 2021 ETB	31 March 2020 ETB
Salary and benefits	28,235,797	25,756,179
Royalty/TSF - group (note 8.1)	7,574,592	6,834,092
Amortization of right of use asset	4,805,905	4,238,149
Additional prior periods tax expenses (note 10.3)	3,937,613	-
Depreciation	2,549,489	1,725,186
Canteen expenses	1,820,754	1,329,320
Systems expenses	1,776,538	1,074,486
Impairment loss on inventory	976,062	4,275,860
Impairment allowance on trade receivables	789,875	-
Repair and maintenance	779,008	778,484
Security charges	734,400	712,456
Fuel	720,564	631,880
Communications	621,442	490,331
Amortization of intangibles	631,815	145,608
Donation	572,446	78,080
Travel	464,631	843,247
Cleaning and sanitation	396,383	293,787
Legal and professional fees	377,205	852,361
Training and workshop expenses	345,513	171,685
Advertisement and promotion	216,010	1,355,404
Stationery and office supplies	188,790	191,206
Hotel lodging and boarding	124,508	19,692
Sundry	108,081	203,909
Membership fees	77,832	23,101
Fines and penalties	25,170	3,225
Bad debt written off	3,804	32,664
Demurrage charges	-	58,731
	58,854,227	**52,119,123**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

8.1 Royalty payable to TSF is computed as 3% on the incremental net sales over base sales of all products excluding adhesives products manufactured and sold by the Company.

9 Finance (income)/ costs, net

	31 March 2021 ETB	31 March 2020 ETB
Finance income:		
Interest income	(18,809,061)	(11,201,164)
Realized foreign currency exchange gain	(3,936,275)	(9,023,852)
Unrealized foreign currency exchange gain	(4,800,647)	-
	(27,545,983)	(20,225,016)
Finance costs:		
Realized foreign currency exchange loss (note 10.2.2)	15,495,962	21,857,429
Interest on prior period tax obligations (note 10.3)	5,722,834	-
Bank charges	2,515,836	1,326,782
Unrealized foreign currency exchange loss	2,469,865	3,658,671
Exchange loss on parent company loan accounted as borrowing cost to the extent of market interest rate	1,921,031	-
Interest on borrowings	599,387	79,267
Interest on building lease liability	572,412	844,307
Interest on bank overdraft	128,614	317,512
Interest on land lease liability	197,831	202,055
	2,077,788	**8,061,007**

10 Income and deferred tax

10.1 Current income tax

	31 March 2021 ETB	31 March 2020 ETB
Current taxation based on taxable profit (note 10.2)	40,038,512	53,353,204
Prior years profit tax expenses (note 10.3)	4,185,631	-
Deferred income tax charge/(credit) to profit or loss (note 10.5)	(103,927)	928,150
Total charge to profit or loss	44,120,216	54,281,354
Tax charge/(credit) on other comprehensive income (note 10.5)	33,345	28,561
Total tax in statement of comprehensive income	**44,153,561**	**54,309,915**

10.2 Taxation charge

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	31 March 2021 ETB	31 March 2020 ETB
Profit before taxation	128,298,190	166,269,824
Add:		
Unrealized foreign currency exchange loss	2,469,865	3,658,671
Realized foreign currency exchange loss, net (note 10.2.2)	11,559,687	12,833,577
Depreciation per Company policy	7,672,308	6,081,059
Depreciation on right of use asset	4,882,930	4,315,176
Impairment loss on inventory	976,062	4,275,860
Provision for discount	1,220,711	-
Remeasurement/Termination of lease	43,553	-
Bank charges on dividend transfer	1,396,962	-
Bank charges on dividend transfer 2019/20	1,296,824	-
Interest on prior period tax obligations	5,722,834	-
Additional prior periods tax expenses (note 10.3)	3,937,613	-
Exchange loss on parent company loan accounted as borrowing cost to the extent of market interest rate	1,921,031	-
Education fees	577,712	1,075,647
Provision for employee benefits (retirement benefit and annual leave)	536,018	1,377,973
Interest on lease liability (land and building)	770,242	1,046,362
Demurrage charges	-	58,731
Bad debts written off	3,804	32,664
Fines and penalties	25,170	3,225
Impairment of receivables	789,875	-
	45,803,201	34,758,945
Less:		
Interest income taxed at source	(18,809,061)	(11,201,164)
Depreciation per tax law (Annex-I)	(9,746,931)	(4,547,545)
Other allowable depreciation	(44,410)	-
Tax holiday on in-house emulsion production (note 10.2.1)	(3,648,707)	(3,850,859)
Tax allowed rent, lease interest, and leasehold land amortization expense	(3,528,820)	(3,237,230)
Unrealized foreign currency exchange gain	(4,800,647)	-
Bad debts recovered	-	(298,218)
Retirement benefits paid	(61,111)	(49,741)
	(40,639,686)	(23,184,757)
Taxable income	133,461,706	177,844,012
Tax expense (30%)	**40,038,512**	**53,353,204**

The income tax rate of 30% used for the tax computation as established by the tax legislation in place in Ethiopia.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

10.2.1 Tax holiday on In-house emulsion production

As an incentive for emulsion production facility expansion, which started operation in May 2019, the Ethiopian Revenue and Customs Authority, through letter number 3.1.1/151/12 dated 1 November, 2019 granted the Company a five-year tax holiday on profit generated from the expansion starting from September 2019.

The Company has not sold its products to external user yet. The profit on the expansion project is calculated by adding a twenty percent (20%) margin on internally used products. The twenty percent margin is charged assuming the profit that would have been earned had the products been sold to third parties.

10.2.2 Realized foreign exchange loss

In accordance with Article 44, Tax Regulation Number 410/2017, if a taxpayer incurred a foreign exchange loss during a tax year, the loss shall be offset against a foreign exchange gain derived by the taxpayer during the year. The unused amount of a loss is carried forward indefinitely for offset against foreign currency exchange gain until fully offset.

The Company has unused realized foreign exchange loss (net of realized foreign exchange gain) balance of ETB 27,016,768 (2020: ETB 15,457,081). Deferred tax asset has not been recognized in these financial statements due to the uncertainty of availability of foreign exchange gain to utilize the foreign exchange loss carried forward balance.

The movement in unused realized exchange loss is presented as follows:

	31 March 2021 ETB	31 March 2020 ETB
At the beginning of the year	15,457,081	2,623,504
Realized foreign currency exchange loss	15,495,962	21,857,429
Realized foreign currency exchange gain	(3,936,275)	(9,023,852)
	11,559,687	12,833,577
At the end of the year	**27,016,768**	**15,457,081**

10.3 Tax assessment

The Company was under comprehensive tax assessment for the period from 2015/16 to 2017/18. The assessment is finalized and an assessment report was communicated to the Company in 2020/21. The assessment resulted in an additional payment request of ETB 29,158,013, containing principal tax amount, interest and penalty. Out of this balance, the Company has settled ETB 3,088,637 and submitted an appeal for the remaining balance.

10.4 Current income tax liability

	31 March 2021 ETB	31 March 2020 ETB
Balance at the beginning of the year	51,011,383	34,030,840
Charge for the year (note 10.2)	40,038,512	53,353,204
Advance profit tax paid during the year	(4,091,879)	(2,341,821)
Payment during the year	(51,011,383)	(34,030,840)
Balance at the end of the year	**35,946,633**	**51,011,383**

10.5 Deferred income tax

Deferred taxation is calculated on all temporary differences using the enacted principal tax rate of 30%. The temporary difference is a result of difference in tax base which arise from difference in tax rates of depreciation of property plant and equipment and difference in accounting for depreciation on right of use asset and post-employment benefit obligation for financial reporting and tax purpose.

The movement in deferred income tax assets (liabilities) and deferred income tax charge/(credit) in profit or loss, in equity and other comprehensive income are as follows:

Deferred income tax assets/(liabilities):	**At 1 April 2020 ETB**	**Credit/ (charge) to profit or loss ETB**	**Credit/ (charge) to equity ETB**	**At 31 March 2021 ETB**
Property, plant and equipment (note 10.5.1)	(2,245,152)	(622,387)	-	(2,867,538)
Right of use asset (note 10.5.2)	338,090	117	-	338,207
Provision for retirement benefit obligation and leave pay (note 10.5.3)	2,270,405	175,818	(33,345)	2,412,878
Impairment loss on inventory (note 10.5.4)	2,807,017	313,416	-	3,120,433
Impairment of receivables (note 10.5.5)	114,128	236,962	-	351,090
Deferred tax liability	**3,284,488**	**103,927**	**(33,345)**	**3,355,070**

Deferred income tax assets/(liabilities):	**At 1 April 2020 ETB**	**Credit/ (charge) to profit or loss ETB**	**Credit/ (charge) to equity ETB**	**At 31 March 2020 ETB**
Property, plant and equipment (note 10.5.1)	(400,577)	(1,844,575)	-	(2,245,152)
Right of use asset (note 10.5.2)	161,937	176,153	-	338,090
Provision for retirement benefit obligation and leave pay (note 10.5.3)	1,900,964	398,002	(28,561)	2,270,405
Foreign exchange loss	709,010	(709,010)	-	-
Impairment loss on inventory (note 10.5.4)	1,666,272	1,140,745	-	2,807,017
Impairment of receivables (note 10.5.5)	203,593	(89,465)	-	114,128
Deferred tax liability	**4,241,199**	**(928,150)**	**(28,561)**	**3,284,488**

10.5.1 Property, plant and equipment

	31 March 2021 ETB	**31 March 2020 ETB**
Carrying amount of Property, plant and equipment	58,529,321	58,680,439
Less: Tax written-down value (Annex-I)	(48,970,860)	(51,196,600)
	9,558,461	7,483,839
Deferred tax liability (asset) at 30%	**2,867,538**	**2,245,152**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

10.5.2 Right of use asset (ROUA):

	31 March 2021 ETB	31 March 2020 ETB
Tax allowed rent, lease interest, and leasehold land amortization expense	3,253,962	3,237,230
Depreciation of right of use asset	(2,737,107)	(4,315,176)
Interest expense on lease liability	(517,247)	(1,046,362)
Timing difference	(391)	(2,124,308)
Tax disallowed rent expense	-	1,537,132
Net timing difference	(391)	(587,176)
Deferred tax liability (asset) at 30%	(117)	(176,153)

10.5.3 Provision for retirement benefit and annual leave pay obligation

	31 March 2021 ETB	31 March 2020 ETB
Tax written-down value	-	-
Less: Retirement benefit obligation	8,042,927	7,568,015
	(8,042,927)	(7,568,015)
Deferred tax liability (asset) at 30%	**(2,412,878)**	**(2,270,405)**

10.5.4 Impairment loss on inventory

	31 March 2021 ETB	31 March 2020 ETB
Tax written-down value	-	-
Less: impairment loss on inventory	10,401,442	9,356,722
	(10,401,442)	(9,356,722)
Deferred tax liability (asset) at 30%	**(3,120,433)**	**(2,807,017)**

10.5.5 Impairment of receivables

	31 March 2021 ETB	31 March 2020 ETB
Tax written-down value	-	-
Less: impairment of receivables	1,170,300	380,425
	(1,170,300)	(380,425)
Deferred tax liability (asset) at 30%	**(351,090)**	**(114,128)**

11 Property, plant and equipment

	Buildings	Machinery	Motor vehicles	Furniture and fixtures	Office Equipment	Computers and accessories	Machinery under installation and other property in transit	Total
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
Cost								
At 1 April 2019	22,399,586	31,845,378	11,855,473	910,159	284,121	2,689,757	24,143,392	94,127,866
Additions	47,534	1,623,130	1,343,049	159,510	3,913	1,245,272	8,196,225	12,618,633
Transfer	-	27,207,413	-	-	-	4,006,117	(31,213,530)	-
At 31 March 2020	**22,447,120**	**60,675,921**	**13,198,522**	**1,069,669**	**288,034**	**7,941,146**	**1,126,087**	**106,746,499**
At 1 April 2020	22,447,120	60,675,921	13,198,522	1,069,669	288,034	7,941,146	1,126,087	106,746,499
Additions	-	1,647,060	5,602,413	10,812	-	260,906	505,138	8,026,328
At 31 March 2021	**22,447,120**	**62,322,981**	**18,800,935**	**1,080,481**	**288,034**	**8,202,052**	**1,631,225**	**114,772,827**
Accumulated depreciation:								
At 1 April 2019	11,240,668	18,486,721	8,118,930	720,081	242,060	2,050,454	-	40,858,914
Charge for the year	1,109,945	3,089,771	1,243,170	52,980	16,236	568,957	-	6,081,059
At 31 March 2020	12,350,613	21,576,492	9,362,100	773,061	258,296	2,619,411	-	46,939,973
At 1 April 2020	12,350,613	21,576,492	9,362,100	773,061	258,296	2,619,411	-	46,939,973
Charge for the year	1,111,042	4,011,777	1,721,373	66,895	15,135	746,088	-	7,672,308
At 31 March 2021	**13,461,655**	**25,588,269**	**11,083,473**	**839,956**	**273,431**	**3,365,499**	**-**	**54,612,281**
Net book value								
At 31 March 2020	**10,096,507**	**39,099,429**	**3,836,422**	**296,608**	**29,738**	**5,321,735**	**1,126,087**	**59,806,526**
At 31 March 2021	**8,985,466**	**36,734,712**	**7,717,462**	**240,525**	**14,603**	**4,836,554**	**1,631,225**	**60,160,546**

11.1 Impairment review

Upon impairment review, the net book value of property, plant and equipment does not exceed its recoverable value as at the end of the reporting period. Thus, the Directors are of the opinion that allowance for impairment is not required.

11.2 Included in property, plant and equipment are fully depreciated assets having historical cost of ETB 13,063,442.

11.3 Machinery under installation and other property in transit relate to machinery and equipment that have not been operational and ready for use.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

12 Right of use assets (ROUA)

	31 March 2021 ETB	31 March 2020 ETB
Cost:		
At the beginning of the year	17,983,170	17,654,263
Addition	1,719,688	2,552,789
Lease contracts elapsed	(1,280,686)	(2,223,882)
At the end of the year	18,422,172	17,983,170
Accumulated amortization:		
At the beginning of the year	6,206,628	4,094,700
Charge for the year	4,882,930	4,315,176
Accumulated depreciation on lease contracts elapsed	(1,237,133)	(2,203,248)
At the end of the year	9,852,425	6,206,628
Net book value	**8,569,747**	**11,776,542**

12.1 Right of use assets - Land

The Company has leased land in various locations. The lease contracts are for fixed period and both parties have the right to terminate the contract with prior notice. The Directors believe neither party will terminate the lease contracts before the end of the lease period.

The below table shows details of individual lease contracts:

Lessor	Lease period	Lease commencement date	Cost ETB
Region 14 Administration Lease Board Office	60 years	September 1998	1,364,807
Akaki/Kality Sub City Land Administration Office	60 years	May 2010	3,018,000
Akaki/Kality Sub City Land Administration Office	70 years	December 2017	119,348
			4,502,155

12.1 Right of use assets - Building

The Company has leased various buildings and warehouses in Addis Ababa that have a lease term ranging from one to four years. The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right of use asset	No of right-of use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with termination options
Buildings	3	1-2	1.5	-	-	3
Warehouses	1	2.5	2.5	-	-	1

13 Intangible assets

	31 March 2021 ETB	31 March 2020 ETB
Cost:		
At the beginning of the year	2,526,837	-
Addition	-	2,526,837
At the end of the year	2,526,837	2,526,837
Accumulated amortization:		
At the beginning of the year	145,608	-
Charge for the year	631,815	145,608
At the end of the year	777,423	145,608
Net book value	**1,749,414**	**2,381,229**

Intangible assets are in respect of the Company's purchased Management Information Systems which are currently in use. There are no internally developed intangible assets accounted as intangible assets.

14 Investment securities

Represents Ethiopian Government bond for the construction of Grand Ethiopian Renaissance Dam purchased from the Government of Ethiopia.

	Interest rate	Maturity date	31 March 2021 ETB	31 March 2020 ETB
Bond 1	5.5%	3 March 2022	2,500,000	2,500,000
Bond 2	5.5%	3 March 2023	2,500,000	2,500,000
Bond 3	8%	22 June 25	2,000,000	-
			7,000,000	**5,000,000**
Maturity analysis				
Current			2,500,000	-
Non- current			4,500,000	5,000,000
			7,000,000	**5,000,000**

15 Inventories

	31 March 2021 ETB	31 March 2020 ETB
Raw materials	129,496,834	150,566,348
Finished goods	13,750,999	13,469,616
Packing materials	7,598,980	4,999,040
Gross amount	150,846,813	169,035,004
Allowance for inventory impairment (note 15.1)	(10,401,442)	(9,356,722)
	140,445,372	159,678,282
Work in process	5,070,387	5,057,812
Goods in transit	17,110,243	18,822,215
	162,626,002	**183,558,309**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

15.1 Impairment allowance on inventory

A reconciliation of the allowance for impairment losses for inventories, is as follows:

	31 March 2021 ETB	31 March 2020 ETB
As at 01 April	9,356,722	5,554,241
Inventory provision write back	68,658	-
Impairment loss recognized on inventory	976,062	3,802,481
As at 31 March	**10,401,442**	**9,356,722**

16 Trade receivables

	31 March 2021 ETB	31 March 2020 ETB
Trade	36,952,005	1,898,333
Related parties (note 28.2)	6,302,829	1,674,789
	43,254,834	3,573,122
Less: impairment allowance	(1,170,300)	(380,425)
	42,084,534	**3,192,697**

The average credit period on sales of goods is 30 days. No interest is charged on trade receivables. The Company has recognized an allowance for impairment losses based on the expected credit loss. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Age of trade and related party receivables

	31 March 2021 ETB	31 March 2020 ETB
0 - 90 days	34,643,696	2,160,724
91 - 180 days	5,979,753	219,548
181 - 270 days	253,700	754,248
271 - 365 days	164,646	40,623
More than 365 days	1,042,739	17,555
Total	**42,084,534**	**3,192,697**

16.1 The movements in impairment allowance for trade receivable is analyzed below:

	31 March 2021 ETB	31 March 2020 ETB
Balance at the beginning of year	380,425	678,643
Impairment loss recognized on receivables	789,875	(298,218)
Balance at end of the year	**1,170,300**	**380,425**

17 Other assets

	31 March 2021 ETB	31 March 2020 ETB
Other financial assets		
Other receivables	2,591,400	2,033,514
Interest receivable	993,619	598,619
staff receivable	1,176,738	1,412,805
	4,761,757	**4,044,938**
Other non-financial assets		
Advance and prepayments	19,118,814	13,137,595
	23,880,571	**17,182,533**
Other liabilities maturity Analysis		
Current	23,864,593	17,166,556
Non- current	15,978	15,978
	23,880,571	**17,182,533**

18 Cash and bank balances

	31 March 2021 ETB	31 March 2020 ETB
Cash at bank	348,310,369	264,106,403
Restricted cash at bank (note 18.1)	84,318,323	75,449,144
	432,628,692	**339,555,547**

18.1 Restricted cash at bank balance represents blocked amount by the Company's banks for the purchase of foreign currency for importation of raw materials as at the yearend.

19 Share capital

The Company has authorized and fully paid capital as follows. The shares have equal voting rights and shar equal in the distribution of profit.

	31 March 2021 ETB	31 March 2020 ETB
Authorized:		
Ordinary shares with par value of ETB 1,000 each	250,000,000	212,000,000
Issued and fully paid:		
Ordinary shares with par value of ETB 1,000 each	250,000,000	212,000,000
	250,000,000	**212,000,000**

The Company has authorized capital of ETB 250,000,000 which is fully paid (2020: ETB 212,000,000). Each share has a par value of ETB 1,000.

Notes to the Financial Statements (Contd.)
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Shares have equal voting rights and share equally in the distribution of profit.

	Number of shares			
	31 March 2021 ETB	31 March 2020 ETB	31 March 2021 ETB	31 March 2020 ETB
At the beginning of the year	212,000	180,000	212,000,000	180,000,000
Issued during the year (note 19.1)	38,000	32,000	38,000,000	32,000,000
At the end of the year	**250,000**	**212,000**	**250,000,000**	**212,000,000**

19.1 This additional capital injected by the shareholders of the Company is by transferring dividend to capital. This has not resulted in any change in the Company's shareholding structure.

20 Retained earnings

	31 March 2021 ETB	31 March 2020 ETB
At the beginning of the year	106,074,495	87,440,890
Profit for the year	84,177,974	111,988,470
Re-measurement gains on retirement benefit plans (net of deferred tax)	77,806	66,642
Transfer to legal reserve (note 21)	(4,212,789)	(5,602,756)
Dividend capitalized	(38,000,000)	(32,000,000)
Dividend declared	(68,074,494)	(55,818,751)
At the end of the year	**80,042,992**	**106,074,495**

21 Legal reserve

	31 March 2021 ETB	31 March 2020 ETB
Balance at the beginning of the year	37,252,235	31,649,479
Transfer from retained earnings (note 20)	4,212,789	5,602,756
At the end of the year	**41,465,024**	**37,252,235**

The legal reserve is a statutory reserve to which not less than one twentieth (5%) of the net profits for the year shall be transferred each year to this reserve until it amounts to 20% of the capital.

22 Borrowings

The Company has signed USD 1m loan facility agreement with its Parent Company, Asian Paint International Private Limited. The loan bears interest of LIBOR +2% on drawn balances. No commission or commitment fees are charged on unutilized facility balance. The Company has fully drawn the loan balance and repaid USD 300,000 during the accounting period. The outstanding loan balance, USD 700,000, is repayable within one year from the date of receipt.

The loan is obtained without any collateral. The loan balance movement in presented as follows:

	31 March 2021 ETB	31 March 2020 ETB
Balance at beginning of year	10,119,997	-
Additional loan received during the year	25,885,060	9,756,210
Accrued interest	599,387	79,267
Loan settlement	(12,021,750)	-
Exchange differences on translation of borrowing	4,408,115	284,520
Balance at the end of the year	**28,990,809**	**10,119,997**
Maturity analysis		
Current	28,990,809	10,119,997
Non current portion	-	-
	28,990,809	**10,119,997**

23 Provision for retirement benefit obligation and leave pay

	31 March 2021 ETB	31 March 2020 ETB
Retirement benefit obligation (note 23.1)	4,429,337	3,827,518
Leave payable (note 23.2)	3,613,590	3,740,497
Liability in the statement of financial position	**8,042,927**	**7,568,015**
Maturity analysis		
Current	1,028,264	1,031,306
Non current portion	7,014,663	6,536,709
	8,042,927	**7,568,015**
Income statement charge included in personnel expenses:		
– Severance benefit plan (note 23.1.3)	773,240	665,468
– Leave payable (note 23.2.3)	(126,066)	710,943
Total defined benefit expenses	**647,174**	**1,376,411**
Remeasurements		
– Severance benefit plan (note 23.1.4)	(111,151)	(95,203)
Total remeasurement (gain)/loss	**(111,151)**	**(95,203)**
Benefits paid		
– Severance benefit plan (note 23.1.2)	60,270	39,256
– Leave payable (note 23.1.2)	841	10,485
Total benefit paid	**61,111**	**49,741**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

23.1 Retirement benefit obligation

	31 March 2021 ETB	31 March 2020 ETB
Defined benefits liabilities:		
– Severance benefit plan long term	3,614,990	3,058,199
– Severance benefit plan current portion	814,347	769,319
Liability in the statement of financial position (note 23.1.2)	**4,429,337**	**3,827,518**
Income statement charge included in personnel expenses:		
– Severance benefit plan (note 23.1.3)	773,240	665,468
Total defined benefit expenses	**773,240**	**665,468**
Remeasurements		
– Severance benefit plan (note 23.1.4)	(111,151)	(95,203)
Total remeasurement (gain)/ loss	**(111,151)**	**(95,203)**

23.1.1 Severance benefit plan

The severance benefit plan is an unfunded defined benefit scheme. The Company does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallize.

The key financial assumptions are the discount rate and the rate of salary increases. The provision was based on an independent actuarial valuation performed by Trans Value Consultants using the projected unit credit method.

Severance benefit plan

The severance benefits are based on the statutory severance benefit as set out in Labour Proclamation No. 1156/2019. Employees who have served the Company for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for the benefit. The final pay-out is determined by reference to final monthly salary and number of years in service computed as one month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months salary.

23.1.2 Liability recognized in the financial position

	31 March 2021 ETB	31 March 2020 ETB
Severance pay	4,429,337	3,827,518
The movement in the defined benefit obligation over the years is as follows:		
At the beginning of the year	3,827,518	3,296,509
Current service cost	483,625	417,176
Interest cost	289,615	248,292
Remeasurement (gains)/ losses	(111,151)	(95,203)
Benefits paid	(60,270)	(39,256)
At the end of the year	4,429,337	3,827,518

23.1.3 Amount recognised in the profit or loss

	31 March 2021 ETB	31 March 2020 ETB
Current service cost	483,625	417,176
Interest cost	289,615	248,292
	773,240	**665,468**

23.1.4 Amount recognized in other comprehensive income

	31 March 2021 ETB	31 March 2020 ETB
Losses due to change in Financial Assumptions	209,620	-
Experience losses on Project Benefit Obligation (PBO)	(320,771)	(95,203)
	(111,151)	**(95,203)**

23.1.5 The principal assumptions used in determining defined benefit obligations

The significant actuarial assumptions used for the determination of the defined benefit obligation are as follows. These assumptions were developed by the Directors with the assistance of independent external consultants.

(i) *Discount rate*

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefit obligations works out to 9.09 years. For the current valuation a discount rate of 7.86 % p.a. compound, has been used.

(ii) *Long term salary increases*

The salary increase has been determined to be 11%. The salary escalation rate consists of regular increments, price inflation and promotional increases. In addition to this commitments by the Directors regarding future salary increases and the company's philosophy towards employee remuneration are also taken into account.

(iii) *Life expectancy*

Life expectancy for the given set of employees as on the valuation date is 69.29 years.

(iv) *Quantitative sensitivity analysis for significant assumption*

The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

	Impact on defined benefit obligation	
	31 March 2021 ETB	31 March 2020 ETB
Valuation Date Discount Rate + 1%	(198,880)	(200,342)
Valuation Date Discount Rate - 1%	226,994	220,588
Valuation Date Salary Growth Rate + 1%	230,181	217,167
Valuation Date Salary Growth Rate - 1%	(209,620)	(201,057)
Valuation Date Life Expectancy + 1 year	5,114	4,385
Valuation Date Life Expectancy - 1 year	(4,989)	(4,458)

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

23.2 Annual leave payable

	31 March 2021 ETB	31 March 2020 ETB
Defined benefits liabilities:		
– Leave payable long term	3,399,673	3,478,510
– Leave payable current portion	213,917	261,987
Liability in the statement of financial position (note 23.2.2)	**3,613,590**	**3,740,497**
Income statement charge included in personnel expenses:		
– Leave payable (note 23.2.3)	(126,066)	710,943
Total defined benefit expenses	**(126,066)**	**710,943**

23.2.1 Leave payable

The annual leave liability is based on the statutory annual leave entitlement as set out in Labour Proclamation No. 1156/2019. Workers are entitled to 16 working days of paid annual leave on completion of one year of service plus one working day for every additional year of service. For a worker with 5 years of service, the period of paid annual leave is 18 working days (one day extra for every two additional years of service).

The income statement charge, in respect change in annual leave liability, included within personnel expenses includes current service cost, interest cost, and changes in the liability balance because of assumptions used to calculate the total leave liability payable.

To estimate liabilities towards leaves liability it is assumed that 5% of leaves balance as on the valuation date and each subsequent year after the valuation date will be availed. The balance will be encashed at termination. As per the proclamation, the leaves can be postponed only for two years. But since this will become a continuous process, it is assumed that the valuation day leave balance is consumed at a slower pace.

The key financial assumptions used in the calculation of annual live liability are the discount rate and the rate of salary increases.

23.2.2 Liability recognized in the financial position

	31 March 2021 ETB	31 March 2020 ETB
Annual leave liability	**3,613,590**	**3,740,497**
The movement in the defined benefit obligation over the years is as follows:		
At the beginning of the year	3,740,497	3,040,039
Current service cost	628,847	333,537
Interest cost	231,926	186,832
Remeasurement (gains)/ losses	(986,839)	190,574
Benefits paid	(841)	(10,485)
At the end of the year	**3,613,590**	**3,740,497**

23.2.3 Amount recognised in the profit or loss

	31 March 2021 ETB	31 March 2020 ETB
Current service cost	628,847	333,537
Interest cost	231,926	186,832
Remeasurement (gains)/ losses	(986,839)	190,574
	(126,066)	**710,943**

23.2.4 The principal assumptions used in determining leave benefit obligations

The significant actuarial assumptions used for the determination of annual leave benefit obligation are as follows. These assumptions were developed by management with the assistance of independent external consultants.

(i) Discount rate

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefit obligations works out to 9.09 years. For the current valuation a discount rate of 7.86 % p.a. compound, has been used.

(ii) Long term salary increases

The salary increase has been determined to be 11%. The salary escalation rate consists of regular increments, price inflation and promotional increases. In addition to this commitments by the management regarding future salary increases and the company's philosophy towards employee remuneration are also taken into account.

(iii) Life expectancy

Life expectancy for the given set of employees as on the valuation date is 69.29 years

(iv) Quantitative sensitivity analysis for significant assumption

The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

	Impact on defined benefit obligation	
	31 March 2021 ETB	31 March 2020 ETB
Valuation Date Discount Rate + 1%	(178,207)	(222,531)
Valuation Date Discount Rate - 1%	211,477	264,796
Valuation Date Salary Growth Rate + 1%	194,531	238,561
Valuation Date Salary Growth Rate - 1%	(185,605)	(224,994)
Valuation Date Life Expectancy + 1 year	3,846	4,532
Valuation Date Life Expectancy - 1 year	(3,332)	(3,972)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

23.3 Risk exposure

Through its post-employment benefit schemes, the Company is exposed to a number of risks. The most significant is liquidity risk, which is detailed below:

The defined benefit and annual leave liabilities are unfunded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

24 Lease obligation

	31 March 2021 ETB	31 March 2020 ETB
Balance at 1 April	9,697,647	11,035,458
Addition during the year	1,719,688	2,475,281
Interest accrued during the year	572,412	844,307
Settlement during the year	(6,143,622)	(4,846,016)
Exchange differences on translation of foreign currency denominated lease liabilities	-	188,617
Lease obligation at end of the year	5,846,125	9,697,647
Maturity analysis		
Short term portion	4,276,765	4,250,680
Long term portion	1,569,360	5,446,967
	5,846,125	9,697,647

As disclosed in note 12, the lease obligation is in respect of outstanding lease obligation towards the right of use asset of residential building, warehouses, and land. The outstanding obligation is repayable in accordance to the terms stipulated in the lease agreements. The obligation is discounted at a rate of 11.5%.

Details regarding the contractual maturities of lease liabilities on an undiscounted basis is presented as follows:

	31 March 2021 ETB	31 March 2020 ETB
Within one year	4,627,044	4,520,053
Later than one year but no later than 5 years	1,297,740	6,359,892
Later than 5 years	1,233,758	965,760
	7,158,542	11,845,705

25 Trade payables

	31 March 2021 ETB	31 March 2020 ETB
Trade payables	95,748,206	62,555,024
	95,748,206	62,555,024

The average credit period on purchases of goods is 30 days (2020: 30 days). Normally, no interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

26 Other liabilities

	31 March 2021 ETB	31 March 2020 ETB
Other financial liabilities		
Dividend payable (note 26.1)	132,787,731	87,093,874
Royalty (note 26.2)	22,364,871	15,169,009
Related parties	11,161,455	8,407,005
Accruals	9,044,803	12,133,566
Sundry	981,913	129,301
Staff	221,319	-
	176,562,092	122,932,755
Other non-financial liabilities		
Provisions	10,419,808	-
Dividend tax	5,071,549	-
Value added tax	1,140,116	3,083,990
Withholding tax	1,164,164	704,824
Personnel income tax	927,981	473,102
Advance from customers	686,151	2,068,137
Pension contribution	-	196,268
	19,409,768	6,526,321
	195,971,860	**129,459,076**
Other liabilities maturity Analysis		
Current	195,971,860	129,459,076
Non- current	-	-
	195,971,860	**129,459,076**

26.1 Dividend payable

	31 March 2021 ETB	31 March 2020 ETB
Balance as at 1 April	87,093,874	92,649,975
Dividend declared during the year (note 20)	68,074,494	55,818,751
Dividend tax	(5,071,549)	(4,158,497)
	150,096,819	144,310,229
Paid during the year (net of tax)	(17,309,088)	(57,216,355)
Balance as at 31 March	132,787,731	87,093,874

As per the double tax treaty agreement signed between the Federal Democratic Republic of Ethiopia and the Republic of Singapore, where the 51% shareholder (Asian Paint International Private Limited) resides, a 5% dividend tax is charged on dividend paid/payable to Asian Paint International Private Limited.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

26.2 The balance for royalty is payable to Asian Paints Limited (note 8.1).

27 Cash generated from operating activities

		31 March 2021 ETB	31 March 2020 ETB
Profit before income tax		128,298,190	166,269,824
Adjustments for non- cash items:			
Interest expense on borrowings	22	599,387	79,267
Interest expense on lease liabilities	9	572,412	844,307
Exchange differences on translation of foreign currency denominated lease liabilities	24	-	188,617
Exchange differences on translation of foreign borrowing	22	4,408,115	284,520
Depreciation of property, plant and equipment	11	7,672,308	6,081,059
Amortization of right of use asset	12	4,926,483	4,335,810
Amortization of intangible assets	13	631,815	145,608
Provision for retirement benefit obligation and leave pay	23	647,174	1,376,411
Changes in working capital:			
Change in inventories	15	20,932,307	25,933,628
Change in trade receivables	16	(38,891,837)	90,151,838
Change in other assets	17	(6,698,037)	(87,105,930)
Change in trade payables	25	33,193,182	44,467,388
Change in other liabilities	26	66,512,783	9,569,895
		222,804,282	**262,622,242**

28 Related party transactions

The Company, in the normal course of business, sells to and buys from other business enterprises that fall within the definition of a 'related party' contained in International Accounting Standard 24. These transactions mainly comprise purchases, sales, finance costs, finance income and royalty fee paid to the Parent Company.

The Company's related parties include its key management personnel and the shareholders. Other related parties comprise of fellow subsidiaries that are controlled by the major shareholder Asian Paint International Private Limited and Companies owned by Directors and close family member of shareholder and Directors.

Unless otherwise stated, none of the transactions incorporate special terms and conditions . Outstanding balances are usually settled in cash.

The Company is related to the following parties:

Related Party	Relation
Board of Directors and senior executives	Controls the Company
Shareholders	Controls the Company
Asian Paints Limited	Ultimate Holding Company
Asian Paints International Pvt. Ltd	Holding Company
Berger Paints Emirates Ltd Co LL	Controlled by Holding Company
Samatra P.L.C	Controlled by Directors
Kadisco General Hospital P.L.C	Controlled by Directors
Afatco Trading PLC	Close family member
Skytex General Trading LLC	Controlled by Directors
MCC Import Enterprise	Controlled by Directors
Elham Abdela	Close family member
Kadco Group PBDA P.L.C.	Controlled by Directors
KADISCO General Hospital PLC	Controlled by Directors
KADCO Group	Controlled by Directors
Azeb Mohammed	Close family member
Yesuf Abdulhamid Zeidi T/Haimanot	Close family member
Abdulrezack Ibrahim Abdulkadir	Close family member
ASAMCO Trading and Industry P.L.C	Close family member
Anhar Seid	Close family member
Nesredin Mohammed Adem	Close family member
Alamin Mohammed	Close family member
Ismael Khalifa	Close family member

28.1 Remuneration for key management personnel

Key management has been determined to be those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. Key management personnel remuneration includes the following expenses:

Short-term employee benefits:	31 March 2021 ETB	31 March 2020 ETB
Salary and benefits	8,173,631	7,817,767
	8,173,631	**7,817,767**

A number of transactions were entered into with related parties in the normal course of business. These are disclosed as follows:

28.2 Transactions with related parties

Due to related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

	Nature of relationship	Balance at 31 March 2020 ETB	Purchase of supplies and rendering of service	Payments	Balance at 31 March 2021 ETB
Sachem Import and Export P.L.C	Controlled by Directors	-	(55,606,560)	55,606,560	-
Asian Paints Limited	Ultimate Holding Company	(5,202,935)	(463,629)	(1,135,937)	(6,802,502)
Asian Paints International Pvt. Ltd	Holding Company	(3,109,682)	(1,551,193)	131,081.79	(4,529,793)
Berger Paints Emirates Ltd Co LL	Conttrolled by Holding Company	-	(3,588,002)	3,588,002	-
Berger Paints Emirates Ltd Co LL	Conttrolled by Holding Company	(94,388)	291,353	(26,124)	170,840
Samatra PLC	Controlled by Directors	(671,523)	-	-	(671,523)
Kadisco General Hospital Plc	Controlled by Directors	41,993	-	-	41,993
Skytex General Trading LLC	Controlled by Directors	(2,409,441)	(1,748,085)	4,177,247	19,722
Elham Abdela	Relative	(338,400)	(8,664,625)	8,511,849	(491,176)
Kadco Group PBDA P.L.C.	Controlled by Directors	-	(1,144,043)	1,144,043	-
		(11,784,376)	**(72,474,785)**	**71,996,721**	**(12,262,439)**

The above related party transactions and balances are included in trade and other liabilities.

Due from related parties

	Nature of relationship	Balance at 31 March 2020 ETB	Sales	Payments	Balance at 31 March 2021 ETB
Kadisco General Hospital PLC	Controlled by Directors	37,730	250,194	(13,322)	274,602
Kadco Group	Controlled by Directors	23,751	57,622	(25,150)	56,222
MCC Import Enterprise	Controlled by Directors	51,656	95,303	(146,489)	470
Dr . Khalifa Abdulkadir	Shareholder	-	43,136	(43,136)	-
Salahadin Khalifa	Shareholder	-	1,045	(1,045)	-
Azeb Mohammed	Director's relative	-	44,769,856	(43,227,131)	1,542,726
Yesuf Abdulhamid Zeidi T/ Haimanot	Director's relative	2,374	26,467,459	(25,008,872)	1,460,960
Abdulrezack Ibrahim Abdulkadir	Director's relative	(26)	5,408,819	(5,408,844)	(51)
ASAMCO Trading and Industry Plc	Director's relative	841,538	-	(255,456)	586,082
Anhar Seid	Director's relative	(130)	9,861,606	(8,947,278)	914,197
Nesredin Mohammed Adem	Director's relative	(941)	-	-	(941)
Alamin Mohammed	Director's relative	(10)	4,181,397	(3,422,415)	758,973
Ismael Khalifa	Director's relative	-	12,914	(4,696)	8,218
Frewoini B/Meskel	Key management	718,847	28,956,855	(28,974,331)	701,371
		1,674,789	**120,106,205**	**(115,478,165)**	**6,302,829**

28.2 Transactions with related parties

28.2.1 As disclosed in note 22, the Company received a loan from its parent company at rate and terms comparable to the average commercial rate of interest terms prevailing in the market. The loan is unsecured.

28.2.1 As disclosed in note 8.1 and 26.2, the Company pay 3% royalty on the incremental net sales over base sales of all products excluding adhesives products manufactured and sold by the Company to Asian Paints Limited, the ultimate holding Company. The royalty payable balance as at 31 March, 2021 is ETB 22,364,871 (2020: ETB 15,169,009).

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. There

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

have been no guarantees provided or received for any related party receivables or payables.

29 Going concern

The Directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Company is in a sound financial position. The Directors are not aware of any material changes that may adversely impact the Company. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

30 Contingent liabilities and contingent assets

30.1 Claims and litigation

The Company was under comprehensive tax audit for the years ended 31 March, 2016 to 31 March, 2018 and for import duty tax audit for the years ended 12 August, 2015 to 12 August, 2020. The assessments have resulted in additional tax demand of ETB 83,535,691. The case is under discussion with the Tax Authority and the Directors strongly believe that the case will result in a favorable outcome for the Company.

31 Events after reporting period

As at the date of authorization of these financial statements for issue, there were no major events that would impact on the amounts and/or disclosures in these financial statements. (2020: none).

32 Currency

The financial statements are presented in Ethiopian Birr.

33 Comparatives

When necessary, comparative figures have been reclassified to confirm with changes in the current year. Below is detail of reclassification made during the reporting period.

	31 March 2020 As previously reported ETB	**Reclassification ETB**	**31 March 2020 As reclassified ETB**
Other assets (note 33.1)	92,631,677	(75,449,144)	17,182,533
Cash and bank balances (note 33.1)	264,106,403	75,449,144	339,555,547
	356,738,080	**-**	**356,738,080**

33.1 In the previous periods, amount blocked with banks for import of various items were reported as advance and prepayment under other assets. In the current period, as the amounts blocked with banks represent restricted fund with bank rather than advance payments to suppliers, these balances are now reclassified and reported as restricted fund under cash and bank balances.

Annex-I Tax Base (Property, Plant and Equipment)

for the year ended 31 March 2021

	Buildings	Machinery	Motor vehicles	Furniture and fixtures	Office Equipment	Computers and accessories	Total
	ETB	ETB	ETB	ETB	ETB	ETB	ETB
Cost:							
At 1 April 2019	22,399,586	31,845,378	11,855,473	910,159	284,121	2,689,757	69,984,474
Additions	47,534	1,623,130	1,343,049	159,510	3,913	1,245,272	4,422,408
Reclassification	-	27,207,413	-			4,006,117	31,213,530
At 31 March 2020	22,447,120	60,675,921	13,198,522	1,069,669	288,034	7,941,146	105,620,412
At 1 April 2020	22,447,120	60,675,921	13,198,522	1,069,669	288,034	7,941,146	105,620,412
Additions	-	1,647,061	5,602,413	10,812	-	260,905	7,521,191
At 31 March 2021	22,447,120	62,322,982	18,800,935	1,080,481	288,034	8,202,051	113,141,603
Accumulated depreciation							
At 1 April 2019	11,194,182	27,887,516	7,810,479	781,396	235,124	1,967,570	49,876,267
Prior year depreciation adjustment	916,755	(3,546,720)	(577,705)	(29,588)	(8,810)	(173,313)	(3,419,381)
Charge for the year	1,124,330	4,889,038	861,530	39,581	11,330	1,041,116	7,966,926
At 31 March 2020	13,235,267	29,229,834	8,094,304	791,390	237,644	2,835,373	54,423,812
At 1 April 2020	13,235,267	29,229,834	8,094,304	791,390	237,644	2,835,373	54,423,812
Charge for the year	1,122,356	5,566,149	1,274,384	50,820	10,554	1,722,668	9,746,931
At 31 March 2021	14,357,623	34,795,983	9,368,688	842,210	248,198	4,558,041	64,170,743
Net book value							
At 31 March 2020	**9,211,852**	**31,446,088**	**5,104,218**	**278,279**	**50,390**	**5,105,773**	**51,196,600**
At 31 March 2021	**8,089,497**	**27,526,999**	**9,432,247**	**238,271**	**39,836**	**3,644,010**	**48,970,860**

BERGER PAINTS EMIRATES LIMITED

Contents

Independent Auditor's Report

To The Shareholder of Berger Paints Emirates Limited Group

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of entities as set out in note 1 to the combined financial statement (collectively referred to as "Berger Paints Emirates Limited Group" or "the Group"), which comprise the combined statement of financial positions as at 31 March 2021, the combined statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements fairly, in all material respects, the combined financial positions of the Group as at 31 March 2021, and its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the combined financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Preparation

We draw attention to note 2 to the combined financial statements, which describes their basis of preparation, including the approach to and the purpose for preparing them. The combined financial statements were prepared for the information of the Shareholder of the Group and may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 combined financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Groups' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG lower Gulf Limited
Fawzi AbuRass
Registration Number: 988
Dubai, United Arab Emirates

10th May, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	31 March 2021 AED	31 March 2020 AED
Assets			
Non-current assets			
Property, plant and equipment	11	12,083,992	13,693,613
Right-of-use assets	12	13,061,864	17,329,072
Intangible assets	13	411,757	521,493
		25,557,613	**31,544,178**
Current assets			
Inventories	14	23,138,587	18,881,005
Other financial assets	15	44,000	575,000
Trade and other receivables	16	75,287,005	66,635,702
Due from related parties	17	3,920,049	5,802,057
Cash in hand and at banks	18	7,618,503	10,767,520
		110,008,144	**102,661,284**
Current liabilities			
Trade and other payables	25	50,237,078	45,322,074
Due to related parties	17	953,665	2,463,434
Current maturity of lease liabilities	24	3,070,027	4,294,145
		54,260,770	**52,079,653**
Net current assets		55,747,374	50,581,631
Non-current liabilities			
Staff terminal benefits	22	(3,341,438)	(3,303,782)
Lease liabilities	24	(10,371,872)	(12,318,951)
		(13,713,310)	**(15,622,733)**
Net assets		**67,591,677**	**66,503,076**
Equity			
Share capital	19	1,000,000	1,000,000
Statutory reserve	20	500,000	500,000
General reserve	21	10,851,738	10,851,738
Retained earnings		38,442,198	37,353,597
Subordinated loan from a related party	17	16,797,741	16,797,741
Total equity		**67,591,677**	**66,503,076**

The notes set out on pages 10 to 34 are an integral part of these combined financial statements.

The independent auditors' report is set out on pages 4 to 5.

To the best of our knowledge, the combined financial statements present fairly, in all material respects, the combined financial position, combined results of operations and combined cashflows of the Group as of and for the year ended 31 March, 2021.

These combined financial statements were approved by the General Manager of the Group on 10th May, 2021.

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Pawan Kumar Vadlamani

Statement of Profit and Loss
for the year ended 31 March, 2021

	Notes	2021 AED	2020 AED
Revenue	5	164,596,716	163,406,773
Cost of sales	6	(112,650,938)	(113,771,331)
Gross profit		**51,945,778**	**49,635,442**
Selling and distribution expenses	7	(37,545,969)	(35,763,018)
General and administrative expenses	8	(6,906,095)	(7,002,272)
Impairment on trade receivables	27	(2,800,428)	(1,593,045)
Other income	9	2,650,493	3,802,553
Result from operating activities		**7,343,779**	**9,079,660**
Finance costs	10	(1,255,178)	(1,256,310)
Profit for the year		**6,088,601**	**7,823,350**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**6,088,601**	**7,823,350**

The notes set out on pages 10 to 34 are an integral part of these combined financial statements.

The independent auditors' report is set out on pages 4 to 5.

Statement of Changes in Equity
for the year ended 31 March, 2021

	Share capital AED	Statutory reserve AED	General reserve AED	Retained earnings AED	Subordinated loan from a related party AED	Total AED
Balance at 1 April 2019	1,000,000	500,000	10,851,738	29,530,247	16,797,741	58,679,726
Total comprehensive income for the year						
Profit for the year	-	-	-	7,823,350	-	7,823,350
Balance at 31 March 2020	1,000,000	500,000	10,851,738	37,353,597	16,797,741	66,503,076
Total comprehensive income for the year						
Profit for the year	-	-	-	6,088,601	-	6,088,601
Transactions with owners recorded directly in equity:						
Dividend declared (refer (i) below)	-	-	-	(5,000,000)	-	(5,000,000)
Balance at 31 March 2021	**1,000,000**	**500,000**	**10,851,738**	**38,442,198**	**16,797,741**	**67,591,677**

(i) During the current year, a dividend of AED 5 million (2020: Nil) has been declared and paid by the Group.

The notes set out on pages 10 to 34 are an integral part of these combined financial statements.

Statement of Cash Flows

for the year ended 31 March, 2021

	Notes	2021 AED	2020 AED
Operating activities			
Profit for the year		6,088,601	7,823,350
Adjustments for:			
Depreciation of right-of-use assets	12	6,474,468	6,358,152
Impairment loss on trade receivables	16	2,800,428	1,593,045
Depreciation of property, plant and equipment	11	1,977,200	1,764,121
Interest accrued on lease liabilities	24	919,556	1,031,914
Provision for staff terminal benefits	22	444,527	446,164
Amortization of intangible assets	13	109,736	15,204
Loss on termination of assets		104,071	-
Reversal of allowance for slow moving inventories	14	(351,721)	(149,030)
Gain on disposal of property, plant and equipment	9	(32,002)	(35,951)
		18,534,864	**18,846,969**
Changes in:			
- trade and other receivables		(11,451,731)	(13,492,887)
- inventories		(3,905,861)	(1,761,819)
- due from related parties		1,882,008	(2,732,079)
- other financial assets		531,000	-
- trade and other payables		4,915,004	8,412,896
- due to related parties		(1,509,769)	1,284,219
		8,995,515	**10,557,299**
Staff terminal benefits paid	22	(406,871)	(125,700)
Net cash from operating activities		**8,588,644**	**10,431,599**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(496,906)	(4,791,647)
Proceeds from disposal of property, plant and equipment		161,329	130,144
Net cash used in investing activities		(335,577)	(4,661,503)
Financing activities			
Payment against finance lease liabilities	24	(6,402,084)	(6,072,107)
Dividend paid		(5,000,000)	-
Net cash used in financing activities		**(11,402,084)**	**(6,072,107)**
Net decrease in cash and cash equivalents		(3,149,017)	(302,011)
Cash and cash equivalents at the beginning of the year		10,767,520	11,069,531
Cash and cash equivalents at the end of the year		**7,618,503**	**10,767,520**

The notes set out on pages 10 to 34 are an integral part of these combined financial statements.

The independent auditors' report is set out on pages 4 to 5.

Notes To The Financial Statements

for the year ended 31 March, 2021

1. Reporting entity

The combined financial statements of Berger Paints Emirates Limited Group ("the Group") reflect the combined operations of the following entities (referred to as "Combined Entities"), which are under common ownership and management control of Asian Paints International Private Limited, Singapore ("the Holding Company"):

	Name of the entity	Location
1)	Berger Paints Emirates Limited Co LLC (refer (i))	Dubai, UAE
2)	Berger Paints Emirates Establishment (refer (ii))	Abu Dhabi, UAE

(i) Berger Paints Emirates Limited Co LLC ("the Company") is registered as a Limited Liability Company incorporated in the Emirate of Dubai, United Arab Emirates ('UAE') on 1 August 1985 under the UAE Commercial Companies Law.

The shareholding pattern of the Company is as follows:

	Shareholding %
Sultan Ahmad Sultan Bin Sulayem*	51
Enterprise Paints Limited, Isle of Man, United Kingdom*	39
Nirvana Investment Limited, Isle of Man, United Kingdom*	10

*Held for the beneficial interest of the Holding Company.

(ii) Berger Paints Emirates Establishment ("the Establishment") is a sole proprietorship registered with the Department of Planning and Economy – Government of Abu Dhabi UAE on 5 July 1993. The Establishment is owned by Sultan Ahmad Sultan Bin Sulayem for the beneficial interest of the Holding Company.

The registered address of the Group is P.O. Box 27524, Dubai, UAE.

The principal activities of the Group are manufacturing, marketing and distribution of paints and chemicals.

2. Basis of preparation

a) Combined financial statements

These combined financial statements have been prepared to present the combined financial position, combined operating results, combined cash flows and combined statement of changes in equity of the Combined Entities for the year ended 31 March 2021. The combined financial statements are prepared solely for providing the beneficial shareholder (i.e. Asian Paints International Private Limited, Singapore) of the Group with the combined financial performance and position of the Combined Entities as at 31 March 2021. As a result, the combined financial statements may not be suitable for any other purpose.

The financial statements have been combined solely on the basis of the common beneficial control that the Holding Company exercises on the Combined Entities. This is judged on the basis of its exposure to, or rights to, variable returns from its involvement with the Group and its ability to affect those returns through the power over the Group.

The financial performance and position of the entities comprising the Combined Entities have been combined on a line by line basis. Material inter-company transactions and balances within the Combined Entities have been eliminated.

b) Statement of compliance

The combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

c) Basis of measurement

The combined financial statements have been prepared on a historical cost basis.

d) Functional and presentation currency

These combined financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency. All financial information presented in AED has been rounded off to the nearest thousand, unless otherwise indicated.

e) Use of estimates and judgements

In preparing these combined financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the combined financial statements is included in note 28.

f) Impact of coronavirus (COVID-19) of the Group's financial statements

The World Health Organisation declared COVID-19 as a pandemic in March 2020. Escalation of COVID-19 has impacted the global economic growth and business developments. Most countries have enacted protection measures against COVID-19, with a significant impact on the daily life, production and supply chain of goods in these countries and beyond.

The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Group's business activities, is subject to levels of uncertainty, with the full range of possible effects unknown including but not limited to: the success of support measures introduced by governments, a smooth supply chain, customer behavioural patterns and sentiments, volume and velocity of tourism, ability of the wider economy to recover, timing and manner of the easing of restrictions (such as lockdowns and social distancing) and successful vaccination campaigns.

The Group has proactively introduced comprehensive measures to address and mitigate key operational and financial issues arising from the current situation. The Group continues to adopt strict social distancing safety measures and other hygiene practices across its office space, enabling it to continue operations with minimal disruptions.

Management, based on its assessment, believes that the cashflows from operations will allow the Group to continue to operate and meet its liabilities whenever they fall due in foreseeable future.

3. Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these combined financial statements.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are in accordance with the policies as explained below.

i) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Group and are recognised when persuasive evidence exists that the control passes from the Group to the customer satisfying the performance obligation, and the amount of revenue can be measured

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

reliably. Discounts are recognised as a reduction of revenue as the sales are recognised.

ii) Contract revenue

Contract revenue on construction contracts is stated at contract cost plus estimated attributable profits less any foreseeable losses recognised during the year. Profit is recognised only when the outcome of the contract can be reliably estimated. When the outcome of a work contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Under IFRS 15, revenue is recognised over time by reference to the stage of completion measured to value of work certified. The related costs are recognised in profit or loss on the same basis. Advances received are included in contract liabilities.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any material initial direct costs incurred and an estimate of material costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional

renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the combined statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases which are less than 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group 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 Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the respective dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the Group's functional currency at the exchange rates at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rates when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Capital Work-In-Progress

Capital Work-In-Progress is carried at cost less impairment losses, if any. On completion, the cost of such assets is transferred to property, plant and equipment.

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and that can be measure reliably. Ongoing repairs and maintenance is expensed as incurred.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using the straight-line basis over their estimated useful lives and is recognised in profit or loss. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods of significant items of property, plant and equipment are as follows:

	Life (years)
Leasehold improvements	5 - 25
Plant and machinery	3 - 10
Motor vehicles	4 - 5
Fixtures and office equipment	5 - 8

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible Assets

Recognition and measurement

Intangible assets primarily include expenditure incurred towards the Group's enterprise resource planning system and related software applications. These intangible assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The Group has estimated a useful life of 5 years for these intangible assets.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Impairment

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss ("FVTPL") is assessed at each reporting date to determine whether there is objective evidence of impairment.

The Group measures loss allowances for its financial assets measured at amortised cost at an amount equal to lifetime expected credit losses ("ECLs"). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Financial assets measured at amortised cost

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or debtor;
- A breach of contract (such as a default); the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower or debtor will enter bankruptcy or other financial reorganisation.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses are assessed for related party receivables, cash at banks, refundable deposits and certain other receivables and are presented separately in the combined statement of comprehensive income.

Assets that are individually significant are tested individually whereas others are grouped together with financial assets of similar credit risk characteristics and assessed collectively.

Impairment loss is reversed if the reversal can be objectively related to an event that have occurred after the impairment loss was recognised. For financial assets that are measured at amortised cost, the reversal is recognised in profit or loss account.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit ("CGU"). All impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated selling expenses. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the weighted average cost ("WAC") principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Raw materials held for use in the production of finished goods is written down to net realisable value when the decline in their prices indicates that cost of finished goods will exceed net realisable value. The net realisable value of raw materials in such cases is determined by reference to its replacement cost.

Raw materials

The cost of raw materials is determined on the weighted average cost ("WAC") and includes insurance, freight and other incidental charges incurred in bringing the inventories to their present location and condition.

Finished goods and work in progress

The cost of finished goods and work in progress is based on the WAC basis and includes costs of direct materials and direct labour plus attributable overheads based on normal operating capacity.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Finance expenses

Finance expenses comprises of bank charges and interest on unwinding of the lease liabilities.

Other income

Other income comprises commission income, gain on disposal of property plant and equipment and foreign currency translation differences. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Group. Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Financial Instruments

The Group classifies non-derivative financial assets and liabilities into financial assets at FVTPL, financial assets at FVOCI, financial assets at amortised cost and other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost, FVOCI - debt instruments, at FVOCI - equity instruments or at FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Of the aforementioned, only the 'amortised cost' category is relevant to the Group.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Financial assets at amortised cost

Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Financial assets at amortised cost comprise cash and cash equivalents, other receivables and related party receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at banks in current accounts that are used by the Group in the management of its short-term commitments.

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Other financial liabilities comprise trade and other payables including provisions and related party payables.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Share capital – ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Hybrid instruments are accounted as equity instruments and there is no contractual obligation to pay cash.

New standards and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2020 and early adoption is permitted; however, the Group has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements in the period of initial application:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Reference to conceptual framework (Amendments to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28); and
- Annual improvements to IFRS Standards 2018-2020

4. Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these combined financial statements.

Risk Management Framework

The Board of Directors of the Holding Company has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies. The Group's senior management reports to the Board of Directors on its activities.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade other receivables, due from related parties and cash at banks.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring specific management approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific

loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Group seeks to limit its credit risk with respect to customers by reviewing credit to individual customers by tracking their historical business relationship and default risk.

Due from related parties

The Group carries out business transaction with related parties. The related parties are considered to be fully recoverable by management as their credit risk is expected to be significantly low.

Cash at banks

The Group held cash and cash equivalents, subject to credit risk, of AED 7.6 million at 31 March 2021 (2020: AED 10.7 million). The cash and cash equivalents are held with banks of repute.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management is confident that un-drawn committed facilities plus cash from operations should be sufficient to cover all committed expenditure for the coming 18 months (also refer note 30).

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Group's income and the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Currency Risk

The Group is mainly exposed to currency risk on purchases and payables that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Euro ("EUR"), and Pound Sterling ("GBP").

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

Capital Management

The Board of the Holding Company's policy is to maintain a strong capital base so as to maintain creditors, investors and market confidence and to sustain future development of the business. The Board of Directors of the Holding Company monitors the return on capital through operating cash flow management. There was no change in the Group's approach to capital management during the year.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

5. Revenue

	2021 AED	2020 AED
Sale of finished goods	165,336,398	158,183,055
Less: Discounts	(4,906,422)	(2,851,742)
	160,429,976	**155,331,313**
Contract revenue	4,166,740	8,075,460
	164,596,716	**163,406,773**

6. Cost of sales

	2021 AED	2020 AED
Raw materials and work in progress at the beginning of the year	11,076,294	12,044,898
Add: Raw materials purchased during the year	94,622,307	90,548,725
Less: Cost of raw materials sold	(469,730)	-
Less: Raw materials and work in progress at the end of the year	(14,553,105)	(11,076,294)
Cost of raw materials consumed	**90,675,766**	**91,517,329**
Employees' salaries and benefits	8,674,834	9,095,605
Depreciation of property, plant and equipment (refer note 11)	1,446,401	1,379,646
Depreciation of right-of-use assets (refer note 12)	1,335,991	1,297,269
Rent and utilities	1,106,636	1,193,221
Repairs and maintenance	301,333	469,577
Other direct expenses	521,814	588,313
Cost of goods manufactured	**104,062,775**	**105,540,960**
Movement in finished goods		
Finished goods at the beginning of the year	8,801,118	6,115,511
Add: Finished goods purchased during the year	4,815,886	2,664,209
Less: Finished goods at the end of the year	(9,230,167)	(8,801,118)
Cost of sales	**108,449,612**	**105,519,562**
Cost of raw materials sold	469,730	-
Contract costs	3,731,596	8,251,769
	112,650,938	**113,771,331**

7. Selling and Distribution Expenses

	2021 AED	2020 AED
Employees' salaries and benefits	12,044,608	12,267,116
Advertising, promotion and marketing expenses	8,875,576	7,430,039
Depreciation of right-of-use assets (refer note 12)	4,518,632	4,424,816
Royalties for technical expertise (refer note 17 and (i) below)	4,446,709	4,378,142
Freight and documentation charges	3,603,578	3,896,509
Depreciation of property, plant and equipment (refer note 11)	206,952	174,771
Other selling and distribution costs	3,849,914	3,191,625
	37,545,969	**35,763,018**

(i) Royalty is charged at 3% of the Group's revenue, based on a service agreement entered into between the Group and the Holding Company.

8. General and Administrative Expenses

	2021 AED	2020 AED
Employees' salaries and benefits	1,759,015	2,337,412
Legal and professional cost	1,174,026	877,319
Rent and utilities	743,585	878,770
Depreciation of right-of-use assets (refer note 12)	619,845	636,067
Communication expenses	607,481	562,715
Printing, stationery and office supplies	517,086	550,960
Management fee	368,000	368,000
Depreciation of property, plant and equipment (refer note 11)	323,847	209,703
Repairs and maintenance	210,528	212,388
Insurance	191,637	160,643
Amortization of intangible assets (refer note 13)	109,736	15,204
Reversal of provision for slow-moving inventories	12,090	11,614
Other general and administrative expenses	269,219	181,477
	6,906,095	**7,002,272**

9. Other income

	2021 AED	2020 AED
Commission income (refer note (i))	2,262,374	3,099,274
Sale of scrap	269,570	292,302
Miscellaneous income	118,604	237,985
Gain on disposal of property, plant and equipment	32,002	35,951
Foreign currency exchange (loss)/gain – net	(32,057)	137,040
	2,650,493	**3,802,552**

(i) Commission income is received from a related party, which is calculated based on a mutually agreed mechanism in relation to customer management services provided by the Group to related party.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

10. Finance Expenses

	2021 AED	2020 AED
Interest expense accrued on lease liabilities (refer note 24)	919,556	1,031,914
Bank charges	335,622	224,396
	1,255,178	**1,256,310**

11. Property, Plant and Equipment

	Leasehold improvements AED	Plant and machinery AED	Motor Vehicles AED	Fixtures and office equipment AED	Capital work-in-progress AED	Total AED
Cost						
Balance at 31 March 2019	10,477,253	23,082,969	51,000	2,634,693	3,796,275	40,042,190
Additions	-	-	-	-	4,254,950	4,254,950
Transfers from capital work-in-progress	2,587,898	3,510,417	-	172,153	(6,270,468)	-
Reclassification	(473,024)	548,997	-	(75,973)	-	-
Disposals/write offs	-	(93,811)	-	(63,357)	-	(157,168)
Balance at 31 March 2020	12,592,127	27,048,572	51,000	2,667,516	1,780,757	44,139,972
Additions	-	-	-	-	496,906	496,906
Transfers from capital work-in-progress	-	2,133,354	-	98,920	(2,232,274)	-
Disposals/write offs	-	(618,641)	-	(59,546)	-	(678,187)
Balance at 31 March 2021	**12,592,127**	**28,563,285**	**51,000**	**2,706,890**	**45,389**	**43,958,691**
Accumulated depreciation						
Balance at 31 March 2019	9,526,398	16,968,065	51,000	2,199,750	-	28,745,213
Charge for the year	174,843	1,414,505	-	174,773	-	1,764,121
Reclassifications	(2,102)	82,491	-	(80,389)	-	-
On disposal/write offs	-	(9,391)	-	(53,584)	-	(62,975)
Balance at 31 March 2020	9,699,139	18,455,670	51,000	2,240,550	-	30,446,359
Charge for the year	206,952	1,641,556	-	128,692	-	1,977,200
On disposal/write offs		(503,268)	-	(45,592)		(548,860)
Balance at 31 March 2021	**9,906,091**	**19,593,958**	**51,000**	**2,323,650**	**-**	**31,874,699**
Carrying amount						
At 31 March 2021	**2,686,036**	**8,969,327**	**-**	**383,240**	**45,389**	**12,083,992**
At 31 March 2020	2,892,988	8,592,902	-	426,966	1,780,757	13,693,613

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

11. Property, Plant and Equipment (Contd.)

Depreciation charge for the year has been allocated as follows:

	2021 AED	2020 AED
Cost of sales (refer note 6)	1,446,401	1,379,646
General and administrative expenses (refer note 8)	323,847	209,703
Selling and distribution expenses (refer note 7)	206,952	174,772
	1,977,200	**1,764,121**

12. Right-of-use Assets

	Factory land AED	Warehouses, office and others AED	Motor Vehicles AED	Total AED
Cost				
Balance at 31 March 2019	7,969,835	11,396,708	3,668,839	23,035,382
Additions	-	3,512,539	747,466	4,260,005
Lease terminations/expiration	-	(3,370,207)	(817,653)	(4,187,860)
Balance at 31 March 2020	7,969,835	11,539,040	3,598,652	23,107,527
Additions	-	2,432,968	556,798	2,989,766
Lease terminations/expiration	-	(3,609,471)	(1,117,609)	(4,727,080)
Lease modification	(143,302)	(448,181)	-	(591,483)
Balance at 31 March 2021	**7,826,533**	**9,914,356**	**3,037,841**	**20,778,730**
Accumulated depreciation				
Balance at 31 March 2019	496,410	1,538,192	1,573,561	3,608,163
Charge for the year	399,310	4,798,883	1,159,959	6,358,152
On lease terminations/expiration	-	(3,370,207)	(817,653)	(4,187,860)
Balance at 31 March 2020	895,720	2,966,868	1,915,867	5,778,455
Charge for the year	396,142	4,961,604	1,116,722	6,474,468
On lease terminations/expiration	-	(3,451,201)	(1,084,856)	(4,536,057)
Balance at 31 March 2021	**1,291,862**	**4,477,271**	**1,947,733**	**7,716,866**
Carrying amount				
At 31 March 2021	**6,534,671**	**5,437,085**	**1,090,108**	**13,061,864**
At 31 March 2020	7,074,115	8,572,172	1,682,785	17,329,072

Depreciation charge for the year has been allocated as follows:

	2021 AED	2020 AED
Selling and distribution expenses (refer note 7)	4,518,632	4,424,816
Cost of sales (refer note 6)	1,335,991	1,297,269
General and administrative expenses (refer note 8)	619,845	636,067
	6,474,468	**6,358,152**

13. Intangible Assets

	2021 AED	2020 AED
Cost		
Opening	536,697	-
Additions during the year	-	536,697
At 31 March	536,697	536,697
Amortisation		
Opening	15,204	-
Charge for the year	109,736	15,204
At 31 March	124,940	15,204
Net book value at 31 March	**411,757**	**521,493**

Intangible assets primarily include expenditure incurred towards the Group's enterprise resource planning system and related software applications.

14. Inventories

	2021 AED	2020 AED
Raw materials	10,032,712	8446,984
Work in progress	9,230,167	8,801,118
Finished goods	369,176	584,724
	19,632,055	**17,832,826**
Less: Allowance for slow-moving inventories	(644,686)	(996,407)
	18,987,369	**16,836,419**
Goods in transit	4,151,218	2,044,586
	23,138,587	**18,881,005**
Balance at the beginning of the year	996,407	1,190,253
Reversals during the year	(351,721)	(149,030)
Write-offs	-	(44,816)
Balance at the end of the year	**644,686**	**996,407**

The Group estimates allowance provision for slow-moving inventories through a method based on ageing, rotation and profitability of an item. Provision rates have been determined specific to the nature of ageing of the items. Besides the above, specific provision is made on a case to case basis as deemed appropriate by management.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

15. Other Financial Assets

	2021 AED	2020 AED
Other financial assets	44,000	575,000
	44,000	**575,000**

Other financial assets represent margin deposits held by banks against letters of guarantee and labor deposits held by the Ministry of Labor, Government of Dubai.

During the current year, the Group has received back the margin deposits held by banks in relation to employees' visas on account of promulgation of new law by virtue of which bank guarantees of AED 3,000 per visa are no longer required if the employer pays AED 120 for every employee who is issued an employment permit valid for 2 years.

16. Trade and Other Receivables

	2021 AED	2020 AED
Trade receivables	93,686,133	82,541,975
Less: Allowance for impairment losses	(23,102,382)	(20,301,954)
	70,583,751	62,240,021
Prepaid expenses	1,914,782	2,903,510
Advances to suppliers	1,905,733	782,322
Refundable deposits	408,069	409,594
Other receivables	474,670	300,255
	75,287,005	**66,635,702**

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, the management believes that there is no further expected credit loss required in excess of AED 23.1 million (2020: AED 20.3 million).

17. Related party transactions and balances

The Group, in the normal course of business, carries out transactions with other enterprises, which fall within the definition of a related party contained in International Accounting Standard 24. Pricing policies and terms of these transactions are approved by the Group's management and are at mutually agreed rates.

The Group enters into transactions with its related parties mainly comprising the Ultimate Holding Company, the Holding Company, its shareholders, entities under common control and with its key management personnel or their close family members.

Aggregate compensation of key management personnel is disclosed as follows:

	2021 AED	2020 AED
Short-term benefits	2,706,827	2,179,541
Long-term benefits	60,967	74,380
	2,767,794	**2,253,921**

Other related party transactions during the year are as follows:

	2021 AED	2020 AED
Royalties for technical expertise paid to the Holding Company	4,446,709	4,378,142
Sales of raw materials and finished goods	2,964,720	616,053
Purchases of materials and recharge of expenses (net)	2,556,569	2,432,076
Commission income	2,262,374	3,099,274
Rent Paid	1,170,284	664,000
Management fees	368,000	368,000

Due from related parties

	2021 AED	2020 AED
Asian Paints (Middle East) LLC, Sultanate of Oman	2,889,017	5,336,096
Berger Paints Bahrain WLL, Kingdom of Bahrain	268,325	153,901
Causeway Paints Lanka (Pvt) Ltd	265,580	-
Asian Paints International Private Limited, Singapore	188,564	111,949
Asian Paints Limited, India	157,182	146,643
Asian Paints (Bangladesh) Limited	47,007	27,401
SCIB Paints – Egypt	46,792	2,352
Asian Paints (Lanka) Limited	25,134	12,478
PT Asian Paints Indonesia	22,084	873
Kadisco Paint and Adhesive Industry Share Company, Ethiopia	10,364	10,364
	3,920,049	**5,802,057**

Due to related parties

	2021 AED	2020 AED
Asian Paints Limited, India	542,179	359,264
Asian Paints International Private Limited, Singapore	301,515	1,862,344
Asian Paints (Middle East) LLC, Sultanate of Oman	79,492	236,092
Berger Paints Bahrain WLL, Kingdom of Bahrain	20,264	5,113
SCIB Chemicals, S.A.E., Egypt	10,215	-
PT Asian Paints Indonesia	-	621
	953,665	**2,463,434**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The above related party balances are unsecured, interest free and are to be settled within twelve months of the reporting date. Management is of the view that these balances are repayable on demand.

Subordinated loan from a related party

	2021 AED	2020 AED
Asian Paints International Private Limited, Singapore	16,797,741	16,797,741

The Group has classified the subordinated loan from a related party as an equity instrument. The Group considered the terms of loan agreement with the related party (i.e. the Holding Company) as per which the loan is long term and interest-free and is subordinated to all other classes of instruments and will be settled only in the event of liquidation. The holder of the instrument does not have the option of asking for liquidating the Group.:

18. Cash in hand and at banks

	2021 AED	2020 AED
Cash in hand	19,218	50,406
Cash at banks	7,599,285	10,717,114
	7,618,503	**10,767,520**

19. Share Capital

At 31 March, the authorised and paid up capital of the Company is as follows:

	2021 AED	2020 AED
Authorised, issued and fully paid: 1,000 ordinary shares of AED 1,000 each	1,000,000	1,000,000

20. Statutory Reserve

In accordance with UAE Federal Law No. (2) of 2015, the Company has established a statutory reserve by appropriation of 10% of net profit for each year until the reserve equals 50% of the share capital of the Company. This reserve is not available for distribution except as stipulated by the Law. Since the statutory reserve has reached this limit, no further transfers have been made during the current year (2020: Nil).

21. General Reserve

During 2011, Enterprise Paints Limited, a shareholder of the Company, by way of a resolution of its Board of Directors dated 22 January 2011, resolved to waive the loan given to the Company amounting to AED 14.85 million. Subsequent to this waiver, the loan amount was transferred to the General reserve without any restrictions on withdrawals by the shareholders of the Company. On 22 August 2011, the Board of Directors declared and paid a dividend of AED 4 million (AED 4,000 per share) from the General reserve.

22. Staff terminal Benefits

The movements in the net liability were as follows:

	2021 AED	2020 AED
At 1 April	3,303,782	2,983,318
Add: provision made during the year	444,527	446,164
Less: payments made during the year	(406,871)	(125,700)
	3,341,438	**3,303,782**

Provision for employees' end of service indemnity qualifies as a defined benefit plan under International Accounting Standard 19 Employee Benefits. A method, which measures the value of future benefits, has been used to estimate the provision for staff terminal benefits.

The key assumptions used for calculation of the provision for staff terminal benefits at the reporting date are as follows:

Discount rate	4% (2020: 4.5%)
Future salary increases	2% (2020: 4.5%)
Annual rate of employees expected to leave	Based on the historical trend of attrition

23. Bank Borrowings

The Group has a short-term financing facility with a bank for AED 11 million (2020: AED 11 million) in the form of short-term loan, letters of credit, letters of guarantee and performance/bid bonds with a commercial bank bearing interest rates which vary with the market funds rate.

Bank borrowings are secured by a promissory note, subordination of loan from a related party, the balance due to a shareholder and a letter of awareness from Asian Paints Limited, India, for AED 11 million (2020: AED 11 million).

During the year, the Group has not availed any funded bank facility (2020: Nil).

24. Lease Liabilities

	2021 AED	2020 AED
Opening	16,613,096	17,393,284
Additions during the year	2,989,766	4,260,005
Finance cost accrued	919,556	1,031,914
Lease modification	(591,483)	-
Lease terminations/expiration	(86,952)	-
Payments made against lease liabilities	(6,402,084)	(6,072,107)
At 31 March	13,441,899	16,613,096
Less: current maturity of lease liabilities	(3,070,027)	(4,294,145)
	10,371,872	**12,318,951**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Lease liabilities are as follows:

	2021		
	Future minimum lease payments	Interest	Present value of minimum lease payments
	AED	AED	AED
Less than one year	3,781,712	711,685	3,070,027
Between one and five years	7,099,862	1,988,858	5,111,004
More than five years	7,087,721	1,826,853	5,260,868
	17,969,295	**4,527,396**	**13,441,899**

	2020		
	Future minimum lease payments	Interest	Present value of minimum lease payments
	AED	AED	AED
Less than one year	5,165,620	871,475	4,294,145
Between one and five years	8,701,138	1,977,141	6,723,997
More than five years	7,969,596	2,374,642	5,594,954
	21,836,354	**5,223,258**	**16,613,096**

Significant accounting estimates and judgements

Lease term

In determining the lease term, the Group applies the definition of a lease contract to determine the period for which the contract is enforceable. The lease term is the non-cancellable period of the lease, together with:

- Optional renewable periods, if the lessee is reasonably certain to extend; and
- Periods after an optional termination date, if the lessee is reasonably certain not to terminate early.

A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party, with no more than an insignificant penalty.

The management considers various facts and circumstances that create an economic incentive to exercise the renewal option. Extension/renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are most relevant:

- If there are significant penalties (contractual) to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);

- If the lease improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate); and

- The Group also considers other factors including current market conditions, historical impairments on related CGUs, business strategy, etc.

In determining the lease term where the enforceability of the option solely rests with the Group, the management considers all aforementioned facts and circumstances that create an economic incentive to exercise the option. Extension/ renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Incremental borrowing rate

The Group has discounted lease liabilities using incremental borrowing rate of 6%.

25. Trade and Other Payables

	2021 AED	2020 AED
Trade payables	41,856,932	39,491,614
Accrued expenses and other payables	8,380,146	5,830,460
	50,237,028	**45,322,074**

26. Commitments and Contingent Liabilities

	2021 AED	2020 AED
Bank guarantees	2,343,541	3,291,280

Capital commitments at 31 March 2021 amounted to nil. (2020: AED 38,109).

27. Financial Instruments

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021 AED	2020 AED
Cash at banks	7,599,285	10,717,114
Trade receivables	70,583,751	62,240,021
Due from related parties	3,920,049	5,802,057
Deposits and other receivables	882,739	709,849
Other financial assets	44,000	575,000
	83,029,824	**80,044,041**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Impairment losses

The ageing of trade receivables at the reporting date is as under:

	2021		2020	
	Gross AED	Impairment AED	Gross AED	Impairment AED
0 – 90 days	69,879,338	2,302,232	62,902,296	2,082,292
91 – 365 days	5,223,378	2,382,218	2,785,953	1,365,936
More than 365 days	18,697,236	18,417,932	16,853,726	16,853,726
	93,799,952	**23,102,382**	**82,541,975**	**20,301,954**

The allowance in respect of the above receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly. The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2021 AED	2020 AED
Balance at 1 April	20,301,954	18,708,909
Provision for impairment loss	2,800,428	1,593,045
Balance at 31 March (refer note 16)	**23,102,382**	**20,301,954**

Liquidity Risk

The following are the contractual maturities of financial liabilities, including interest payments and including the impact of netting of agreements at the balance sheet date:

Financial liabilities	Carrying amount AED'000	Contractual cash flows AED'000	Less than one year AED'000	More than one year AED'000
31 March 2021				
Non-derivative financial instruments				
Trade and other payables	50,237,078	50,237,078	50,237,078	-
Due to related parties	953,665	953,665	953,665	-
Lease liabilities	13,441,899	17,969,295	3,781,712	14,187,583
Total	**64,632,642**	**69,160,038**	**54,972,455**	**14,187,583**

Financial liabilities	Carrying amount AED'000	Contractual cash flows AED'000	Less than one year AED'000	More than one year AED'000
31 March 2020				
Non-derivative financial instruments				
Trade and other payables	45,322,074	45,322,074	45,322,074	-
Due to related parties	2,463,434	2,463,434	2,463,434	-
Lease liabilities	16,613,096	21,836,354	5,165,620	16,670,734
Total	**64,398,604**	**69,621,862**	**52,951,128**	**16,670,734**

Market Risk

(a) Currency Risk

Exposure to currency risk

The Group's exposure to foreign currency risk is as follows:

	2021		2020	
	EURO	GBP	EURO	GBP
Trade payables	100,126	-	121,399	4,500

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2021 AED	2020 AED	2021 AED	2020 AED
Euro 1	4.68	4.08	4.31	4.12
GBP 1	-	4.67	-	4.82

Sensitivity analysis

A 10 percent strengthening of the AED against various currencies mentioned above as at 31 March would have increased net profit by AED 0.01 million (2020: AED 0.05 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10 percent weakening of the AED against various currencies mentioned above as at 31 March would have had the equal but opposite effect on the above.

(b) Interest Rate Risk

The Group is not exposed to any interest rate risks.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

28. Accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Judgements made by management in the application of IFRS that have significant effect on the combined financial statements and estimates with a significant risk of material adjustment in the future years mainly comprise following:Estimated useful life and residual value of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge on its property, plant and equipment and intangible assets on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment intangible assets as at 31 March, 2021 and the management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods. However, this will be reviewed again next year.

Impairment losses on property, plant and equipment

The Group reviews its property, plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be reported in the profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

Impairment losses on receivables

The Group recognises loss allowance for ECLs on financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. ECL computation uses historical trends and a forward looking element to compute percentage allowance to be recorded as impairment loss on trade receivables. Should any of these input estimates vary, the profit or loss and financial position of the following year(s) would be significantly impacted.

Provision for obsolescence of inventory and write down of inventory to net realisable value

The Group reviews its inventory to assess loss on account of obsolescence and net realisable value (NRV) on a regular basis. In determining whether provision for obsolescence and write down of inventory to NRV should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, inventories are written down to NRV where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the ageing and past movement of the inventory.

Also refer to notes 11, 12, 13, 14, 16 and 24 for the key estimates used in preparing these combined financial statements.

ASIAN PAINTS (MIDDLE EAST) LLC

Contents

Members' Report

The Members submit their report and the audited financial statements for the year ended 31 March, 2021.

Principal activities

The Company's principal activity is manufacturing and trading in paints and allied products and sale of construction materials.

Basis of preparation of accounts

The accompanying audited financial statements have been prepared in accordance with International Financial Reporting Standards and the Commercial Companies Law of the Sultanate of Oman.

Results and appropriations

The results of the Company for the year ended 31 March, 2021 are set out on page 6 of the financial statements.

Auditors

The financial statements have been audited by BDO LLC who offer themselves for re-appointment.

Joseph Eapen
Director

Administration and contact details

Commercial registration number	1571133 (Mortgaged)
Members	Al Hassan Investment and Trade LLC Asian Paints International Private Limited
Board of Directors	Maqbool Ali Salman Rahul Bhatnagar Joseph Eapen Ali Maqbool Ali Salman
Bankers	Ahli Bank SAOG Bank Muscat SAOG State Bank of India
Registered office	PO Box 462, Al Khuwair PC 133 Muscat Sultanate of Oman
Auditors	BDO LLC Suite No. 601 & 602, Pent House Beach One Building, Way No. 2601 Shatti Al Qurum PO Box 1176, PC 112, Ruwi Muscat Sultanate of Oman

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asian Paints (Middle East) LLC (the Company), which comprise the statement of financial position as at 31 March 2021, the statements of profit or loss and other comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Members' report 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 have no realistic alternative but to do so.

Those charged with governance are 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

Report on Other Legal and Regulatory Requirements

We report that the financial statements of the Company as at, and for the year ended 31 March 2021, in all material respects, comply with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman.

BDO LLC
Muscat
22nd April, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	2021 OMR	2020 OMR
Assets			
Non-current assets			
Property, plant and equipment	5	3,827,791	4,019,162
Right-of-use assets	8	540,086	343,060
Fixed deposit	6	-	150,000
Total non-current assets		**4,367,877**	**4,512,222**
Current assets			
Inventories	9	1,988,952	1,485,247
Trade and other receivables	10	38,548,59	4,050,710
Lease receivables	7	35,765	13,278
Due from related parties	11	11,300	31,940
Cash and bank balances	26	364,376	522,948
Total current assets		**6,255,252**	**6,104,123**
Total assets		**10,623,129**	**10,616,345**
Equity and liabilities			
Capital and reserves			
Share capital	12	1,122,000	1,122,000
Legal reserve	13	374,000	374,000
Retained earnings		3,870,721	3,378,493
Total capital and reserves		**5,366,721**	**4,874,493**
Non-current liabilities			
Lease liabilities	14	537,419	314,713
Employees' terminal benefits	16	336,747	303,602
Deferred tax liability	25	20,750	25,119
Total non-current liabilities		**894,916**	**643,434**
Current liabilities			
Term loan	15	-	439,432
Lease liabilities	14	58,321	65,165
Bank borrowings	18	564,267	1,336,609
Due to related parties	11	632,389	895,120
Trade and other payables	17	3,017,853	2,300,670
Income tax payable	25	88,662	61,422
Total current liabilities		**4,361,492**	**5,098,418**
Total liabilities		**5,256,409**	**5,741,852**
Total equity and liabilities		**10,623,129**	**10,616,345**

These financial statements, as set out on pages 5 to 33, were approved and authorised for issue by the Board of Directors on 21 April, 2021 and signed on their behalf by:

Joseph Eapen
Director

Statement of Profit and Loss
for the year ended 31 March, 2021

	Notes	2021 OMR	2020 OMR
Revenue	19	11,151,850	10,975,429
Cost of sales	20	(7,293,641)	(6,992,338)
Gross profit		**3,858,209**	**3,983,091**
Other income	21	20,839	31,628
		3,879,048	**4,014,719**
Expenses			
Salaries and other related staff costs	22	(1,369,981)	(1,442,896)
General, administrative, selling and distribution expenses	23	(1,765,920)	(1,963,936)
Provision for expected credit losses on trade receivables	10	(60,540)	(206,443)
Depreciation	5	(36,453)	(302,44)
		(3,232,894)	**(3,643,519)**
Profit from operations		646,154	371,200
Finance cost	24	(71,729)	(115,106)
Finance income	24	2,096	3,008
		(69,633)	**(112,098)**
Net profit before tax for the year		576,521	259,102
Income tax	25	(84,293)	(38,272)
Net profit and total comprehensive income for the year		**492,228**	**220,830**

The accompanying notes form an integral part of this statement of profit or loss and other comprehensive income.

Statement of Changes in Equity

for the year ended 31 March, 2021

	Notes	Share capital	Legal reserve	Retained earnings	Total
		OMR	OMR	OMR	OMR
At 31 March 2019		1,122,000	374,000	3,457,663	4,953,663
Net profit after tax and total comprehensive income for the year		-	-	220,830	220,830
Transactions with members recorded directly in equity					
Dividend for the year 2018-19	30	-	-	(300,000)	(300,000)
At 31 March 2020		**1,122,000**	**374,000**	**3,378,493**	**4,874,493**
Net profit after tax and total comprehensive income for the year		-	-	492,228	492,228
At 31 March 2021		**1,122,000**	**374,000**	**3,870,721**	**5,366,721**

Statement of Cash Flows

for the year ended 31 March, 2021

	Notes	2021 OMR	2020 OMR
Operating activities			
Net profit before tax for the year		576,521	259,102
Adjustments for:			
Depreciation	5	279,767	273,627
Amortisation of right-of-use assets	8	76,613	104,399
Loss on disposal of property, plant and equipment	23	-	350
Gain on sale of property, plant and equipment	21	-	(19)
Reversal of provision for obsolete and slow-moving inventories	9	(10,307)	10,339
Provision for expected credit losses on trade receivables	10	60,540	206,443
Provision for employees' benefit liabilities	16	56,473	48,991
COVID-19 rent concession amount	21	(6,183)	-
Modification gain on termination of lease contract	21	(932)	
Finance costs	24	71,729	115,106
Operating profit before working capital changes		**1,104,221**	**1,018,338**
Working capital changes			
Inventories		(493,398)	203,517
Trade and other receivables (including lease receivables)		112,824	(212,788)
Due from related parties		20,640	(18,348)
Trade and other payables		717,184	(25,233)
Due to related parties		(262,731)	329,908
Net cash generated from operating activities		**1,198,739**	**1,295,394**
Employees' terminal benefits paid	16	(23,328)	(14,973)
Income tax paid	25	(61,422)	(105,458)
Net cash generated from operating activities		**1,113,989**	**1,174,963**
Investing activities			
Purchase of property, plant and equipment	5	(88,396)	(117,369)
Proceeds from disposal of property, plant and equipment		-	45
Proceeds from fixed deposits		150,000	-
Net cash used in investing activities		61,604	(117,324)
Financing activities			
Repayment of long-term loan		(439,432)	(600,000)
Repayment of bank borrowings		(2,724,552)	-
Receipts from bank borrowings		1,952,210	190,476
Repayment of lease liabilities		(70,159)	(119,550)
Dividends paid	30	-	(300,000)
Finance costs paid	24	(52,232)	(95,354)
Net cash used in financing activities		**(1,334,165)**	**(924,428)**
Net change in cash and cash equivalents		(158,572)	133,211
Cash and cash equivalents at beginning of the year		5,22,948	389,737
Cash and cash equivalents at end of the year	26	**3,64,376**	**522,948**

Disclosure as required by IAS 7 “Statement of Cash Flows” has been shown in Note 33 to the financial statements.

Notes To The Financial Statements

for the year ended 31 March, 2021

1 Legal status and principal activities

Asian Paints (Middle East) LLC ("the Company") is a limited liability company registered with the Ministry of Commerce, Industry and Investment Promotion (MOCIIP) in accordance with the provisions of the Commercial Companies Law of the Sultanate of Oman. The Company's principal activity is manufacturing and trading in paints and allied products and sale of construction materials. The Company is a subsidiary of Asian Paints International Private Limited incorporated in Singapore and the ultimate parent Company is Asian Paints (India) Ltd incorporated in India.

The Company's principal place of business is located at Ghala, Muscat, Sultanate of Oman.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the relevant requirements of the Commercial Companies Law of the Sultanate of Oman.

Basis of preparation

The financial statements have been prepared under the historical cost convention and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

Functional currencies

The financial statements are presented in Omani Rials (RO) which is the functional and reporting currency for the financial statements.

3 Effect of adoption of new accounting standards

Standards, amendments and interpretations effective and adopted in the year 2020

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IFRS 3	Business Combination: Definition of a Business	1 January 2020
Amendments to IFRS 16	Leases: COVID-19-Related Rent Concessions	1 June 2020

Definition of a Business (Amendments to IFRS 3)

Amendments to IFRS 3 are mandatorily effective for reporting periods beginning on or after 1 January 2020. The Company has applied the revised definition of a business for acquisitions occurring on or after 1 January 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business Combinations. The amendments do not permit to reassess whether acquisitions occurring prior to 1 January 2020 met the revised definition of a business.

This amendment had no impact on the financial statements of the Parent Company and the Group, as there were no business acquisition during the year.

This amendment had no impact on the financial statements of the Company, as there were no business acquisition during the year.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Company has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Company, occurred from April 2020 to June 2020.

Accounting for the rent concessions as lease modifications would have resulted in the Company remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed below:

The Company received rent concessions from lessors due to the Company being unable to operate for significant periods of time, primarily rent forgiveness due under the terms of lease agreements for the period from April 2020 to June 2020.

The Company has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. The application of the practical expedient has resulted in the reduction of total lease liabilities by RO 6,183. The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggers those payments occurred.

Standards, amendments and interpretations issued but not yet effective in the year 2020

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IFRS 4, 7, 9 and 16	Interest Rate Benchmark Reform	1 January 2021
Amendments to IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IFRS 1, 9, 16 and IAS 41	Annual Improvements to IFRS 2018-2020	1 January 2022
Amendments to IFRS 3	References to Conceptual Framework	1 January 2022
Amendments to IAS 1 and 8	Disclosure Initiative: Definition of Material	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The Company does not expect these amendments and standards issued by IASB but not yet effective, to have a material impact on the financial statements of the Company.

4 Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been adopted for all the years presented, unless stated otherwise.

(a) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over the useful economic life.

Depreciation has been calculated from the date of acquisition at the following rates:

Description	No of years
Building	50
Plant and machinery	4 - 15
Furniture and fixtures	6
Forklifts	4
Office equipment	3
Computer software	3

Freehold land is not depreciated as it is deemed to have an infinite life.

The useful lives and depreciation methods are reviewed regularly and any adjustments required are affected in the change for the current and future years as a change in accounting estimate.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit or loss.

Repairs and renewals are charged to the profit or loss when the expenditure is incurred.

(b) Capital-work-in-progress

Capital-work-in-progress is stated at cost, including borrowing costs incurred for financing the asset. All costs directly incurred during the period related to specific assets are carried under this heading. These are transferred to specific assets and depreciated when they are available for use.

(c) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. 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.

Financial assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

(i) Classification

The financial assets are classified in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded in the Company's profit or loss.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at amortised cost based on the below:

a) the asset is held within a business model with the objective of collecting the contractual cash flows; and

b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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 effective interest rate (EIR).

(iii) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iv) Impairment of financial assets

The Company applies the expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets.

ECLs are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Company expects to receive. The ECL considers the amount and timing of payments and, hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in the profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 months ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 months ECL' represents the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

as lifetime ECL does not differ from that measured as 12 months ECL. The Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provisioning matrix based on ageing of the trade receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

(v) Income recognition

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss; and

b) those to be measured at amortised cost.

(ii) Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR method after considering the directly attributable transaction costs.

The Company classifies all its financial liabilities subsequently at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

(iii) Derecognition of financial liabilities

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables, etc.

The Company's financial liabilities include trade and other payables, due to related parties, term loan and bank borrowings. The Company measures financial liabilities at amortised cost.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(d) Impairment of non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

(e) Leases

<u>As lessee</u>

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

· fixed lease payments (including in-substance fixed payments), less any lease incentives;

· variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

· the amount expected to be payable by the lessee under residual value guarantees;

· the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

· payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

· the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

· the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease

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for the year ended 31 March, 2021

liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated amortisation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are amortised over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in 'Impairment of tangible and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and expensed in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease 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.

<u>As lessor</u>

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

(f) Trade receivables

Trade receivables originated by the Company are measured at amortised cost. An allowance for ECL of trade receivables is established according to the provisioning matrix using an ECL model as required by IFRS 9.

(g) Finance lease receivable

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

(h) Inventories

Inventories of raw materials, packing materials and colour world items are stated at the lower of cost and net realisable value. Cost, which is determined on the weighted average basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Cost of finished goods includes cost of direct materials, direct labour and applicable overheads. Net realisable value is the estimate of the selling price in the ordinary course of business less any incidental selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

(i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances, net of bank overdraft. In the statement of financial position, bank overdraft is included as part of current liabilities.

(j) Trade payables

Trade payables are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade payables are initially measured at their fair values and subsequently measured at amortised cost, using the EIR method.

(k) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(l) Employees' terminal benefits

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the profit or loss as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability.

Employee entitlements to annual leave and air passage are recognised when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

(m) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when it transfers control over a product or services to a customer. The Company's timing of revenue recognition is at a point in time upon the satisfaction of the performance obligation by transferring control of the goods or services to the customer.

If the consideration promised in a contract includes variable amount, then Company estimates the amount of consideration to which it expects to be entitled. Consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items.

(n) Other income

Other income is accounted for on the accruals basis, unless collectability is in doubt.

(o) Foreign currencies

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

(p) Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the bank borrowings using the effective interest rate method.

(q) Borrowings costs

Borrowing costs are expensed in the period in which they are incurred. However borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset till such time as the asset is put to commercial use. Thereafter all the borrowings costs are expensed. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(r) Income tax

Taxation is provided in accordance with the Omani fiscal regulations. Taxation for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax-rates enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax laws that have been enacted at the reporting date. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

(s) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5 Critical accounting judgments and key source of estimating uncertainty

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

i) Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;

b) timing and quantum of future capital expenditure;

c) long-term growth rates; and

d) selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

(ii) Economic useful lives of property, plant and equipment

The Company's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property, plant and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

(iii) Impairment of inventories

The Company creates a provision for obsolete and slow-moving inventories. Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of the reporting period.

(iv) Impairment losses on trade receivables

Trade receivables are stated at their amortised cost as reduced by provision for ECL for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the trade receivable balances and historical experience adjusted appropriately for the future expectations. Individual trade receivables are written-off when management deems them not to be collectible.

(v) Going concern

The management of the Company reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the members of the Company ensure that they provide adequate financial support, whenever necessary, to funding the requirements to the Company to ensure the going concern status of the Company.

(vi) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(vii) Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible taxation authority.

(viii) Estimation uncertainty relating to the global health pandemic on COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, the Supreme Committee has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from March 22, 2020.

Manufacturing plant was shut for 3 months from April 2020 to June 2020. From July 2020, the Company started operating with restrictions and from October 2020 the operations have been normalized. There was minimal impact of COVID-19 on the financial results for the year.

5 Property, plant and equipment

(a) The movement in property, plant and equipment is as set out below:

2021	Freehold land OMR	Building OMR	Plant and machinery OMR	Furniture and fixtures OMR	Forklifts OMR	Office equipment OMR	Computer software OMR	Capital work-in-progress OMR	Total OMR
Cost									
At 31 March 2020	141,183	2,669,465	2,507,478	1,79,537	1,80,085	84,357	46,957	16,655	58,25,717
Additions during the year	18,119	-	64,962	-	-	5,315	-	-	88,396
Transfer during the year	-	-	16,655	-	-	-	-	(16,655)	-
At 31 March 2021	**159,302**	**2,669,465**	**2,589,095**	**1,79,537**	**1,80,085**	**89,672**	**46,957**	**-**	**59,14,113**
Accumulated depreciation									
At 31 March 2020	-	366,092	1,085,519	1,27,676	1,58,368	66,599	2,301	-	18,06,555
Charge for the year	-	53,606	175,517	20,865	3,807	10,338	15,634	-	2,79,767
At 31 March 2021	**-**	**419,698**	**1,261,036**	**1,48,541**	**1,62,175**	**76,937**	**17,935**	**-**	**20,86,322**
Net book value									
At 31 March 2021	159,302	2,249,767	1,328,059	30,996	17,910	12,735	29,022	-	38,27,791

2020	Freehold land OMR	Building OMR	Plant and machinery OMR	Furniture and fixtures OMR	Forklifts OMR	Office equipment OMR	Computer software OMR	Capital work-in-progress OMR	Total OMR
Cost									
At 31 March 2019	141,183	2,669,465	2,486,527	177,143	157,985	81,786	15,786	-	5,729,875
Additions during the year	-	-	20,951	4,098	22,100	7,734	45,831	16,655	117,369
Disposals during the year	-	-	-	(1,704)	-	(5,163)	(14,660)	-	(21,527)
At 31 March 2020	**141,183**	**2,669,465**	**2,507,478**	**179,537**	**180,085**	**84,357**	**46,957**	**16,655**	**5,825,717**
Accumulated depreciation									
At 31 March 2019	-	312,487	909,687	107,406	147,379	62,061	15,059	-	1,554,079
Charge for the year	-	53,605	175,832	21,615	10,989	9,688	1,898	-	273,627
Relating to disposals	-	-	-	(1,345)	-	(5,150)	(14,656)	-	(21,151)
At 31 March 2020	**-**	**366,092**	**1,085,519**	**127,676**	**158,368**	**66,599**	**2301**	**-**	**1,806,555**
e									
At 31 March 2020	141,183	2,303,373	1,421,959	51,861	21,717	17,758	44,656	16,655	4,019,162

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

(b) The depreciation charge for the year has been dealt with in the profit or loss as follows:

	2021 OMR	2020 OMR
Cost of sales (Note 20)	243,314	243,383
Profit or loss	36,453	30,244
	279,767	**273,627**

6 Fixed deposit

	2021 OMR	2020 OMR
Fixed deposit with a bank	-	150,000

Fixed deposit was placed with a commercial bank in the Sultanate of Oman at interest rate of 2% per annum, which matured during the year 2020-21.

7 Finance lease receivable

	2021 OMR	2020 OMR
Lease receivable		
Current portion of finance lease receivable	35,765	13,278

The Company enters into finance leasing arrangements for Automated Colour Dispensers, which generally are on 12 to 24 months repayment terms.

8. Right-of-use assets

The Company has obtained land, motor vehicles and employee accommodation on lease. The average lease term for land is 25 years, employee accommodation is 1 year and vehicles is 4 years.

	Land	Vehicles	Employee accommodation	Total
	OMR	OMR	OMR	OMR
Cost				
At 31 March 2020	415,574	274,814	73,906	764,294
Modification during the year	269,009	-	-	269,009
Additions during the year	-	-	9,148	9,148
Deletions	-	(9,887)	-	(9,887)
At 31 March 2021	**684,583**	**264,927**	**83,054**	**1,032,564**
Accumulated amortisation				
At 31 March 2020	170,892	187,687	62,655	421,234
Amortisation for the year	14,967	45,485	16,161	76,613
Deletions	-	(5,369)	-	(5,369)
At 31 March 2021	**185,859**	**227,803**	**78,816**	**492,478**
Carrying amount				
At 31 March 2021	**498,723**	**37,124**	**4,238**	**540,086**
At 31 March 2020	244,682	87,127	11,251	343,060

(a) The expired contracts were either replaced by new leases for identical underlying assets which resulted in additions to right-of-use assets of RO 9,148 and modification of RO 269,009 is due to increase in lease rental amount of land from January 2021.

(b) Amount recognised in profit or loss relating to leases

	2021 OMR	2020 OMR
Amortisation of right-of-use assets		
Charged to cost of sales	14,967	38,105
Charged to other related staff costs	61,646	66,294
Interest expense on lease liabilities	19,497	19,751
	96,110	**124,150**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

9. Inventories

	2021 OMR	2020 OMR
Raw materials	1,191,734	752,635
Packing materials	97,324	68,640
Work-in-progress	27,671	15,800
Finished goods	676,736	662,880
Colour World items	38,306	38,418
Less: provision for obsolete and slow-moving inventories	(42,819)	(53,126)
	1,988,952	**1,485,247**

The movement in provision for obsolete and slow-moving inventories is as follows:

	2021 OMR	2020 OMR
At 1 April	53,126	42,787
(Reversal)/provided for the year	(10,307)	10,339
At 31 March	**42,819**	**53,126**

10. Trade and other receivables

	2021 OMR	2020 OMR
Trade receivables (gross)	4,315,422	4,410,553
Less: provision for ECL	(558,630)	(498,090)
Trade receivables, net	3,756,792	3,912,463
Pre-payments	16,268	16,307
Deposits	1,350	4,115
Advances to suppliers	2,438	11,212
Advances against capital expenditure	-	15,950
Other receivables	78,011	90,663
	3,854,859	**4,050,710**

Trade receivables are generally on 30 to 120 days credit terms and are non-interest bearing.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The carrying amounts of the Company's trade receivables are denominated in Omani Rial.

The Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL provision for trade receivables and other financial assets. To measure ECL on a collective basis, trade receivables and other financial assets are grouped based on similar credit risk and aging. The ECL rates are based on the Company's historical credit losses experienced over the one year period prior to the year-end. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Company's customers.

At 31 March 2021, the lifetime ECL provision for trade receivables is as follows:

	Upto 180 days past due	Above 180 days past due	More than 365 days past due	Total
	OMR	OMR	OMR	OMR
Gross carrying amount	2,711,195	1,096,841	507,386	4,315,422
Loss provision	90,125	32,958	435,547	558,630

At 31 March 2020, the lifetime ECL provision for trade receivables is as follows:

	Upto 180 days past due	Above 180 days past due	More than 365 days past due	Total
	OMR	OMR	OMR	OMR
Gross carrying amount	3,870,961	170,084	369,508	4,410,553
Loss provision	75,948	52,634	369,508	4,98,090

The movement in provision for ECL of trade receivables is as follows:

	2021 OMR	2020 OMR
1 April	498,090	291,647
Provision for the year	60,540	206,443
31 March	**558,630**	**498,090**

11 Related party transactions and balances

The Company, in the ordinary course of business, deals with parties, which fall within the definition of 'related parties' as contained in International Accounting Standard 24. Such transactions are entered at mutually agreed terms and approved by the management. The balances due from and to related parties are unsecured, bear no interest, have no fixed repayment terms and have been disclosed separately in the statement of financial position.

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for the year ended 31 March, 2021

(a) Significant transactions during the year with related parties are as follows:

	Year ended 31 March 2021 OMR	Year ended 31 March 2020 OMR
Ultimate Parent		
Royalty	233,213	224,622
Purchases	77,872	92,903
Services	(2,465)	6,521
Parent		
Royalty	94,605	101,432
Service	34,001	61,336
Fellow subsidiaries		
Revenue	97,619	57,799
Purchases	223,872	49,771
Services	393,540	549,050

(b) Due from related parties

	2021 OMR	2020 OMR
Al Hassan Engineering Co. SAOG	3,499	3,499
Berger Paints Bahrain W.L.L	7,100	24,253
PT Asian Paints Indonesia	-	4,188
Asian Paints Bangladesh Limited	702	-
	11,300	**31,940**

(c) Due to related parties

	2021 OMR	2020 OMR
Ultimate Parent		
Asian Paints (India) Ltd.	248,956	211,597
Parent		
Asian Paints International Private Limited, Singapore	114,711	147,670
Fellow subsidiaries		
Berger Paints Emirates Ltd., United Arab Emirates	268,722	535,853
	632,389	**895,120**

12 Share capital

The share capital, as registered with the MOCIIP is RO 1,122,000, comprising of 1,122,000 shares of RO 1 each (2020: 1,122,000 shares of RO 1 each).

A break-down of the share capital as at 31 March 2021 and 2020 is as set out below:

Name of the shareholders	Percentage share holding	Amount OMR
Al Hassan Investment and Trade LLC	51%	572,220
Asian Paints International Private Limited	49%	549,780
	100%	**1,122,000**

13 Legal reserve

In accordance with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the share capital is set aside.

14 Lease liabilities

	2021 OMR	2020 OMR
As at 1 April	379,878	401,724
Add: lease modification during the year	269,009	-
Add: additions during the year	9,148	77,952
Less: deletions during the year	(5,450)	
	652,585	**479,676**
Add: interest on lease liabilities during the year	19,497	19,752
Less: paid during the year	(70,159)	(119,550)
Less: COVID-19 rent concession	(6,183)	-
Closing balance	595,740	379,878
Lease liabilities	595,740	379,878
Less: current portion	(58,321)	(65,165)
Non-current portion	537,419	314,713
Details regarding the contractual maturities of lease liabilities on an undiscounted basis		
Less than 1 year	86,397	82,398
One to five years	221,188	156,443
More than 5 years	531,738	272,053
Closing balance on undiscounted basis	839,323	510,894
Less: FV adjustment	(243,583)	(131,016)
Closing balance at FV	595,740	379,878
Discount rate (weighted average)	5%	5%

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15 Term loan

	2021 OMR	2020 OMR
Term loan	-	439,432
Non-current portion	-	-
Current portion	-	439,432
	-	**439,432**

The Company has entered into credit facilities agreement for an aggregate amount of RO 3.5 million with a local commercial bank in the Sultanate of Oman carrying interest rate of 4.5% (2020: 4.5%) per annum. The facility granted is secured against the mortgage over all the tangible and intangible fixed and future assets including plant and machinery and buildings of the Company. The loan amount has been fully repaid during the year.

The portion of the long-term loan which was repayable within 12 months of the statement of financial position date was disclosed as current portion.

16 Employees' terminal benefits

	2021 OMR	2020 OMR
At 1 April	303,602	269,584
Provision for the year	56,473	48,991
Payments during the year	(23,328)	(14,973)
At 31 March	**336,747**	**303,602**
Total number of employees	**157**	**155**

17 Trade and other payables

	2021 OMR	2020 OMR
Trade payables	2,346,961	1,725,047
Accrued expenses	512,168	419,194
Other payables	158,724	156,429
	3,017,853	**2,300,670**

Trade payables are generally settled within 30 to 90 days of the suppliers' invoice date.

18 Bank borrowings

	2021 OMR	2020 OMR
Loan against imports	564,267	836,609
Short-term loan	-	500,000
	564,267	**1,336,609**

The loan against imports and short-term loan, which are secured against a commercial mortgage over inventories and an assignment of trade receivables of the Company in favour of Ahli Bank SAOG, bears interest of 5.5% (2020: 5.5%) and are repayable on demand.

19 Revenue

	Year ended 31 March 2021 OMR	Year ended 31 March 2020 OMR
Sale of paints and allied products	11,151,850	10,975,429

Operating segments

The Company has a single reportable business segment and the geographical information of the sales for the reportable segment is as follows:

	2021 OMR	2020 OMR
Local (Oman)	9,119,873	8,714,089
Export	2,031,977	2,261,340
	11,151,850	**10,975,429**

20 Cost of sales

	Year ended 31 March 2021 OMR	Year ended 31 March 2020 OMR
Raw materials consumed	6,252,377	5,853,068
Wages	625,862	588,574
Factory overheads	141,701	93,347
Amortisation of right-of-use assets (Note 8)	14,967	38,105
Depreciation (Note 5)	243,314	243,383
Net movement in work-in-progress and finished goods	25,727	165,522
(Reversal)/provision for obsolete and slow-moving inventories	(10,307)	10,339
	7,293,641	**6,992,338**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

21 Other income

	Year ended 31 March 2021 OMR	Year ended 31 March 2020 OMR
Sale of scrap	10,040	19,819
Interest on leased machines	939	5,558
Foreign exchange gain	2,745	3,441
COVID-19 rent concession amount	6,183	-
Modification gain on termination of lease contract	932	-
Other miscellaneous income	-	2,810
	20,839	**31,628**

22 Salaries and other related staff costs

	Year ended 31 March 2021 OMR	Year ended 31 March 2020 OMR
Salaries	793,427	780,115
Other related staff costs	514,908	596,487
Amortisation of right-of-use assets (vehicles and employee- accommodation) (Note 8)	61,646	66,294
	1,369,981	**1,442,896**

23 General, administrative, selling and distribution expenses

	Year ended 31 March 2021 OMR	Year ended 31 March 2020 OMR
Selling and distribution expenses	1,183,150	1,362,738
Royalty	327,818	326,054
Conveyance and vehicle expenses	55,240	67,117
System expenses	36,901	31,804
Legal and professional fees	34,319	25,641
Communication	24,914	24,383
Short-term rental	24,732	51,364
Bank charges	20,695	22,093
Foreign exchange losses	10,268	2,581
Printing and stationary	10,086	8,733
Insurance	9,501	8,529
Recruitment expenses	9,033	11,515
Repairs and maintenance	684	2,732
Penalty for termination of vehicle lease	460	-
Loss on disposal of property, plant and equipment	-	350
Miscellaneous expenses	18,119	18,302
	1,765,920	**1,963,936**

24 Finance costs and finance income

	Year ended 31 March 2021 OMR	Year ended 31 March 2020 OMR
Finance cost		
Interest on lease liabilities	19,497	19,752
Interest on long-term loan	12,099	36,357
Interest on short-term loan	5,380	17,716
Interest on bank overdraft and loan against imports	34,753	41,281
	71,729	**1,15,106**
Finance income		
Interest received on fixed deposit	2,096	3,008

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

25 Income tax

(a) Provision for income tax has been made after giving due consideration to adjustments for potential allowances and disallowances. Income tax has been agreed with the Oman Tax Authorities up to the tax year 2017. The management considers that the amount of additional taxes, if any, that may become payable in relation to the tax years for which assessments are pending would not be material to the Company's financial position as at 31 March 2021.

(b) The movement in current year tax and deferred tax provision is as follows:

The movement in provision for tax is as follows:

	2021 OMR	2020 OMR
At 1 April	61,422	107,794
Provision for the current year	88,662	61,422
Provision reversal for prior years	-	(2,336)
Less: payment during the year	(61,422)	(105,458)
At 31 March	**88,662**	**61,422**

(c) The movement in deferred tax provision is as follows:

	2021 OMR	2020 OMR
At 1 April	25,119	45,933
Reversal of deferred tax liability	(4,369)	(20,814)
At 31 March	**20,750**	**25,119**

(d) Income tax expense is as follows:

	2021 OMR	2020 OMR
For current year	88,662	61,422
For prior years	-	(2,336)
	88,662	59,086
Reversal of deferred tax liability	(4,369)	(20,814)
	84,293	**38,272**

26 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2021 OMR	2020 OMR
Cash in hand	2,162	2,716
Current account balances with banks	362,214	520,232
	364,376	**522,948**

The current account balances with banks are non-interest bearing.

27 Contingent liabilities and capital commitments

a) Contingent liabilities as at 31 March 2021 amounted to RO 244,757 which represented inward bills for collection and bank guarantees (2020: RO 129,248).

(b) Capital commitments contracted for at the statement of financial position date amounted to RO 3,097 (2020: RO 15,950).

28 Financial assets and liabilities and risk management

(a) Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade receivables and other financial assets at amortised cost, due from related parties, finance lease receivable, trade and other payables, due to related parties, long-term loan, lease liabilities and bank borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(b) Risk management

Risk management is carried out by the Finance Department of the Company under the guidance of the senior management and directors. The senior management and directors provide significant guidance for overall risk management covering specific areas such as credit risk, interest rate risk, foreign exchange risk and investment of excess liquidity.

(c) Capital management

The primary objective if the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise members' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 March 2021 and 2020.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company included within net debt, long-term loan and bank borrowings less cash and bank balances. Capital includes share capital, reserves and retained earnings attributable to the members of the Company.

In addition, the Company's activities expose it to a variety of financial risks: market risk (including currency rate risk, interest rate risk and price risk), credit risk and liquidity risk.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

(d) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's exposure to foreign currency risk as follows:

	31 March 2021 Euro	31 March 2020 Euro
In RO		
Trade payables	(19,561)	(25,769)
Net exposure	(19,561)	(25,769)

The following significant exchange rates were applied during the year:

	31 March 2021	31 March 2020
Euro	0.43706	0.41200

Some of the Company's financial assets and financial liabilities are either denominated in USD and AED which are fixed against the RO.

Sensitivity Analysis

A 10 percent strengthening or weakening of Rial Omani against the following currency at 31 March would have increased/(decreased) profit and equity by the amounts shown below. The analysis assumes that all other variables remain constant.

	2021	2020
Euro	1,956	2,577

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company is exposed to interest rate risk as the Company borrows funds at commercial interest rates. Sensitivity analysis of interest rates is as follows: if the interest rates were to be 50 basis points higher or lower with all other variables held constant, the Company's net profit would decrease or increase by RO 2,821 (2020: RO 8,880).

Further, the Company has fixed deposits with banks which earn market interest rates. Sensitivity analysis of interest rates is as follows: if the interest rates were to be 50 basis points higher or lower with all other variables held constant would not have an impact on the Company's income. (2020: increase or decrease by RO 750).

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company has no equity investments which can give exposure to price risk.

(e) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to credit risk principally on its trade receivables and cash and bank balances. The bank balances are held with national and international banks with good credit ratings. The credit risk on trade receivables is subject to credit evaluations and provision is made for estimated irrecoverable amounts. The Company is not exposed to any significant concentration of credit risk due to its large number of customers.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available, including unutilised credit facilities with banks, to meet any future commitments. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

At the end of the reporting period, the contractual maturity analysis in respect of financial liabilities is provided below:

	Total	**Less than 1 year**	**Between 1 and 5 years**
	OMR	**OMR**	**OMR**
Liabilities as at 31 March 2021			
Trade and other payables	3,017,853	3,017,853	-
Due to related parties	632,389	632,389	-
Lease liabilities	595,740	58,321	537,419
Bank borrowings	564,267	564,267	-
	4,810,249	**4,272,830**	**537,419**
Liabilities as at 31 March 2020			
Trade and other payables	2,300,670	2,300,670	-
Due to related parties	895,120	895,120	-
Term loan	439,432	439,432	-
Lease liabilities	379,878	65,165	314,713
Bank borrowings	1,336,609	1,336,609	-
	5,351,709	**5,036,996**	**314,713**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

29 Fair values of financial instruments

Financial instruments consist of financial assets and liabilities. Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade receivables and other financial assets at amortised cost, trade and other payables, long-term loan, lease liabilities, bank borrowings and due from and to related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

In the opinion of the Company's management, the fair values of the financial assets and liabilities are not materially different from their carrying amounts.

30 Dividends proposed and paid

No dividend was declared for the year ended 31 March 2021 (2020: RO 300,000 representing 26.74% of share capital).

31 Comparative figures

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current year's financial statements. Such regroupings or reclassification did not affect previously reported net profit or members' equity.

32 Subsequent events

Subsequent to year end, on 14 April 2021, Asian Paints International Private Limited acquired remaining 51% shareholding from other shareholder. Further, the legal status of Company has changed from Limited Liability Company to Single Person Company.

Except for the matters described above, there were no events occurring subsequent to 31 March 2021 and before the date of the approval that are expected to have a significant impact on these financial statements.

33 Note supporting the statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

2021	1 April 2020 OMR	Cash inflow OMR	Cash outflows OMR	Non-cash changes OMR	31 March 2021 OMR
Particulars					
Term loan	439,432	-	(451,531)	12,099	-
Lease liabilities	379,879	-	(76,342)	292,203	595,740
Bank borrowings	1,336,609	1,952,210	(2,759,305)	34,753	564,267

2020	1 April 2019 OMR	Cash inflow OMR	Cash outflows OMR	Non-cash changes OMR	31 March 2020 OMR
Particulars					
Term loan	1,039,432	-	(636,357)	36,357	439,432
Lease liabilities	401,724	-	(119,550)	97,705	379,879
Bank borrowings	1,146,133	190,476	(58,997)	58,997	1,336,609

BERGER PAINTS BAHRAIN W.L.L

Commercial Registration No.	11658
General Manager	Mr. Amit Bose
Registered Office	Building 412, Block 601, Road 108 P. O. Box 26688 Manama Kingdom of Bahrain
Bankers	HSBC Bank Middle East Ahli United Bank
Auditor	Deloitte & Touche – Middle East P.O. Box 421 Manama Kingdom of Bahrain

Contents

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berger Paints Bahrain W.L.L. (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Manager's Report. The Manager's Report is expected to be made available to us after the date of this auditor's report. The other information 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 will 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 charged with governance are 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 ISAs 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 ISAs, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

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

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

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law 2001 and its subsequent amendments, we report that:

- The Company has maintained proper accounting records and the financial statements are in agreement therewith;
- The financial information contained in the Manager's report is consistent with the financial statements;
- Nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Commercial Companies Law, or the items of its Articles of Association that would have a material adverse effect on its business or its financial position; and
- Satisfactory explanations and information have been provided to us by the management in response to all our requests.

DELOITTE & TOUCHE – MIDDLE EAST

Partner Registration No. 157

Manama, Kingdom of Bahrain

25th April, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	2021 BD	2020 BD
Assets			
Non-current assets			
Property, plant and equipment	5	470,079	550,723
Intangible assets		10,732	14,752
Right of use asset	6.1	84,352	57,905
Total non-current assets		565,163	623,380
Current assets			
Inventories	7	856,080	631,268
Accounts receivable	8	1,324,523	1,279,723
Prepayments and other receivables		16,449	34,104
Cash and bank balances	9	937,937	684,492
Total current assets		**3,134,989**	**2,629,587**
Total assets		**3,700,152**	**3,252,967**
Equity and liabilities			
Equity			
Share capital	10	418,000	418,000
Statutory reserve	11	209,000	209,000
Retained earnings		1,506,597	1,323,178
Total equity		**2,133,597**	**1,950,178**
Liabilities			
Non-current liabilities			
Provision for employees' end-of-service benefits	12	319,544	342,447
Lease liabilities	6.2	49,833	33,970
Total non-current liabilities		**369,377**	**376,417**
Current liabilities			
Accounts payable	13	679,752	485,839
Accruals and other payables	14	379,502	320,255
Due to related parties	15	100,429	94,506
Lease liabilities	6.2	37,495	25,772
Total current liabilities		**1,197,178**	**926,372**
Total liabilities		**1,566,555**	**1,302,789**
Total equity and liabilities		**3,700,152**	**3,252,967**

These financial statements were approved and authorised for issue on April 25, 2021 by the General Manager:

Mr. Amit Bose
General Manager

The attached notes form an integral part of these financial statements

Statement of Profit and Loss

for the year ended 31 March, 2021

	Notes	2021 BD	2020 BD
Sales	16	5,935,394	5,796,310
Cost of goods sold	17	(2,978,125)	(2,969,625)
Gross profit		**2,957,269**	**2,826,685**
General and administrative expenses	18	(1,130,823)	(1,311,983)
Depreciation on property, plant and equipment	5	(86,294)	(90,099)
Amortisation of intangible assets		(4,020)	(4,020)
Depreciation on right-to-use assets	6.1	(116,504)	(69,653)
Technical fee	15	(144,034)	(144,784)
Provision for impaired receivables	8	-	(49,863)
Selling and distribution expenses	19	(323,326)	(380,279)
Operating profit		**1,152,268**	**776,004**
Interest expense on lease liabilities	6.2	(5,967)	(6,076)
Interest from fixed deposits		7,940	11,898
Other income	20	29,178	18,089
Profit for the year		**1,183,419**	**799,915**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**1,183,419**	**799,915**

Mr. Amit Bose

General Manager

The attached notes form an integral part of these financial statements

Statement of Changes in Equity

for the year ended 31 March, 2021

	Share Capital	Statutory Reserve	Retained Earnings	Total
	BD	BD	BD	BD
Balance at March 31, 2019	418,000	209,000	1,723,263	2,350,263
Total comprehensive income for the year	-	-	799,915	799,915
Dividends paid	-	-	(1,200,000)	(1,200,000)
Balance at March 31, 2020	418,000	209,000	1,323,178	1,950,178
Total comprehensive income for the year	-	-	1,183,419	1,183,419
Dividends paid	-	-	(1,000,000)	(1,000,000)
Balance at March 31, 2021	**418,000**	**209,000**	**1,506,597**	**2,133,597**

The attached notes form an integral part of these financial statements

Statement of Cash Flows

for the year ended 31 March, 2021

	Notes	2021 BD	2020 BD
Cash flows from operating activities:			
Profit for the year		1,183,419	799,915
Adjustments for:			
Depreciation of property, plant and equipment	5	86,294	90,099
Depreciation of right-to-use assets	6.1	116,504	69,653
Amortisation of intangible assets		4,020	4,020
Interest expense on lease liabilities	6.2	5,967	6,076
Loss / (gain) on disposal of property, plant and equipment		513	(4,740)
Provision for employees' end-of-service benefits	12	35,655	57,867
Impairment losses recognised on receivables	8	-	49,863
Interest income on fixed deposits		(7,940)	(11,898)
Reversal of allowance for obsolete inventory		(2,909)	(10,619)
		1,421,523	**1,050,236**
Changes in operating assets and liabilities:			
(Increase) / decrease in inventories		(221,903)	138,614
(Increase) / decrease in accounts receivable		(44,800)	272,832
Decrease / (increase) in prepayments and other receivables		17,655	(13,531)
Increase / (decrease) in accounts payable		193,913	(115,038)
Increase / (decrease) in accruals and other payables		59,247	(60,007)
Increase in due to related parties		5,923	10,140
Cash from operations		1,431,558	1,283,246
Payment of employees' end-of-service benefits	12	(58,558)	(33,803)
Interest element of lease liabilities	6.2	(5,967)	(6,076)
Net cash generated from operating activities		**1,367,033**	**1,243,367**
Cash flows from investing activities:			
Purchase of property, plant and equipment	5	(6,163)	(57,266)
Proceeds from disposal of property, plant and equipment		-	4,751
Interest income on fixed deposits		7,940	11,898
Net cash from / (used in) investing activities		**1,777**	**(40,617)**
Cash flows from financing activities:			
Payment of principal payment of lease liabilities	6.2	(115,365)	(69,768)
Dividends paid		(1,000,000)	(1,200,000)
Net cash used in financing activities		**(1,115,365)**	**(1,269,768)**
Net increase / (decrease) in cash and cash equivalents		253,445	(67,018)
Cash and cash equivalents beginning of year		684,492	751,510
Cash and cash equivalents end of year	9	**937,937**	**684,492**

The attached notes form an integral part of these financial statements

Notes To The Financial Statements

for the year ended 31 March, 2021

1. Status and activities

Berger Paints Bahrain W.L.L. (the "Company") is a limited liability company registered in the Kingdom of Bahrain under commercial registration number 11658 on September 9, 1981 and is engaged in the manufacture and distribution of paints, resins, wood preservatives, industrial sealants and wall coverings.

The Company is a subsidiary of Universal Paints Limited (the "Parent Company") an entity incorporated in Isle of Man, owned 100% by Asian Paints International Private Limited, Singapore and Asian Paints Limited, India is the ultimate parent company ("the Ultimate Parent").

2. Adoption of new and revised standards (IFRS)

2.1 New and revised Standards applied with no material impact on the financial statements

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 01, 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to Interest Rate Benchmark Reform in IFRS 9 and IFRS 7: The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.
- Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions: The amendments provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 01, 2020.
- Amendments to Reference to the Conceptual Framework in IFRS Standards: The amendments include consequential amendments to affected Standards so that they refer to the new Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.
- Amendments to IFRS 3 Definition of a business: The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.
- Amendments to IAS 1 and IAS 8 Definition of material: The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

2.2 New and revised standards issued but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts (effective from January 1, 2023).
- Amendments to IFRS 10 Consolidated Financial

Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023).
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (effective from January 1, 2022).
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use (effective from January 1, 2022).
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract (effective from January 1, 2022).
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from January 1, 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from January 1, 2022).
- Amendments to Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); the amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks (effective from January 1, 2021).

The management do not expect that the adoption of the above Standards will have a material impact on the Company's financial statements in future periods.

3. Significant accounting policies

Basis of Preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and applicable requirements of the Bahrain Commercial Companies Law and its subsequent amendments.

The financial statements are prepared under the historical cost convention and accrual basis of accounting. The financial statements are presented in Bahraini Dinars ("BD"), being the functional currency of the Company. The accounting policies are consistent with those used in the prior years, unless otherwise stated.

The significant accounting policies adopted are as follows:

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses, all subsequent additions to buildings have been included at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Depreciation is charged so as to write off cost of the property, plant and equipment, other than capital work in progress, over their estimated useful lives, using the straight line method.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings on Leased Land	25 years
Plant and Machinery	8 to 10 years
Furniture, Fixtures and Equipment	4 to 8 years
Motor Vehicles	4 to 5 years

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sale proceeds and the carrying amount of the asset and is recognised in profit or loss for the year.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets (other than goodwill)

Where there is an indication of impairment in value, such that the recoverable amount of an asset (other than goodwill) falls below its net book value, an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. In the case of finished goods and work in progress, cost comprises material cost plus cost of conversion.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment of Tangible Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either at either amortized cost or fair value, depending on their classification at either:

- Financial assets at amortized cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial asset at Fair Value Through Profit or Loss (FVTPL)

The classification and measurement category of financial assets, except for equity instruments and derivatives, are assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment:

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test:

The Company assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Company reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All the Company's financial assets consisting of cash and cash equivalents, accounts and other receivables, finance lease receivables and due from related a party are classified as financial assets at amortized cost.

Impairment of financial assets

A loss allowance for expected credit losses (ECL) is recognized on debt instruments that are measured at amortized cost or at FVOCI, bank balance, account receivable and other assets, lease receivable and due from a related parties, as well as on financial guarantee contracts. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECL is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) Held for trading, or (iii) designated at FVTPL, are subsequently measured at amortized cost.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and reported net in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and when the Company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Defined Benefit Obligation and Provision for Employees End-of-Service Benefits

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. The retirement benefit obligation recognised at the reporting date represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

For Bahraini employees, the Company makes contribution to the Social Insurance Organisation, calculated as percentage of the employees' salaries. The Company's obligations are limited to their contributions, which are expensed when due.

Revenue recognition

Revenue from the sale of goods is recognised in the profit or loss when the control has been passed to the customer i.e. when goods are delivered, accepted by the customer and the amount of revenue can be measured reliably.

Interest income is recognised on a time basis by reference to the principal outstanding and the applicable interest rate.

Foreign Currencies

Transactions in foreign currencies are recognised in functional currency at the rates prevailing at the dates of the transactions. At reporting date, monetary assets and monetary liabilities denominated in currencies other than functional currency are retranslated at the rate of exchange prevailing at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Leases

The Company as lessee:

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following where applicable:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amount expected to be payable by the lessee under the residual value guarantees;
- The exercise price of the purchase option, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated amortization (over the shorter period of lease term and useful life of the underlying asset) and impairment losses.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 3, and due to the nature of operation, management did not have to make judgements that may have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives property, plant and equipment

The Company's management determines the useful lives of property, plant and equipment and the related depreciation charge. The depreciation charge for the year will change significantly if the actual life is different from the estimated useful life of the asset. The review carried out by management in the current year did not indicate any necessity for changes in the useful lives of the property, plant and equipment.

Measurement of the expected credit loss allowance

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5. Property, Plant and Equipment

	Buildings on Leased Land	Plant and Machinery	Furniture, Fixtures and Equipment	Motor Vehicles	Total
	BD	BD	BD	BD	BD
Cost :					
At March 31, 2019	658,246	1,285,751	129,330	9,300	2,082,627
Additions	2,900	50,496	3,870	-	57,266
Disposals	-	(15,555)	(2,290)	(9,300)	(27,145)
At March 31, 2020	661,146	1,320,692	130,910	-	2,112,748
Additions	-	4,613	1,550	-	6,163
Disposals	-	(3,208)	(5,613)	-	(8,821)
At March 31, 2021	**661,146**	**1,322,097**	**126,847**	**-**	**2,110,090**
Accumulated Depreciation:					
At March 31, 2019	474,231	905,570	110,311	8,948	1,499,060
Depreciation expense	11,034	73,480	5,233	352	90,099
Relating to disposals	-	(15,552)	(2,282)	(9,300)	(27,134)
At March 31, 2020	485,265	963,498	113,262	-	1,562,025
Depreciation expense	9,047	71,988	5,259	-	86,294
Relating to disposals	-	(2,716)	(5,592)	-	(8,308)
At March 31, 2021	**494,312**	**1,032,770**	**112,929**	**-**	**1,640,011**
Carrying amount:					
At March 31, 2021	166,834	289,327	13,918	-	470,079
At March 31, 2020	175,881	357,194	17,648	-	550,723

Buildings are constructed on land leased from the Government of the Kingdom of Bahrain. The lease was renewed for a further period of twenty-five years starting from July 1, 2001 to June 30, 2026.

6. Leases

The Company only operates as a lessee.

6.1 Right-of-use Assets

The recognized right-of-use assets relates to the below types of leased asset in the Company,

	Land	Motor Vehicle	Premises	Total
	BD	BD	BD	BD
Balance, March 31, 2019	31,027	43,606	12,225	86,858
Additions	-	15,780	24,920	40,700
Amortisation	(4,288)	(31,178)	(34,187)	(69,653)
Balance, March 31, 2020	26,739	28,208	2,958	57,905
Additions	-	61,985	80,966	142,951
Amortisation	(4,277)	(32,315)	(79,912)	(116,504)
Balance, March 31, 2021	**22,462**	**57,878**	**4,012**	**84,352**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The following are the amounts recognized in profit and loss for the year:

	2021 BD	2020 BD
Amortization expense on right-of-use assets	116,504	69,653
Interest element of lease liabilities	5,967	6,076

At the reporting date, none of the property leases in which the Company is the lessee, contain variable lease payment terms.

6.2 Lease liabilities

	BD
Balance, March 31, 2019	88,810
Additions	40,700
Accretion of interest	6,076
Payments	(75,844)
Balance, March 31, 2020	59,742
Additions	142,951
Accretion of interest	5,967
Payments	(121,332)
Balance, March 31, 2021	**87,328**

Below is the allocation of lease liabilities as at March 31:

	2021 BD	2020 BD
Current lease liabilities	37,495	25,772
Non-current lease liabilities	49,833	33,970
	87,328	**59,742**

The maturity analysis of lease liabilities is as follows:

	2021 BD	2020 BD
Not later than 1 year	41,668	29,019
Later than 1 year and not later than 5 years	52,929	38,206
Later than 5 years	1,440	1,441
	96,037	68,666
Less: unearned interest	(8,709)	(8,924)
	87,328	**59,742**

7. Inventories

	2021 BD	2020 BD
Raw materials	353,130	286,750
Finished goods	326,585	252,630
Packing material	66,989	60,602
	746,704	599,982
Allowance for obsolete and slow moving inventories	(33,918)	(36,827)
	712,786	563,155
Work-in-progress	8,471	16,695
Goods in transit	126,953	43,647
Colour world stock items	7,870	7,771
	856,080	**631,268**

The cost of inventories recognised as an expense during the year ended March 31, 2021, in respect of operations, was BD 2,885,931 (2020: BD 2,875,214) (Note 17).

8. Accounts Receivable

	2021	2020
	BD	BD
Trade receivables	1,700,027	1,843,587
Allowance for impaired receivables	(375,504)	(563,864)
	1,324,523	**1,279,723**

There is no concentration of customer balances in the trade receivables at the reporting dates.

The average credit period on sales is 90 days. No interest is charged on overdue customers' balances. Trade receivables are provided for based on estimated irrecoverable amounts from the goods or service provided, determined by reference to past default experience.

	March 31, 2021			March 31, 2020		
Aging brackets	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL**	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL**
	BD	**%**	**BD**	**BD**	**%**	**BD**
Not due	993,651	1%	9,325	982,312	1%	7,164
Less than 90 days	283,710	4%	10,375	259,876	3%	7,794
90 - 180 days	36,346	17%	6,137	12,374	14%	1,547
180 - 365 days	23,058	47%	10,782	45,737	48%	21,134
More than 365 days	363,262	93%	338,885	543,288	97%	526,225
	1,700,027		**375,504**	**1,843,587**		**563,864**

Movement in the allowance for impaired receivables is as follow:

	2021	2020
	BD	BD
Balance at beginning of the year	563,864	514,396
Charge for the year	-	49,863
Recovered during the year	(9,693)	(395)
Write off during the year	(178,667)	-
Balance at end of the year	**375,504**	**563,864**

The Company applied simplified approach for expected credit loss. Accordingly, the Company assessed historically credit losses and apply that ratio to outstanding trade receivables after adjusting any factors anticipated to increase/decrease the credit losses going forward. The Company's historical experience did not indicate significant credit losses. Accordingly, the management believes that there is no further loss allowance required in excess of the allowance for doubtful debts.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

9. Cash and bank balances

	2021 BD	2020 BD
Cash on hand	278	627
Current accounts with banks	937,659	383,865
Short term deposits with banks	-	300,000
	937,937	**684,492**

Prior year short term deposits with banks were time deposits maturing within three months earning an interest rate of 2.1% per annum.

The carrying values of term deposits with banks approximate their fair value at the reporting date.

10. Share Capital

The share capital comprises 8,360 authorised, issued and fully paid shares of BD 50 each.

11. Statutory Reserve

As required by the Bahrain Commercial Companies Law and the Company's Articles of Association 10% of the profit of prior years was transferred to statutory reserve, until the reserve equaled 50% of the issued share capital. The reserve is not available for distribution, except in the circumstances stipulated in the Bahrain Commercial Companies Law.

12. Provision for employees' end-of-service benefits

The movement in the provision for employee's end-of-service benefits is as follows:

	2021 BD	2020 BD
At beginning of year	342,447	318,383
Charge for the year	35,655	57,867
Payments	(58,558)	(33,803)
At end of year	**319,544**	**342,447**

The provision for employees' end-of-service benefits are calculated under the Bahrain Labour Law approximates the liability calculated as per the actuarial valuation carried out at the reporting date.

(a) The most recent actuarial valuation of the present value of the end-of-service benefits was carried out at March 31, 2021 by a qualified actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method, which is the same method that was used in the previous year.

(b) The principal assumptions used for the purpose of the actuarial valuations were as follows

	2021 BD	2020 BD
Discount rate	5.5%	5.5%
Salary escalation rate	5.5%	5.5%

13. Accounts Payable

	2021	2020
	BD	BD
Trade accounts payable	679,752	485,839

There is no interest charge on overdue payables to suppliers. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. Accruals and Other Payables

	2021	2020
	BD	BD
Accruals for employee benefits	138,696	140,693
Value added tax payable	14,789	15,988
Accrued expenses and other payables	226,017	163,574
	379,502	**320,255**

15. Related Parties

Related parties as defined in International Accounting Standard 24 include shareholders and key management personnel of the Company and their close family members and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions with related parties are approved by the Company's management.

(a) During the year the Company entered into the following trading transactions with Asian Paints Limited Group entities:

	2021	2020
	BD	BD
Purchases	90,321	69,027
Sales	796	1,544
Technical fee	144,034	144,784
General and administrative expenses - charged by related parties	40,776	41,176
Selling and distribution expenses charged by related parties	104,234	115,069

Technical fee is paid to Asian Paints International Private Limited, Singapore at the rate of 3% (2020: 3%) of net sales excluding traded items from related parties and other sundry sales.

(b) Related Party balances consist of:

	2021	2020
	BD	BD
Due to:		
Asian Paints International Private Limited (Parent Company)	47,972	46,928
Asian Paints Limited (Ultimate Parent)	18,778	8,272
Berger Paints Emirates Ltd (Affiliate)	26,719	15,544
Asian Paints Middle East LLC	6,960	23,762
	100,429	**94,506**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

(c) Compensation of Key Management Personnel

Remuneration of members of key management during the year was as follows:

	2021 BD	2020 BD
Short term benefits	61,233	64,643
Long term benefits	2,120	2,120
	63,353	**66,763**

The above compensation was in the form of salaries, allowances and bonuses.

16. Sales

	2021 BD	2020 BD
Local Sales	5,934,598	5,794,766
Export Sales	796	1,544
	5,935,394	**5,796,310**

17. Cost of goods sold

	2021 BD	2020 BD
Costs of finished goods –(a)	2,885,931	2,875,214
Overheads	92,194	94,411
	2,978,125	**2,969,625**

(a) Details of cost of finished goods are as follows

	2021 BD	2020 BD
Raw material consumed – (b)	1,879,168	1,881,425
Packing material consumed – (c)	423,260	461,032
Cost of goods purchased for resale	644,706	486,352
Movement in finished goods manufactured	(61,203)	46,405
Materials consumption	**2,885,931**	**2,875,214**

(b) Details of raw material consumed are as follows:

	2021 BD	2020 BD
Opening balance raw material including goods in transit –net of provision	305,337	352,098
Purchases	2,035,934	1,791,018
Closing balance of raw material – net of provision	(462,103)	(261,691)
Raw material consumed	**1,879,168**	**1,881,425**

(c) Details of packing material consumed are as follows:

	2021 BD	2020 BD
Opening balance packing material –net of provision	60,145	69,438
Purchases	430,104	451,739
Closing balance of packing material – net of provision	(66,989)	(60,145)
Raw material consumed	**423,260**	**461,032**

18. General and Administrative Expenses

	2021 BD	2020 BD
Staff Costs – (a)	973,053	1,130,740
Power and fuel	14,735	15,182
System expense	21,023	27,246
Testing and safety expenses	681	18,935
Communication	15,169	15,058
Outsourced manpower expenses	2,940	14,700
Travel	90	11,787
Postage, printing and stationary	9,071	10,898
Legal and professional fees	13,504	9,816
Insurance	6,736	6,877
Repairs and maintenance	6,353	2,507
Other expenses	67,468	48,237
	1,130,823	**1,311,983**

(a) Movement in number of employees during the year

	2021 BD	2020 BD
At beginning of the year	93	93
Joined	6	9
Left	(7)	(9)
At end of the year	92	93

19. Selling and Distribution Expenses

	2021 BD	2020 BD
Advertisement and promotion expense	195,065	244,812
Freight	66,677	84,023
Vehicle charges	39,346	44,368
Rent	5,811	2,320
Other	16,427	4,756
	323,326	**380,279**

20. Other Income

	2021 BD	2020 BD
Scrap sales	5,930	4,654
Exchange gain	3,474	2,483
Gain on sale of property, plant and equipment	-	4,740
Miscellaneous income	19,774	6,212
	29,178	**18,089**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

21. Financial Instruments

Categories of financial instruments

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include cash and bank balances, accounts receivables and other receivables.

Financial liabilities of the Company include payables and accrued liabilities, lease liabilities and due to related parties.

A summary of financial assets and financial liabilities is as follows:

	2021 BD	2020 BD
Financial assets		
Receivables at amortised cost (including cash and bank balances)	2,278,693	1,993,500
Financial liabilities		
Amortised cost	1,247,011	960,342

The risk associated with financial instruments and the Company's approaches to managing such risks are as follows:

Financial Risk Management objectives

The Company's finance function provides services to the business, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, liquidity risk and market risk (which primarily consists of foreign currency risk and interest rate risk)

Credit Risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit the credit risk with respect of trade debtors by implementing credit policy and procedures. The Company ensures that sales are made only to customers with appropriate credit history and does not allow them to exceed an acceptable credit exposure limit, in addition to the standard process of receivable review.

There is no concentration of credit risk on accounts receivable. The credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international rating agencies.

The Company has not obtained any collateral of any kind.

Liquidity Risk management

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Company management. To mitigate the risk, management has diversified funding sources and assets are managed with a liquidity approach, maintaining a healthy balance of cash and cash equivalents. The Company manages the maturities of the Company's assets and liabilities in a way to be able to maintain adequate liquidity.

Liquidity and Interest Risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities excluding lease liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 month	1-3 months	3 months to 1 year	Total
	BD	BD	BD	BD
2021				
Non-interest bearing	410,263	397,707	351,713	1,159,683
2020				
Non-interest bearing	299,740	292,285	308,575	900,600

The maturity analysis of lease liabilities is disclosed in note 6.2.

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	Total
	%	BD	BD	BD	BD
2021					
Non-interest earning		1,003,844	1,075,538	199,311	2,278,693
2020					
Non-interest earning		773,451	908,430	11,619	1,693,500
Short term deposits with banks	2.1%	-	301,575	-	301,575
		773,451	1,210,005	11,619	1,995,075

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. The Company's activities expose it primarily to the financial risk in changes in foreign exchange rates and interest rate risk.

Currency Risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's financial assets and financial liabilities are mainly denominated in Bahraini Dinars, United States Dollars, United Arab Emirates Dirhams and Saudi Arabian Riyals. As the Bahraini Dinar, United Arab Emirates Dirham and Saudi Arabian Riyal are effectively pegged to the United States Dollar, balances in those currencies are not considered to represent a significant currency risk.

Interest rate Risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company is not exposed to significant interest risk as there are no significant interest bearing financial assets or liabilities with variable interest rates at the reporting dates.

22. Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's strategy remains unchanged from previous period.

The capital structure of the Company consists of equity comprising share capital, reserves and retained earnings. The Company is debt free at the reporting dates.

23. Impact of COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The extent and duration of such impacts remain uncertain and are dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

While financial performance was not significantly affected at the current reporting date. The Company received financial support of BD 55,643 from the Government towards the salary of nationals employed by the company in line with the scheme offered to all employers in the Kingdom of Bahrain. However, the uncertainties caused by COVID-19, and the volatility in oil prices required the Company to closely monitor the situation to manage the potential business disruption and assess its financial performance continually.

The Company believes that it has sufficient cash balance that can meet its' operating expenses at least for the next twelve months and also it expects regular cash flows from its' current operating activities.

ENTERPRISE PAINTS LIMITED

Contents

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2021, which show the state of the company's affairs.

Principal activity

The principal activity of the company is an investment holding company.

Results and dividends

The company made a profit for the year of £1,020,395 (2020: nil) and dividends of £1,020,395 (2020: nil) were paid.

Directors

The following directors held office during the year:

- Phaedra Bird
- Diane Clarke

So far as each of the directors is aware at the time the report and accounts are approved:

- There is no relevant information of which the company's auditors are unaware, and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By Order of the Board

Athol Secretaries Limited
Secretary

Directors' Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and the balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

Independent Auditor's Report

We have audited the financial statements as set out on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with the Companies Acts 1931 to 2004. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and international standards on auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

We read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' loans and remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Mark Hjertzen (Senior Statutory Auditor)
For and on behalf of
HW Associates Limited
Portmill House
Portmill Lane
Hitchin
Hertfordshire
SG5 1DJ

6th May, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	2021 £	2020 £
Fixed Assets			
Investments	4	**-**	-
Debtors:			
amounts due within one year of loan	5	344	344
Cash at bank		**-**	-
Creditors:			
amounts due within one year of loan	6	(1,550,469)	(1,550,469)
Net current liabilities		(1,550,125)	(1,550,125)
Net liabilities		**(1,550,125)**	**(1,550,125)**
Capital and reserves			
Called up share capital	7	145,504	145,504
Profit and loss account	9	(1,695,629)	(1,695,629)
Equity shareholders' deficit	10	**(1,550,125)**	**(1,550,125)**

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A –small entities.

These financial statements were approved by the board of directors on and were signed on their behalf by: 6th May, 2021

Phaedra Bird
Director

Diane Clarke
Director

Company Registration No. 43644C

The notes on pages 9 to 11 form part of these audited financial statements.

Statement of Profit and Loss

for the year ended 31 March, 2021

	Notes	2021 £	2020 £
Income			
Dividend received		1,020,395	-
Admin expenses		-	-
Foreign exchange gain/(loss)		-	-
Operating profit/(loss)		**1,020,395**	**-**
Interest receivable and similar income		-	-
Profit before taxation		**1,020,395**	**-**
Taxation		-	-
Profit/(loss) for financial period		**1,020,395**	**-**

In the current and preceding financial periods there were no recognised gains or losses, other than those dealt with in the profit and loss account.

The notes on pages 9 to 11 form part of these audited financial statements.

Notes To The Financial Statements
for the year ended 31 March, 2021

Company information

Enterprise Paints Limited is a private company, limited by shares, domiciled in Isle of Man, registration number 43644C. The registered office is 6th Floor , Victory house, Prospect Hill, Douglas, Isle of man / IM1 1EQ.

1. Accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and the Isle of Man Companies Acts.

b) Dividend income

Dividend income is recognized when the shareholders' rights to receive payment have been established.

c) Investments

Investments are stated at cost less provision for impairment in value.

d) Group financial statements

Group financial statements have not been prepared under Financial Reporting Standard 102, "Accounting for Subsidiary Undertakings", as it has taken advantage of the exemption afforded for small and medium sized companies.

Group financial statements have also not been prepared as required by Isle of Man Company Law as the directors are of the opinion that the preparation of consolidated financial statements would involve expense and delay out of proportion to the benefit derived.

Accordingly, these financial statements present only the results of the company.

e) Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

f) Going Concern

At the balance sheet date the company had net liabilities of £1,550,125 and is reliant upon the continued support of the ultimate parent company APIPL. The accounts have been prepared on a going concern basis on the assumption that the support will continue into the foreseeable future.

2. Expenses

A related undertaking Asian Paints International Private Limited has agreed to bear the cost of administering the company and will not seek recovery of such expenses.

3. Taxation

The company is taxed at 0% under Income Tax (Amendment) (No. 2) Act 2006.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

4. Investments

	2021 £	2020 £
i) Investment in Berger Paints Emirates Limited ("BPEL")	-	-
ii) Investment in Nirvana Investments Limited ("NIL")	-	-
	-	**-**

i) The company owns 39% of the issued shares of Berger Paints Emirates Limited (BPEL), a company engaged in the manufacturing of paints and related products but is entitled to received 70% of its profits. The net profit for the period ended 31 March 2021 was £1,269,000 (2020: £1,767,000 profit), and at that date BPEL had net assets of £10,046,000 (2020: £10,989,000).

ii) The company owns the entire issued share capital of NIL comprising two ordinary shares of £1 each. NIL is an investment holding company, incorporated in the Isle of Man. NIL is dormant and has net assets/(liabilities) of 189,034 (2020: £189,034).

5. Loan

	2021 £	2020 £
Loan to Asian Paints International Limited (See note 8)	344	344

The loan is unsecured, interest free and will only be called for repayment when the related undertakings have sufficient funds.

6. Loans

	2021 £	2020 £
Loan from Universal Paints Limited[1]	1,439,310	1,439,310
Loan from Nirvana Investments Limited[1]	111,159	111,159
	1,550,469	**1,550,469**

These loans are unsecured, interest free and will only be called for repayment when the company has sufficient funds.

[1]The controlling interests of Universal Paints Limited and Nirvana Investments Limited are fully held by Asian Paints International Private Limited.

7. Called up share capital

	2021 £	2020 £
Authorised:		
146,000 Ordinary shares of £1 each	146,000	146,000
Issued:		
145,504 Ordinary shares of £1 each	**145,504**	**145,504**

8. Parent company

The directors have taken advantage of the reduced disclosure exemptions provided in FRS 102, related party disclosures not to disclose transactions with group undertakings and wholly owned subsidiaries.

The company is a wholly-owned subsidiary company of Asian Paints International Private Limited, a company incorporated in the Republic Of Singapore. The directors have therefore taken advantage of the exemption in FRS102 not to include the disclosures on related party transactions between group companies.

The company's ultimate parent company is Asian Paints Limited, a company incorporated in India.

The consolidated financial statements of Asian Paints International Private Limited are available from Asian Paints International Private Limited, 140 Robinson Road, #11-05, Singapore 068907.

The consolidated accounts of the smallest group in which the results of the company are included are those prepared by Asian Paints International Private Limited and are available from 140 Robinson Road, #11-05, Singapore 068907.

The consolidated accounts of the largest group in which the results of the company are included are those of Asian Paints Limited and are available from 6A Shantinagar, Santacruz (E), Mumbai – 400 055.

9. Profit and loss account

	2021 £	2020 £
At beginning of the period	(1,695,629)	(1,695,629)
Profit / (Loss) for the period	1,020,395	-
Dividend paid	(1,020,395)	-
At end of the period	**(1,695,629)**	**(1,695,629)**

10. Reconciliation of movements in shareholders' deficit

	2021 £	2020 £
Opening shareholders' deficit	(1,550,125)	(1,550,125)-
Profit / (Loss) for the period	1,020,395	-
Dividend paid	(1,020,395)	-
Closing shareholders' deficit	**(1,550,125)**	**(1,550,125)**

11. Average number of employees

During the year the average number of employees was 2. (2020: 2)

NIRVANA INVESTMENTS LIMITED

Contents

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March, 2021 which show the state of the company's affairs.

Principal activity

The principal activity of the company is an investment holding company.

Results and dividends

The company made a profit for the year of £306,119 (2020: £nil) and dividends of £306,119 (2020: £nil) were paid.

Directors

The following directors held office during the period:

- Phaedra Bird
- Diane Clarke

So far as each of the directors is aware at the time the report and accounts are approved:

- there is no relevant information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By Order of the Board

Athol Secretaries Limited
Secretary

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and the balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

Independent Auditor's Report

We have audited the financial statements as set out on pages 7 to 11 which have been prepared under the historical cost convention and the accounting policies set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with the Companies Acts 1931 to 2004. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and international standards on auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

We read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' loans and remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Hjertzen (Senior Statutory Auditor)
For and on behalf of
HW Associates Limited
Portmill House
Portmill Lane
Hitchin
Hertfordshire
SG5 1DJ

6th May, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Investments	3	-	-
DEBTORS: amounts due after more than one year Loan	4	**74,202**	74,202
DEBTORS: amounts due within one year	5	**114,832**	114,832
CURRENT ASSETS		**114,832**	114,832
TOTAL ASSETS		**189,034**	189,034
CAPITAL AND RESERVES			
Called up share capital	7	**2**	2
Profit and loss account	9	**189,032**	189,032
EQUITY SHAREHOLDERS' FUNDS	10	**189,034**	189,034

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A –small entities.

These financial statements were approved by the board of directors on and signed on their behalf by: 6th May, 2021

Phaedra Bird
Directors

Diane Clarke
Directors

Company Registration No. 45691C

The notes on pages 9 to 11 form part of these audited financial statements.

Statement of Profit and Loss
for the year ended 31 March, 2021

	Notes	2021 £	2020 £
INCOME			
Dividends received		**306,119**	-
Administrative expenses		**-**	-
Foreign exchange gain		**-**	-
OPERATING PROFIT		**306,119**	-
Interest receivable and similar income		**-**	-
		-	-
Profit before taxation		**306,119**	-
Taxation		**-**	-
PROFIT FOR THE FINANCIAL YEAR		**306,119**	-

In the current and preceding financial periods there were no recognised gains or losses, other than those dealt with in the profit and loss account.

The notes on pages 9 to 11 form part of these audited financial statements.

Notes To The Financial Statements

for the year ended 31 March, 2021

Company information

Nirvana Investments Limited is a private company, limited by shares, domiciled in Isle of Man, registration number 45691C. The registered office is 6th Floor, Victory house, Prospect Hill, Douglas, Isle of man / IM1 1EQ.

1. Accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and the Isle of Man Companies Acts.

b) Dividend income

Dividend income is recognised when the shareholders' rights to receive payment have been established.

c) Investments

Investments are stated at cost less provision for impairment in value.

d) Group financial statements

Group financial statements have not been prepared under Financial Reporting Standard 102, "Accounting for Subsidiary Undertakings", as it has taken advantage of the exemption afforded for small and medium sized companies.

Group financial statements have also not been prepared as required by Isle of Man Company Law as the directors are of the opinion that the preparation of consolidated financial statements would involve expense and delay out of proportion to the benefit derived.

Accordingly, these financial statements present only the results of the company.

2. Expenses

A related undertaking Asian Paints International Private Limited has agreed to bear the cost of administering the company and will not seek recovery of such expenses.

3. Investments

The company owns directly 10% of the issued shares of Berger Paints Emirates Limited (BPEL) and has a beneficial ownership of a further 51% of the shares. It is entitled to receive 30% of its profits. BPEL is a company engaged in the manufacturing and distribution of paints and related products. The net profit for the period ended 31 March 2021 was £1,269,000 (2020: £1,767,000 profit) and at that date BPEL had net assets of £10,046,000 (2020: £10,989,000).

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

4. Debtors: amounts due after more than one year

	2021 £	2020 £
Loan:		
Sultan Bin Sulayem	**74,202**	74,202

5. Debtors: amounts due within one year

	2021 £	2020 £
Asian Paints International Private Limited	**3,673**	3,673
Enterprise Paints Limited	**111,159**	111,159
	114,832	114,832

These loans are unsecured interest free and will only be called for repayment when the related undertakings have sufficient funds.

6. Taxation

The company is taxed at 0% under Income Tax (Amendment) (No. 2) Act 2006.

7. Called up share capital

	2021 £	2020 £
Authorised:		
2,000 Ordinary shares of £1 each	2,000	2,000
Issued:		
2 Ordinary shares of £1 each	**2**	**2**

8. Parent company

The directors have taken advantage of the reduced disclosure exemptions provided in FRS 102, related party disclosures, not to disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary.

The company is a wholly-owned subsidiary company of Asian Paints International Private Limited, a company incorporated in the Republic Of Singapore. The directors have therefore taken advantage of the exemption in FRS102 not to include the disclosures on related party transactions between group companies.

The company's ultimate parent company is Asian Paints Limited, a company incorporated in India.

The consolidated financial statements of Asian Paints International Private Limited are available from Asian Paints International Private Limited, 140 Robinson Road, #11-05, Singapore 068907.

The consolidated accounts of the smallest group in which the results of the company are included are those prepared by Asian Paints International Private Limited and are available from 140 Robinson Road, #11-05, Singapore 068907.

The consolidated accounts of the largest group in which the results of the company are included are those of Asian Paints Limited and are available from 6A Shantinagar, Santacruz (E), Mumbai – 400 055.

9. Profit and loss account

	2021 £	2020 £
At beginning of the period	189,032	189,032
Profit for the period	**306,119**	-
Dividend paid	**(306,119)**	-
At end of the period	**189,032**	189,032

10. Reconciliation of movements in shareholders' funds

	2021 £	2020 £
Opening shareholders' funds	189,034	189,034
Profit for the period	**306,119**	-
Dividend paid	**(306,119)**	-
Closing shareholders' funds	**189,034**	189,034

11. Average number of employees

During the year the average number of employees was 2. (2020: 2).

UNIVERSAL PAINTS LIMITED

Contents

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March, 2021 which show the state of the company's affairs.

Principal activity

The principal activity of the company is an investment holding company.

Results and dividends

The company made a profit for the period after taxation of £2,012,279 (2020: £2,566,282) and dividends of £2,012,279 (2020: £2,566,282) were paid.

Directors

The following directors held office during the period:

- Phaedra Bird
- Diane Clarke

So far as each of the directors is aware at the time the report and accounts are approved:

- there is no relevant information of which the company's auditors are unaware, and

- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By Order of the Board

Athol Secretaries Limited
Secretary

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and the balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

Independent Auditor's Report

To The shareholders of Universal Paints Limited

We have audited the financial statements as set out on pages 7 to 11 which have been prepared under the historical cost convention and the accounting policies set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with the Companies Acts 1931 to 2004. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and international standards on auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

We read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March, 2021 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' loans and remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Mark Hjertzen (Senior Statutory Auditor)
For and on behalf of
HW Associates Limited
Portmill House
Portmill Lane
Hitchin
Hertfordshire
SG5 1DJ

6th May, 2021

Statement of Financial Position
as on 31 March, 2021

	Notes	2021 £	2020 £
Fixed Assets			
Investment in subsidiary	4	398,787	398,787
Current Assets			
Bank and cash		-	-
Loans	5	1,440,841	1,440,841
Total assets		**1,839,628**	**1,839,628**
Capital and Reserves			
Called up share capital	6	429,232	429,232
Profit and loss account	9	1,410,396	1,410,396
Equity Shareholders' Funds	8	**1,839,628**	**1,839,628**

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A –small entities.

These financial statements were approved by the board of directors on and were signed on their behalf by: 6th May, 2021

Phaedra Bird
Directors

Diane Clarke
Directors

Company registration No. 39647C

The notes on pages 9 to 11 form part of these audited financial statements.

Statement of Profit and Loss

for the year ended 31 March, 2021

	Notes	2021 £	2020 £
Income			
Dividends received		2,012,279	2,566,282
Admin expenses		-	-
Exchange gain/(loss)		-	-
Operating profit		**2,012,279**	**2,566,282**
Interest receivable and similar income		**-**	**-**
Profit before taxation		**2,012,279**	**2,566,282**
Taxation	3	-	**-**
Profit for the financial period		**2,012,279**	**2,566,282**

In the current and preceding financial periods there were no recognised gains or losses, other than those dealt with in the profit and loss accounts.

The notes on pages 9 to 11 form part of these audited financial statements.

Notes To The Financial Statements

for the year ended 31 March, 2021

Company information

Universal Paints Limited is a private company, limited by shares, domiciled in Isle of Man, registration number 39647C. The registered office is 6th Floor, Victory house, Prospect Hill, Douglas, Isle of man / IM1 1EQ.

1. Accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and the Isle of Man Companies Acts.

b) Dividend income

Dividend income is recognized when the shareholders' rights to receive payment have been established.

c) Investments

Investments are stated at cost less provision for permanent diminution in value.

d) Group financial statements

Group financial statements have not been prepared under Financial Reporting Standard 102, "Accounting for Subsidiary Undertakings", as it has taken advantage of the exemption afforded for small and medium sized companies.

Group financial statements have also not been prepared as required by Isle of Man Company Law as the directors are of the opinion that the preparation of consolidated financial statements would involve expense and delay out of proportion to the benefit derived.

Accordingly, these financial statements present only the results of the company.

e) Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2. Expenses

A related undertaking Asian Paints International Private Limited has agreed to bear the cost of administering the company and will not seek recovery of such expenses.

3. Taxation

The company is taxed at 0% under Income Tax (Amendment) (No.2) 2006.

4. Investment in subsidiary

	2021 £	2020 £
Investment in Berger Paints Bahrain WLL	398,787	398,787

The company owns 100% of the issued share capital of Berger Paints Bahrain WLL, a company engaged in the manufacturing and distribution of paints and related products. The net asset value for the period ended 31 March 2021 was £4,197,974 (2020: £4,175,506), and the net income for the period end was £ 2,415,007 (2020: £1,668,672).

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

5. Debtors: amounts due within one year

	2021 £	2020 £
Amounts due from group undertakings		
i) Asian Paints International Private Limited	1,531	1,531
ii) Enterprise Paints Limited	1,439,310	1,439,310
	1,440,841	**1,440,841**

These loans are unsecured, interest free and will only be called for repayment when the related undertakings have sufficient funds.

6. Called up share capital

	2021 £	2020 £
Authorized:		
430,000 Ordinary shares of £1 each	430,000	430,000
Issued:		
429,232 Ordinary shares of £1 each	**429,232**	**429,232**

7. Parent company

The directors have taken advantage of the reduced disclosure exemptions provided in FRS 102, related party disclosures, not to disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary.

The company is a wholly-owned subsidiary company of Asian Paints International Private Limited, a company incorporated in the Republic Of Singapore. The directors have therefore taken advantage of the exemption in FRS102 not to include the disclosures on related party transactions between group companies.

The company's ultimate parent company is Asian Paints Limited, a company incorporated in India.

The consolidated financial statements of Asian Paints International Private Limited are available from Asian Paints International Private Limited, 140 Robinson Road, #11-05, Singapore 068907.

The consolidated accounts of the smallest group in which the results of the company are included are those prepared by Asian Paints International Private Limited and are available from 140 Robinson Road, #11-05, Singapore 068907.

The consolidated accounts of the largest group in which the results of the company are included are those of Asian Paints Limited and are available from 6A Shantinagar, Santacruz (E), Mumbai – 400 055.

8. Reconciliation of movements in shareholders' funds

	2021 £	2020 £
Opening shareholders' funds	1,839,628	1,839,628
Profit for the period	2,012,279	2,566,282
Dividends paid	(2,012,279)	(2,566,282)
Closing shareholders' funds	**1,839,628**	**1,839,628**

9. Profit and loss account

	2021 £	2020 £
At beginning of the period	1,410,396	1,410,396
Profit for the period	2,012,279	2,566,282
Dividends paid	(2,012,279)	(2,566,282)
At end of the period	**1,410,396**	**1,410,396**

10. Average number of employees

During the year the average number of employees was 2. (2020: 2).

PT ASIAN PAINTS INDONESIA

Contents

DIRECTORS' STATEMENT LETTER RELATING TO THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2021

PT Asian Paints Indonesia (the "Company")

I, the undersigned:

Name	:	Abhishek Mohnot
Office address	:	Marquee Office 17th Floor Pondok Indah Office Tower 3, Jl. Sultan Iskandar Muda V, Jakarta Selatan
Domicile as stated in ID card	:	Pondok Indah Golf Apartment Unit 1073 Jasmine Tower, Jl. Metro Pondok Indah Jakarta Selatan
Phone Number	:	08118040202
Position	:	Director of Finance

Declare that:

1. We are responsible for the preparation and presentation of the Company's financial statements;
2. The Company's financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. All information in the Company's financial statements are complete and correct;
4. The Company's financial statements do not contain misleading material information or facts, and do not omit material information and facts; and
5. We are responsible for the Company's internal control system.

This statement letter is made truthfully.
For and on behalf of the Board of Directors

Jakarta, 7th May, 2021
Abhishek Mohnot
Director

Independent Auditor's Report

The Stakeholders, Board of Commissioners and Directors

PT Asian Paints Indonesia

We have audited the accompanying financial statements of PT Asian Paints Indonesia, which comprise the statement of financial position as of March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of such financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of PT Asian Paints Indonesia as of March 31, 2021, and its financial performance and its cash flow for the year then ended, in accordance with Indonesian financial accounting standards.

IMELDA & REKAN

William Tanuwijaya,
Public Accountant License No. AP. 1089
7th May, 2021

Statement of Financial Position
as on 31 March, 2021

	Notes	March 31, 2021 Rp	March 31, 2020 Rp
ASSETS			
CURRENT ASSETS			
Cash in banks	5	9,131,421,974	18,637,990,052
Trade accounts receivable	6, 31	37,572,363,271	43,101,810,119
Other accounts receivable			
Related parties	7,26	247,324,720	1,733,310,538
Third parties		-	37,123,563
Prepaid expenses		1,268,166,094	968,691,443
Prepaid taxes	8	22,384,374,853	17,188,427,817
Deposits and advance payments		1,444,837,419	9,738,469,020
Inventories	9	33,347,484,014	24,578,191,230
Other current asset		1,023,218,789	9,760,555,582
TOTAL CURRENT ASSETS		**106,419,191,134**	**125,744,569,364**
NON-CURRENT ASSETS			
Right of use assets - net	10	2,342,552,226	2,291,126,357
Property, plant and equipment - net	11	236,745,715,316	227,065,570,132
Intangible asset - net		630,035,649	889,942,886
TOTAL NON-CURRENT ASSETS		**239,718,303,191**	**230,246,639,375**
TOTAL ASSETS		**346,137,494,325**	**355,991,208,739**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable			
Related parties 1	2, 26	577,849,709	14,130,558
Third parties	12	23,675,136,537	24,772,159,648
Other accounts payable			
Related parties	13, 26	4,346,446,391	1,611,680,180
Third parties	13	12,793,383,764	4,270,493,806
Taxes payable	14	1,194,540,983	927,783,173
Accrued expenses	15, 31	23,040,937,257	43,505,490,055
Lease liability	16	1,190,700,992	497,580,993
Loan from a shareholder	17, 26	102,172,470,000	-
TOTAL CURRENT LIABILITIES		**168,991,465,633**	**75,599,318,413**
NON-CURRENT LIABILITIES			
Employee benefit obligation		1,283,214,429	939,004,787
Lease liability	16	454,455,354	735,846,839
TOTAL NON-CURRENT LIABILITIES		**1,737,669,783**	**1,674,851,626**
TOTAL LIABILITIES		**170,729,135,416**	**77,274,170,039**
EQUITY			
Capital stock - Rp 11,985,000 par value			
per share			
Authorized 49,400 shares at March 31, 2021			
(March 31, 2020: 49,400 shares)			
Subscribed and paid-up -			
49,400 shares at March 31, 2021			
(March 31, 2020: 49,400 shares)	18	592059000000	592059000000
Other comprehensive income		35363857	131873766
Deficit		(416686004948)	(313473835066)
TOTAL EQUITY		**175408358909**	**278717038700**
TOTAL LIABILITIES AND EQUITY		**346137494325**	**355991208739**

See accompanying notes to financial statements which are an integral part of the financial statements.

Statement of Profit and Loss

for the year ended 31 March, 2021

	Notes	Year 2020-21 Rp	Year 2019-20 Rp
INCOME			
Net sales	19, 26	98,354,305,732	124,402,437,608
Other income	20	216,719,601	1,965,510,295
Total Income		98,571,025,333	126,367,947,903
COST OF SALES			
Material consumptions	21	6,245,421,1626	77,717,906,484
GROSS PROFIT		**36,116,813,707**	**48,650,041,419**
EXPENSES			
Selling and marketing expenses	22	49,885,858,665	69,143,467,563
Salaries and benefits		40,510,443,855	41,820,794,179
General and administrative expenses	23	24,916,177,648	25,055,911,010
Depreciation expenses	11	13,434,875,090	11,698,716,502
Depreciation from right of use of asset	10	4,161,839,014	5,537,203,376
Manufacturing expenses	24	2,991,493,490	3,273,002,339
Interest expense		2,038,975,603	1,64,590,716
Amortization expenses		259,907,237	182,773,764
Interest expense from lease liability		105,685,666	168,931,721
Foreign exchange (loss) gain - net		1,023,727,321	(1,282,760,851)
Total Expenses		139,328,983,589	155,762,630,319
LOSS BEFORE TAX		**(103,212,169,882)**	**(107,112,588,900)**
INCOME TAX	**25**	**-**	**-**
NET LOSS FOR THE YEAR		**(103,212,169,882)**	**(107,112,588,900)**
OTHER COMPREHENSIVE INCOME			
(Loss) gain on remeasurement of defined benefits obligation		(96,509,909)	67,024,909
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(103,308,679,791)**	**(107,045,563,991)**

See accompanying notes to financial statements which are an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 31 March, 2021

	Notes	Paid-up Capital	Other Comprehensive Income	Deficit	Total Equity
		Rp	Rp	Rp	Rp
Balances as of March 31, 2019		491,385,000,000	64,848,857	(206,361,246,166)	285,088,602,691
Increase in capital stock	18	100,674,000,000	-	-	100,674,000,000
Other comprehensive income for the year		-	67,024,909	-	6,7024,909
Loss for the year *)		-	-	(107,112,588,900)	(107,112,588,900)
Balances as of March 31, 2020 (as restated)		592,059,000,000	131,873,766	(313,473,835,066)	278,717,038,700
Other comprehensive income for the year		-	(96,509,909)	-	(96,509,909)
Loss for the year		-	-	(103,212,169,882)	(103,212,169,882)
Balances as of March 31, 2021		**592,059,000,000**	**35,363,857**	**(416,686,004,948)**	**175,408,358,909**

See accompanying notes to financial statements which are an integral part of the financial statements.

Statement of Cash Flows
for the year ended 31 March, 2021

	2021 Rp	2020 Rp
Cash flows from operating activities		
Loss before tax	(103,212,169,882)	(107,112,588,900)
Adjustments for:		
Depreciation and amortization	13,694,782,327	11,881,490,266
Depreciation of right of use of assets	4,161,839,014	5,537,203,376
Impairment loss on trade accounts receivable	7,159,205,941	2,769,421,000
Impairment of inventories	343,618,000	1,266,210,000
Employee benefits expense	280,279,733	391,509,106
Interest expense	2,144,661,269	333,522,437
Interest income	(81,671,229)	(1,801,338,479)
Operating cash flows before changes in working capital	(75,509,454,827)	(86,734,571,194)
Changes in working capital:		
Trade and other account receivables	(106,649,712)	(7,949,017,560)
Prepaid expenses	(299,474,651)	(319,668,595)
Prepaid taxes	(4,878,312,036)	8,566,420,452
Deposits and advance payments	930,029,917	(7,673,256,161)
Inventories	(9,112,910,784)	(9,313,075,606)
Other current asset	8,737,336,793	(126,825,000)
Trade and other account payables	4,011,007,618	18,140,322,830
Taxes payable	266,757,810	311,940,631
Accrued expenses	(20,670,993,798)	7,567,053,946
Cash used in operations	(9,6632,663,670)	(77,530,676,257)
Income tax paid	(317,635,000)	(801,335,729)
Employee benefit payment	(32,580,000)	-
Net Cash Used in Operating Activities	(96,982,878,670)	(78,332,011,986)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,831,632,998)	(17,090,926,881)
Acquisition of right of use assets	(266,364,001)	-
Acquisition of intangible asset	-	(1,039,151,145)
Addition to time deposit	-	(9,000,000,000)
Interest income received	81,671,229	1,801,338,479
Net Cash Used in Investing Activities	(9,016,325,770)	(25,328,739,547)
Cash flow from financing activities		
Proceeds from issuance of shares	-	100,674,000,000
Payment of lease liabilities	(3,535,172,369)	(4,741,532,869)
Proceeds loan from a shareholder	101,920,000,000	25,441,729,000
Repayment of loan from a shareholder	-	(25,441,729,000)
Intercompany interest paid	(1,892,191,269)	(333,522,437)
Net Cash Provided by Financing Activities	**96,492,636,362**	**95,598,944,694**
Net decrease in cash in bank	(9,506,568,078)	(8,061,806,839)
Cash in bank at beginning of the year	18,637,990,052	26,699,796,891
Cash in bank at end of the year	**9,131,421,974**	**18,637,990,052**

The accompanying notes form an integral part of this statement of cash flows.

Notes To The Financial Statements

for the year ended 31 March, 2021

1. General

PT Asian Paints Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 25 year 2007 and 2665/1/IP/PMA/2014 year 2014 based on the Notarial Deed No. 8 dated December 19, 2014 of Novita Puspitarini, SH. The Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-41108.40.10.2014 dated December 23, 2014.

The Company is domiciled in South Jakarta and its registered office address is at Marquee Office, 17th Floor, Pondok Indah Office Tower 3, Jl. Sultan Iskandar Muda Kav. V-TA, Jakarta 12310, Indonesia.

In accordance with Article 3 of the Company's Articles of Association (AoA), the scope of its activities comprises manufacturing of paint. The Company has started commercial operations in August 2017. The Company has 191 employees as of March 31, 2021 (March 31, 2020: 176 employees).

The Company's Articles of Association have been amended several times, most recently by Notarial Deed No. 95 dated August 15, 2019 of Mala Mukti, S.H., Lex Legibus Magister, public notary in Jakarta, to increase the Company's authorized capital, increase the Company's issued and paid-up capital, intention to remove of the United State Dollar (USD) equivalent of the Company's capital in the Article of Association, and to change the Company's Board of Directors and Commissioners. The Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. 0055258.AH.01.02.TAHUN 2019 dated August 21, 2019.

The Company's management, as per AoA, as of March 31, 2021 and 2020 consisted of the following:

President Commissioner	Mr. Rahul Bhatnagar
	Mr. Aashish Kshetry
	Mr. Jeyamurugan Ramalingam Jeyapandiyan
Directors	Mr. Abhishek Mohnot
	Mr. Prashant Shekhar
	Mr. Chandramouly Venkata Subramanian
	Mr. Sameer Wadhera

2. Adoption of new and revised statements of financial accounting standards ("psak")

a. Standards and amendments/ improvements to standards effective in the current year

In the current year, the Company has applied a new standard and a number of amendments/ improvements to PSAK that are relevant to its operations and effective for accounting period beginning on or after January 1, 2020. The adoption of these new/revised PSAK and interpretation to PSAK ("ISAK") does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

b. Standards, Amendments/Improvements and Interpretations to Standards Issued not yet Adopted

At the date of authorization of these financial statements, the following standard, interpretation and amendments to PSAK relevant to the Company were issued but not effective, with early application permitted:

Effective for periods beginning on or after June 1, 2020

- PSAK 73 (amendment) Leases: Rental Concessions related to COVID-19.

Effective for periods beginning on or after January 1, 2021

- Interest Rate Benchmark Reform - Phase 2 (Amendments to PSAK 71 Financial Instruments, PSAK 55 Financial Instruments: Recognition and Measurement, PSAK 60 Financial Instruments: Disclosures, and PSAK 73 Leases)

Effective for periods beginning on or after January 1, 2022

- 2020 Annual Improvements to PSAK (amendments to PSAK 71 Financial Instruments, and PSAK 73 Leases)

Effective for periods beginning on or after January 1, 2023

- PSAK 1 (amendment) Presentation of financial statements: Classification of Liabilities as Current or Non-current

- PSAK 16 (amendment) Property, Plant and Equipment: Proceeds before Intended Use

As of the issuance date of the financial statements, the effects of adopting these standards, amendments and interpretations on the financial statements are not known nor reasonably estimable by management.

3. Summary of significant accounting policies

a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Preparation

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

c. Foreign Currency Transactions and Translations

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements of the Company are presented in Indonesian Rupiah, which is the functional currency of the Company and the presentation currency for the financial statements.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period.

d. Transaction with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:

   i. Has control or joint control over the reporting entity;

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

ii. Has significant influence over the reporting entity; or

iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);

iii. Both entities are joint ventures of the same third party;

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

vi. The entity is controlled or jointly controlled by a person identified in (a);

vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity); or

viii. The entity, or any member of a Company of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

e. Financial Instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

<u>Amortized cost and effective interest method</u>

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest is recognized using the effective interest method for debt instruments measured subsequently at amortized cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ("ECL") on trade. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade accounts receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the gross domestic product (GDP) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity

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to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as 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 Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other accounts payable

Trade and other accounts payable are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

f. Netting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

g. Cash in bank

For cash flow presentation purposes, cash consist of cash on hand and in bank and all unrestricted investment with maturities of three months or less from the date of placement.

h. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods is determined using the weighted average method and cost of material is determined using the moving average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. A provision for obsolete and slow moving inventories is determined on the basis of estimated future usage or sale of individual inventory items.

i. Prepaid Expense

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

j. Property, plant and equipment

Land is stated at cost and is not depreciated.

Property, plant and equipment held for use in the production or supply of goods or for administrative purposes are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write-off the cost of assets less residual value using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Building	20 - 30
Plant and machineries	4, 8 and 20
Office equipment	4
Furniture and fixtures	4 and 12
Computers	4

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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for the year ended 31 March, 2021

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

Construction in-progress is stated at cost and transferred to the respective property, plant and equipment account when completed and ready for use.

k. Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortization (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The estimated useful life amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortized. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below. The useful life of software has been considered as four years.

l. Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurements of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the conditions required by the terms and conditions of the lease, a provision is recognized and measured under PSAK 57. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying assets. If a lease transfers ownership of the underlying assets or the cost of the right-of-use assets reflects that of the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying assets. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies PSAK 48 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the impairment of assets policy.

Variable rents that do not depend on an index or rate are not included in the measurements of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the line ‘Other expenses’ in the statement of profit or loss and other comprehensive income.

m. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an

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asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Revenue and Expense Recognition

The Company recognizes revenue from sale of goods. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer. The Company has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods or services before transferring them to the customer.

Sale of Goods

The Company sells goods directly to customers through direct sales. Revenue is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the components. The normal credit term is 10 to 120 days upon delivery.

Interest Income

Interest income from a financial asset was recognized when was probable that the economic benefits would flow to the Company and the amount of income could be measured reliably. Interest income was accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which was the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Expenses

Expenses are recognized when incurred.

p. Employee Benefit

Defined Benefit Plan

The Company calculates defined post-employment benefits to their employees in accordance with Labor Law No. 13/2003. No funding has been made to this defined benefit plan.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earning and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit in the Group's defined benefit plans.

q. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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for the year ended 31 March, 2021

4. Critical accounting judgments and estimates

In the application of the Company's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

Below are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Calculation of Loss Allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Allowance for Decline in Value of Inventories

The Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations. The carrying amounts of inventories are disclosed in Note 9.

Estimated Useful Lives of Property, Plant and Equipment

The useful life of each item of the Company's property, plant and equipment, and investment properties are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, plant and equipment would affect the recorded depreciation expense and decrease in the carrying values of these assets.

The estimated useful lives is mentioned in Note 3j. The carrying values of property, plant and equipment is disclosed in Note 11.

5. Cash in banks

	March 31, 2021 Rp	March 31, 2020 Rp
Cash in banks		
Rupiah		
Citibank N.A. - Indonesia	2,946,141,768	16,158,251,998
PT Bank Central Asia, Tbk	3,618,821,472	634,566,134
State Bank of India - Indonesia	7,303,154	-
U.S. Dollar		
Citibank N.A. - Indonesia	2,503,567,830	1,845,171,920
State Bank of India - Indonesia	55,587,750	-
Total	**9,131,421,974**	**1,863,799,0052**

6. Trade accounts receivable

	March 31, 2021 Rp	March 31, 2020 Rp
Third parties		
Local customers	47,627,568,212	45,997,809,119
Less: expected credit losses	(10,055,204,941)	(2,895,999,000)
Total	**37,572,363,271**	**43,101,810,119**

The average credit period on sales of goods is 150 days in 2020-21 (2019-20: 120 days). No interest is being charged on trade accounts receivable. All amounts are denominated in Rupiah.

Allowance for credit losses for trade accounts receivable has been measured at an amount equal to lifetime ECL. The ECL on trade accounts receivable is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

The following table details the risk profile of trade accounts receivable from contracts with customers based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

Trade Accounts Receivable – Days Past Due

	March 31, 2021										
	Not past due	Past due < 90 days	91 – 180 days	181 – 270 days	271 – 365 days	366 - 456 days	457 - 547 days	548 - 638 days	639 - 720 days	> 720 days	Total
	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Expected credit loss rate	1%	8%	44%	55%	80%	94%	96%	98%	100%	100%	
Estimated total gross carrying amount at default	29,299,877,760	6,431,321,641	1,454,363,385	639,854,204	7,291,573,514	516,408,802	14,667,626	344,248,669	11,473,757,223	161,495,388	47,627,568,212
Lifetime ECL	(230,309,471)	(494,320,494)	(642,250,559)	(353,641,906)	(5,861,939,583)	(486,039,833)	(14,086,788)	(337,363,696)	(1,473,757,223)	(161,495,388)	(10,055,204,941)
Total											**37,572,363,271**

The movements in allowance for credit losses are as follows:

	March 31, 2021	**March 31, 2020**
	Rp	**Rp**
Balance at beginning of year	(2,895,999,000)	(126,578,000)
Loss allowance recognized in profit or loss during the year on:		
- Changes in credit risk	(7,159,205,941)	(2,769,421,000)
Balance at end of year	(10,055,204,941)	(2,895,999,000)

Management believes that trade accounts receivable that were neither past due nor impaired were with creditworthy counterparties.

7. Other accounts receivable from related parties

	March 31, 2021 Rp	March 31, 2020 Rp
Asian Paints International Private Ltd (APIPL)	165,495,000	1,317,562,766
Asian Paints Ltd (APL)	74,797,240	402,598,000
Asian Paints (Bangladesh) Limited (APBL)	7,032,480	6,825,071
SCIB Chemicals S.A.E. (SCIB)	-	4,017,077
Berger Paints Emirates Limited Co. (BPEL)	-	2,307,624
Total	**247,324,720**	**1,733,310,538**

8. Prepaid taxes

	March 31, 2021 Rp	March 31, 2020 Rp
Value-added tax (VAT) - net	20,406,621,124	15,528,309,088
Prepaid tax - Art. 22	1,956,909,000	1,639,274,000
Prepaid tax - Art. 23	20,844,729	20,844,729
Total	**22,384,374,853**	**17,188,427,817**

9. Inventories

	March 31, 2021 Rp	March 31, 2020 Rp
Finished goods	19,701,529,364	16,195,569,354
Raw materials	14,612,020,224	8,960,426,733
Packaging materials	2,300,701,426	2,345,344,143
Total	**36,614,251,014**	**27,501,340,230**
Allowance for decline in value of inventories	(3,266,767,000)	(2,923,149,000)
Net	**33,347,484,014**	**24,578,191,230**

10. Right-of-use asset

	April 1, 2020 Rp	Additions Rp	Deductions Rp	March 31, 2021 Rp
Cost:				
Building	4,633,064,385	4,213,264,883	(5,403,300,098)	3,443,029,170
Vehicle	1,271,263,001	-	-	1,271,263,001
Total	**5,904,327,386**	**4,213,264,883**	**(5,403,300,098)**	**4,714,292,171**
Accumulated depreciation:				
Building	3,377,042,933	3,844,240,797	(5,403,300,098)	1,817,983,632
Vehicle	236,158,096	317,598,217	-	553,756,313
Total	**3,613,201,029**	**4,161,839,014**	**(5,403,300,098)**	**2,371,739,945**
Net Carrying Value	**2,291,126,357**			**2,342,552,226**

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	April 1, 2019 Rp	Additions Rp	Deductions Rp	March 31, 2020 Rp
Cost:				
Building	4,275,173,138	4,195,314,533	(3,837,423,286)	4,633,064,385
Vehicle	1,589,015,247	1,076,935,127	(1,394,687,373)	1,271,263,001
Total	**5,864,188,385**	**5,272,249,660**	**(5,232,110,659)**	**5,904,327,386**
Accumulated depreciation:				
Building	2,006,597,281	5,082,778,023	(3,712,332,371)	3,377,042,933
Vehicle	750,067,381	454,425,353	(968,334,638)	236,158,096
Total	**2,756,664,662**	**5,537,203,376**	**(4,680,667,009)**	**3,613,201,029**
Net Carrying Value	**3,107,523,723**			**2,291,126,357**

The average lease term is 1-4 years. The company has no options to purchase certain equipment at the end of the lease term.

11. Property, plant and equipment

	April 1, 2020 Rp	Additions Rp	Deductions Rp	Reclassification Rp	March 31, 2020 Rp
Acquisition cost:					
Land	116,409,556,728	-	-	-	116,409,556,728
Buildings	41,989,325,454	-	-	18,495,489,518	60,484,814,972
Plant and machineries	71,791,714,896	-	-	2,233,145,161	74,024,860,057
Office equipment	2,070,513,990	-	-	498,700,240	2,569,214,230
Furniture and fixtures	1,387,113,803	-	-	279,207,000	1,666,320,803
Computers	5,718,806,109	-	-	521,282,654	6,240,088,763
Total	**239,367,030,980**	**-**	**-**	**22,027,824,573**	**261,394,855,553**
Construction in-progress	10,302,266,400	23,115,020,232	-	(22,027,824,573)	11,389,462,059
Accumulated depreciation:					
Buildings	3,692,025,436	1,511,442,823	-	-	5,203,468,259
Plant and machineries	14,742,373,851	9,574,464,775	-	-	24,316,838,626
Office equipment	984,308,280	564,646,986	-	-	1,548,955,266
Furniture and fixtures	906,164,759	360,555,066	-	-	1,266,719,783
Computers	2,278,854,922	1,423,765,440	-	-	3,702,620,362
Total	**22,603,727,248**	**13,434,875,090**	**-**	**-**	**36,038,602,296**
Net Carrying Value	**227,065,570,132**				**236,745,715,316**

	April 1, 2019 Rp	Additions Rp	Deductions Rp	Reclassification Rp	March 31, 2020 Rp
Acquisition cost:					
Land	116,409,556,728	-	-	-	116,409,556,728
Buildings	39,497,675,454	-	-	2,491,650,000	41,989,325,454
Plant and machineries	61,185,402,659	8,500,000	-	10,597,812,237	71,791,714,896
Office equipment	1,565,743,990	30,011,000	-	474,759,000	2,070,513,990
Furniture and fixtures	1,331,808,313	11,935,000	-	43,370,490	1,387,113,803
Computers	3,825,757,109	99,649,000	-	1,793,400,000	5,718,806,109
Total	**223,815,944,253**	**150,095,000**	**-**	**15,400,991,727**	**239,367,030,980**
Construction in-progress	4,527,826,588	21,175,431,539	-	(15,400,991,727)	10,302,266,400
Accumulated depreciation:					
Buildings	2,245,126,177	1,446,899,259	-	-	3,692,025,436
Plant and machineries	6,484,226,454	8,258,147,397	-	-	14,742,373,851
Office equipment	532,045,798	452,262,482	-	-	984,308,280
Furniture and fixtures	571,013,504	335,151,255	-	-	906,164,759
Computers	1,072,598,813	1,206,256,109	-	-	2,278,854,922
Total	**10,905,010,746**	**11,698,716,502**	**-**	**-**	**22,603,727,248**
Net Carrying Value	**217,438,760,095**				**227,065,570,132**

Depreciation charged to statement of profit or loss and other comprehensive income amounted to Rp 13,434,875,090 in 2020-21 (2019-20: Rp 11,698,716,502), included in depreciation expenses account.

Land is registered under "Hak Guna Bangunan" certificates, which will expire between 2028 and 2044. Management has no reason to believe that the usage rights granted under these certificates will not be renewed/extended by the relevant government authorities.

Reclassification denotes assets capitalized during the year.

Properties in the course of construction ("construction in progress") for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees, equipment, labor cost, freight charges, etc. in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready or put for their intended use.

12. Trade accounts payable

	March 31, 2021 Rp	March 31, 2020 Rp
Related parties (Note 26)		
Asian Paints Ltd (APL)	577,849,709	14,130,558
Third parties	23,675,136,537	24,772,159,648
Total	**24,252,986,246**	**24,786,290,206**

This account represents purchases of raw materials and packaging materials from local and foreign suppliers and have credit terms of 15 to 120 days. Trade accounts payable balance are denominated in Rupiah and U.S. Dollar.

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for the year ended 31 March, 2021

13. Other accounts payable

	March 31, 2021 Rp	March 31, 2020 Rp
Related parties (Note 26)		
Asian Paints International Private Ltd (APIPL)	3,685,791,960	1,353,719,206
Asian Paints Ltd (APL)	557,800,079	-
Berger Paints Emirates Limited Co. (BPEL)	87,493,552	257,960,974
Berger Paints Bahrain W.L.L	15,360,800	-
Sub-total	**4,346,446,391**	**1,611,680,180**
Third parties		
Local suppliers	11,963,618,100	3,548,868,314
Foreign suppliers	829,765,664	721,625,492
Sub-total	**12,793,383,764**	**4,270,493,806**
Total	**17,139,830,155**	**5,882,173,986**

Other accounts payable to related parties represents expenses made by the related parties on behalf of the Company and payable for various services. These other accounts payable are not subject to interest, have no collateral and are payable on demand.

Other accounts payable to third parties includes outstanding balances related to services or goods from local or foreign third party suppliers, which normally have credit terms of 10 to 60 days.

No interest is charged to other accounts payable.

14. Taxes payable

	March 31, 2021 Rp	March 31, 2020 Rp
Income taxes		
Article 4(2)	176,427,290	69,925,065
Article 21	391,670,576	287,350,776
Article 23	338,628,805	496,059,012
Article 26	287,814,312	74,448,320
Total	**1,194,540,983**	**927,783,173**

15. Accrued expenses

	March 31, 2021 Rp	March 31, 2020 Rp
Marketing and sales promotion	10,135,091,000	22,337,498,000
Salary and benefits	3,524,809,232	6,286,487,075
Royalty	2,753,021,000	3,510,337,000
Legal and professional fees	1,352,354,000	910,945,000
Freight and handling	1,203,876,000	2,951,062,000
Actuarial Leave Balance - Expatriate	1,167,229,000	2,194,143,542
Construction work in-progress	206,441,000	3,168,471,000
Others (each below Rp 1,000,000,000)	2,698,116,025	2,146,546,438
Total	**23,040,937,257**	**43,505,490,055**

16. Lease liabilities

Maturity analysis from remaining lease liabilities are follow:

	March 31, 2021 Rp	March 31, 2020 Rp
Year 2021-22	1,190,700,992	497,580,993
Year 2022-23	353,913,073	355,957,522
Year 2023-24	100,542,281	379,889,317
Total	**1,645,156,346**	**1,233,427,832**

The Company does not face a significant liquidity risk with regard to its lease liabilities.

17. Loans from a shareholder

	March 31, 2021 Rp	March 31, 2020 Rp
Shareholder		
Asian Paints International Private Ltd (APIPL)	102,172,470,000	-

The interest payable of the loans is as follows:

	March 31, 2021 Rp	March 31, 2020 Rp
Interest Payable	252,470,000	-

The Company entered into a short-term loan agreement with Asian Paints International Private Limited. The loan is unsecured and payable on demand (within maximum 10 working days). The interest rate for this facility is one month LIBOR for U.S. Dollars as at March 31, 2021 plus a margin of 1.40%. Interest expenses charged to profit and loss in 2020-21 is amounting to Rp 2,038,975,603 (2019-20: Rp 95,653,545).

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

18. Capital stock

The composition of the Company's shareholders as of March 31, 2021 and 2020 is as follows:

Name of Shareholders	March 31, 2021 and 2020 Number of Shares	Percentage of Ownership	Total Paid-up Capital Rp
APIPL	49,399	99.998%	592,047,015,000
Mr. Jalaj Ashwin Dani *)	1	0.002%	11,985,000
Total	**49,400**	**100%**	**592,059,000,000**

*) The events after reporting period is mentioned in Note 30.

Based on decision of the stockholders as stated in Notarial Deed No. 95 dated August 15, 2019 of Mala Mukti, S.H., LL.M., public notary in Jakarta, the stockholders agreed to increase the Company's issued and paid up capital stock, from Rp 491,385,000,000 for 41,000 shares, to Rp 592,059,000,000 for 49,400 shares. The increase in issued and paid up capital stock amounting to Rp 100,674,000,000 were fully subscribed and paid on August 15, 2019. The Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. 0055258.AH.01.02. TAHUN 2019 dated August 21, 2019.

19. Net sales

	Year 2020-21 Rp	Year 2019-20 Rp
Sales	140,435,609,971	168,407,512,395
Rebates and discounts	(42,081,304,239)	(44,005,074,787)
Net sales	**98,354,305,732**	**124,402,437,608**

20. Other income

	Year 2020-21 Rp	Year 2019-20 Rp
Interest income	81,671,229	1,801,338,479
Scrap sales	129,968,818	164,171,816
Others	5,079,554	-
Total	**216,719,601**	**1,965,510,295**

21. Material consumptions

	Year 2020-21 Rp	Year 2019-20 Rp
Opening balance of inventories (Note 9)	24,578,191,230	16,531,325,624
Add: purchases during the year		
Raw materials	58,301,289,129	65,045,696,914
Packaging materials	10,769,544,015	15,755,397,165
Finished goods	2,152,671,266	4,963,678,011
Less: inventories at the end of the year (Note 9)		
Raw materials	(14,518,481,224)	(8,802,982,733)
Packaging materials	(2,203,455,426)	(2,338,572,143)
Finished goods	(16,625,547,364)	(13,436,636,354)
Total	**62,454,211,626**	**77,717,906,484**

22. Selling and marketing expenses

	Year 2020-21 Rp	Year 2019-20 Rp
Sales promotion	25,74,87,35,791	53,07,97,73,048
Advertisement	12,70,68,66,888	5,27,43,93,683
Freight and handling	8,32,81,86,366	8,60,59,98,354
Marketing	3,10,20,69,620	2,18,33,02,478
Total	**49,88,58,58,665**	**69,14,34,67,563**

23. General and administrative expenses

	Year 2020-21 Rp	Year 2019-20 Rp
Expected credit losses (Note 6)	7,15,92,05,941	2,76,94,21,000
Legal and professional fees	4,68,55,29,259	3,90,66,05,041
Travel	3,41,67,87,013	6,35,58,45,734
Royalty (Note 26)	2,75,30,21,000	3,51,03,37,000
System charges	1,35,48,70,755	73,30,20,577
Security	1,13,37,11,773	83,38,46,617
Others (each below Rp 1,000,000,000)	4,41,30,51,907	6,94,68,35,041
Total	**24,91,61,77,648**	**25,05,59,11,010**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

24. Manufacturing expenses

	Year 2020-21 Rp	Year 2019-20 Rp
Processing charges	1,223,666,338	1,657,668,705
Power and electricity	486,073,607	540,074,323
Repairs	466,480,212	229,682,478
Research and development	346,586,747	402,506,636
Stores and spares consumption	233,506,464	313,924,112
Others (each below Rp 200,000,000)	235,180,122	129,146,085
Total	**2,991,493,490**	**3,273,002,339**

25. Income tax

Current Tax

No current tax income expense was recognized in 2020-21 and 2019-20 as the Company incurred fiscal losses.

Deferred Tax

The fiscal losses can be utilized against the taxable income for a period of five years subsequent to the year the fiscal loss was incurred. Management believes there is no probable future taxable profits which will be available to utilize against accumulated fiscal losses. Hence, no deferred tax was recognized on such fiscal losses.

26. Nature of relationships and transactions with related parties

Nature of Relationships

a. Asian Paints International Private Limited ("APIPL") and Mr. Jalaj Ashwin Dani are the Company's shareholders. The events after reporting period is mentioned in Note 30.

b. Asian Paints Limited ("APL") is the ultimate parent of the Company.

c. SCIB Chemicals, S.A.E. ("SCIB"), Berger Paints (Emirates) Limited ("BPEL"), Asian Paints (Bangladesh) Limited ("APBL"), Asian Paints (Middle East) LLC ("APME"), Asian Paints (Lanka) Limited are related parties which have the same shareholders or ultimate shareholders as the Company.

Transactions with Related Parties

In the normal course of business, the Company entered into certain transactions with related parties, including the following:

a. The company has sales to related parties. The details of sales to related parties are as follows:

	Year 2020-21 Rp	Year 2019-20 Rp
Asian Paints (Bangladesh) Limited	54,303,541	-

b. The company has purchases of raw materials from related parties. The details of purchases of raw materials from related parties are as follows:

	Year 2020-21 Rp	Year 2019-20 Rp
Asian Paints Limited	2,137,536,006	3,215,692,961
Berger Paints Emirates Limited Co	87,376,509	-
Total	**2,224,912,525**	**3,215,692,961**

c. The company accrued royalty expense to Asian Paints Limited amounted to Rp 2,753,021,000 in 2020-21 (2019-20: Rp 3,510,337,000) which were recorded as general and administrative expenses (Note 23).

d. The company accrued other service expense to Asian Paints Limited amounted to Rp 503,839,531 in 2020-21 (2019-20: Rp 727,539,213) which were recorded as part of construction in-progress and general and administrative expenses.

e. The company also has reimbursement transactions with related parties. The details of reimbursement transactions with related parties are as follows:

	Year 2020-21 Rp	Year 2019-20 Rp
Reimbursement received:		
Asian Paints Limited	454,592,530	780,085,734
SCIB Chemicals, S.A.E.	108,369,521	19,539,712
Asian Paints International Private Limited	98,198,877	443,999,029
Asian Paints (Middle East) LLC	22,960,000	117,719,007
Asian Paints (Lanka) Limited	1,998,493	52,586,647
PT Asian Paints Color Indonesia	1,836,000	-
Berger Paints (Emirates) Limited	-	9,249,941
Total	**687,955,421**	**1,423,180,070**
Reimbursement paid:		
Asian Paints International Private Limited	927,808,000	2,174,421,000
Asian Paints Limited	898,920,320	1,239,995,740
SCIB Chemicals, S.A.E.	374,140,288	-
Berger Paints Bahrain W.L.L	15,361,000	-
Asian Paints (Middle East) LLC	-	165,229,000
Berger Paints (Emirates) Limited	-	3,876,206
Total	**2,216,229,608**	**3,583,521,946**

f. The Company provides remuneration to the key management personnel amounting to Rp 5,043,682,840 in 2020-21 (2019-20: Rp 8,365,331,672).

g. Some of the Company's transactions and arrangements are with related parties and effect of these on the basis determined between the parties is reflected in these financial statements. Transactions with related parties are disclosed in Notes 7, 12, 13, and 17.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

27. Reconciliation of liabilities arisings from financing activities

The table below detail changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

				Non-cash changes		
	April 1, 2020	Financing cash flows	Reclassifications	Interest expenses	Addition to right of use assets	March 31, 2021
	Rp	Rp	Rp	Rp	Rp	Rp
Lease liabilities	1,233,427,832	(3,640,858,035)		105,685,666	3,946,900,883	1,645,156,346
Loan from a related party	-	100,133,494,397		2,038,975,603	-	102,172,470,000
	1,233,427,832	**96,492,636,362**	**-**	**2,144,661,269**	**3,946,900,883**	**103,817,626,346**

28. Financial instruments, financial risk and capital risk management

The following table sets out the financial instruments as at the end of the reporting period:

	Year 2020-21	Year 2019-20
	Rp	Rp
Financial assets - at amortized cost		
Cash in banks	9,131,421,974	18,637,990,052
Trade accounts receivable	37,572,363,271	43,101,810,119
Other accounts receivable	247,324,720	1,770,434,101
Time deposit	-	9,000,000,000
Total Financial Assets	**46,951,109,965**	**72,510,234,272**
Financial liabilities - at amortized cost		
Trade accounts payable	24,252,986,246	24,786,290,206
Other accounts payable	17,139,830,155	5,882,173,986
Accrued expenses	23,040,937,257	43,505,490,055
Lease liability	1,645,156,346	1,233,427,832
Loans from a shareholder	102,172,470,000	-
Total Financial Liabilities	**168,251,380,004**	**75,407,382,079**

Credit risk

The Company develops and maintains its credit risk gradings to categorize exposures according to their degree of risk of default. The Company uses its own trading records to rate its major customers and other debtors.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	Amount is > 2 years and there is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades as of March 31, 2021:

	Internal Credit Rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			Rp	Rp	Rp
Cash in banks (Note 5)	Performing	12-month ECL	9,131,421,974	-	9,131,421,974
Trade accounts receivable (Note 6)	(i)	Lifetime ECL (simplified approach)	47,627,568,212	(10,055,204,941)	37,572,363,271
Other accounts receivable	Performing	12-month ECL	247,324,720	-	247,324,720
				(10,055,204,941)	

(i) The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Company only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

Although the Company's credit exposure is concentrated mainly in Indonesia, it has no significant concentration of credit risk with any single customer or Company of customers.

Further details of credit risks on trade accounts receivable are disclosed in Notes 6.

<u>Interest rate risk</u>

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

The Company's exposures to interest rates of financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

<u>Foreign currency risk management</u>

The Company is exposed to the effect of foreign currency exchange rate fluctuation mainly because of foreign currency denominated balances and transactions such as cash in banks, loans from a related party and certain expenses.

The Company manages the exposure to currency other than Rupiah by matching, as far as possible receipts and payments

Notes to the Financial Statements (Contd.)
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in each individual currency. The Company's net exposure as of reporting date is disclosed in below table.

Foreign currency sensitivity analysis

As of the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in foreign currencies are as follows:

		March 31, 2021		March 31, 2020	
		Foreign Currency	Equivalent in Rp	Foreign Currency	Equivalent in Rp
Monetary Asset					
Cash in bank	US$	175,766	2,559,155,580	112,903	1,845,171,920
Other accounts receivable					
Related parties	US$	16,987	247,324,720	106,058	1,733,310,538
Monetary Liabilities					
Trade accounts payable					
Related parties	US$	39,687	577,849,709	865	14,130,558
Third parties	US$	398,247	5,798,476,320	13,024	212,851,802
Other accounts payable					
Related parties	US$	298,520	4,346,446,391	98,616	1,611,680,180
Third parties	US$	56,989	829,765,664	44,155	721,625,492
Loan from a shareholder	US$	7,017,339	102,172,470,000	-	-
Net Monetary (Liabilities) Assets			**(110,918,527,784)**		**1,018,194,426**

The Company is mainly exposed to the U.S Dollar.

The conversion rates used by the Company on March 31, 2021 and 2020 are as follows:

	March 31, 2021	March 31, 2020
Foreign currency	Rp	Rp
US$ 1	14,560	16,343

The sensitivity rate used when reporting foreign currency risk to key management personnel is 1%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the U.S. Dollar were to weaken/strengthen by 1% against Indonesian Rupiah, profit before tax will increase/decrease by Rp 1,109,185,278.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, which have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and matching the maturity profiles of financial assets and liabilities.

The Company maintains sufficient funds to finance its on-going working capital requirements.

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	March 31, 2021		March 31, 2020	
	Interest rate %	<1 year Rp	Interest rate %	<1 year Rp
Non-interest bearing				
Trade accounts payable				
Related parties	-	577,849,709	-	14,130,558
Third parties	-	23,675,136,537	-	24,772,159,648
Other accounts payable				
Related parties	-	4,346,446,391	-	1,611,680,180
Third parties	-	12,793,383,764	-	4,270,493,806
Accrued expenses	-	23,040,937,257	-	43,505,490,055
Lease liability	-	1,645,156,346	-	1,233,427,832
Total		**66,078,910,004**		**75,407,382,079**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	March 31, 2021		March 31, 2020	
	Weighted average effective interest rate *) %	<1 year Rp	Weighted average effective interest rate *) %	<1 year Rp
Non-interest bearing				
Trade accounts receivable		37,572,363,271	-	43,101,810,119
Other accounts receivable				
Related parties	-	247,324,720	-	1,733,310,538
Third parties	-	-	-	37,123,563
Interest bearing				
Cash in banks (Citibank - IDR)	0.75%-1.25%	2,975,603,186	0.75%-1.25%	16,319,834,518
Cash in banks (Citibank - USD)	0.25%-0.50%	2,512,956,209	0.25%-0.50%	1,852,091,315
Cash in banks (BCA - IDR)	0.50%-0.75%	3,636,915,579	0.50%-0.75%	638,532,172
Cash in banks (State Bank of India - IDR)	0.00%-1.25%	7,348,799	-	-
Cash in banks (State Bank of India - USD)	0.00%-0.25%	55,726,719	-	-
Time deposit	-	-	7.25%	9,652,500,000
Total		**47,008,238,483**		**73,335,202,225**

*) The basis of interest rates calculation are using the percentage before 20% final tax deduction.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Fair values of financial assets and financial liabilities

The carrying amounts of cash in banks, trade and other accounts receivable, deposits, trade and other accounts payable, accrued expenses, lease liabilities and loan from a related party approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Capital management policies and objectives

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital. The Company's overall strategy remains unchanged from 2019-20.

29. Non-cash transactions

During the current year, the Company entered into the following non-cash investing and financing activities which are not reflected in the consolidated statements of cash flows:

- The Company acquired right of use assets under leases in 2020-21 by Rp 3,946,900,883 (2019-20: Rp 4,789,743,180).
- The Company acquired property, plant and equipment through deposits from previous period in 2020-21 by Rp 7,363,601,684.
- The Company acquired property, plant and equipment through other accounts payable to third parties in 2020-21 by Rp 6,713,344,550 (2019-20: Rp 1,066,128,658).
- The Company acquired property, plant and equipment through accrued expenses in 2020-21 by Rp 206,441,000 (2019-20: Rp 3,168,471,000).

30. Events after the reporting period

a. Based on circular resolutions of shareholders dated March 31, 2021, which as stated in Notarial Deed No. 21 dated April 14, 2021 of RA. Mahyasari A. Notonagoro, S.H., public notary in Jakarta, the shareholders agreed the transfer of one share from Jalaj Ashwin Dani to Rahul Bhatnagar. The amended Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-AH.01.03-0251873 TAHUN 2021 dated April 22, 2021.

b. Based on circular resolution of shareholders dated May 1, 2021, the shareholders agreed to increase the Company's issued and paid up capital stock, from Rp 592,059,000,000 for 49,400 shares, to Rp 812,067,645,000 for 67,757 shares. The increase in issued and paid up capital stock amounting to Rp 220,008,645,000 were fully subscribed and paid on May 3, 2021. The amended Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU.01.03-0293561 TAHUN 2021 dated May 6, 2021

c. Based on Notarial Deed No. 01 dated May 3, 2021 of RA. Mahyasari A. Notonagoro, S.H., public notary in Jakarta, the shareholders agreed to amend the articles of association to change to structure of board of directors and commissioners and shareholder composition into below structure:

President Commissioner	: Mr. Rahul Bhatnagar
Commissioners	: Mr. Aashish Kshetry
	: Mr. Jeyamurugan Ramalingam Jeyapandiyan
Directors	: Mr. Abhishek Mohnot
	: Mr. Chaitanya Vinay Dabholkar
	: Mr. Chandramouly Venkata Subramanian
	: Mr. Sameer Wadhera

Name of Shareholders	Number of Shares	Percentage of Ownership	Total Paid-up Capital Rp
APIPL	67,756	99.999%	812,055,660,000
Mr. Rahul Bhatnagar	1	0.001%	11,985,000
Total	**67,757**	**100%**	**812,067,645,000**

The amended Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0027878.AH.01.02 TAHUN 2021 dated May 6, 2021.

31. Reclassifications of accounts

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements following the adoption of the PSAK 72 revenue from contract with customers and PSAK 2 cash flow.

As a result, certain line items have been amended in the statements of financial position, and the related notes to the financial statements. Comparative figures have been adjusted to conform the current year's presentation.

	April 1, 2019 As previously reported Rp	March 31, 2020 As previously reported Rp	April 1, 2020 As restated Rp
Trade accounts receivables	38,506,460,026	53,114,083,119	43,101,810,119
Accrued expenses	33,622,354,590	53,517,763,055	43,505,490,055
Cash flow:			
- Operating activities	(92,748,219,634)	(88,878,096,342)	(78,332,011,986)
- Invensting activities	(22,159,011,793)	(19,524,188,060)	(25,328,239,547)
- Financing activities	136,663,262,700	100,340,477,563	95,598,944,694

32. Management responsibility and approval of financial statements

The preparation and fair presentation of the financial statements on pages 6 to 37 were the responsibilities of the management, and were approved by the Directors and authorized for issue on 7th May, 2021.

PT ASIAN PAINTS COLOR INDONESIA

Contents

DIRECTORS' STATEMENT LETTER
RELATING TO THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2021

PT Asian Paints Color Indonesia ("The Company")

I, the undersigned:

Name	:	Abhishek Mohnot
Office address	:	Marquee Office 17th Floor Pondok Indah Office Tower 3, Jl. Sultan Iskandar Muda V, Jakarta Selatan
Domicile as stated in ID card	:	Pondok Indah Golf Apartment Unit 1073 Jasmine Tower, Jl. Metro Pondok Indah Jakarta Selatan
Phone Number	:	08118040202
Position	:	Director of Finance

Declare that:

1. We are responsible for the preparation and presentation of the Company's financial statements;
2. The Company's financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the Company's financial statements are complete and correct;

   b. The Company's financial statements do not contain misleading material information or facts, and do not omit material information and facts; and
4. We are responsible for the Company's internal control system.

This statement letter is made truthfully.

Jakarta, 6th May, 2021
Abhishek Mohnot
Director of Finance

Independent Auditor's Report

The Stockholders, Board of Commissioners and Directors

PT Asian Paints Color Indonesia

We have audited the accompanying financial statements of PT Asian Paints Color Indonesia, which comprise the statement of financial position as of March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of such financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Asian Paints Color Indonesia as of March 31, 2021, and its financial performance and its cash flow for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other Matter

The financial statements of PT Asian Paint Color Indonesia as of March 31, 2020 and for the year then ended, were audited by other auditors who expressed an unmodified opinion on those financial statement on June 23,2020.

For Gani Sigiro & Handayani (Grant Thornton)

Rotua Ratna Simanjuntak, CPA
License of Public Accountant No. AP.O571
6th May, 2021

Statement of Financial Position

as on 31 March, 2021

(Expressed in Rupiah, unless otherwise stated)

	Notes	March 31, 2021	March 31, 2020
ASSETS			
CURRENT ASSETS			
Cash in banks	5	82,947,532	545,745,174
Trade accounts receivable	6	-	196
Other accounts receivable	7,18	-	6,270,813
Other current assets	8	92,081,531	103,275,852
Prepaid taxes	9	1,065,893,439	1,003,691,367
TOTAL CURRENT ASSETS		**1,240,922,502**	**1,658,983,402**
NON-CURRENT ASSETS			
Right of use of assets - net	10	94,283,620	46,351,184
Property and equipment – net	11	5,087,019	8,293,862
TOTAL NON-CURRENT ASSETS		**99,370,639**	**54,645,046**
TOTAL ASSETS		**1,340,293,141**	**1,713,628,448**
LIABILITIES AND EQUITY			
LIABILITIES			
Lease liability		76,349,547	46,069,127
Taxes payable	12	4,293,665	4,608,000
Accrued expenses	13	150,731,000	203,689,000
Loans from a related party	14,18	509,600,000	-
Interest payable	14,18	75,075,541	70,719,750
TOTAL LIABILITIES		**816,049,753**	**325,085,877**
EQUITY			
Capital stock - Rp 12,617,000 par value			
per share			
Authorized 2,800 shares			
Subscribed and paid-up - 2,350 shares	15	29,649,950,000	29,649,950,000
Deficit	22	(29,125,706,612)	(28,261,407,429)
TOTAL EQUITY		**524,243,388**	**1,388,542,571**
TOTAL LIABILITIES AND EQUITY		**1,340,293,141**	**1,713,628,448**

See accompanying notes to financial statements which are an integral part of the financial statements.

Statement of Profit and Loss
for the year ended 31 March, 2021

	Notes	2021	2020
INCOME			
Other income		18,467,082	9,198,191
EXPENSES			
General and administrative expenses	16	166,571,231	242,766,464
Salaries and benefits		278,485,719	164,798,299
Depreciation from right of use of asset	10	416,765,534	526,430,599
Interest expense from right of use of asset		4,583,902	21,368,347
Interest expense	14,18	10,922,902	36,315,717
Foreign exchange loss (gain) – net	19	5,436,977	(53,659,894)
Total Expenses		**864,299,183**	**938,019,532**
LOSS BEFORE TAX		(864,299,183)	(928,821,341)
INCOME TAX	17	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(864,299,183)**	**(928,821,341)**

See accompanying notes to financial statements which are an integral part of the financial statements.

Statement of Changes in Equity
for the year ended 31 March, 2021

	Notes	Share Capital	Deficit	Total Equity
Balance as of March 31, 2019		**26,495,700,000**	**(27,332,586,088)**	**(836,886,088)**
Increase in paid-up capital	15	3,154,250,000	-	3,154,250,000
Loss for the year		-	(928,821,341)	(928,821,341)
Balance as of March 31, 2020		**29,649,950,000**	**(28,261,407,429)**	**1,388,542,571**
Loss for the year		-	(864,299,183)	(864,299,183)
Balance as of March 31, 2021		**29,649,950,000**	**(29,125,706,612)**	**524,243,388**

See accompanying notes to financial statements which are an integral part of the financial statements.

Statement of Cash Flows

for the year ended 31 March, 2021

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before income tax	(864,299,183)	(928,821,341)
Adjustment for :		
Interest expense	10,922,902	36,315,717
Loss on impairment of trade receivables	196	-
Depreciation and amortization	3,206,843	36,741,094
Depreciation of right of use of assets	416,765,534	526,430,599
Unrealized foreign exchange gain	(5,311,884)	(1,225,891)
Interest income	(897,082)	(9,198,193)
Operating cash flows before changes in working capital	(439,612,674)	(339,758,015)
Changes in working capital:		
Trade and other receivables	6,270,813	137,772,908
Other current assets	25,097,534	(22,120,483)
Prepaid tax	(76,105,285)	(92,247,328)
Other assets	(464,697,970)	(531,583,835)
Trade and other payables	18,743,625	38,779,325
Accrued expenses	(26,008,530)	(251,428,000)
Tax payable	(314,335)	4,373,746
Net Cash Used in Operating Activities	**(956,626,822)**	**(1,056,621,682)**
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	897,082	9,198,191
Net cash Used in Investing Activities	**897,082**	**9,198,191**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed loan from related party	503,855,000	714,300,000
Repayment loan form related party	-	(2,494,425,000)
Intercompany interest paid	(10,922,902)	(36,315,717)
Increase in paid-up capital	-	3,154,250,000
Net cash provided by financing activities	**492,932,098**	**1,337,809,283**
Net (decrease) increase in cash in banks	**(462,797,642)**	**290,795,792**
Cash in banks at beginning of the year	**545,745,174**	**254,949,382**
Cash in banks at the end of the year	**82,947,532**	**545,745,174**

See accompanying notes to financial statements which are an integral part of the financial statements.

Notes To The Financial Statements

for the year ended 31 March, 2021 (Expressed in Rupiah, unless otherwise stated)

1. General

a. Establishment and General Information

PT Asian Paints Color Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 25 year 2007 and 114/1/IP/PMA/2015 year 2015 based on the Notarial Deed No. 01 dated March 2, 2015 of Novita Puspitarini, SH. The Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0015356.AH.01.01.TAHUN 2015 dated April 7, 2015. The Company is domiciled in South Jakarta and its registered office address is at Marquee Office, 17th Floor, Pondok Indah Office Tower 3, JI. Sultan Iskandar Muda Kav. V-TA, Jakarta 12310, Indonesia.

In accordance with Article 3 of the Company's Articles of Association (AoA), the purpose and objective of the Company is doing business in wholesale in paint and wallpaper industry. In 2017, the Company sold all inventories and property and equipment to PT Asian Paints Indonesia (API). The Company did not make any sale transaction after August 2017. The Company has 3 employees as of March 31, 2021 and 2020. The Company will continue the operations as importer and distributor of paints, coatings and wallpaper in future.

The Company's Articles of Association have been amended several times, most recently by Notarial Deed No. 96 dated August 15, 2019 of Mala Mukti, S.H., Lex Legibus Magister, public notary in Jakarta, to increase the Company's issued and paid-up capital, intention to remove of the Unites State Dollar (USD) equivalent of the Company's capital in the Articles of Association, to include "distribution" as one of the business activity and to change the Company's Board of Directors and Commissioners. The Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0054940.AH.01.02 Tahun 2019.

The Company's management, as per Articles of Association, of March 31, 2021 and 2020 consisted of the following:

President Commissioner	:	Mr. Rahul Bhatnagar
Commissioners	:	Mr. Aashish Kshetry
	:	Mr.Jeyamurugan Ramalingam Jeyapandiyan
Directors	:	Mr. Abhishek Mohnot Mr. Prashant Shekhar Mr. Sameer Wadhera

b. Management Responsibility and Approval of Financial Statements

The preparation and fair presentation of the financial statements were the responsibilities of the management, and were approved by the Board of Directors and authorized for issue on May 6, 2021.

2. Adoption of new and revised statements of financial accounting standards ("psak") and interpretation of psak ("isak")

a. Amendments/improvements and Interpretations to standards effective in the current year

In the current year, the Company has applied, a number of new standards, amendments, annual improvements and an interpretation to PSAK that are relevant to its operations and effective for accounting period beginning on or after January 1, 2020, are as follows:

- PSAK 71, Financial Instruments

PSAK 71 replaces PSAK 55 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

PSAK 71 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles - based approach to assessing hedge effectiveness. The Company applies the new hedge accounting requirements prospectively and all hedges qualify for being regarded as continuing hedging relationships.

The adoption of PSAK 71 has no impacted impairment of financial assets applying the expected credit loss model.

The financial assets of the company cash in banks, trade receivable and refundable deposit that previously under PSAK 55 are categorized as loan and receivable and in 2021, under PSAK 71 are categorized as amortized cost.

There have been no changes to the classification or measurement of financial liabilities as a result of the application of PSAK 71.

- PSAK 72, Revenue from Contracts with Customers

  PSAK 72 “Revenue from Contracts with Customers” and the related ‘Clarifications to PSAK 72 “Revenue from Contracts with Customers” (hereinafter referred to as “PSAK 72”) replace PSAK 23 ‘Revenue’, PSAK 34 ‘Construction Contracts’, and several revenue - related Interpretations. PSAK 72 introduces a 5-step approach to revenue recognition.

  The application of PSAK 72 has no impact on the the Company, as currently the Company has no revenue from operation.

- PSAK 73, Leases

  The Company early adopted PSAK 73, “Leases’ with date of initial application of April 1, 2019 and applied the retrospective application to prior reporting presented, in line with the transition provisions of PSAK 73.

  PSAK 73 “Leases” replaces PSAK 30 “Leases” along with three Interpretations (ISAK 8 ‘Determining whether an Arrangement contains a Lease’, ISAK 23 ‘Operating Leases - Incentives’ and ISAK 24 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’).

  The Company recognising a right-of-use asset and related lease liability in connection with all former operating leases The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

  The Company has elected to apply the definition of a lease from PSAK 30 and ISAK 8 and has not applied PSAK 73 to arrangements that were previously not identified as lease under PSAK 30 and ISAK 8.

  The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of PSAK 73, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

  Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of PSAK 73.

  The weighted average incremental borrowing rate applied to lease liabilities recognised under PSAK 73 was 8.88%.

- PSAK 15 (amendment), Investments in Associates and Joint Ventures: Long Term Interest in Associate and Joint Ventures

  The amendment to PSAK 15 clarifies that companies account for long - term interest in an associate or joint venture (to which the equity method is not applied) using PSAK 71.

  The application of PSAK 15 has had no material impact on the disclosures or on the amounts recognized in the financial statements.

- PSAK 1 (amendment), Presentation of Financial Statements and PSAK 25 (amendment), Accounting Policies, Changes in Accounting Estimates and Errors regarding material definition.

  The amendments to PSAK 1 and PSAK 25 clarify the material definitions with the aim of harmonizing the definitions used in the conceptual framework and some relevant PSAK. In addition, the amendment also provides clearer guidance related to the definition of material in the context of reducing over disclosure due to changes in the threshold of the material definition.

  The application of PSAK 1 (amendment), Presentation of Financial Statements and PSAK 25 (amendment), has had no material impact on the disclosures or on the amounts recognized in the financial statements.

- PSAK 1 (amendment), Presentation of Financial Statements regarding Titles of Financial Statements

  The amendment allows the entities to use titles for the statements other than those used in PSAK 1. For example, an entity may use the title ‘statement of comprehensive income’ instead of ‘statement of profit or loss and other comprehensive income’.

  The application of PSAK 1 (amendment), regarding Titles of Financial Statements has had no material impact on the disclosures or on the amounts recognized in the financial statements.

- PSAK 1 (annual improvement 2019), Presentation of Financial Statements

  This clarifies some wording in the standard to align with the intention in PSAK 1.

  The application of PSAK 1 (annual improvement 2019) has had no material impact on the disclosures or on the amounts recognized in the financial statements.

- Interest Rate Benchmark Reform (Amendments to PSAK 71, PSAK 55 and PSAK 60)

  The application of Interest Rate Benchmark Reform (Amendments to PSAK 71, PSAK 55 and PSAK 60) has had no material impact on the disclosures or on the amounts recognized in the financial statements.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021 (Expressed in Rupiah, unless otherwise stated)

- ISAK 36, Interpretation of the Interaction between Provisions Regarding Land Rights in PSAK 16: Fixed Assets and PSAK 73: Leases

  This interpretation confirms that the accounting treatment of a land rights reflects the substance of the right, and not its legal form. The entity analyzes the substance and contractual terms of each land rights to determine the accounting treatment of each of these rights . If a contractual provision provides rights that In substance resemble the purchase of fixed assets and the right transfers control of the underlying asset eventhough the legal ownership rights do not transfer, the rights are accounted in accordance with PSAK 16. Whereas if the substance of a land right does not transfer control of the underlying asset, and only gives the right to use for a certain period of time, the substance of the right is a lease transaction and is accounted in accordance with PSAK 73.

b. Standards, amendments and interpretation to standards issued not yet adopted

The following amendments and PSAK are effective for periods beginning on or after January 1, 2021, with early applicaton permitted is:

- Amendments to PSAK 71, Amendments to PSAK 55, Amendments to PSAK 60, Amendments to PSAK 62 and Amendments to PSAK 73 concerning Interest Rate Reference Reform - Stage 2

The following amendments and annual improvements to standards are effective for periods beginning on or after January 1, 2022, with early applicaton permitted is:

- PSAK 71 (2020 Annual Improvement), Financial Instruments
- PSAK 73 (2020 Annual Improvement), Leases
- PSAK 1 (amendment), Presentation of Financial Statements regarding the Classification of Liabilities as Short-Term or Long-Term are effective for periods beginning on or after January 1, 2023.
- PSAK 16 (amendment) Property, Plant and Equipment: Proceeds before Intended Use

As of the issuance date of the financial statements, the Company is still evaluating the possible impact of the implementation of these PSAKs to its financial statement.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK").

b. Basis of preparation

The Company's financial statements have been prepared on an accrual basis and under the historical cost convention except for certain accounts measured at fair values at the end of each reporting.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 statements of cash flows are prepared using the indirect method by classifying cash flows into operating, investing and financing activities.

c. Foreign Currency Transactions and Balances

The financial statements of the Company are presented in Indonesian Rupiah, which is the functional currency and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

d. Transaction with Related Parties

A related party is a person or entity that is related to the

Company:

a. A person or a close member of that person's family is related to the reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:

   i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

   iii. Both entities are joint ventures of the same third party;

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity

   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

c. An entity is related to the reporting entity if any of the following conditions applies: (continued)

   vi. The entity is controlled or jointly controlled by a person identified in (a).

   vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

e. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Classification of financial assets</u>

Except for those trade receivable that do not certain a significant component and are measured at the transaction price in accordance with PSAK 72, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

The Company is financial assets comprise cash and bank, trade receivable and refundable deposit.

For the purpose of subsequent measurement the company's financial assets are classified as amortized cost.

The classification is determined by basis of both:

- the entity's business model for managing the financial asset and
- the contractual cash flow characteristics of the financial asset.

All the financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired and recognise a loss allowance for expected credit losses on those financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

<u>Subsequent measurement of financial assets</u>

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021 (Expressed in Rupiah, unless otherwise stated)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The cash and bank, tr and refundable deposits fall into this category of financial instruments.

Classification and subsequent measurement of financial liabilities

The method that is used in the calculation of the amortised cost of a financial asset and in the allocation and recognition of the interest revenue in profit or loss over the relevant period. The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

As the accounting for financial liabilities remains largely the same under PSAK 71 compared to PSAK 55, the Company's financial liabilities were not impacted by the adoption of PSAK 71. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include loan from related party, Accrued expense and lease payable.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premi ums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

Impairment of financial assets

PSAK 71's impairment requirements use more forward - looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces PSAK 55's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt - type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under PSAK 72 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

a. financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

b. financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for Stage 1 while 'lifetime expected credit losses' are recognised for Stage 2 and Stage 3.

Credit loss are the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (ie all cash shortfalls), discounted at the original effective interest rate (or creditadjusted effective interest rate for purchased or originated credit-impaired financial assets). An entity shall estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. The cash flows that are considered shall include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the entity shall use the remaining contractual term of the financial instrument.

Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

12-month expected credit losses are the portion of lifetime expected credit losses tha represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Derecognition of financial assets

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

If the transferred asset is part of a larger financial asset (eg when an entity transfers interest cash flows that are part of a debt instrument) and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised and the part that is derecognised, on the basis of the relative fair values of those parts on the date of the transfer. For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised. The difference between the carrying amount (measured at the date of derecognition) allocated to the part derecognised and the consideration received for the part derecognised (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and therecognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms,

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including any fees paid net of any fees received and discounted using the original effectiverate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or lossas the modification gain or loss within other gains and losses.

f. Netting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

g. Cash on in Banks

For cash flow presentation purposes, cash and cas equivalents consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placement.

h. Prepaid Expense

Prepaid expenses are amortized over their beneficial periods using the straight line method.

i. Property and Equipment

Property and equipment held for use in the production or supply of goods or for administrative purposes are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write-off the cost of assets less residual value using the straight-line method based on the estimated useful lives of the assets as follows.

	Years
Computers	4
Furniture and fixtures	4

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property and equipment, are recognized as asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed off, their carrying values are removed from the accounts and any resulting gain or loss is reflected in the current operations.

j. Impairment of Non-Financial Asset

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. 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 risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Accounting policy for impairment of financial assets is discussed in Note 3e.

k. Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurements of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the conditions required by the terms and conditions of the lease, a provision is recognized and measured under PSAK 57. The costs are included in the related right- of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying assets. If a lease transfers ownership of the underlying assets or the cost of the right-of-use assets reflects that of the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying assets. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies PSAK 48 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the impairment of assets policy.

Variable rents that do not depend on an index or rate are not included in the measurements of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the line 'Other expenses' in the statement of profit or loss and other comprehensive

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income.

As described in Note 2, the Company has applied PSAK 73 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under PSAK 30 and ISAK 8.

l. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

m. Revenue and Expense Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowance.

Interest Income

Interest income from a financial asset is recognized when is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Expenses

Expenses are recognized when incurred.

n. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit to the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the year computed by using the prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when there is an intention to settle its current tax assets and current tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. Critical accounting judgments and estimates

In the application of the Company's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

Below are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated Useful Lives of Property and Equipment

The useful life of each item of the Company's property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property and equipment would affect the recorded depreciation expense and decrease in the carrying values of these assets.

Estimated useful lives is mentioned in Note 3i. The carrying values of property and equipment is disclosed in Note 11.

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5. Cash in banks

	March 31, 2021	March 31, 2020
Cash in banks		
Rupiah		
Citibank N.A.	76,842,524	86,534,878
PT Bank Central Asia, Tbk	-	7,785,249
U.S. Dollar		
Citibank N.A.	6,105,008	51,425,047
Time Deposits		
SBI Indonesia	-	400,000,000
Total	**82,947,532**	**545,745,174**

6. Trade accounts receivable

	March 31, 2021	March 31, 2020
Third parties		
Local customers	55,270,196	55,270,196
Less: expected credit loss	(55,270,196)	(55,270,000)
Total	**-**	**196**

The average credit period on sales of goods is 75 days. No interest is being charged on trade accounts receivable. All amounts are denominated in Rupiah.

7. Other accounts receivable

	March 31, 2021	March 31, 2020
Related parties (Note 18)		
Asian Paints Limited (APL)	-	125,845
Asian Paints International Private Limited (APIPL)	-	6,144,968
Total	**-**	**6,270,813**

This account represents receivable from the related parties related to the recoverable expenses made by the Company on behalf of the related parties.

8. Other current assets

	March 31, 2021	March 31, 2020
Deposits	75,900,000	92,160,000
Prepaid expenses	2,278,318	2,354,107
Interest Receivables	-	1,147,400
Others	13,903,213	7,614,345
Total	**92,081,531**	**103,275,852**

9. Prepaid taxes

	March 31, 2021	March 31, 2020
Value-added tax (VAT) - net	1,046,387,972	982,678,972
Prepaid tax - Article 21	19,505,467	20,811,526
Prepaid tax - Article 23	-	200,869
Total	**1,065,893,439**	**1,003,691,367**

10. Right of use of assets

	April 1, 2020	Additions	Deductions	March 31, 2021
Acquisition cost:				
Building	531,590,144	464,697,970	734,248,529	262,039,585
Total	**531,590,144**	**464,697,970**	**734,248,529**	**262,039,585**
Accumulated depreciation:				
Building	485,238,960	416,765,534	734,248,529	167,755,965
Total	**485,238,960**	**416,765,534**	**734,248,529**	**167,755,965**
Net carrying value	**46,351,184**			**94,283,620**

	April 1, 2019	Additions	Deductions	March 31, 2020
Acquisition cost:				
Building	118,277,979	531,590,145	118,277,980	531,590,144
Total	**118,277,979**	**531,590,145**	**118,277,980**	**531,590,144**
Accumulated depreciation:				
Building	77,080,031	526,430,599	118,271,670	485,238,960
Total	**77,080,031**	**526,430,599**	**118,271,670**	**485,238,960**
Net carrying value	**41,197,948**			**46,351,184**

11. Property and equipment

	April 1, 2020	Additions	Deductions	March 31, 2021
Acquisition cost:				
Computers	12,827,391	-	-	12,827,391
Total	**12,827,391**	**-**	**-**	**12,827,391**
Accumulated depreciation:				
Computers	4,533,529	3,206,843	-	7,740,372
Total	**4,533,529**	**3,206,843**	**-**	**7,740,372**
Net carrying value	**8,293,862**			**5,087,019**

	April 1, 2019	Additions	Deductions	March 31, 2020
Acquisition cost:				
Computers	12,827,391	-	-	12,827,391
Total	**12,827,391**	**-**	**-**	**12,827,391**
Accumulated depreciation:				
Computers	1,326,686	3,206,843	-	4,533,529
Total	**1,326,686**	**3,206,843**	**-**	**4,533,529**
Net carrying value	**11,500,705**			**8,293,862**

Depreciation expense was charged to general and administrative expenses amounted to Rp 3,206,843 in 2020 and 2019 (Note 16), respectively.

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12. Taxes payable

	March 31, 2021	March 31, 2020
Income taxes		
Article 4(2)	3,795,000	4,608,000
Article 23	496,731	-
Article 26	1,934	-
Total	**4,293,665**	**4,608,000**

13. Accrued expenses

	March 31, 2021	March 31, 2020
Legal and professional fees	138,750,000	171,000,000
Rebates and discounts	-	17,570,000
Others	11,981,000	15,119,000
Total	**150,731,000**	**203,689,000**

14. Loans from a related party

On October 20, 2020 and December 18, 2020, the Company entered into loan agreement with Asian Paints International Private Limited (formerly Berger International Private Limited) totaling amounting to US$ 35,000 with interest of LIBOR rate + 1.40% due on repayable on demand within maximum 10 working days. Such loan is used to fund the Company's operation. As of March 31, 2021 the outstanding balance of the loans is amounting to Rp 509,600,000.

As of March 31, 2021 and 2020, the accrued interest payable amounted to Rp75,075,541 and Rp70,719,750, respectively. The Company incurred interest expense amounted to Rp10,922,902 and Rp36,315,717 in 2021 and 2020, respectively.

15. Share capital

The Composition of the Company's shareholders as of March 31, 2021 and 2020 was as follows:

Name of Shareholders	Number of Shares	Percentage of Ownership	Total Paid-up Capital Rp
APIPL	2,349	99.96%	29,637,333,000
Mr. Jalaj Ashwin Dani (Note 21)	1	0.04%	12,617,000
Total	**2,350**	**100%**	**29,649,950,000**

16. General and administrative expenses

	2021	2020
Legal and professional fees	119,772,000	153,146,281
Depreciation (Note 11)	3,206,843	3,206,843
Bad debt written off	196	68,850,855
Others	43,592,192	17,562,485
Total	**166,571,231**	**242,766,464**

17. Income tax

Current Tax

No current tax expense was recognized in 2021 and 2020 as the Company incurred fiscal losses.

Deferred Tax

The fiscal loss can be utilised against the taxable income for a period of five years subsequent to the year the fiscal loss was incurred. Management believes there is no probable future taxable profits which will be available to utilise against accumulated fiscal losses. Hence, no deferred tax was recognized on such fiscal losses.

18. Nature of relationships and transactions with related parties

Nature of Relationships

a. APIPL and Mr. Jalaj Ashwin Dani (Note 21) are the Company's shareholders.

b. APL is the ultimate parent of the Company.

c. API is related party which has the same shareholders or ultimate shareholders as the Company.

Transactions with Related Parties

a. The Company entered into certain transactions with related parties as disclosed in Note 7.

b. The Company received loans from APIPL (formerly BIPL) as disclosed in Note 14.

19. Monetary assets and liabilities denominated in foreign currency

As of March 31, 2021 and 2020, the Company had monetary liability denominated in foreign currency as follows:

		March 31, 2021		March 31, 2020	
		Foreign Currency	Equivalent in Rp	Foreign Currency	Equivalent in Rp
Monetary Assets					
Cash in banks	US$	419	6,105,008	3,146	51,425,047
Other accounts receivable	US$	-	-	384	6,270,813
Monetary Liabilities					
Interest Payable	US$	5,156	(75,075,541)	4,327	(70,719,750)
Loans from a related party	US$	35,000	(509,600,000)	-	-
Net Monetary Liabilities			**(578,570,533)**		**(13,023,890)**

The conversion rates used by the Company on March 31, 2021 and 2020 and the prevailing rates on May 6, 2021 are as follows:

Foreign currency	May 6, 2021	March 31, 2021	March 31, 2020
	Rp	Rp	Rp
US$ 1	14,439	14,560	16,343

The Company incurred foreign exchange (loss) or gain - net of (Rp5,436,977) in 2021 and Rp53,659,894 in 2020.

Notes to the Financial Statements (Contd.)

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20. Financial instruments, financial risk and capital risk management

a. Categories and Classes of Financial Instruments

	March 31, 2021	March 31, 2020
Financial Assets		
Assets at amortized cost		
Cash in banks	82,947,532	545,745,174
Trade accounts receivable	-	196
Deposit	75,900,000	92,160,000
Other receivables	-	6,270,813
Total	**158,847,532**	**644,176,183**
Financial Liabilities		
Liabilities at amortized cost		
Lease Liability	76,349,547	46,069,128
Accrued expenses	150,731,000	203,689,000
Loans from a related party	509,600,000	-
Total	**736,680,547**	**249,758,128**

b. Financial Risk Management Objectives and Policies

The Company's overall financial risk management and policies seek to ensure that adequate financial resources are available for operation and development of its business, at the same time managing exposure to financial risks. These risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The management guided by approved policies and procedures is generally responsible to manage the financial risks related to the operations of the Company. The Company's risk management program mainly focuses on its liquidity risk and credit risk to minimize exposure that will adversely affect the performance of the Company.

The Company does not engage into trading of financial instruments, including derivative financial instruments for speculative purpose. Accordingly, management considers that the Company's exposure to current market risk is very minimal.

i. Foreign currency risk management

The Company is exposed to the effect of foreign currency exchange rate fluctuation mainly because of foreign currency denominated balances and transactions such as cash in banks, loans from a related party and certain expenses.

The Company manages the exposure to currency other than Rupiah by matching, as far as possible receipts and payments in each individual currency. The Company's net exposure as of reporting date is disclosed in Note 19.

Foreign currency sensitivity analysis

The Company is mainly exposed to the U.S Dollar.

At March 31, 2021 and March 31, 2020, if the Rupiah had strengthened or weakened by 1% against U.S. Dollar with all other variables held constant, income after tax of the period would have been (Rp 5,785,705) and (Rp 1,455,730) higher/lower, respectively. The 1% represents management's assessment of the reasonably possible change in foreign exchange rates. The assessment includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

This is mainly attributable to the exposure of outstanding U.S. Dollar denominated loans from a related party, other accounts payable, accrued expenses, other current asset and cash in bank of the Company at end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. Indonesian Rupiah denominated monetary assets and liabilities are fluctuating during the year,

ii. Interest rate risk management

The Company is exposed to interest rate risk because the Company borrows funds at floating interest rate. The risk is managed by the Company by maintaining an appropriate floating rate borrowings.

The Company's exposures to interest rates of financial assets and financial liabilities are detailed in the liquidity risk management section of this note

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company.

The Company's credit risk is primarily attributed to its cash in banks and refundable depositThe Company places its bank balances with credit worthy financial institutions. The Company's exposure and its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses represents the Company's exposure to credit risk.

The credit risk on liquid funds is limited because the counterparty are banks with high credit-ratings assigned by international credit-rating agencies.

iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, which have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	March 31, 2021		March 31, 2020	
	Interest rate	<1 year	Interest rate	<1 year
	%	Rp	%	Rp
Non-interest bearing				
Accrued expenses		150,731,000	-	203,689,000
Variable interest rate				
Instrument				
Lease Liability		76,349,547		46,069,128
Loans from a related party	1.40%			
	per annum +LIBOR per month	509,600,000		
Interest Payable		75,075,541		70,719,750
Total		**811,756,088**		**320, 477, 878**

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The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	March 31, 2021		March 31, 2020	
	Interest rate	<1 year	Interest rate	<1 year
	%	Rp	%	Rp
Non-interest bearing				
Cash in banks (Citibank)	-	82,947,532	-	137,959,925
Trade accounts receivable	-	-	-	196
Other accounts receivable	-	-	-	6,270,813
Other current assets	-	75,900,000	-	92,160,000
Interest bearing				
Cash in banks (BCA)	-		0.5%-0.75%	7,785,249
Time Deposit (SBI)		76,349,547	7%*	401,841,096
Interest Payable		75,075,541		70,719,750
Total		**158,847,532**		**646,017,279**

* The basis of interest rates calculation are using the percentage after 20% final tax deduction

c. Capital Risk Management

The Company manages capital risk to ensure that they will continue as a going concern by acquiring from the parent company financial support for starting its operations. The Company's capital structure consists of cash on hand and cash in banks (Note 5) and shareholders' equity consist of capitals stock (Note 15).

The management of the Company periodically reviews the Company's capital structure. As part of this review, the management considers the cost of capital and related risk.

d. Fair Value Measurements

The Directors consider that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values due to short term maturity and they carry market rate interest.

21. Events after the reporting date

Based on circular resolutions of shareholders dated March 31, 2021, which as stated in Notarial Deed No. 22 dated April 14, 2021 of RA. Mahyasari A. Notonagoro, S.H., public notary in Jakarta, the shareholders agreed the transfer of 1 (one) share from Mr. Jalaj Ashwin Dani to Mr. Rahul Bhatnagar. The amended Deed of Establishment was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-AH.01.03-0251951 dated April 22, 2021.

Based on Circular resolutions of the shareholders dated May 1, 2021, which as stated in Notarial Deed No. 02 dated May 3, 2021 of RA. Mahyasari A. Notonagoro, S.H., public notary in Jakarta, the Company increased its subscribed and paid up capital from Rp 29,649,950,000 to Rp 31,163,990,000 for 2,470 shares. The increase in issued and paid up capital stock amounting to Rp. 31,163,990,000 were fully subcribed and paid on May 3, 2021. The shareholders agreed to articles of association to change to the business objective become wholesale business sector consist of import and distribution of industrial paints, decorative paints, varnishes and water resistant coatings and wallpaper, construction chemicals,etc and export all types of paints, to revise article 14 about duties and authorities of the Board of the Directors and change its structure of Board of Directors and Commissioners and shareholder composition into below structure:

President Commissioner	:	Mr. Rahul Bhatnagar
Commissioners	:	Mr. Aashish Kshetry
	:	Mr. Jeyamurugan Ramalingam Jeyapandiyan
Directors	:	Mr. Abhishek Mohnot
	:	Mr. Chaitanya Vinay Dabholkar
	:	Mr. Sameer Wadhera

Name of Shareholders	No of Shares	Percentage of Ownership	Total Paid Up-Capital
APIPL	2469	99.960%	31,151,373,000
Mr. Rahul Bhatnagar	1	0.040%	12,617,000
Total	**2470**	**100%**	**31,163,990,000**

22. Other significant matters

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of March 31, 2021, the Company's has accumulated deficit of Rp29,125,706,612 (March 31, 2020: Rp 28,261,407,429).

The Company did not make any sales transactions after August 2017. As the operations in Indonesia are relatively new, the Company will keep looking at various import opportunities and if need be, start importing as per business requirements. Stockholders of the Company keep infusing money as and when deemed necessary.

ASIAN PAINTS (SOUTH PACIFIC) PTE LIMITED

Contents

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Asian Paints (South Pacific) Pte Limited ("the Company") as at 31 March, 2021 the related statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended on that date and report as follows:

Directors

The following were Directors of the company at the date of this report:

- Tom Thomas (resigned on 25 May 2020)
- Vinod Patel
- Rajesh Patel
- Arvind Kasabia
- Lee Siow Koon
- Abhilas Ram
- Paranthaman AK
- Chaitanya Dabholkar
- Amit Kumar Baveja (appointed on 26 May, 2020)

Principal activities

The principal activities of the company in the course of the year were the manufacturing and distribution of paints and paint related products. There was no significant change in the nature of this activity during the financial year.

Results

The operating profit for the year was FJ($)5,025,523 (2020: FJ($)3,442,037) after accounting for income tax expense of FJ($)1,255,613 (2020: FJ($)759,489).

Dividends

The Directors declared interim dividends of FJ($)12,681,990 (2020: FJ($)1,900,000). Directors also paid final dividend of FJ($)1,900,000 of FY 2020 in the financial year 2021.

Reserves

The Directors propose that no transfer be made to reserves except for transfers required by International Financial Reporting Standard ("IFRS").

Bad and doubtful debts

Prior to the completion of the company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of Directors, adequate provision has been made for doubtful debts.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written for bad debts or the provision for doubtful debts in the company, inadequate to any substantial extent.

Non current assets

Prior to the completion of the financial statements of the company and of the subsidiary company, the Directors took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to non current assets in the company's financial statements misleading.

Basis of accounting

The Directors believe that the basis of the preparation of the financial statements is appropriate and the Company will be able to continue its operation for at least twelve months from the date of this statement. Accordingly, the Directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the company in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance sheet date

On 19 April, 2021 the Government of Fiji announced a lockdown of Nadi and Lautoka borders as a result of new COVID 19 cases identified in the community of Fiji. Under this lockdown, only essential businesses are permitted to operate. Introduction of these restrictions have not had material effect on the Financial Statements as at 31 March, 2021.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations, or the state of the affairs of the Company, in subsequent financial years.

Impact of the Coronavirus (COVID-19) outbreak on the Company

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Fiji is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company has remained operational since this declaration and continues to engage in its principal activities. We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

The Directors are carefully considering the impact of the COVID-19 outbreak on the Company, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company cannot control.

The Directors believe the Company has sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Other circumstances

As at the date of this report :

(i) no charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

(iii) no contingent liabilities or other liabilities of the company has become or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

Other circumstances (continued)

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's and the subsidiary company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest. Auditor independence

The Directors have obtained an independence declaration from the Company's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Asian Paints (South Pacific) Pte Limited on page 7.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors. Dated this 23rd April, 2021.

Paranthaman AK	Amit Baveja
Director	Director

Directors' Declaration

This Directors Declaration is required by the Companies Act 2015.

The Directors of the Company have made a resolution that declared:

(a) in the Directors' opinion, the financial statements and notes of the Company for the financial year ended 31 March, 2021:

  (i) give a true and fair view of the financial position of the Company as at 31 March, 2021 and of the performance of the Company for the year ended 31 March, 2021; and

  (ii) have been made out in accordance with the Companies Act 2015.

(b) they have received declarations as required by section 395 of the Companies Act 2015; and

(c) at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dated this 23rd April, 2021.

Paranthaman AK Director	Amit Baveja Director

Auditor's Independence Declaration

As lead auditor for the audit of Asian Paints (South Pacific) Pte Limited for the financial year ended 31 March, 2021 I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Asian Paints (South Pacific) Pte Limited during the year.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji
23rd April, 2021

Independent Auditor's Report

To the Shareholders of Asian Paints (South Pacific) Pte Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian Paints (South Pacific) Pte Limited ("the Company"), which comprise the statement of financial position as at 31 March, 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the Director's report but does not include the financial statements and the 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon 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.

Responsibilities of the management and those charged with governance for the Financial Statements

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charge 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 the those charge 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

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji
23rd April, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	2021 FJ($)	2020 FJ($)
Assets			
Non-current assets			
Property, plant and equipment	6	7,404,497	7,694,578
Intangible assets	7	2,382	10,989
Right-of-use assets	14	1,385,941	1,426,700
Deferred income tax asset	4(c)	116,456	119,181
Other financial assets	8	98,711	130,508
		9,007,987	**9,381,956**
Current assets			
Inventories	9	6,677,781	3,062,917
Trade receivables	10	4,153,563	6,665,580
Other assets	11	96,227	266,373
Cash and short term deposits	12(a)	6,927,586	11,382,833
Other financial assets	8	17,331	-
Income tax receivable		-	483,750
		17,872,488	**21,861,453**
Total assets		**26,880,475**	**31,243,409**
Equity and liabilities			
Equity attributable to equity holders			
Share capital	13	14,36,001	1,436,001
Retained earnings		17,116,688	23,016,165
Total equity		**18,552,689**	**24,452,166**
Non current liabilities			
Lease liabilities	20	1,236,266	1,237,402
Deferred income tax liability	4(c)	507,577	499,910
		1,743,843	**1,737,312**
Current liabilities			
Lease liabilities	20	197,159	166,523
Trade and other payables	15	5,680,430	2,903,933
Dividend payable	16	143,010	1,900,000
Employee benefit liability	17	110,368	83,475
Income tax payable		452,976	-
		6,583,943	**5,053,931**
Total liabilities		**8,327,786**	**6,791,243**
Total equity and liabilities		**26,880,475**	**31,243,409**

The accompanying notes form an integral part of the statement of financial position.

Statement of Profit and Loss
for the year ended 31 March, 2021

	Notes	2021 FJ($)	2020 FJ($)
Revenue			
Revenue from contracts with customers	2(a)	26,023,982	26,830,732
Other income	2(b)	583,504	636,975
		26,607,486	**27,467,707**
Cost of sales		(12,986,722)	(14,604,876)
Gross profit		**13,620,764**	**12,862,831**
Salaries and employee benefits	3(a)	(3,158,051)	(3,612,474)
Depreciation and amortisation		(896,973)	(989,000)
Impairment reversal on trade receivables		116,565	87,897
Other operating expenses	3(b)	(3,401,169)	(4,147,728)
Profit before tax from continuing operations		**6,281,136**	**4,201,526**
Income tax expense	4(a)	(1,255,613)	(759,489)
Profit for the year from continuing operations		**5,025,523**	**3,442,037**
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year, net of tax		**5,025,523**	**3,442,037**
Total comprehensive income attributable to:			
Owners of the parent		5,025,523	3,442,037
Non-controlling interests		-	-
		5,025,523	**3,442,037**

The accompanying notes form an integral part of this statement of profit or loss and other comprehensive income.

Statement of Changes in Equity

for the year ended 31 March, 2021

	Notes	2021 FJ($)	2020 FJ($)
Retained earnings			
Balance at the beginning of the year		23,016,165	22,899,128
Operating profit after tax		5,025,523	3,442,037
Dividends on ordinary shares	5	(10,925,000)	(3,325,000)
Balance at the end of the year		**17,116,688**	**23,016,165**
Share capital			
Balance at the beginning of the year		1,436,001	1,436,001
Balance at the end of the year	13	**1,436,001**	**1,436,001**
Total equity		**18,552,689**	**24,452,166**

The accompanying notes form an integral part of this statement of changes in equity.

Statement of Cash Flows

for the year ended 31 March, 2021

	Notes	2021 FJ($)	2020 FJ($)
Operating activities			
Profit before tax from continuing operations		6,281,136	4,201,526
Adjustment to reconcile profit before tax to net cash flows			
Non cash:			
Depreciation of property, plant and equipment and amortisation of intangible assets		656,451	644,124
Depreciation of right-of-use assets		240,522	344,876
Movement in provisions		26,893	33,475
Loss on disposal of property, plant and equipment		309	35,135
Working capital adjustments:			
Decrease in trade receivables		2,512,017	250,011
Decrease in other assets		184,612	324,086
(Increase)/decrease in inventories		(3,614,864)	2,889,031
Increase in trade and other payables		2,776,497	94,180
Income tax paid		(308,495)	(760,015)
Net cash flows from operating activities		**8,755,078**	**8,056,429**
Investing activities			
Acquisition of property, plant and equipment and intangibles		(420,970)	(525,097)
Proceed from disposal of property, plant and equipment		62,898	-
Net cash flows (used in) investing activities		**(358,072)**	**(525,097)**
Financing activities			
Repayments of lease liabilities		(170,263)	(304,376)
Dividends paid to shareholders		(12,681,990)	(3,325,000)
Net cash flows (used in) financing activities		**(12,852,253)**	**(3,629,376)**
Net (decrease)/increase in cash held		(4,455,247)	3,901,956
Cash and cash equivalents at beginning of year		11,382,833	7,480,877
Cash and cash equivalents at end of year	12(b)	**6,927,586**	**11,382,833**

The accompanying notes form an integral part of the statement of cash flows.

Notes To The Financial Statements

for the year ended 31 March, 2021

1.0 Corporate information

The financial statements of Asian Paints (South Pacific) Pte Limited ('the company') for the year ended 31 March 2021 was authorised for issue in accordance with a resolution of the Directors dated 23rd April, 2021. Asian Paints (South Pacific) Pte Limited is a limited liability company incorporated and domiciled in the Republic of the Fiji Islands.

The principal activities of the company are described in Note 26. Information on other related party relationships of the company is provided in Note 18.

Significant policies which have been adopted in the preparation of these financial statements are:

1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Fijian dollars.

Statement of compliance

The financial statements of Asian Paints (South Pacific) Pte Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

1.2 Summary of significant accounting policies

a) Foreign currencies

The company's financial statements are presented in Fijian dollars, which is also the company's functional currency. The company determines the functional currency and items included in the financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates 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. Differences arising on settlement or translation of monetary items are 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 measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is 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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sales revenue represents revenue earned from the sale of the Company's products and is stated net of returns, trade allowances and Value Added Tax.

Dividends

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

c) Taxes

Current Income Tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

Value Added Tax (VAT)

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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. 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. 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.

The impairment accounting policy for goodwill and intangible assets with indefinite lives similarly applies to other non-financial assets, including property, plant and equipment. Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	2.5%
Plant and equipment	10% - 33%
Motor vehicles	15% - 20%
Furniture and fittings	10% - 33%

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

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.

e) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, 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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Land	40 years
• Buildings	40 years
• Motor vehicles	3 to 5 years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments

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made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in lease liabilities (see Note 20).

iii) Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

<u>Company as a lessor</u>

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

f) Borrowing costs

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

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

h) Financial instruments

(i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how directors of the business are

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compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the entity's business model.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets

The Company classified its financial assets as loans and receivable.

Financial assets: Subsequent measurement and gains and loss

Loans and receivables - measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets in these cases the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost; and

Finished goods and work in progress - cost of direct materials and labour and an appropriate portion of fixed and variable overheads but excluding borrowing costs;

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

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

j) Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the

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Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Ba3 or a higher rating per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and

- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

k) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

l) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

m) Employee entitlements

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

n) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of Value Added Tax where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the company. Amounts payable that have been

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denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial period.

o) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current period.

p) Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

q) Segment information

A business segment is a company of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment.

- **Industry segment**

  The company operates predominantly in the manufacturing and retailing industry.

- **Geographical segment**

  The company operates predominantly in Fiji and is therefore one geographical area for reporting purposes.

1.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that a Company will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

1.4 Significant accounting judgements, estimates and assumptions

The preparation of the company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – company as lessee

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company has several lease contracts that include extension and termination options. The company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The company included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). The company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the performance of the assets of the

Notes to the Financial Statements (Contd.)

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CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 22.

Provision for expected credit losses of trade receivables

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables and contract assets is disclosed in Note 22.

Leases - Estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position 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 judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 3.

Going concern

The Directors have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Revenue and expenses

		2021 FJ($)	2020 FJ($)
(a)	**Revenue from contracts with customers**		
	Sales	**26,023,982**	**26,830,732**
(b)	**Other income**		
	Realised exchange gain	177,190	69,353
	Unrealised exchange gain	90,248	277,701
	Interest income	271,858	238,067
	Miscellaneous income	44,208	51,854
		583,504	**636,975**

3. Operational expenses

		2021 FJ($)	2020 FJ($)
(a)	**Salaries and employee benefits**		
	Salaries and wages	2,642,730	2,926,902
	Superannuation	71,073	140,062
	OHS expenses	104,095	133,296
	Relocation and furlough regional expenses	71,355	56,054
	Lease expenses - vehicle and housing	115,316	118,327
	Other employee cost	18,586	69,926
	Medical and education expenses	134,896	167,907
		3,158,051	**3,612,474**
(b)	**Other operating expenses**		
	Auditors remuneration	14,000	14,000
	Bank charges	14,291	14,234
	Operating lease expense	10,111	28,556
	Other operating expenses	3,362,767	4,090,938
		3,401,169	**4,147,728**

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4. Income tax

(a) A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the year ended 31 March 2021 and 31 March 2020 is as follows:

	2021 FJ($)	2020 FJ($)
Accounting profit before income tax	6,281,136	4,201,526
At the Fiji rate of 20% (2020: 20%)	1,256,227	840,305
Tax effect of non deductible expense (net)	2,687	53,871
Under provision in prior year	93,319	(87,468)
Export Incentive	(96,620)	(47,219)
Income tax attributable to operating profit	**1,255,613**	**759,489**

(b) Income statement

	2021 FJ($)	2020 FJ($)
Current income tax:		
Current income tax charge	1,154,332	757,171
Adjustments in respect of previous year	93,319	(87,468)
Deferred income tax:		
Origination and reversal of temporary differences	7,962	89,786
Income tax expense	**1,255,613**	**759,489**

(c) Deferred income tax at 31 March 2021 and 31 March 2020 relates to the following:

	2021 FJ($)	2020 FJ($)
Deferred income tax assets/(liability)		
Accelerated depreciation for tax purposes	(489,527)	(474,675)
Provisions for employee entitlements	22,074	16,695
Provisions for doubtful debts	50,798	102,486
Unrealised exchange gain	(18,050)	(55,540)
Net right-of-use-assets	43,584	30,305
	(391,121)	**(380,729)**
Reflected in the statement of financial position as follows:		
Deferred income tax asset	116,456	119,181
Deferred income tax liability	(507,577)	(499,910)
Deferred income tax liability (net)	(391,121)	(380,729)

5. Dividends paid and proposed

	2021 FJ($)	2020 FJ($)
Declared and paid during the year:		
Ordinary Shares		
Final dividends - FY19-20 FJ($)3 per share (FY18-19: FJ($)4 per share)	1,425,000	1,900,000
Interim dividends - FY20-21 FJ($)10 per share (FY19-20: FJ($)3 per share)	4,750,000	1,425,000
Second interim dividends - FY20-21 FJ($)10 per share	4,750,000	-
	10,925,000	**3,325,000**

6. Property, plant and equipment

	Leasehold land and buildings	Plant & Office equipment, & Motor vehicle	Total
	FJ($)	FJ($)	FJ($)
Cost			
At 1 April 2019	6,168,288	5,960,717	12,129,005
Additions	121,661	436,876	558,537
Disposals	(76,371)	(245,912)	(322,283)
Reclassification	(388,460)	388,460	-
At 31 March 2020	**5,825,118**	**6,540,141**	**12,365,259**
Additions	122,904	298,066	420,970
Disposals	(7,290)	(141,775)	(149,065)
Reclassification	(48,980)	48,980	-
At 31 March 2021	**5,891,752**	**6,745,412**	**12,637,164**
Depreciation and impairment			
At 1 April 2019	713,625	3,575,247	4,288,872
Depreciation charge for the year	171,419	464,098	635,517
Disposals	(8,937)	(244,771)	(253,708)
At 31 March 2020	**876,107**	**3,794,574**	**4,670,681**
Depreciation charge for the year	221,625	426,219	647,844
Disposals	(4,544)	(81,314)	(85,858)
Reclassification	(6,988)	6,988	-
At 31 March 2021	**1,086,200**	**4,146,467**	**5,232,667**
Net book value			
At 31 March 2021	4,805,552	2,598,945	7,404,497
At 31 March 2020	**4,949,011**	**2,745,567**	**7,694,578**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

7. Intangible Assets

	2021 FJ($)	2020 FJ($)
Software costs:		
Opening balance	276,953	276,953
Closing balance	**276,953**	**276,953**
Amortisation and impairment:		
Opening balance	265,964	257,357
Amortisation	8,607	8,607
Closing balance	**274,571**	**265,964**
Net book value	**2,382**	**10,989**

8. Other financial assets

	2021 FJ($)	2020 FJ($)
Bonds/deposits receivables	116,042	130,508
This is disclosed as:		
Current assets	17,331	-
Non-current assets	98,711	130,508
	116,042	**130,508**

9. Inventories

	2021 FJ($)	2020 FJ($)
Finished goods	2,273,386	1,487,962
Semi-finished goods	103,532	40,167
Raw materials / Packing materials / Others	4,300,863	1,534,788
Total inventories at the lower of cost and NRV	**6,677,781**	**3,062,917**

10. Trade and other receivables

	2021 FJ($)	2020 FJ($)
Trade receivables (net)	3,615,248	5,407,066
Receivable from related parties [refer note 18 (d)]	538,315	1,258,514
	4,153,563	**6,665,580**

Trade receivables are non interest bearing and are generally on 30-60 day terms. As at 31 March 2021, FJ($)253,988 (2020: FJ($)512,429) trade receivables were impaired for the company and were fully provided for. A provision for doubtful debts has already been accounted for in the balances above.

At 31 March 2021 and 31 March 2020, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			31 - 90 days	90 - 180 days	> 180 days
	FJ($)	FJ($)	FJ($)	FJ($)	FJ($)
2021	4,153,563	2,315,672	1,786,428	27,862	23,601
2020	6,665,580	1,943,326	3,561,157	1,013,901	147,196

Movements in the provision for impairment of receivables were as follows:

	2021 FJ($)	2020 FJ($)
Opening balance	512,429	859,546
Reversed	(258,441)	(347,117)
	253,988	**512,429**

11. Other assets

	2021 FJ($)	2020 FJ($)
Refundable deposits/prepayments	7,515	7,797
Receivables from related parties [refer note 18 (e)]	53,086	107,959
Other receivables	35,626	150,617
	96,227	**266,373**

12. Cash and cash equivalents

(a) Cash and cash equivalents

	2021 FJ($)	2020 FJ($)
Cash at banks and on hand	787,704	5,773,693
Short term deposits	6,139,882	5,609,140
	6,927,586	**11,382,833**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) For the purpose of statement of cash flows, cash and cash equivalents comprise the following at 31 March:

	2021 FJ($)	2020 FJ($)
Cash at banks and on hand	787,704	5,773,693
Short term deposits	6,139,882	5,609,140
	6,927,586	**11,382,833**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

13. Share capital

	2021 FJ($)	2020 FJ($)
Ordinary shares issued and fully paid		
475,000 ordinary shares	1,436,001	1,436,001
	1,436,001	**1,436,001**

14. Right-of-use assets

	Leasehold land and buildings	Motor vehicle	Total
	FJ($)	FJ($)	FJ($)
Cost			
As at 1 April 2020	1,742,426	389,560	2,131,986
Additions	-	2,17,739	217,739
Termination/reassessment	(17,976)	(2,67,845)	(285,821)
As at 31 March 2021	1,724,450	3,39,454	2,063,904
Depreciation			
As at 1 April 2020	407,221	2,98,065	705,286
Depreciation expense	160,168	80,354	240,522
Depreciation reversal - termination/reassessment	-	(2,67,845)	(267,845)
As at 31 March 2021	**567,389**	**1,10,574**	**677,963**
Net book value			
At 31 March 2021	1,157,061	2,28,880	1,385,941
At 31 March 2020	**1,335,205**	**91,495**	**1,426,700**

15. Trade and other payables

	2021 FJ($)	2020 FJ($)
Trade and other payables	5,442,648	2,713,981
Owing to related parties [refer note 18 (c)]	237,782	189,952
	5,680,430	**2,903,933**

Terms and conditions of the above financial liabilities are:

- Trade payables and accruals are on commercial terms and conditions and are payable within 60 - 90 days.
- For terms and conditions relating to related parties, refer to Note 18.

16. Dividend payable

	2021 FJ($)	2020 FJ($)
Opening balance	1,900,000	1,900,000
Arising during the year	10,925,000	3,325,000
Utilised/paid during the year	(12,681,990)	(3,325,000)
Closing balance	**143,010**	**1,900,000**

17. Employee benefit liability

	2021 FJ($)	2020 FJ($)
Opening balance	83,475	50,000
Net movement during the year	26,893	33,475
Closing balance	**110,368**	**83,475**
Employee benefit liability is disclosed in the statement of final position as:		
Current		
Employee benefit liability	**1,10,368**	**83,475**

Employee benefits liability is recognised for employee entitlements in accordance with the policy noted in 1.3.

18. Related party disclosures

a) Controlling Entities

Asian Paints (South Pacific) Pte Limited is a subsidiary of Asian Paints International Private Limited. The ultimate holding company is Asian Paints Limited.

b) Transactions with related parties

During the year the Holding Company entered into transactions with related parties in the ordinary course of business under normal commercial terms. Significant transactions during the year are as follows:

	2021 FJ($)	2020 FJ($)
Technical/management fee income		
Asian Paints (Tonga) Limited	22,500	25,000
Asian Paints (S.I) Limited	72,000	65,000
Asian Paints (Vanuatu) Limited	72,000	65,000
Samoa Paints Limited	36,000	30,000
	202,500	185,000
Technical/management fee expense		
Asian Paints International Private Limited	11,830	60,213
Causeway Paints Lanka (Private) Limited	88,970	-
	100,800	60,213
Royalties		
Asian Paints Limited	583,245	558,033

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

		2021 FJ($)	2020 FJ($)
	Intra group sales		
	Asian Paints (S.I) Limited	1,929,676	1,124,424
	Asian Paints (Tonga) Limited	-	428,489
	Asian Paints (Vanuatu) Limited	855,249	693,431
	Samoa Paints Limited	679,077	932,762
		3,464,002	3,179,106
	Intra group purchases		
	Asian Paints Limited	13,393	3,888
	Causeway Paints Lanka (Private) Limited	-	11,804
		13,393	15,692
	Intra group gross stock in trade purchase		
	Asian Paints (S.I) Limited	(692)	-
	Asian Paints (Tonga) Limited	(1,254)	-
	Asian Paints (Vanuatu) Limited	(15,863)	-
		(17,809)	-
c)	Amount owing to related parties (trade / non trade)		
	Asian Paints Lanka Limited	-	8,080
	Asian Paints International Private Limited	35,412	75,435
	Asian Paints Limited	16,997	5,077
	Causeway Paints Lanka (Private) Limited	20,103	12,184
	Royalty payable to Asian Paints Limited	165,270	89,176
		237,782	189,952
d)	Due from related parties (trade)		
	Asian Paints (S.I) Limited	407,334	591,087
	Asian Paints (Tonga) Limited	-	79,631
	Asian Paints (Vanuatu) Limited	130,987	358,802
	Samoa Paints Limited	(6)	228,993
		538,315	1,258,513
e)	Due from related parties (others)		
	Asian Paints (Lanka) Limited	-	27,333
	Asian Paints (S.I) Limited	22,372	42,160
	Asian Paints (Vanuatu) Limited	16,153	32,826
	Samoa Paints Limited	14,561	4,681
	Asian Paints Limited	-	959
		53,086	107,959
f)	Compensation of key management personnel of the company		
	Short-term and post employee benefits	361,773	390,374

g) Directors

The following were Directors of the company at the date of this report:

- Tom Thomas (resigned on 25 May, 2020)
- Rajesh Patel
- Lee Siow Koon
- Paranthaman AK
- Amit Kumar Baveja (appointed on 26 May, 2020)
- Vinod Patel
- Arvind Kasabia
- Abhilas Ram
- Chaitanya Dabholkar

19. Expenditure commitments

At 31 March 2021, the company had capital commitments of FJ($)Nil relating to land, buildings and plant and machinery (2020: FJ($)Nil).

20. Lease liabilities

	2021 FJ($)	2020 FJ($)
As at 1 April	1,403,925	1,708,301
Additions	199,763	-
Accretion of interest	121,970	135,488
Payments	(2,92,233)	(439,864)
As at 31 March	1,433,425	1,403,925
Current	197,159	166,523
Non-current	1,236,266	1,237,402
	1,433,425	**1,403,925**

21. Contingent liabilities

There were two litigation cases against the company during the year:

(i) There are two cases in connection with Goundar Shipping Limited (GSL). The first action was filed by Asian Paints in Magistrates Court (MBC 117 of 2018) claiming the sum of FJ($)31,060. GSL has filed a counterclaim for the sum FJ($)28,228 plus costs. The second action was filed by GSL in the High Court (HBC 14 of 2017). It was initially filed against Industrial and Marine Engineering Limited. Asian Paints was subsequently joined as a party. The claim is for unquantified loss and damages, loss of profits, special damages, interest and costs. The claim with respect to FJ($)28,228 narrows down to the merchantable quality of the paints that were supplied.

Exposure to the company is subject to the evidence on merchantable quality that is presented to court and the probative value the court attaches to that.

(ii) Royal Sidharth Chand t/a The Spark House Building Works - a claim for negligence. Submissions have been filed in the court. The court has further dismissed the matter and had the matter struck out.

The Directors are defending these claims and are adamant that no liability will arise.

22. Financial risk management objectives and policies

The company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has various financial assets such as trade receivables, loans to related parties, available-for-sale investments, related party receivables, and cash which arise directly from its operations.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

The main risks arising from the company's financial statements are market risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency risk

The company has transactional currency exposures. Such exposures arises from sales by the company in currency other than Fijian dollars and purchases of raw materials in foreign currency. Foreign currency sales represents 11% of total sales. Foreign currency risk is an inherent business risk as the Reserve Bank of Fiji and banks do not permit hedging.

The following table demonstrates the sensitivity to a reasonable possible change in the USFJ($), AUFJ($) and NZFJ($) exchange rate, with all other variables held constant, of the company's profit before tax.

	Increase/decrease in USD rate	Effect on profit before tax FJ($)	Increase/decrease in NZD rate	Effect on profit before tax FJ($)
2021	+10%	(282,485)	+10%	(11,232)
	-10%	345,259	-10%	9,190

	Increase/decrease in USD rate	Effect on profit before tax FJ($)	Increase/decrease in NZD rate	Effect on profit before tax FJ($)
2020	+10%	(169,201)	+10%	-
	-10%	206,801	-10%	-

	Increase/decrease in AUD rate	Effect on profit before tax FJ($)
2021	+10%	(35,784)
	-10%	29,278
2020	+10%	(15,513)
	-10%	12,692

Credit risk

It is the company policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. The company trades with only recognised, credit worthy third parties. There are no significant concentrations of credit risk within the company. With respect to credit risk arising from other financial assets of the company which comprise of cash and cash equivalents, available-for-sale financial instruments, and loan notes, the company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these investments.

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financials assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summaries the maturity profile of the company's financial liabilities at 31 March 2021 and 31 March 2020:

Year ended 31 March 2021	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	FJ($)	FJ($)	FJ($)	FJ($)	FJ($)
Trade and other payables	-	5,680,430	-	-	5,680,430
Lease liabilities	-	197,159	1,236,266	-	1,433,425
	-	5,877,589	1,236,266	-	7,113,855

Year ended 31 March 2020	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	FJ($)	FJ($)	FJ($)	FJ($)	FJ($)
Trade and other payables	-	2,903,933	-	-	2,903,933
Lease liabilities	-	166,523	1,237,402	-	1,403,925
	-	3,070,456	1,237,402	-	4,307,858

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the years 31 March 2021 and 31 March 2020. The company monitors capital using a gearing ratio which is net debt divided by total capital. The company's policy is to keep the gearing ratio between 20% to 30%.The company includes within net debt, lease liabilities, trade and other payables, less cash and cash equivalents. Capital includes equity shares attributable to equity holders of the parent less minority interests.

	2021 FJ($)	2020 FJ($)
Trade and other payables	5,680,430	2,903,933
Lease liabilities	1,433,425	1,403,925
Less cash and cash equivalents	(6,927,586)	(11,382,833)
Net debt	186,269	(7,074,975)
Equity	18,552,689	24,452,166
Total capital	18,552,689	24,452,166
Capital and net debt	18,552,689	24,452,166
Gearing ratio	1%	-41%

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

23. Financial instruments

Set out on the next page is a comparison by category of carrying amounts and fair values of all the company's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	2021 FJ($)	**2020 FJ($)**	**2020 FJ($)**	**2019 FJ($)**
Financial assets				
Trade receivables	4,153,563	6,665,580	4,153,563	6,665,580
Other assets	96,227	266,373	96,227	266,373
Cash and short term deposits	6,927,586	11,382,833	6,927,586	11,382,833
Other financial assets	98,711	130,508	98,711	130,508
	11,276,087	**18,445,294**	**11,276,087**	**18,445,294**
Financial liabilities				
Trade and other payables	5,680,430	2,903,933	5,680,430	2,903,933
Lease liabilities	1,433,425	1,403,925	1,433,425	1,403,925
	7,113,855	**4,307,858**	**7,113,855**	**4,307,858**

Market values have been used to determine the fair value of available-for-sale financial assets. The fair values of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loan notes and other financial assets have been calculated using market interest rates.

24. Subsequent events

On 19 April 2021, the Government of Fiji announced a lockdown of Nadi and Lautoka borders as a result of new COVID 19 cases identified in the community of Fiji. Under this lockdown, only essential businesses are permitted to operate. Introduction of these restrictions have not had material effect on the Financial Statements as at 31 March 2021.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations, or the state of the affairs of the Company, in subsequent financial years.

25. Impact of the Coronavirus (COVID-19) outbreak on the Company

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Fiji is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company has remained operational since this declaration and continues to engage in its principal activities. We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

The Directors are carefully considering the impact of the COVID-19 outbreak on the Company, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company cannot control.

The Directors believe the Company has sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

26. Principal activities

The principal activities of the company in the course of the year were the manufacturing and distribution of paints and paint related products. There was no significant change in the nature of this activity during the financial year.

27. Company details

(a) Company Incorporation

The company was incorporated in Fiji under the Companies Act, 1983.

(b) Company Operations

The company's operations is located at 7-9-11 Ruve Place, Tavakubu, Lautoka, Fiji

(c) Number of Employees

As at reporting date, the holding company employed a total of 83 employees (2020: 84).

Disclaimer on Additional Financial Information

for the year ended 31 march 2021

The additional financial information, being the attached detailed Income Statement has been compiled by the management of Asian Paints (South Pacific) Pte Limited.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Asian Paints (South Pacific) Pte Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

Detailed Income Statement

for the year ended 31 march 2021

	2021 FJ($)	2020 FJ($)
Gross sales	30,304,181	31,269,003
Less: Discounts and rebates (trade and other discounts)	(3,900,138)	(4,190,376)
Less: Consumer / dealers (gifts, promotions, trips etc.)	(380,061)	(247,895)
Net sales	**26,023,982**	**26,830,732**
Less: Cost of materials consumed	12,986,722	14,604,876
Gross margin	**13,037,260**	**12,225,856**
Gross margin %	50%	46%
Expenses		
Depreciation and amortization	896,973	989,000
Employee remuneration and benefits	3,158,051	3,612,474
Manufacturing, selling, distribution, administration and financial expenses	3,284,604	4,059,831
Total expenses	**7,339,628**	**8,661,305**
Other income		
Realised foreign exchange gain	177,190	69,353
Unrealised foreign exchange gain	90,248	277,701
Interest income	271,858	238,067
Other income	44,208	51,854
	583,504	**636,975**
Operating profit before income tax expense	**6,281,136**	**4,201,526**

	2021 FJ($)	2020 FJ($)
Expenses		
Audit fees	14,000	14,000
Advertising and promotion	394,217	991,266
Bad and doubtful debts recovered	(116,565)	(87,897)
Bank charges	14,291	14,234
Depreciation	896,973	989,000
Education expenses	105,575	142,648
Entertainment	10,700	18,185
Freight	978,924	832,314
Interest on lease liabilities	120,349	135,488
General expenses	262,233	284,426
OHS expenses	104,095	133,296
Insurance	160,764	181,647
Legal and professional expenses	39,307	85,936
Light and power	86,658	78,474
Loss on disposal of property, plant and equipment	309	35,135
Medical expenses	29,321	25,259
Printing and stationery	45,214	63,083
Relocation and furlough regional expenses	71,355	56,054
Lease expenses - vehicle and housing	115,316	118,327
Rent - factory and office	10,111	28,556
Repairs and maintenance	2,66,411	233,250
Regional expenses	(101,700)	(124,791)
Research and development	13,106	22,450
Royalty fees	583,245	558,033
Association fees	67,569	60,759
Salaries and wages	2,347,378	2,425,328
Employee benefits	114,869	142,186
Fringe Benefit Tax	29,840	151,718
Manpower service - fee / charges	150,643	207,670
Security services	154,957	168,669
Staff superannuation	71,073	140,062
Systems expense	181,703	205,524
TPAF levy	10,314	65,456
Telephone, fax and internet	53,812	84,403
Traveling expenses and accommodation	44,023	173,947
Water	966	2,740
Work permits and visa expenses	8,272	4,470
	7,339,628	8,661,305

ASIAN PAINTS (S.I) LIMITED

Contents

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Asian Paints (S.I) Limited ("the Company") as at 31 March 2021, the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and report as follows:

Directors

The following were Directors of the company during the financial year and at the date of this report:

- Paranthaman AK
- Francis Kelesi
- Tom Thomas (resigned on 26 May, 2020)
- Amit Kumar Baveja (appointed on 26 May, 2020)

Principal activities

The principal activities of the Company in the course of the year were the distribution of paints and paint related products and there has been no significant change in these activities during the year.

Results

The operating profit for the Company for the year was SBD 4,975,842 (2020: SBD 3,535,675) after an income tax expense of SBD 3,222 (2020: income tax benefit of SBD 398,846).

Dividends

The Directors recommended that dividends of SBD 8,723,000 be declared and paid for the year (2020: SBD 4,950,000).

Reserves

The Directors recommended that no transfer be made to reserve within the meaning of the Companies Act (CAP 175) of Solomon Islands.

Bad and doubtful debts

Prior to the completion of the Company's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of the Directors, adequate provision has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts or the provision for doubtful debts in the company inadequate to any substantial extent.

Non current assets

Prior to the completion of the financial statements of the Company, the Directors took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the Company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to non current assets in the Company's financial statements misleading.

Unusual transactions

Apart from these matters and other matters specifically referred to in financial statements, in the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company in the current financial year, other than those reflected in the financial statements.

Basis of accounting

The Directors believe that the basis of the preparation of the financial statements is appropriate and the Company will be able to continue its operation for at least twelve months from the date of this statement. Accordingly, the Directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

Events subsequent to balance date

No matters or circumstances have arise since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Impact of the Coronavirus (COVID-19) outbreak on the Company

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Solomon Island is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company has remained operational since this declaration and continues to engage in its principal activities. We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

Directors and management are carefully considering the impact of the COVID-19 outbreak on the Company, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company cannot control.

Directors and management believe the Company have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Other circumstances

As at the date of this report :

i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;

ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and

iii) no contingent liabilities or other liabilities of the Company has become or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

Director's benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related company) by reason of a contract made by the Company or by a related company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 21st April, 2021.

Paranthaman AK	Amit baveja
Director	Director

Directors' Statement

In accordance with a resolution of the Board of Directors of Asian Paints (S.I) Limited, we state that in the opinion of the Directors:

i) the accompanying statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 March 2021;

ii) the accompanying statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 March 2021;

iii) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2021;

iv) the accompanying statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 March 2021; and

v) at the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 21st April, 2021.

Paranthaman AK	Amit baveja
Director	Director

Independent Auditor's Report

To the Shareholders of Asian Paints (S.I) Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian Paints (S.I) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Solomon Islands and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Director's report but does not include the financial statements and the 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon 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.

Responsibilities of the management and those charged with governance for the Financial Statements

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's and the Director'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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charge 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 the those charge 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

In our opinion, the financial statements have been prepared in accordance with the requirements of the Solomon Island Companies Act (CAP 175) in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Shaneel Nandan
Partner
Nadi, Fiji
21nd April, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	2021 SBD	2020 SBD
Assets			
Non-current assets			
Property, plant and equipment	5	548,902	635,650
Intangible assets	6	1,480	1,868
Deferred income tax asset	3(c)	838,981	871,310
Loan receivable from related company	11	-	7,751,550
		1,389,363	**9,260,378**
Current assets			
Cash and cash equivalents	7	2,895,442	2,963,570
Trade receivables	8	1,656,407	2,241,323
Inventories	9	3,104,256	1,842,655
Prepayments and other assets	10	70,253	107,207
Income tax receivable	3(e)	-	34,016
		7,726,358	**7,188,771**
Total assets		**9,115,721**	**16,449,149**
Equity and liabilities			
Equity attributable to equity holders			
Share capital	12	630,000	630,000
Retained earnings		6,389,664	10,136,822
Total equity		**7,019,664**	**10,766,822**
Non-current liability			
Deferred income tax liability	3(d)	71,551	143,747
Current liabilities			
Trade and other payables	13	2,002,846	2,707,958
Dividend payable	14	-	2,812,500
Employee benefit liability	15	21,660	18,122
		2,024,506	**5,538,580**
Total liabilities		**2,096,057**	**5,682,327**
Total equity and liabilities		**9,115,721**	**16,449,149**

For and on behalf of the Board and in accordance with a resolution of the Directors.

Paranthaman AK
Director

Amit baveja
Director

The accompanying notes form an integral part of this statement of financial position.

Statement of Profit and Loss
for the year ended 31 March, 2021

	Notes	2021 SBD	2020 SBD
Revenue from contracts with customers	2.1	14,029,940	13,693,045
Other operating income	2.2	-	193,234
		14,029,940	**13,886,279**
Cost and expenses			
Cost of goods sold		(6,597,592)	(6,289,015)
Operating expenses	2.3	(2,023,298)	(2,097,636)
Salaries and employee benefits	2.4	(703,519)	(751,268)
Impairment reversal/(losses) on trade receivables		328,465	(1,689,257)
Depreciation and amortisation	2.5	(94,453)	(91,565)
		(9,090,397)	**(10,918,741)**
Operating profit		4,939,543	2,967,538
Finance income	2.6	39,521	169,291
Profit before income tax		4,979,064	**3,136,829**
Income tax (expense)/benefit	3(a)	(3,222)	398,846
Profit for the year		**4,975,842**	**3,535,675**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**4,975,842**	**3,535,675**

The accompanying notes form an integral part of this statement of profit or loss and other comprehensive income.

Statement of Changes in Equity

as on 31 March, 2021

	Notes	2021 SBD	2020 SBD
Issued capital			
Balance at the beginning of the year		630,000	630,000
Balance at the end of the year	12	**630,000**	**630,000**
Retained earnings			
Balance at the beginning of the year		10,136,822	11,551,147
Net profit for the year		4,975,842	3,535,675
		15,112,664	**15,086,822**
Dividends paid/proposed	4	(8,723,000)	(4,950,000)
Balance at the end of the year		6,389,664	10,136,822
Total equity and shares		**7,019,664**	**10,766,822**

The accompanying notes form an integral part of this statement of changes in equity.

Statement of Cash Flows

for the year ended 31 March, 2021

	Notes	2021 SBD	2020 SBD
Operating activities			
Net profit before tax		4,979,064	3,136,829
Adjustment to reconcile profit before tax to net cash flows:			
Amortisation of intangible asset		388	483
Depreciation and impairment of property, plant and equipment		94,065	91,082
Movements in provision for doubtful debts		(328,465)	1,689,257
Movements in provision for employee entitlements		3,538	7,831
Gain on disposal of property, plant and equipment		-	(27,720)
Working capital adjustments:			
Decrease in trade receivables		913,381	2,043,265
(Decrease)/increase in inventories		(1,261,601)	1,871,638
Decrease/(increase) in prepayments and other assets		36,954	(170,444)
Decrease in trade and other payables		(705,111)	(1,891,138)
Decrease in loan receivable from related company		7,751,550	-
Income tax paid		(9,074)	(27,480)
Net cash flows from operating activities		**11,474,689**	**6,723,603**
Investing activities			
Acquisition of property, plant and equipment		(7,317)	(175,753)
Proceeds on disposal of plant and equipment		-	28,695
Net cash flows (used in) investing activities		**(7,317)**	**(147,058)**
Financing activities			
Dividends paid		(11,535,500)	(4,237,500)
Net cash flows (used in) financing activities		**(11,535,500)**	**(4,237,500)**
Net (decrease)/increase in cash held		(68,128)	2,339,045
Cash and cash equivalents at the beginning of the year		2,963,570	624,525
Cash and cash equivalents at end of year	7	**2,895,442**	**2,963,570**

The accompanying notes form an integral part of this statement of cash flows.

Notes To The Financial Statements
for the year ended 31 March, 2021

1.0 Corporate information

The financial statements of the Asian Paints (S.I) Limited ("the Company") for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 24 April, 2021. Asian Paints (S.I) Limited ("the Company") is a limited company incorporated and domiciled in the Solomon Islands.

The principal activities of the company are described in Note 23.

1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings classified as property, plant and equipment, derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The financial statements are presented in Solomon dollars, except when otherwise indicated.

Statement of compliance

The financial statements of Asian Paints (S.I) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

1.2 Summary of significant accounting policies

a) Foreign currencies

The company's financial statements are presented in Solomon Dollars, which is the company's functional currency. That is the currency of the primary economic environment in which Asian Paints (S.I) Limited operates. Transactions in foreign currencies are initially recorded by the company's entities at their respective functional currency spot rates 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. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the company's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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 measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is 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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sales revenue represents revenue earned from the sale of the Company's products and is stated net of returns, trade allowances and Goods and Service Tax (GST).

<u>Dividends</u>

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

c) **Taxes**

Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

  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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Goods and Service Tax (GST)

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- When receivables and payables are stated with the amount of sales tax included.

The net amount of Goods and Services Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

d) Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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. 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 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	5%
Plant and equipment	5% - 25%
Motor vehicles	25%
Furniture and fittings	25%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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.

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.

e) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, 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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company applies the provision of low-value assets and doesn't recognises lease liabilities. No initial upfront payment made on lease commencement hence no right-of-use assets recognised.

Leases of low-value assets

The company applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

f) Borrowing costs

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

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of intangible asset Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

h) Financial instruments

(i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how Directors of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the entity's business model.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets

The Company classified its financial assets as loans and receivable.

Financial assets: Subsequent measurement and gains and loss

Loans and receivables - measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets in these cases the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Inventories

Inventories are stated at the lower of cost (weighted average method) and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost; and

Finished goods and work in progress - cost of direct materials and labour and an appropriate portion of fixed and variable overheads but excluding borrowing costs.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

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

j) Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company

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considers this to be Ba3 or a higher rating per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

k) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

l) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

m) Employee entitlements

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

n) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of Consumption Tax where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the company. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial period.

o) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current period.

p) Dividend payable

Dividends are recorded in the Company's financial statements in the period in which the directors approve them.

1.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the entity will not be affected by these amendments on the date of transition.

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the company's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Revenue and expenses

		2021 SBD	2020 SBD
2.1	**Revenue from contracts with customer**		
	Sales	**1,40,29,940**	**1,36,93,045**
2.2	**Other operating income**		
	Other income	-	27,722
	Net exchange gain	-	1,65,512
		-	**1,93,234**
2.3	**Operating expenses**		
	Included in other operating expenses are:		
	Auditors' remuneration	35,714	35,714
	Bank charges	7,957	8,269
	Royalties	3,79,766	3,69,993
	Other operating expenses	13,14,938	16,83,660
	Net exchange loss	2,84,923	-
		20,23,298	**20,97,636**
2.4	**Salaries and employee benefits**		
	Salaries and wages	3,76,316	4,17,168
	Superannuation contributions	26,903	31,033
	Staff costs	3,00,300	3,03,067
		7,03,519	**7,51,268**
2.5	**Depreciation and amortisation**		
	Depreciation and impairment	94,065	91,082
	Amortisation of intangible assets	388	483
		94,453	**91,565**
2.6	**Finance income**		
	Interest income - Asian Paints International Private Limited	**39,521**	**1,69,291**

3. Income tax

The major components of income tax expense/(benefit) for the years ended 31 March 2021 and 31 March 2020 are:

a) A reconciliation between tax expense/(benefit) and the product of accounting profit multiplied by the tax rate for the years ended 31 March 2021 and 31 March 2020 is as follows:

	2021 SBD	2020 SBD
Accounting profit before income tax	49,79,064	31,36,829
At the rate of 30%	14,93,719	9,41,049
Tax effect of non deductible expenses	(26,16,900)	(14,85,000)
Under provision in prior years	35,072	1,45,105
Withholding tax not recoverable	43,090	-
Tax losses not recognised	10,48,241	-
Income tax expense/(benefit) attributable to operating profit	**3,222**	**(3,98,846)**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

b) Current income tax:

	2021 SBD	2020 SBD
Current income tax charge	-	-
Adjustments in respect of prior year	35,072	1,45,105
Origination and reversal of temporary differences	(31,850)	(5,43,951)
Income tax expense/(benefit) attributable to operating profit	**3,222**	**(3,98,846)**

c) Deferred income tax at 31 March 2021 and 31 March 2020 relates to the following:

	2021 SBD	2020 SBD
Deferred income tax assets		
Provision for doubtful debts	7,35,597	8,34,136
Provision for employee entitlements	6,498	2,437
Tax losses	-	34,737
Unrealised exchange loss	96,886	-
Net deferred income tax assets	**8,38,981**	**8,71,310**

d) Deferred income tax liability

	2021 SBD	2020 SBD
Accelerated depreciation for tax purposes	(71,551)	(77,836)
Unrealised exchange gain	-	(65,911)
Net deferred income tax liability	**(71,551)**	**(1,43,747)**

	2021 SBD	2020 SBD
Represented on the balance sheet as follows:		
Deferred income tax asset	8,38,981	8,71,310
Deferred income tax liability	(71,551)	(1,43,747)
	7,67,430	**7,27,563**

e) Income tax receivable

	2021 SBD	2020 SBD
Opening balance	(34,016)	1,73,075
Withholding tax deducted at source	(9,074)	(27,481)
Paid during the year	-	(1,79,610)
Withholding tax not recoverable	43,090	-
Balance at end of the year	**-**	**(34,016)**

4. Dividends declared

	2021 SBD	2020 SBD
Declared during the year	87,23,000	49,50,000

5. Property, plant and equipment

	Buildings	Plant & equipment	Motor vehicles	Furniture & Fittings	Total
	SBD	SBD	SBD	SBD	SBD
Cost					
At 31 March 2019	450,691	520,802	425,496	173,827	1,570,816
Additions	-	-	159,000	16,753	175,753
Disposals	-	-	(100,496)	-	(100,496)
At 31 March 2020	450,691	520,802	484,000	190,580	1,646,073
Additions	-	6,817	500	-	7,317
At 31 March 2021	450,691	527,619	484,500	190,580	1,653,390
Depreciation and impairment					
At 31 March 2019	281,615	431,920	191,553	113,774	1,018,862
Depreciation charge	8,491	7,386	55,010	20,195	91,082
Disposals	-	-	(99,521)	-	(99,521)
At 31 March 2020	290,106	439,306	147,042	133,969	1,010,423
Depreciation charge	8,171	20,920	61,934	3,040	94,065
At 31 March 2021	298,277	460,226	208,976	137,009	1,104,488
Net book value:					
At 31 March 2021	152,414	67,393	275,524	53,571	548,902
At 31 March 2020	160,585	81,496	336,958	56,611	635,650

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

6. Intangible assets

	2021 SBD	2020 SBD
Software costs	103,291	103,291
Amortisation and impairment:		
Opening balance	101,423	100,940
Amortisation	388	483
Closing balance	101,811	101,423
Net book value:	**1,480**	**1,868**

7. Cash and cash equivalents

	2021 SBD	2020 SBD
Cash and cash equivalents	2,895,442	2,963,570

8. Trade receivables

	2021 SBD	2020 SBD
Trade receivables	4,108,395	5,021,776
Less provisions for impairment of receivables	(2,451,988)	(2,780,453)
	1,656,407	**2,241,323**

Trade receivables are non-interest bearing and are generally on 45-60 day terms. At 31 March 2021, trade receivables at nominal value of SBD 2,451,988 (2020: SBD 2,780,453) were impaired and fully provided for. Movements in provision for impairment of receivables were as follows:

	2021 SBD	2020 SBD
Opening balance	2,780,453	1,091,196
Charge for the year	(328,465)	1,689,257
Closing balance	**2,451,988**	**2,780,453**

At 31 March, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			31 - 90 days	91 - 180 days	> 90 days
2021	1,656,407	908,996	434,267	29,346	283,798
2020	2,241,323	993,019	328,058	135,656	784,590

9. Inventories

	2021 SBD	2020 SBD
Finished goods	3,103,038	1,815,552
Raw materials, production, accessories, stores and spares	1,218	27,103
Total inventories at the lower of cost and net realisable value	**3,104,256**	**1,842,655**

10. Prepayments and other assets

	2021 SBD	2020 SBD
Deposits receivable	14,000	14,000
Prepayments	56,253	87,303
Other receivables	-	5,904
	70,253	**1,07,207**

11. Loan receivable from related company

	2021 SBD	2020 SBD
Asian Paints International Private Limited	-	77,25,248
Interest accrued on above loan [refer note 17(b)]	-	26,302
	-	**77,51,550**

12. Share capital

	2021 SBD	2020 SBD
Authorised		
2,000,000 ordinary shares of SBD 1 each	2,000,000	2,000,000
Ordinary shares issued and fully paid		
630,000 ordinary shares of SBD 1 each	**630,000**	**630,000**

13. Trade and other payables

	2021 SBD	2020 SBD
Trade payables	9,513	19,947
Related party payables [refer note 17(b)]	1,749,039	2,381,892
Other payables	244,294	306,119
	2,002,846	**2,707,958**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.

Notes to the Financial Statements (Contd.)
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14. Dividend payable

	2021 SBD	2020 SBD
Opening balance	2,812,500	2,100,000
Arising during the year	8,723,000	4,950,000
Paid during the year	(11,535,500)	(4,237,500)
Balance at end of the year	**-**	**2,812,500**

15. Employee benefit liability

	2021 SBD	2020 SBD
Opening balance	18,122	10,291
Arising during the year	3,538	7,831
Balance at end of the year	**21,660**	**18,122**

16. Commitments and contingencies

Operating lease commitments - Company as lessee

	2021 SBD	2020 SBD
Future commitments in respect of operating lease are as follows:		
Within one year	7,819	7,819
After one year but not more than five years	26,479	26,479
More than five years	29,069	36,888
Minimum lease payment	**63,367**	**71,186**

Contingent liabilities

Contingent liabilities as at 31 March 2021 are SBD nil (2020: SBD nil).

Capital commitments

Capital commitments as at 31 March 2021 are SBD nil (2020: SBD nil).

17. Related party disclosures

(a) Directors

The following were directors of the company during the financial year and at the date of this report:

- Paranthaman AK
- Francis Kelesi
- Tom Thomas (resigned on 26 May 2020)
- Amit Kumar Baveja (appointed on 26 May 2020)

b) Transactions with related parties

During the year the Company entered into transactions with related parties in the ordinary course of business under normal commercial terms. Significant transactions during the year are as follows:

		2021 SBD	2020 SBD
	Royalties		
	Asian Paints Limited	**379,766**	**369,993**
	Technical fee		
	Asian Paints (South Pacific) Pte Limited, Fiji	**280,918**	**252,367**
	Finance income		
	Asian Paints International Private Limited, Singapore	**39,521**	**169,291**
	Sales to related parties		
	Asian Paints (South Pacific) Limited, Fiji	2,675	-
	LKP Hardware	21,231	741,399
		23,906	**741,399**
	Intra group purchases		
	Asian Paints (South Pacific) Pte Limited, Fiji	7,596,669	4,383,731
	Amount owing to related parties		
	Asian Paints (South Pacific) Pte Limited	1,664,072	2,299,066
	Asian Paints International Private Limited	-	2,882
	Asian Paints Limited	84,967	79,944
		1,749,039	**2,381,892**
	Due from related parties (others)		
	Asian Paints International Private Limited, Singapore	-	26,302
	Due from related parties (trade)		
	LKP Hardware	-	356,251
c)	**Key management personnel**		
	Short-term employee benefits	489,219	509,142

18. Financial risk management objectives and policies

Principal financial liabilities comprise trade payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the company's financial statements are market risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency risk

The company has foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Normal currency trading activities foreign exchange risk are not hedged or subject to foreign currency forward exchange contracts.

The following table demonstrates the sensitivity to a reasonably possible change in USD rates, with all other variables held constant, of the company's profit before tax.

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for the year ended 31 March, 2021

	Increase/ decrease in USD rate	Effect on profit before tax
2021	+10%	151,284
	-10%	(184,903)
2020	+10%	493,465
	-10%	(603,124)

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates primarily to the company's bank overdraft facility which has not yet been utilised. All other financial assets or liabilities are non-interest bearing.

Credit risk

It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the company.

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Year ended 31 March 2021	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	SBD	SBD	SBD	SBD	SBD
Trade and other payable	-	2,002,846	-	-	2,002,846
	-	2,002,846	-	-	2,002,846

Year ended 31 March 2020	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	SBD	SBD	SBD	SBD	SBD
Trade and other payable	-	2,707,958	-	-	2,707,958
	-	2,707,958	-	-	2,707,958

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the years 31 March 2021 and 31 March 2020.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, trade and other payables less cash and cash equivalents. Capital includes equity attributable to equity holders.

	2021 SBD	2020 SBD
Trade and other payables	2,002,846	2,707,958
Less cash and short term deposits	**(2,895,442)**	**(2,963,570)**
Net debt	(892,596)	(255,612)
Equity	7,019,664	10,766,822
Total capital	7,019,664	10,766,822
Capital and net debt	**6,127,068**	**10,511,210**
Gearing ratio	-15%	-2%

19. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the company's financial instrument that are carried on the financial statements.

	Carrying amount		Fair value	
	2021 SBD	2020 SBD	2020 SBD	2019 SBD
Financial assets				
Cash and cash equivalents	2,895,442	2,963,570	2,895,442	2,963,570
Trade receivables	1,656,407	2,241,323	1,656,407	2,241,323
Prepayments and other assets	70,253	107,207	70,253	107,207
Loan receivable from related party	-	7,751,550	-	7,751,550
	4,622,102	13,063,650	4,622,102	13,063,650
Financial liabilities				
Trade and other payables	2,002,846	2,707,958	2,002,846	2,707,958

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets have been calculated using market interest rates.

20. Events subsequent to balance date

No matters or circumstances have arise since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

21. Impact of the Coronavirus (COVID-19) outbreak on the Company

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Solomon Island is also feeling the impact with business disruption and levels of activity already reducing in

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several market sectors.

The Company has remained operational since this declaration and continues to engage in its principal activities. We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

Directors and management are carefully considering the impact of the COVID-19 outbreak on the Company, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company cannot control.

Directors and management believe the Company have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

22. Segment information

Industry segment

The company operates predominantly in distribution of paints and paints related items.

Geographical segment

The company operates in Solomon Islands and is therefore one geographical area for reporting purposes.

23. Principal activities

The principal activities of the company in the course of the year were the sale and distribution of paints and paint related products and there has been no significant change in these activities during the year.

24. Company details

Registered Office
Asian Paints (S.I) Limited
c/- Morris & Sojocki Chartered Accountants
1st Floor, City Centre Building
Honiara
Solomon Islands

Number of Employees
As at balance date, the company employed a total of 6 (2020: 6 employees).

ASIAN PAINTS (TONGA) LIMITED

Contents

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Asian Paints (Tonga) Limited ("the Company") as at 10th December 2020, the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and report as follows:

Directors

The names of the Directors in office at the date of this report are:

- Tom Thomas (resigned on 25 May 2020)
- Paranthaman AK
- Amit Kumar Baveja (appointed on 25 May 2020)

Principal activities

The principal activities of the company in the course of the period were sales and distribution of paints and paint related products. Due to future economic outlook, the Directors have resolved to cease trading on 10 December 2020.

Results

The operating loss for the Company for the period was TOP 62,439 (2020: operating profit of TOP 42,795) after an income tax expense of TOP nil (2020: TOP 2,750).

Dividends

The Directors declared dividends amounting to TOP 830,000 (2020: TOP nil) for the period.

Reserves

The Directors recommended that no transfer be made to reserve within the meaning of the Tongan Companies Act 1995.

Bad and doubtful debts

Prior to the completion of the Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of Directors, adequate provision has been made for doubtful debts.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written for bad debts or the provision for doubtful debts in the company inadequate to any substantial extent.

Non current assets

Prior to the completion of the financial statements of the Company, the Directors took reasonable steps to ascertain whether any previously classified non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the Company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to previously classified non current assets in the Company's financial statements misleading.

Going concern

The financial statements have been prepared on a cessation basis. This basis differs from the normal convention in that financial statements are usually prepared on the basis that the company will carry on business as a going concern. Under the cessation basis, the financial statements may include adjustments to the net book value of assets, reducing them to the amounts expected to be realised, together with additional provisions and liabilities which will arise as a result of the company ceasing to trade.

The company closed its business on 10 December 2020 given performance of this unit was below expectation. Consequently, the company's statement of financial position, which have been prepared on a cessation basis has been presented on a liquidity basis as opposed to current and non-current presentation of assets and liabilities.

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance date

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

Other circumstances

As at the date of this report :

(i) No charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) No contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and

(iii) No contingent liabilities or other liabilities of the Company has become or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

Director's benefits

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dated this 5th January, 2021.

Paranthaman AK Director	Amit Kumar Baveja Director

Directors' Statement

In accordance with a resolution of the Board of Directors of Asian Paints (Tonga) Limited, we state that in the opinion of the Directors:

(i) The accompanying statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the period ended 10 December 2020;

(ii) The accompanying statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the Company for the period ended 10 December 2020;

(iii) The accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 10 December 2020;

(iv) The accompanying cash flow statement of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the period ended 10 December 2020;

(v) At the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due; and

(vi) All related party transactions have been adequately recorded in the books of the Company.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dated this 5th January, 2021.

Paranthaman AK	Amit Kumar Baveja
Director	Director

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Asian Paints (Tonga) Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian Paints (Tonga) Limited ("the Company"), which comprise the statement of financial position as at 10 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 10 December 2020, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The financial statements have been prepared on a cessation basis as described in Note 1.1 given the closure of business on 10 December 2020. This basis differs from the normal convention in that financial statements are usually prepared on the basis that the company will carry on business as a going concern. Under the cessation basis, the financial statements may include adjustments to the net book value of assets, reducing them to the amounts expected to be realised, together with additional provisions and liabilities which will arise as a result of the company ceasing to trade. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report but does not include the financial statements and the 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon 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.

Responsibilities of those charged with governance and management for the Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act 1995, and for such internal control as the Directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's and the Director'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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 1995 in all material respects, and;

a) We have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) The Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering,
Partner

Suva, Fiji
5th January, 2021

Statement of Financial Position
as on 10 December 2020

	Notes	10-Dec-20 TOP	31-Mar-20 TOP
Assets			
Cash and short term deposits	10	-	466,681
Trade receivables	8	-	454,479
Prepayments and other receivables	9	-	3,417
Inventories	7	-	228,935
Intangible assets	6	-	1
Property, plant and equipment	5	-	29,607
Total assets		-	**1,183,120**
Liabilities			
Trade and other payables	12	-	170,681
Net assets		-	1,012,439
Equity attributable to equity holders			
Issued capital	11	-	120,000
Retained earnings		-	892,439
Total equity		**-**	**1,012,439**

For and on behalf of the Board and in accordance with a resolution of the Directors.

Paranthaman AK
Director

Amit Kumar Baveja
Director

The accompanying notes form an integral part of this stateme nt of financial position.

Statement of Profit and Loss
for the period 1 April 2020 to 10 December 2020

	Notes	10-Dec-20 (9 Months) TOP	31-Mar-20 (12 Months) TOP
Revenue			
Operating revenue	2(a)	230,489	1,547,776
Other operating income	2(b)	34,702	8,717
		265,191	**1,556,493**
Cost and expenses			
Cost of sales		(233,266)	(1,149,538)
Depreciation and amortisation		(2,305)	(15,741)
Impairment reversal on trade receivables		94,084	57,257
Impairment loss on property, plant and equipment		-	(4,432)
Salaries and employee benefits	2(c)	(67,632)	(131,000)
Operating expenses	2(d)	(118,511)	(267,494)
		(327,630)	**(1,510,948)**
(Loss)/profit before income tax		(62,439)	45,545
Income tax expense	4	-	(2,750)
(Loss)/profit for the period		**(62,439)**	**42,795**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period, net of tax		**(62,439)**	**42,795**

The accompanying notes form an integral part of this statement of profit or loss and other comprehensive income.

Statement of Changes in Equity

for the period ended 10 December 2020

	Notes	10-Dec-20 (9 Months) TOP	31-Mar-20 (12 Months) TOP
Retained earnings			
Balance at the beginning of the period		892,439	849,644
Net (loss)/profit for the period		(62,439)	42,795
		830,000	**892,439**
Dividend paid/proposed	3	(830,000)	-
Balance at the end of the period		**-**	**892,439**
Issued capital			
Balance at the beginning of the period	11	120,000	120,000
Repatriation of ordinary shares		(120,000)	-
Balance at the end of the period		**-**	**120,000**
Total equity and shares		**-**	**1,012,439**

The accompanying notes form an integral part of this statement of changes in equity.

Statement of Cash Flows

for the period ended 10 December 2020

	Notes	10-Dec-20 (9 Months) TOP	31-Mar-20 (12 Months)
Cash flows from Operating Activities			
Operating (loss)/profit before income tax		(62,439)	45,545
Adjustment to reconcile (loss)/profit before tax to net cash flows			
Depreciation and amortisation		2,305	15,741
Impairment (reversal)/loss		(4,270)	4,432
Gain on disposal of assets		(7,558)	-
Unrealised exchange gain		-	(5,492)
Working capital adjustments:			
Decrease in trade receivables		454,479	115,652
Decrease in prepayments and other receivables		3,417	233,952
Decrease in inventories		228,935	475,798
Decrease in loan receivable from related company		-	12,912
(Decrease) in trade and other payables		(170,680)	(688,268)
Income tax paid		-	(335)
Net cash flows from operating activities		**444,189**	**209,937**
Cash flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		39,130	-
Net cash flows from investing activities		**39,130**	**-**
Cash flows used in Financing Activities			
Dividends paid		(830,000)	-
Repatriation of ordinary shares		(120,000)	-
Net cash flows (used in) financing activities		**(950,000)**	**-**
Net (decrease)/increase in cash and cash equivalents		(466,681)	209,937
Cash and cash equivalents at beginning of period		466,681	256,744
Cash and cash equivalents at end of period	10	**-**	**466,681**

The accompanying notes form an integral part of this statement of cash flows.

Notes To The Financial Statements

for the period ended 10 December 2020

1.0 Corporate information

The financial statements of Asian Paints (Tonga) Limited for the period ended 10 December 2020 were authorised for issue in accordance with a resolution of the Directors on 5th January 2021. Asian Paints (Tonga) Limited is a limited liability company incorporated and domiciled in Tonga.

The principal activities of the company are described in Note 19.

1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a cessation basis. The financial statements are presented in Tongan Pa'anga (TOP) and all values are rounded to the nearest TOP except when otherwise indicated.

Statement of compliance

The financial statements of Asian Paints (Tonga) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

Going concern

The financial statements have been prepared on a cessation basis. This basis differs from the normal convention in that financial statements are usually prepared on the basis that the company will carry on business as a going concern. Under the cessation basis, the financial statements may include adjustments to the net book value of assets, reducing them to the amounts expected to be realised, together with additional provisions and liabilities which will arise as a result of the company ceasing to trade.

The company closed its business on 10 December 2020 given performance of this unit was below expectation. Consequently, the company's statement of financial position, which have been prepared on a cessation basis has been presented on a liquidity basis as opposed to current and non-current presentation of assets and liabilities.

1.2 Summary of significant accounting policies

a) Foreign currencies

The financial statements are presented in Tongan Pa'anga, which is also the company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date of 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. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the company's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on 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 or profit or loss, respectively).

Any goodwill arising on acquisition of foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Notes to the Financial Statements (Contd.)

for the period ended 10 December 2020

b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sales revenue represents revenue earned from the sale of the Company's products and is stated net of returns, trade allowances and Consumption Tax.

c) Income tax

Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in income statement. Management periodically evaluates positions taken in the tax returns to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of any unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 reassessed 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 assets and liabilities are measured at tax rates that are expected to apply in the year when the 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 income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised on correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

d) Consumption Tax (CT)

Revenues, expenses and assets are recognised net of the amount of Consumption Tax except:

- Where the Consumption Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of Consumption Tax included.

The net amount of Consumption Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

e) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciation them accordingly. 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 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.

Depreciation is calculated on a straight-line basis over the useful lives of the assets as follows:

Buildings	nil
Plant and machinery	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 33%

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

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.

f) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Financial Statements (Contd.)

for the period ended 10 December 2020

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company applies the provision of short-term leases and doesn't recognises lease liabilities.

Short-term leases

The company applies the short-term lease recognition exemption to its short-term lease of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payment on short-term lease is recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changed in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement in the expense category consistent with the function of intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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

h) Financial instruments

(i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement

On initial recognition, a financial asset is classified as measured at amortised cost, FVTOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How Directors of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the entity's business model.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as

Notes to the Financial Statements (Contd.)
for the period ended 10 December 2020

consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets

The Company classified its financial assets as loans and receivable.

Financial assets: Subsequent measurement and gains and loss

Loans and receivables - measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets in these cases the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost; and

Finished goods and work in progress - cost of direct materials and labour and an appropriate portion of fixed and variable overheads but excluding borrowing costs.

Costs have been assigned to inventory quantities on hand at balance date using a weighted average basis.

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

j) Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- The financial asset is more than 90 days past due.

Notes to the Financial Statements (Contd.)

for the period ended 10 December 2020

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Ba3 or a higher rating per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

k) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of statement of cash flows, cash and cash equivalents consist of cash at bank, short-term deposits, held to maturity investments and deposits held at call as defined above, net of outstanding bank overdrafts.

l) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

m) Employee entitlements

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at reporting date on the basis of statutory and contractual requirements.

n) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of Value Added Tax where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the company. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

o) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current period.

p) Dividends

Dividends are recorded in the company's financial statements in the period in which the Directors approve them.

1.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Notes to the Financial Statements (Contd.)
for the period ended 10 December 2020

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the company's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Judgements

Determining the lease term of contracts with renewal and termination options – company as lessee

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company has a lease contract that include extension and termination options. The company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

2. Revenue and expenses

		10-Dec-20 (9 Months) TOP	31-Mar-20 (12 Months) TOP
(a)	**Operating revenue**		
	Sales	**230,489**	**1,547,776**
(b)	**Other operating income**		
	Unrealised exchange (loss)/gain	(1,491)	5,492
	Interest received - third party	1,433	725
	Gain on disposal of assets	7,558	-
	Sundry income	27,202	2,500
		34,702	**8,717**
(c)	**Salaries and employee benefits**		
	Salaries	62,155	122,724
	Superannuation expenses	5,477	8,276
		67,632	**131,000**
(d)	**Operating expenses**		
	Auditors remuneration	3,097	9,000
	Realised exchange loss	1,942	9,714
	Other operating expenses	113,472	248,780
		118,511	**267,494**

3. Dividends paid and proposed

	10-Dec-20 (9 Months) TOP	31-Mar-20 (12 Months) TOP
Dividends	8,30,000	**-**

4. Income tax

The major components of income tax for the period ended 10 December 2020 and 31 March 2020 are:

(a) A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the tax rate for the period ended 10 December 2020 and 31 March 2020 is as follows:

	10-Dec-20 TOP	31-Mar-20 TOP
Accounting (loss)/profit before income tax	(62,439)	45,545
At the Tongan rate of 25%	(15,610)	11,386
Under-provision in prior year	-	2,750
Tax losses not recognised/(utilised) in the account	15,610	(14,626)
Deferred tax asset not recognised in the account	-	3,240
Income tax attributable to operating (loss)/profit	**-**	**2,750**

Notes to the Financial Statements (Contd.)
for the period ended 10 December 2020

(b) Current income tax:

	10-Dec-20 TOP	31-Mar-20 TOP
Adjustments in respect of current year	-	2,750
Origination and reversal of temporary differences	-	-
Benefit attributable to future years	**-**	**2,750**

5. Property, plant and equipment

	Improvement and buildings	Plant and equipment, Furniture & Motor vehicle	Total
	TOP	TOP	TOP
Cost			
At 31 March 2019	29,754	150,663	1,80,417
Reclassification	(252)	1,011	759
Impairment loss	-	(4,432)	(4,432)
At 31 March 2020	29,502	147,242	1,76,744
Disposal	(29,502)	(147,242)	(1,76,744)
At 10 December 2020	**-**	**-**	**-**
Depreciation and impairment			
At 31 March 2019	28,742	102,654	1,31,396
Depreciation change for the year	760	14,981	15,741
At 31 March 2020	29,502	117,635	1,47,137
Depreciation change for the period	-	2,305	2,305
Disposal	(29,502)	(119,940)	(1,49,442)
At 10 December 2020	**-**	**-**	**-**
Net book value:			
At 10 December 2020	-	-	-
At 31 March 2020	**-**	**29,607**	**29,607**

6. Intangible assets

	10-Dec-20 TOP	31-Mar-20 TOP
Cost		
Opening balance	36,043	36,043
Disposal	(36,043)	-
Closing balance	**-**	**36,043**
Amortisation and impairment		
Opening balance	36,042	36,042
Disposal	(36,042)	-
Closing balance	**-**	**36,042**
Net book value	**-**	**1**

7. Inventories

	10-Dec-20 TOP	31-Mar-20 TOP
Packaging material	-	1,817
Finished goods	-	227,118
Total inventories at the lower of cost and net realisable value	**-**	**228,935**

8. Trade receivables

	10-Dec-20 TOP	31-Mar-20 TOP
Trade receivables	-	654,479
Less provisions for impairment of receivables	-	(200,000)
	-	**454,479**

Trade receivables are non interest bearing and are generally on 30-90 day terms. As at 10 December 2020, TOP Nil (2020: TOP 200,000) trade receivables were impaired for the Company and were fully provided for. Movements in provision for impairment of receivables were as follows:

	10-Dec-20 TOP	31-Mar-20 TOP
Opening balance	200,000	257,257
Utilised	(200,000)	(57,257)
Closing balance	**-**	**200,000**

Notes to the Financial Statements (Contd.)

for the period ended 10 December 2020

At 10 December, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			31 - 90 days	91 - 180 days	> 180 days
10-Dec-20	-	-	-	-	-
31-Mar-20	454,479	60,575	375,006	15,713	3,185

9. Prepayments and other receivables

	10-Dec-20 TOP	31-Mar-20 TOP
Deposits	-	1,500
Prepayments	-	1,881
Other receivables	-	36
		3,417

10. Cash and short term deposits

For the purpose of the statement of cash flows, cash comprises of cash at bank and on hand. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	10-Dec-20 TOP	31-Mar-20 TOP
Cash at banks	-	465,923
Cash on hand	-	758
	-	**466,681**

11. Share capital

	10-Dec-20 TOP	31-Mar-20 TOP
Authorised		
500,000 ordinary shares of TOP 1 each	500,000	500,000
Ordinary shares issued and fully paid		
120,000 ordinary shares of TOP 1 each	120,000	120,000
Repatriation of ordinary shares*	(120,000)	-
	-	**120,000**

Asian Paints International Private Limited took over the ordinary shares of the Company on 8th September, 2016 from Asian Paints (International) Limited.

* The Company ceased its operation on 10 December 2020 and equity was paid out to shareholders. The company still has 120,000 ordinary shares valued at TOP nil each which will be derecognised once the company has been de-registered with the Companies office.

12. Trade and other payables

		10-Dec-20 TOP	31-Mar-20 TOP
Trade payables		-	4,016
Owing to related parties	13(c)	-	89,465
Consumption tax payable		-	26,415
Accruals and liabilities		-	50,785
		-	**170,681**

Terms and conditions of the above financial liabilities are:

- Trade payables and accruals are on commercial terms and conditions and are payable within 60 - 90 days.

13. Related party disclosures

a) Directors

The following were Directors of the Company during the financial year and at the date of this report:

- Tom Thomas (resigned on 25 May 2020)
- Paranthaman AK
- Amit Kumar Baveja (appointed on 25 May 2020)

b) Transactions with related parties

During the year the Company entered into transactions with related parties in the ordinary course of business under normal commercial terms. Significant transactions during the year are as follows:

	10-Dec-20 TOP	31-Mar-20 TOP
Inter group purchases		
Asian Paints (South Pacific) Pte Limited, Fiji	-	576,800
Inter group sales		
Samoa Paints Limited	-	106,021
Asian Paints (South Pacific) Pte Limited, Fiji	1,388	-
	1,388	**106,021**
Royalties		
Asian Paints Limited	4,608	34,896
Regional expenses		
Asian Paints (South Pacific) Pte Limited, Fiji	37,703	27,535
Capital repatriation		
Asian Paints International Private Limited	120,000	-

Notes to the Financial Statements (Contd.)
for the period ended 10 December 2020

c) Amount owing to related parties (trade/non-trade)

	10-Dec-20 TOP	31-Mar-20 TOP
Asian Paints Limited	-	7,014
Asian Paints International Private Limited	-	827
Asian Paints (South Pacific) Pte Limited, Fiji	-	81,624
	-	**89,465**

d) Compensation of key management personnel

	10-Dec-20 TOP	31-Mar-20 TOP
Short-term employee benefits	67,152	90,551

14. Contingencies

a) Contingent liability

Contingent liability as at 10 December 2020 are $nil.

b) Contingent asset

Contingent asset as at 10 December 2020 are $nil.

15. Expenditure commitments

(a) Capital commitments as at 10 December 2020 are $nil (2020: $nil).

(b) Finance lease commitments as at 10 December 2020 are $nil (2020: $nil).

(c) Short term lease commitment

Future commitment in respect of short term lease is as follows:	10-Dec-20 TOP	31-Mar-20 TOP
Within one year	-	8,400
Minimum lease payments	-	8,400

16. Financial risk management objectives and policies

Principal financial liabilities comprise trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Company's financial statements are market risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency

The Company has foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Normal currency trading activities foreign exchange risk are not hedged or subject to foreign currency forward exchange contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant, of the Company's profit before tax.

	Increase/decrease in USD rate	Effect on profit before tax
10 December 2020	+10%	-
	-10%	-
31 March 2020	+10%	(7,420)
	-10%	9,069

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There is no significant concentrations of credit risk within the Company.

Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (example accounts receivables, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the Company's financial liabilities at 10 December 2020 based on contractual undiscounted payments.

Period ended 10 December 2020	**On demand TOP**	**1 to 12 months TOP**	**1 to 5 years TOP**	**> 5 years TOP**	**Total TOP**
Trade and other payables	-	-	-	-	-
	-	-	-	-	-

Period ended 31 March 2020	**On demand TOP**	**1 to 12 months TOP**	**1 to 5 years TOP**	**> 5 years TOP**	**Total TOP**
Trade and other payables	-	170,681	-	-	170,681
	-	170,681	-	-	170,681

Notes to the Financial Statements (Contd.)
for the period ended 10 December 2020

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the period 10 December 2020 and 31 March 2020.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables less cash and cash equivalents. Capital includes equity attributable to equity holders.

	10-Dec-20 TOP	31-Mar-20 TOP
Trade and other payables	-	170,681
Less cash and short term deposits	-	(466,681)
Net debt	-	(296,000)
Equity	-	1,012,439
Total capital	-	1,012,439
Capital and net debt	-	716,439
Gearing ratio	0%	-41%

17. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instrument that are carried on the financial statements:

	Carrying amount		Fair value	
	10-Dec-20 TOP	31-Mar-20 TOP	10-Dec-20 TOP	31-Mar-20 TOP
Financial assets				
Cash and short term deposits	-	466,681	-	466,681
Trade receivables	-	454,479	-	454,479
Prepayments and other receivables	-	3,417	-	3,417
		924,577	-	924,577
Financial liabilities				
Trade and other payables	-	170,681	-	170,681

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets have been calculated using market interest rates.

18. Events subsequent to balance date

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

19. Principal activities

The principal activities of the company in the course of the period were sales and distribution of paints and paint related products. Due to future economic outlook, the Directors have resolved to cease trading on 10 December 2020.

20. Company details

Registered Office:

The registered office of the Company is located at:

Care off – Asian Paints (South Pacific) Pte Limited
PO Box 694, 7-9-11 Ruve Place, Tavakubu
Lautoka, Fiji

Principal Place of Business:

NUKU'ALOFA, Kingdom of Tonga

Number of Employees:

As at balance date, the Company employed a total of nil employee (2020: 3 employees).

21. Segment information

Industry segment

The Company operated predominantly in manufacture and sale of paints and related products.

Geographical Segment

The Company operated in Tonga and is therefore one geographical area for reporting purposes.

ASIAN PAINTS (VANUATU) LIMITED

Contents

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Asian Paints (Vanuatu) Limited ("the Company") as at 31 March 2021, the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and report as follows:

Directors

The following were Directors of the company during the financial year and at the date of this report:

- Paranthaman AK
- Tom Thomas (resigned on 26 May, 2020)
- Alain Lew
- Amit Kumar Baveja (appointed on 26 May, 2020)

Principal activities

The principal activities of the Company in the course of the year were the distribution of paints and paint related products and there has been no significant change in these activities during the year.

Results

The operating profit for the company for the year was VUV 18,728,980 (2020: VUV 18,563,663).

Dividends

The Directors declared total dividends amounting to VUV 55,350,000 (2020: VUV 21,600,000) for the year.

Reserves

The Directors propose that no transfer be made to reserve within the meaning of the Companies Act (CAP 191) of the Republic of Vanuatu.

Bad and doubtful debts

Prior to the completion of the Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of directors, adequate provision has been made for doubtful debts.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts, or the provision for doubtful debts in the Company, inadequate to any substantial extent.

Non current assets

Prior to the completion of the financial statements of the Company, the Directors took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the Company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to non current assets in the Company's financial statements misleading.

Basis of accounting

The Directors believe that the basis of the preparation of the financial statements is appropriate and the Company will be able to continue its operation for at least twelve months from the date of this statement. Accordingly, the Directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

Unusual transactions

Apart from these matters and other matters specifically referred to in financial statements, in the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial period and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance date

No matters or circumstances have arise since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Impact of the Coronavirus (COVID-19) outbreak on the Company

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Vanuatu is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company has remained operational since this declaration and continues to engage in its principal activities. We have not seen a signifcant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

Directors and management are carefully considering the impact of the COVID-19 outbreak on the Company, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company cannot control.

Directors and management believe the Company have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Other circumstances

As at the date of this report :

i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;

ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable and;

iii) no contingent liabilities or other liabilities of the Company has become or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

Director's benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related company) by reason of a contract made by the Company or by a related company with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 27th April, 2021.

Paranthaman AK Director	Amit Baveja Director

Directors Statement

In accordance with a resolution of the Board of Directors of Asian Paints (Vanuatu) Limited, we state that in the opinion of the Directors:

i) the accompanying statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 March 2021;

ii) the accompanying statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 March 2021;

iii) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2021;

iv) the accompanying statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 March 2021;

v) at the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due; and

vi) all related party transactions have been adequately recorded in the books of the Company.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 27th April, 2021.

Paranthaman AK Director	Amit Baveja Director

Independent Auditor's Report

To the Shareholders of Asian Paints (Vanuatu) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian Paints (Vanuatu) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Vanuatu and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the Director's report but does not include the financial statements and the 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon 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.

Responsibilities of the management and those charged with governance for the Financial Statements

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charge 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 the those charge 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

In our opinion, the financial statements have been prepared in accordance with the requirements of the Vanuatu Companies Act (CAP 191) in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji
27th April, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	2021 VUV	2020 VUV
Assets			
Non-current assets			
Property, plant and equipment	4	28,422,972	30,156,349
Intangible assets	5	2	2
Right-of-use assets	16	1,276,489	1,337,569
		29,699,463	**31,493,920**
Current assets			
Cash at bank and on hand	6	21,030,312	46,256,104
Trade receivables	7	9,879,293	27,267,951
Inventories	8	22,181,196	28,983,908
Prepayments and other assets	9	1,870,186	2,267,761
		54,960,987	**104,775,724**
Total assets		**84,660,450**	**136,269,644**
Equity and liabilities			
Shareholders' equity			
Share capital	10	30,939,300	30,939,300
Retained earnings		41,555,095	78,176,115
Total equity		**72,494,395**	**109,115,415**
Non-current liabilities			
Employee benefit liability	13	571,129	1,306,512
Current liabilities			
Trade and other payables	11	11,017,056	25,557,945
Employee benefit liability	13	577,870	289,772
		11,594,926	25,847,717
Total liabilities		**12,166,055**	**27,154,229**
Total equity and liabilities		**84,660,450**	**136,269,644**

For and on behalf of the Board and in accordance with a resolution of the Directors.

Paranthaman AK
Director

Amit Baveja
Director

The accompanying notes form an integral part of this statement of financial position.

Statement of Profit and Loss

for the year ended 31 March, 2021

	Notes	2021 VUV	2020 VUV
Revenue			
Revenue from contracts with customers	2.1	102,087,778	110,421,244
Other operating income	2.2	3,826,434	694,610
		105,914,212	**111,115,854**
Cost and expenses			
Cost of goods sold		(61,668,969)	(61,317,556)
Operating expenses	2.3	(16,184,517)	(19,271,854)
Salaries and employee benefits	2.4	(8,327,636)	(9,541,752)
Impairment reversal/(losses) on trade receivables		982,273	(408,552)
Depreciation and amortisation	2.5	(1,986,383)	(2,012,477)
		(87,185,232)	(92,552,191)
Profit for the year		18,728,980	18,563,663
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**18,728,980**	**18,563,663**

The accompanying notes form an integral part of this statement of profit or loss and other comprehensive income.

Statement of Changes in Equity
for the year ended 31 March, 2021

	Notes	2021 VUV	2020 VUV
Issued capital			
Balance at the beginning of the year		30,939,300	30,939,300
Balance at the end of the year	10	30,939,300	30,939,300
Retained earnings			
Balance at the beginning of the year		78,176,115	59,612,452
Net profit for the year		18,728,980	18,563,663
		96,905,095	78,176,115
Dividend declared		(55,350,000)	-
Balance at the end of the year		41,555,095	78,176,115
Total equity and shares		**72,494,395**	**109,115,415**

The accompanying notes form an integral part of this statement of changes in equity.

Statement of Cash Flows
for the year ended 31 March, 2021

	Note	2021 VUV	2020 VUV
Operating activities			
Net profit before tax		18,728,980	18,563,663
Adjustment to reconcile profit before tax to net cash flows			
Non-cash adjustment:			
Depreciation and impairment of property, plant and equipment		1,925,303	1,951,227
Depreciation of right-of-use asset		61,080	61,250
Movements in provision for doubtful debts		(982,273)	408,552
Movements in provision for employee entitlements		(447,285)	346,201
Working capital adjustments:			
Decrease/(increase) in trade receivables		18,370,931	(3,108,705)
Decrease in inventories		6,802,712	16,679,233
Decrease in prepayments and other assets		397,575	435,528
(Decrease)/increase in trade and other payables		(14,540,889)	12,102,161
Net cash flows from operating activities		**30,316,134**	**47,439,110**
Investing activities			
Acquisition of plant and equipment		(191,926)	(251,992)
Net cash flows (used in) investing activities		**(191,926)**	**(251,992)**
Financing activities			
Dividends paid		(55,350,000)	(21,600,000)
Net cash flows (used in) financing activities		**(55,350,000)**	**(21,600,000)**
Net (decrease)/increase in cash and cash equivalents		(25,225,792)	25,587,118
Cash and cash equivalents at beginning of year		46,256,104	20,668,986
Cash and cash equivalents at end of year	6	**21,030,312**	**46,256,104**

The accompanying notes form an integral part of this statement of cash flows

Notes To The Financial Statements

for the year ended 31 March, 2021

1.0 Corporate information

The financial statements of Asian Paints (Vanuatu) Limited ('the Company') for the year ended 31 March 2021 was authorised for issue in accordance with a resolution of the Directors dated 27 April 2021. Asian Paints (Vanuatu) Limited is a limited liability company incorporated and domiciled in Vanuatu. The registered office is located at Port Villa, Vanuatu.

The principal activities of the company are described in Note 22.

Significant policies which have been adopted in the preparation of these financial statements are:

1.1 Basis of preparation of the Financial Statement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Vanuatu Vatu (VUV).

Statement of compliance

The financial statements of Asian Paints (Vanuatu) Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB).

1.2 Summary of significant accounting policies

a) Foreign currencies

The company's financial statements are presented in Vatu, which is the Company's functional currency. That is the currency of the primary economic environment in which Asian Paints (Vanuatu) Limited operates. Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates 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. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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 measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is 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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sales revenue represents revenue earned from the sale of the Company's products and is stated net of returns, trade allowances and Goods and Services Tax.

Dividends

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

c) Taxes

Goods and Services Tax (GST)

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

- When receivables and payables are stated with the amount of sales tax included.

The net amount of Goods and Services Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

d) Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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.

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 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.

The impairment accounting policy for goodwill and intangible assets with indefinite lives similarly applies to other non-financial assets, including property, plant and equipment. Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Depreciation is calculated on a straight-line basis over the useful lives of the assets as follows:

Buildings	1.5% - 2%
Plant and equipment	10% - 30%
Motor vehicles	20%
Furniture and fittings	6% - 18%

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

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.

The company assesses at contract inception whether a contract is, or contains, a lease. That is, 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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company applies the provision of low-value assets and doesn't recognises lease liabilities.

e) Leases

i) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of initial upfront payment made on lease commencement. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land - 50 years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

ii) Leases of low-value assets

The company applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

f) Borrowing costs

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

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

h) Financial instruments

(i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How directors of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the entity's business model.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets

The Company classified its financial assets as loans and receivable.

Financial assets: Subsequent measurement and gains and loss

Loans and receivables - measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets in these cases the transferred assets are not derecognised.

(iii) Derecognition

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Inventories

Inventories are stated at the lower of cost (weighted average method) and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost; and

Finished goods and work in progress - cost of direct materials and labour and an appropriate portion of fixed and variable overheads but excluding borrowing costs.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

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

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

j) Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Ba3 or a higher rating per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

(ii) Non-financial assets

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

k) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

m) Employee entitlements

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

n) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of Consumption Tax where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the company. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial period.

o) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current period.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

1.3 Significant accounting judgments, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the company's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – company as lessee

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company has a lease contract that include extension and termination options. The company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

1.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

2. Revenue and expenses

		2021 VUV	2020 VUV
2.1	**Revenue from contracts with customers**		
	Sales	102,087,778	110,421,244
2.2	Other operating income		
	Net exchange gain	3,132,059	589,762
	Other income	694,375	104,848
		3,826,434	**694,610**
2.3	**Operating expenses**		
	Auditors' remuneration	357,540	520,470
	Bank charges	138,009	139,785
	Royalties	3,734,444	4,038,481
	Other operating expenses	11,954,524	14,573,118
		16,184,517	**192,71,854**
2.4	**Salaries and employee benefits**		
	Salaries and wages	51,61,877	5,311,978
	Superannuation contributions	236,193	208,494
	Staff costs	2,929,566	4,021,280
		8,327,636	**9,541,752**
2.5	**Depreciation and amortisation**		
	Depreciation and impairment - property, plant and equipment	1,925,303	1,951,227
	Depreciation - right-of-use assets	61,080	61,250
		1,986,383	**2,012,477**

3. Dividends declared/paid

	2021 VUV	2020 VUV
Dividend declared/paid during the year	55,350,000	21,600,000

4. Property, plant and equipment

	Building	Plant & Office equipment, & Motor Vehicle	Total
	VUV	VUV	VUV
Cost			
At 1 April 2019	48,508,067	46,803,375	95,311,442
Additions	-	251,992	251,992
At 31 March 2020	**48,508,067**	**47,055,367**	**95,563,434**
Additions	-	191,926	191,926
At 31 March 2021	**48,508,067**	**47,247,293**	**95,755,360**
Depreciation and impairment			
At 1 April 2019	19,879,854	43,576,004	63,455,858
Depreciation charge	729,642	1,221,585	1,951,227
At 31 March 2020	20,609,496	44,797,589	65,407,085
Depreciation charge	**727,621**	**1,197,682**	**1,925,303**
At 31 March 2021	**21,337,117**	**45,995,271**	**67,332,388**
Net book value:			
At 31 March 2021	**27,170,950**	**1,252,022**	**28,422,972**
At 31 March 2020	27,898,571	2,257,778	30,156,349

5. Intangible assets

	2021 VUV	2020 VUV
Software costs	1,715,966	1,715,966
Amortisation and impairment	1,715,964	1,715,964
Net book value	**2**	**2**

6. Cash at bank and on hand

	2021 VUV	2020 VUV
Cash at bank and on hand	21,030,312	46,256,104
For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 March:		
Cash at bank	21,014,926	46,243,848
Cash on hand	15,386	12,256
	21,030,312	**46,256,104**

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

7. Trade receivables

	2021 VUV	2020 VUV
Trade receivables	7,867,656	23,065,734
Related party receivables [refer note 15(b)]	2,011,637	4,202,217
	9,879,293	**27,267,951**

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. At 31 March 2021, trade receivables at nominal value of VUV 1,877,160 (2020: VUV 2,859,433) were impaired and fully provided for.

Movements in provision for impairment of receivables were as follows:

	2021 VUV	2020 VUV
Opening balance	2,859,433	2,450,881
(Reversed)/charge for the year	(982,273)	408,552
Closing balance	**1,877,160**	**2,859,433**

At 31 March, the ageing analysis of trade receivables for the Company is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			31 - 90 days	91 - 180 days	> 180 days
2021	**9,879,293**	**6,571,604**	**3,329,770**	**(10,292)**	**(11,789)**
2020	27,267,951	10,508,450	12,761,737	3,937,154	60,610

8. Inventories

	2021 VUV	2020 VUV
Finished goods	21,588,907	27,234,104
Raw materials, production, accessories, stores and spares	592,289	1,749,804
Total inventories at the lower of cost and net realisable value	**22,181,196**	**28,983,908**

9. Prepayments and other assets

	2021 VUV	2020 VUV
Prepayment	1,468,480	1,827,328
Deposits	401,706	401,706
Other receivables	-	38,727
	1,870,186	**2,267,761**

10. Share capital

	2021 VUV	2020 VUV
Authorised		
270,000 ordinary shares of USD 1.00 each	30,939,300	30,939,300
Ordinary shares issued and fully paid		
270,000 ordinary shares of USD 1.00 each	**30,939,300**	**30,939,300**

11. Trade and other payables

	2021 VUV	2020 VUV
Trade payables	118,508	723,795
Related party payables	8,676,832	22,670,224
Other payables	2,221,716	2,163,926
	11,017,056	**25,557,945**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.

12. Dividend payable

	2021 VUV	2020 VUV
Opening balance	-	21,600,000
Arising during the year	55,350,000	-
Paid during the year	(55,350,000)	(21,600,000)
Balance at the end of the year	**-**	**-**

13. Employee benefit liability

	2021 VUV	2020 VUV
Opening balance	1,596,284	1,250,083
(Utilised)/arising during the year	(447,285)	346,201
Balance at the end of the year	1,148,999	1,596,284
<u>This is disclosed as:</u>		
Current	577,870	289,772
Non-current	571,129	1,306,512
	1,148,999	**1,596,284**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

14. Commitments and contingencies

Operating lease commitments - Company as lessee

The company has entered into commercial leases on land. This lease has average life of 50 years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

Future minimum rental payable under non-cancellable operating leases as at 31 March 2021 and March 2020 are as follows:

	2021 VUV	2020 VUV
Within one year	100,000	100,000
After one year but not more than five years	400,000	400,000
More than five years	1,600,000	1,700,000
Minimum lease payments	**2,100,000**	**2,200,000**

Contingent liabilities

Contingent liabilities as at 31 March, 2021 are $nil (2020: $nil).

15. Related party disclosures

(a) Directors

Directors at the date of this report are:

- Paranthaman AK
- Tom Thomas (resigned on 26 May, 2020)
- Alain Lew
- Amit Kumar Baveja (appointed on 26 May, 2020)

(b) Transactions with related parties

During the year Company entered into transactions with related parties in the ordinary course of business under normal commercial terms. Significant transactions during the year are as follows:

	2021 VUV	2020 VUV
Royalties		
Asian Paints Limited	2,365,892	2,660,855
Technical/Management fee		
Asian Paints (South Pacific) Pte Ltd, Fiji	4,029,496	3,675,286
Intra group sales		
Port Villa Hardware Ltd, Vanuatu	22,834,671	14,142,976
Intra group purchases		
Asian Paints (South Pacific) Pte Ltd, Fiji	47,472,326	404,771,174
Au Bon Marche	369,992	795,004
	47,842,318	**405,566,178**
Amount owing to related parties		
Asian Paints (South Pacific) Pte Ltd, Fiji	8,086,314	21,894,120
Asian Paints Limited	590,518	708,663
Au Bon Marche	-	23,316
Asian Paints International Pte Ltd, Singapore	-	44,125
	8,676,832	**22,670,224**
Due from related parties		
Port Villa Hardware Ltd, Vanuatu	2,011,637	4,202,217
(C) Key management personnel		
Short-term employee benefits	3,292,547	3,773,207

16. Right-of-use assets

	Leasehold Land	Total
	VUV	VUV
As at 1 April 2019	1,398,819	1,398,819
Depreciation expense	(61,250)	(61,250)
As at 31 March 2020	1,337,569	1,337,569
Depreciation expense	(61,080)	(61,080)
As at 31 March 2021	**1,276,489**	**1,276,489**

17. Financial risk management objectives and policies

Principal financial liabilities comprise trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Company's financial statements are market risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term deposits and bank overdraft facility which has not yet been utilised.

Credit risk

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company.

Foreign currency risk

The Company has foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Normal currency trading activities foreign exchange risk are not hedged or subject to foreign currency forward exchange contracts.

	Increase/decrease in USD rate	Effect on profit before tax
		VUV
2021	+10%	8,08,633
	-10%	(8,08,633)
2020	+10%	19,53,045
	-10%	(19,53,045)

Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Year ended 31 March 2021	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	VUV	VUV	VUV	VUV	VUV
Trade and other payables	-	11,017,056	-	-	11,017,056
	-	**11,017,056**	**-**	**-**	**11,017,056**

Year ended 31 March 2020	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	VUV	VUV	VUV	VUV	VUV
Trade and other payables	-	25,557,945	-	-	25,557,945
	-	**25,557,945**	**-**	**-**	**25,557,945**

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the financial year ended 31 March 2021.

The company monitors capital using a gearing ratio below 30%, which is net debt divided by total capital plus net debt. The company includes within net debt, trade and other payables less cash and cash equivalents. Capital includes equity attributable to equity holders.

	2021 VUV	2020 VUV
Trade and other payables	11,017,056	25,557,945
Less cash and short term deposits	(21,030,312)	(46,256,104)
Net debt	(10,013,256)	(20,698,159)
Equity	72,494,395	1,09,115,415
Total capital	72,494,395	109,115,415
Capital and net debt	**62,481,139**	**88,417,256**
Gearing ratio	-14%	-19%

18. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instrument that are carried on the financial statements.

	Carrying amount		Fair value	
	2021 VUV	2020 VUV	2021 VUV	2020 VUV
Financial assets				
Cash at bank and on hand	21,030,312	46,256,104	21,030,312	46,256,104
Trade receivables	9,879,293	27,267,951	9,879,293	27,267,951
Prepayments and other assets	1,870,186	2,267,761	1,870,186	2,267,761
	32,779,791	**75,791,816**	**32,779,791**	**75,791,816**
Financial liabilities				
Trade and other payables	11,017,056	25,557,945	11,017,056	25,557,945
	11,017,056	**25,557,945**	**11,017,056**	**25,557,945**

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets have been calculated using market interest rates.

19. Events subsequent to balance date

No matters or circumstances have arise since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

20. Impact of the Coronavirus (COVID-19) outbreak on the Company

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Vanuatu is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company has remained operational since this declaration and continues to engage in its principal activities. We have not seen a signifcant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

Directors and management are carefully considering the impact of the COVID-19 outbreak on the Company, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company cannot control.

Directors and management believe the Company have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

21. Segment information

Industry segment

The Company operates predominantly in distribution of paints and paints related items.

Geographical segment

The Company operates in Vanuatu and is therefore one geographical area for reporting purposes.

22. Principal activities

The principal activities of the Company in the course of the year were sale and distribution of paints and paint related products and there has been no significant change in these activities during the year.

23. Company details

Registered Office

Asian Paints (Vanuatu) Limited
Port Villa
Vanuatu.

Number of Employees

As at balance date, the company employed a total of 6 (2020: 6 employees).

SAMOA PAINTS LIMITED

Contents

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Samoa Paints Limited ("the Company") as at 31 March 2021, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the Directors in office at the date of this report are:

- Vaatuitui Apete Meredith
- Paranthaman AK
- Tom Thomas (resigned on 28th May, 2020)
- Amit Kumar Baveja (appointed on 28th May, 2020)

Principal activities

The principal activities of the Company in the course of the year were the manufacturing and distribution of paints and paint related products and there has been no significant change in these activities during the year.

Results

The operating profit for the Company for the year was WST 200,022 (2020: WST 244,108) after an income tax expense of WST 74,091 (2020: WST 88,107).

Dividends

The Directors declared and paid dividends amounting to WST 540,000 (2020 : WST 270,000) for the year.

Reserves

The Directors propose that no transfer be made to reserves.

Bad and doubtful debts

Prior to the completion of the Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of Directors, adequate provision has been made for doubtful debts.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written for bad debts or the provision for doubtful debts in the Company inadequate to any substantial extent.

Non current assets

Prior to the completion of the financial statements of the Company, the Directors took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the Company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to non current assets in the Company's financial statements misleading.

Basis of accounting

The Directors believe that the basis of the preparation of the financial statements is appropriate and the Company will be able to continue its operation for at least twelve months from the date of this statement. Accordingly, the Directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance date

No matters or circumstances have arise since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Impact of the Coronavirus (COVID-19) outbreak on the Company

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Samoa is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company has remained operational since this declaration and continues to engage in its principal activities. We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.The Directors and management are carefully considering the impact of the COVID-19 outbreak on the Company, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company cannot control.

The Directors and management believe the Company have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Other circumstances

As at the date of this report :

(i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and

(iii) no contingent liabilities or other liabilities of the Company has become or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

Director's benefits

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dated this 21st April, 2021.

Paranthaman AK	Amit Kumar Baveja
Director	Director

Directors' Statement

In accordance with a resolution of the Board of Directors of Samoa Paints Limited, we state that in the opinion of the Directors:

(i) the accompanying statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 March 2021;

(ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 March 2021;

(iii) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2021;

(iv) the accompanying cash flow statement of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 March 2021;

(v) at the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the Company.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dated this 21st April, 2021.

Paranthaman AK	Amit Kumar Baveja
Director	Director

Independent Auditor's Report

To the Shareholders of Samoa Paints Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Samoa Paints Limited ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Samoa and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the Director's report but does not include the financial statements and the 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon 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.

Responsibilities of the management and those charged with governance for the Financial Statements

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charge 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 the those charge 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.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Samoa Companies Act 2001 in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji
21st April, 2021

Statement of Financial Position

as on 31 March, 2021

	Notes	2021 WST	2020 WST
Assets			
Non-current assets			
Property, plant and equipment	5	508,842	567,821
Intangible assets	6	2	2
Deferred income tax asset	4(c)	52,019	25,873
		560,863	**593,696**
Current assets			
Cash and short term deposits	10	481,557	1,069,974
Inventories	7	320,987	482,840
Trade receivables	8	214,068	174,980
Prepayments and other assets	9	32,058	29,449
Income tax receivable		-	27,028
		1,048,670	**1,784,271**
Total assets		**1,609,533**	**2,377,967**
Equity and liabilities			
Equity attributable to equity holders			
Issued capital	11	90,000	90,000
Asset revaluation reserve	11	287,934	287,934
Retained earnings		1,009,853	1,349,831
Total equity		**1,387,787**	**1,727,765**
Current liabilities			
Trade and other payables	12	127,769	380,202
Income tax payable		21,977	-
Dividend payable	13	72,000	270,000
Total liabilities		**221,746**	**650,202**
Total equity and liabilities		**1,609,533**	**2,377,967**

For and on behalf of the Board and in accordance with a resolution of the Directors.

Paranthaman AK
Director

Amit Kumar Baveja
Director

The accompanying notes form an integral part of the statement of financial position.

Statement of Profit and Loss
for the year ended 31 March, 2021

	Notes	2021 WST	2020 WST
Revenue			
Revenue from contracts with customers	2(a)	1,822,864	2,393,823
Other operating income	2(b)	35,062	18,600
		1,857,926	**2,412,423**
Cost and expenses			
Cost of sales		(1,121,204)	(1,426,768)
Depreciation and amortisation		(62,251)	(60,647)
Impairment losses on trade receivables		9,473	(2,018)
Salaries and employee benefits	2(c)	(161,518)	(179,582)
Operating expenses	2(d)	(247,313)	(411,193)
		(1,582,813)	(2,080,208)
Profit before income tax		275,113	332,215
Income tax expense	4	(75,091)	(88,107)
Profit for the year		**200,022**	**244,108**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year, net of tax		**200,022**	**244,108**

The accompanying notes form an integral part of this statement of profit or loss and other comprehensive income.

Statement of Changes in Equity

for the year ended 31 March, 2021

	Notes	2021 WST	2020 WST
Retained earnings			
Balance at the beginning of the year		1,349,831	1,375,723
Net profit for the year		200,022	244,108
		1,549,853	**1,619,831**
Dividend proposed and paid	3	(540,000)	(270,000)
Balance at the end of the year		1,009,853	1,349,831
Issued capital			
Balance at the beginning of the year	11	90,000	90,000
Balance at the end of the year		90,000	90,000
Asset revaluation reserve			
Balance at the beginning of the year	11	287,934	287,934
Balance at the end of the year		287,934	287,934
Total equity and shares		**1,387,787**	**1,727,765**

The accompanying notes form an integral part of this statement of changes in equity.

Statement of Cash Flows

for the year ended 31 March, 2021

	Notes	2021 WST	2020 WST
Operating activities			
Operating profit before income tax		275,113	332,215
Non-cash adjustments			
Depreciation and amortisation		62,251	60,647
Unrealised exchange loss		205	6,742
Working capital adjustments			
(Increase)/decrease in trade receivables		(39,088)	293,381
(Increase)/decrease in prepayments and other assets		(2,610)	53,735
Decrease in inventories		161,853	47,558
Decrease in trade and other payables		(252,637)	(97,981)
Income tax paid		(52,232)	(81,779)
Net cash flows from operating activities		**152,855**	**614,518**
Investing activities			
Acquisition of plant and equipment		(3,272)	(111,686)
Net cash flows (used in) investing activities		**(3,272)**	**(111,686)**
Financing activities			
Dividends paid		(738,000)	(360,000)
Net cash flows (used in) financing activities		**(738,000)**	**(360,000)**
Net (decrease)/increase in cash and cash equivalents		(588,417)	142,832
Cash and cash equivalents at beginning of year		1,069,974	927,142
Cash and cash equivalents at end of year	10	**481,557**	**1,069,974**

The accompanying notes form an integral part of this statement of cash flows.

Notes To The Financial Statements

for the year ended 31 March, 2021

1.0 Corporate Information

The financial statements of Samoa Paints Limited ("the Company") for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors dated 21st April, 2021. Samoa Paints Limited is a limited liability company incorporated and domiciled in Samoa.

The principal activities of the company are described in Note 21.

Significant policies which have been adopted in the preparation of these financial statements are:

1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Samoan Tala (WST) and all values are rounded to the nearest WST except when otherwise indicated.

Statement of compliance

The financial statements of Samoa Paints Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

1.2 Summary of significant accounting policies

a) Foreign currencies

The financial statements are presented in Samoan Tala, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date of 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. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on 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 or profit or loss, respectively).

Any goodwill arising on acquisition of foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sales revenue represents revenue earned from the sale of the Company's products and is stated net of returns, trade allowances and Goods and Services Tax.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

c) Income tax

Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

d) Value Added Good and Services Tax (VAGST)

Revenues, expenses and assets are recognised net of the amount of VAGST except:

- where the VAGST incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of VAGST included.

The net amount of VAGST recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

e) Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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. 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 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.

Depreciation is calculated on a straight-line basis over the useful lives of the assets as follows:

Land	Freehold
Buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 33%

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

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.

f) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

h) Financial instruments

(i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how directors of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- "the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the entity's business model."

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets

The Company classified its financial assets as loans and receivable.

Financial assets: Subsequent measurement and gains and loss

Loans and receivables - measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets in these cases the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Raw materials - purchase cost; and

Finished goods and work in progress - cost of direct materials and labour and an appropriate portion of fixed and variable overheads but excluding borrowing costs;

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

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

j) Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Ba3 or a higher rating per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

k) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise of cash at banks, on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

m) Employee entitlements

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at reporting date on the basis of statutory and contractual requirements.

n) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of Consumption Tax where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Company. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

o) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current period.

p) Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

q) Dividends

Dividends are recorded in the Company's financial statements in the period in which the Directors approve them.

1.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the company's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Revenue and expenses

	2021 WST	2020 WST
(a) Revenue from contracts with customers		
Sales	1,822,864	2,393,823
(b) Other operating income		
Net exchange gain	26,883	7,853
Interest received	8,179	11,602
Other income	-	(855)
	35,062	**18,600**
(c) Salaries and employee benefits		
Salaries	149,704	168,155
Superannuation expenses	11,814	11,427
	161,518	**179,582**
(d) Operating expenses		
Auditors remuneration	8,995	10,013
Other operating expenses	238,318	401,180
	247,313	**411,193**

3. Dividends paid and proposed

	2021 WST	2020 WST
Declared and paid during the year:	540,000	270,000

4. Income tax

The major components of income tax expense are:

(a) A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the year ended 31 March 2021 is as follows:

	2021 WST	2020 WST
Accounting profit before income tax	275,113	332,215
At the Samoan rate of 27%	74,281	89,698
Over-provision in prior year	-	(2,229)
Tax effect of non deductible expense	810	638
Income tax attributable to operating profit	**75,091**	**88,107**

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

(b) Current income tax:

	2021 WST	2020 WST
Current income tax charge	101,237	79,419
Origination and reversal of temporary differences	(26,146)	10,917
Benefit attributable to future years	**75,091**	**88,107**

(c) Deferred income tax at 31 March 2021 and 31 March 2020 relates to the following:

	2021 WST	2020 WST
Accelerated depreciation for book purposes	(7,812)	(9,020)
Provisions for inventory obsolescence	41,765	22,990
Provisions for doubtful debts	-	2,558
Provision for other expenses	18,453	7,082
Unrealised exchange (gain)/loss	(387)	2,263
	52,019	**25,873**
Represented on the balance sheet as follows:		
Deferred income tax asset	52,019	25,873

5. Property, plant and equipment

	Land and buildings WST	Plant and equipment, Furniture & Motor vehicle WST	Total WST
Cost			
At 31 March 2019	598,554	822,219	1,420,773
Additions	-	123,179	123,179
Reclassification	63,091	(63,091)	-
Disposal	-	(186,572)	(186,572)
At 31 March 2020	661,645	695,735	13,57,380
Additions	-	3,272	3,272
At 31 March 2021	**661,645**	**699,007**	**1,360,652**
Depreciation and impairment			
At 31 March 2019	259,702	644,289	903,991
Depreciation charge for the year	4,411	56,236	60,647
Disposal	-	(175,079)	(175,079)
At 31 March 2020	264,113	525,446	789,559
Depreciation charge for the year	4,860	57,391	62,251

	Land and buildings WST	Plant and equipment, Furniture & Motor vehicle WST	Total WST
At 31 March 2021	**268,973**	**582,837**	**851,810**
Net book value			
At 31 March 2021	**392,672**	**116,170**	**508,842**
At 31 March 2020	397,532	170,289	567,821

6. Intangible assets

	2021 WST	2020 WST
Cost		
Opening balance	73,771	73,771
Closing balance	**73,771**	**73,771**
Amortisation and impairment		
Opening balance	73,769	73,769
Closing balance	**73,769**	**73,769**
Net book value	**2**	**2**

7. Inventories

	2021 WST	2020 WST
Raw materials	107,913	208,325
Packaging materials	91,107	49,240
Work in progress	2,740	216
Finished goods	119,227	225,059
Total inventories at the lower of cost and net realisable value	**320,987**	**482,840**

8. Trade receivables

	2021 WST	2020 WST
Trade receivables (net)	214,068	174,980

Trade receivables are non interest bearing and are generally on 30-90 day terms. As at 31 March 2021, trade receivables at nominal value of WST nil (2020: WST 9,473) were impaired and fully provided for.

Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2021

Movements in the provision for impairment of receivables were as follows:

	2021 WST	2020 WST
Opening balance	9,473	7,455
Charge for the year	-	2,018
Utilised	(9,473)	-
Closing balance	**-**	**9,473**

At 31 March, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired 31 - 90 days	91 - 180 days	> 180 days
2021	**214,068**	**182,893**	**35,320**	**3,017**	**(7,162)**
2020	174,980	151,371	27,523	(35)	(3,879)

9. Prepayments and other assets

	2021 WST	2020 WST
Prepayments	20,008	17,399
Other receivables	12,050	12,050
	32,058	**29,449**

10. Cash and cash equivalents

For the purpose of the statement of cash flows, cash comprises of cash at bank and on hand. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2021 WST	2020 WST
Cash at banks	187,688	783,275
Cash on hand	200	176
Term Deposits	293,669	286,523
	481,557	**1,069,974**

11. Share capital and reserves

	2021 WST	2020 WST
Authorised, issued and fully paid		
90,000 ordinary shares of WST 1 each	90,000	90,000

Asian Paints International Private Limited took over the ordinary shares of the Company on 8th September, 2015 from Asian Paints (International) Limited.

	2021 WST	2020 WST
Reserves		
Asset Revaluation Reserve	287,934	287,934

This reserve relates to the valuation of the Company's land and building carried out by the licensed public valuer, Elon Betahm and Associates Limited on 7th June 1995 and accepted by the Directors for incorporation into the books at 31 March 1996. In 2011, the Directors resolved that no more revaluations will be adopted and there has not been changes to this till 31 March 2021.

12. Trade and other payables

	2021 WST	2020 WST
Trade payables	6,902	21,577
Owing to related parties [refer note 14(c)]	32,520	299,722
VAGST payable	15,262	12,957
Accruals and liabilities	73,085	45,946
	127,769	**380,202**

Terms and conditions of the above financial liabilities are:

- Trade payables and accruals are on commercial terms and conditions and are payable within 60 - 90 days.

13. Dividend payable

	2021 WST	2020 WST
Opening balance	270,000	360,000
Arising during the year	540,000	270,000
Paid during the year	(738,000)	(360,000)
Balance at the end of the year	**72,000**	**270,000**

14. Related party disclosures

(a) Directors

Directors at the date of this report are:

- Vaatuitui Apete Meredith
- Tom Thomas (resigned on 28th May 2020)
- Paranthaman AK
- Amit Kumar Baveja (appointed on 28th May 2020)

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

(b) Transactions with related parties

During the year the company entered into transactions with related parties in the ordinary course of business under normal commercial terms. Significant transactions during the year are as follows:

	2021 WST	2020 WST
Inter group purchases		
Asian Paints (South Pacific) Pte Limited, Fiji	856,787	1,380,560
Royalties		
Asian Paints Limited	55,029	72,634
Regional expenses		
Asian Paints (South Pacific) Pte Limited, Fiji	44,422	38,249

c) Amount owing to related parties (trade)

	2021 WST	2020 WST
Asian Paints Limited	14,994	14,600
Asian Paints International Private Limited	-	960
Asian Paints (South Pacific) Pte Limited, Fiji	17,526	284,162
	32,520	**2,99,722**

d) Key management personnel

	2021 WST	2020 WST
Short-term employee benefits	74,554	64,054

15. Contingent liabilities

Contingent liabilities as at 31 March 2021 are WST nil (2020: WST nil).

16. Expenditure commitments

a) Capital commitments as at 31 March 2021 are WST nil (2020: WST nil).

b) Finance lease commitments as at 31 March 2021 are WST nil (2020: WST nil).

c) Operating lease commitments as at 31 March 2021 are WST nil (2020: WST nil).

17. Financial risk management objectives and policies

Principal financial liabilities comprise trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Company's financial statements are market risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency

The Company has foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Normal currency trading activities foreign exchange risk are not hedged or subject to foreign currency forward exchange contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant, of the Company's profit before tax.

	Increase/Decrease in USD rate	Effect on profit before tax
2021	+10%	(25,322)
	-10%	30,949
2020	+10%	(25,504)
	-10%	31,171

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There is no significant concentrations of credit risk within the Company.

Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (example accounts receivables, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Year ended 31 March 2021	On demand WST	1 to 12 months WST	1 to 5 years WST	> 5 years WST	Total WST
Trade and other payables	-	127,769	-	-	127,769
	-	127,769	-	-	127,769

Year ended 31 March 2020	On demand WST	1 to 12 months WST	1 to 5 years WST	> 5 years WST	Total WST
Trade and other payables	-	380,202	-	-	380,202
	-	380,202	-	-	380,202

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholder value.

Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2021

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the financial year ended 31 March 2021.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables less cash and cash equivalents. Capital includes equity attributable to equity holders.

	2021 WST	2020 WST
Trade and other payables	127,769	380,202
Less cash and short term deposits	(481,557)	(1,069,974)
Net debt	(353,788)	(689,772)
Equity	1,387,787	1,727,765
Total capital	**1,387,787**	**1,727,765**
Capital and net debt	1,033,999	1,037,993
Gearing ratio	-25%	-40%

18. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instrument that are carried on the financial statements:

	Carrying amount		Fair value	
	2021 WST	2020 WST	2021 WST	2020 WST
Financial assets				
Cash and short-term deposits	481,557	1,069,974	481,557	1,069,974
Trade receivables	214,068	174,980	214,068	174,980
Prepayments and other assets	32,058	29,449	32,058	29,449
	727,683	**1,274,403**	**727,683**	**1,274,403**
Financial liabilities				
Trade and other payables	127,769	380,202	127,769	380,202

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets have been calculated using market interest rates.

19. Subsequent events

No matters or circumstances have arise since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

20. Impact of the Coronavirus (COVID-19) outbreak on the Company

During the year, the coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity and Samoa is also feeling the impact with business disruption and levels of activity already reducing in several market sectors.

The Company has remained operational since this declaration and continues to engage in its principal activities. We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

The Directors and management are carefully considering the impact of the COVID-19 outbreak on the Company, and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Company cannot control.

The Directors and management believe the Company have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

21. Principal activities

The principal activities of the Company in the course of the year were sales and distribution of paints and paint related products and there has been no significant change in these activities during the year.

22. Company details

Registered Office:

The registered office of the Company is located at:

Savalalo,
Vaimauga Sisifo,
Apia,
Samoa

Principal Place of Business:

Apia, Samoa

Number of Employees:

As at balance date, the company employed a total of 8 employees (2020: 8 employees).

23. Segment information

Industry segment

The Company operates predominantly in manufacture and sale of paints and related products.

Geographical Segment

The Company operates in Samoa and is therefore one geographical area for reporting purposes.