# FINANCIAL STATEMENTS OF SUBSIDIARIES FOR THE FINANCIAL YEAR 2024-25

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| 24 | Causeway Paints Lanka (Pvt) Ltd |
| 25 | Asian Paints Doha Trading WLL |

**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 2024-25 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 Thursday, 26th June, 2025 at 11.00 a.m. IST.

# Asian Paints
# Industrial Coatings Limited

## Board of Directors

| | |
|---|---|
| Mr. Anurag Sahai | (Chairman and Non-Executive Director) |
| Mr. Hiral Raja | (Non-Executive Director) |
| Mr. Sagar Khade | (Non-Executive Director) |
| Mr. Rajes Bardia | (Non-Executive Director) |
| Mr. Venkateswaran Gopalan | (Non-Executive Director) |
| Mr. Satyendra Kumar Patidar | (Non-Executive Director) |

## Key Managerial Personnel

Mr. Pramod Kumar Chand (Manager)

Mr. Vikram Jain (Chief Financial Officer)

Mr. Jay Shah (Company Secretary)

## Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants

## Registered Office

6A & 6B, Shantinagar,
Santacruz (East), Mumbai - 400 055
Maharashtra, India

## Factories

Plot No. 1914, GIDC,
Phansa Road,
Sarigam - 396 135
Dist. Valsad, Gujarat

# Contents

# Board's Report

for the financial year ended 31st March 2025

Dear Members,

The Board of Directors are pleased to present the 24th (twenty-fourth) Annual Report of Asian Paints Industrial Coatings Limited ("the Company") along with the audited financial statements of the Company for the financial year ended 31st March 2025.

## Financial Results

The financial performance of the Company for the financial year ended 31st March 2025 is summarised below:

(₹ in Lakhs)

| Particulars | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Revenue from operations | 2,329.56 | 2,190.45 |
| Other operating revenues | 14.49 | 11.05 |
| Other Income | 242.43 | 219.89 |
| **Total revenue** | **2,586.48** | **2,421.39** |
| Expenses | 2,056.64 | 1,834.05 |
| **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)** | **529.84** | **587.34** |
| Less: Finance Cost | - | 1.18 |
| Less: Depreciation and Amortization Expenses | 192.79 | 182.61 |
| **Profit Before Exceptional Item & Tax** | **337.04** | **403.55** |
| Exceptional Item | - | - |
| **Profit Before Tax** | **337.04** | **403.55** |
| Less: Tax Expense | 94.6 | 13.67 |
| **Profit After Tax** | **240.13** | **389.88** |
| Other Comprehensive Income | 12.05 | (16.38) |
| Income tax (expense)/benefit on remeasurement of defined benefit plans | (3.03) | - |
| **Total comprehensive Income/Loss** | **249.15** | **373.5** |

## Overview of the Company's Performance and State of Affairs

During the financial year 2024-25:

- Net revenue from operations increased to ₹ 2,329.56 as against ₹ 2,190.45 in the previous year.
- The Company earned profit of ₹ 337.04 after tax as against a profit of ₹ 403.55 in the previous year.

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

### Confirmations:

a. There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2024-25 and the date of this report.

b. There has been no change in the nature of business of the Company.

c. There was no revision of financial statements and Board's Report of the Company during the year under review.

## 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 Company has only one class of equity shares. The authorised and paid up share capital of the Company is ₹ 33,00,00,000 divided into 3,30,00,000 equity shares of ₹ 10 each, as on 31st March 2025.

The paid-up equity share capital of the Company as on 31st March 2025 is ₹ 3,045 lakhs.

During the financial year 2024-25, there was no change in the authorised, issued, subscribed, and paid-up share capital of the Company.

### Confirmations:

a. During the year under review, the Company has not:

   i. issued any shares, warrants, debentures, bonds, or any other convertible or non-convertible securities.

   ii. issued equity shares with differential rights as to dividend, voting or otherwise.

   iii. issued any sweat equity shares to its Directors or employees.

   iv. issued any equity shares under the employee stock option scheme, further, the Company does not have any employees stock option scheme. Certain Non-Executive Directors of the Company have been granted employee stock options of Asian Paints Limited, Holding Company in terms of the Asian Paints Employee Stock Option Plan 2021 as detailed in the disclosure of 'Remuneration to Non-Executive Directors for the FY 2024-25'

   v. made any change in voting rights.

   vi. reduced its share capital or bought back shares.

   vii. changed the capital structure resulting from restructuring.

   viii. failed to implement any corporate action.

b. The Company's securities are not listed on any stock exchanges, hence there does not arise a scenario of its shares being suspended for trading during the year.

c. The disclosure pertaining to explanation for any deviation or variation in connection with certain terms of a public issue, rights issue, preferential issue, etc. is not applicable to the Company.

## Dividend

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

## Unclaimed Dividend & IEPF

The Company does not have any unclaimed dividend outstanding for payment to shareholders of the Company. Further, the Company has not transferred any amount to the Investor Education and Protection Fund ("IEPF").

## Transfer to Reserves

During the year under review, there was no amount transferred to any of the reserves of the Company.

## Subsidiary Status

The Company continues to be a wholly owned subsidiary of Asian Paints Limited. Further, the Company does not have any subsidiary, associate or joint venture company.

## Deposits

During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 ("the Act") 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 Act are given in the notes to the financial statements of the Company.

## Directors and Key Managerial Personnel

### Change in Directorate

**Retirement by rotation and subsequent re-appointment**

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/

or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, Mr. Satyendra Kumar Patidar (DIN: 09257898) and Mr. Hiral Raja (DIN: 08735226) of the Company are liable to retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment.

Based on performance evaluation, the Board of Directors recommends re-appointment of Mr. Satyendra Kumar Patidar and Mr. Hiral Raja as Non-Executive Director of the Company, liable to retire by rotation.

### Declaration from Directors

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Sections 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force).

### Key Managerial Personnel

There was no change in the composition of Key Managerial Personnel during the financial year.

Mr. Pramod Kumar Chand, Manager, Mr. Vikram Jain, Chief Financial Officer and Mr. Jay Shah, Company Secretary are the Key Managerial Personnel of the Company in terms of Section 2(51) read with Section 203 of the Act.

## Disclosure Relating to Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

### Remuneration to Manager for FY 2024-25

In accordance with the provisions of Sections 197, 203 Schedule V and other applicable provisions, if any, of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following are the details of the remuneration paid to Mr. Pramod Kumar Chand, Manager of the Company during the financial year 2024-25:

| Particulars | Amount (in ₹) |
|---|---|
| Gross Salary (In ₹) | 81,39,443 |
| Others (In ₹) | 4,60,424 |
| Total | 85,99,867 |

**Details of fixed component and performance linked incentive, along with the performance criteria:**

The remuneration includes performance linked incentive based on the predetermined performance parameters.

**Service contracts, notice period, severance fees:**

The Company does not enter into service contract with the Manager as he was appointed with the approval of the shareholders for the period of not exceeding 3 years effective from 26th April 2023. The statutory provisions shall apply with respect to the notice period and severance fee.

**Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:**

Not Applicable. The Company does not have any Employee Stock Option Plan in place.

Further, the details of remuneration, if any paid to Directors and Key Managerial Personnel of the Company are also being disclosed in the Annual Return of the Company under Section 92 of the Act.

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

## Remuneration to Non-Executive Directors

The shareholders of APL, holding company had at their 75th Annual General Meeting held on 29th June 2021, have authorised its Board to offer, issue and provide stock options to the eligible employees of the Company and its subsidiaries under the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”). As per the 2021 Plan, the eligible employees also include Directors of APL and its subsidiaries.

The 2021 Plan was introduced by APL to incentivize, retain, and attract key talent through this performance based stock option grant program, and consequently enhance shareholder value. The 2021 Plan aims to create a sense of ownership among the eligible employees and to align their medium and long-term compensation with the company’s performance.

In accordance with the provisions of Sections 197, 198 and other applicable provisions of the Act (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) and the Rules made thereunder read with Schedule V, Articles of Association of the Company, the shareholders of the Company at their Annual General Meeting held on 16th June 2023 had inter alia approved a cumulative value of ₹ 1 crore payable to certain Non-Executive directors of the Company on an annual basis in the form of stock options of APL.

The following are the details of the value of stock options of APL granted to the Non-Executive directors of the Company in FY 2024-25 as per the 2021 Plan:

| Name of the Director | Designation | Amount (in ₹)* |
|---|---|---|
| Mr. Anurag Sahai | Non-Executive Director | 27,92,671 |
| Mr. Sagar Khade | Non-Executive Director | 10,60,562 |
| Mr. Venkateswaran Gopalan | Non-Executive Director | 13,06,201 |
| Mr. Rajes Bardia | Non-Executive Director | 8,60,406 |
| Mr. Satyendra Kumar Patidar | Non-Executive Director | 11,42,656 |

**Amount is equivalent to the apportionment made in the FY 2024-25 for the grants received in the previous financial years.*

Mr. Hiral Raja, Non-Executive Director is not entitled to the Stock Options in the capacity of Non-Executive Director of the Company as he is Nominee Director of APL and is already receiving Stock Options in his capacity as Associate Vice President – Accounts, SSC & Taxation of Asian Paints Limited, Holding Company.

## Performance evaluation of the Board

In accordance with the provisions of Section 134(3)(p) of the Act, 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 flow of information, board composition, 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 positive, and members expressed their satisfaction.

## Directors' Responsibility Statement

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

a. in the preparation of the annual accounts for the financial year ended 31st March 2025, the applicable accounting standards and Schedule III of the Act 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 as on 31st March 2025 and profit of the Company as on 31st March 2025;

c. proper and sufficient care has been taken 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 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 2024-25, 5 meetings of the Board of Directors were held on 30th April 2024, 11th July 2024, 15th October 2024, 15th January 2025, and 24th March 2025. The maximum time gap between two (2) meetings did not exceed one hundred and twenty (120) days.

Number of Board meetings attended by individual Directors during the financial year 2024-25 is as follows:

| Sr. No. | Name of the Director | Number of meeting(s) entitled to attend | Number of meeting(s) attended |
|---|---|---|---|
| 1. | Mr. Anurag Sahai | 5 | 5 |
| 2. | Mr. Hiral Raja | 5 | 5 |
| 3. | Mr. Sagar Khade | 5 | 5 |
| 4. | Mr. Rajes Bardia | 5 | 5 |
| 5. | Mr. Venkateswaran Gopalan | 5 | 5 |
| 6. | Mr. Satyendra Kumar Patidar | 5 | 5 |

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

## Related Party Transactions

During the financial year 2024-25, the Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with the 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 Act read with the Rules issued thereunder.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large. Further, there are no contracts or arrangements entered into under Section 188(1) of the Act, hence no justification have been separately provided in that regard.

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 Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as Annexure [1].

## Vigil Mechanism

The Company is not required to have Vigil Mechanism as per Section 177(10) of the Act.

The Board of Directors of the Company in good governance on voluntarily basis have adopted the Whistle Blower Policy of APL, holding company.

The Policy provides for protection to the employees and business associates who report unethical practices and irregularities. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy of APL.

## Auditors and Auditors' Report

Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), were re-appointed as Statutory Auditors of the Company at the 21st AGM held on 13th June 2022, to hold office till the conclusion of the 26th AGM.

Deloitte Haskins & Sells LLP has confirmed that they are not disqualified from continuing as Auditors of the Company.

The Auditors' Report for the financial year ended 31st March 2025 on the financial statements of the Company is a part of this Annual Report. The Auditors' Report for the financial year ended 31st March 2025 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 the Companies (Accounts) Rules, 2014.

## Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

### Conversation of Energy

**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 utilising alternate source of energy:**

The Company has been exploring possibilities of usage of solar panels for internal usage within its manufacturing facility situated at Sarigam to improve energy efficiency.

**C) Capital investment on energy conservation equipment**

The Company has made minor investment on energy conservation equipment, minor capital investment is also made in electrical drive for energy saving purpose.

### 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 2024-25 was ₹ 134.29 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.

The Company recognises that risk is an integral and inevitable part of the business and is fully committed to manage risks in a proactive and efficient manner. The Company has a Risk Management Policy which articulates the approach to address the uncertainties in its endeavor to achieve its stated and implicit objectives.

## 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 2024-25, 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 Controls

The Company has in place a well-established and robust internal control systems which are commensurate with the nature of its business, size & scale, and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of the Company's operations, safe keeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of the Company's operations.

## 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 Section 148(1) of the Act.

## Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

## Annual Return

As the Company does not have its own website, the requirement to upload Annual Return of the Company on its website as on 31st March 2025 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.

## Other Disclosures

I. No credit rating has been obtained by the Company with respect to its securities.

II. No application has been made under the Insolvency and Bankruptcy Code, hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable.

III. The requirement to disclose the 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, is not applicable.

## 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 cooperation.

**For and on Behalf of the Board of Directors**

**ANURAG SAHAI**
CHAIRMAN
(DIN: 09346336)

Place: Mumbai
Date: 25th April 2025

# Annexure (1) to Board's Report

**FORM AOC-2**

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 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 section 188(1) of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

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

There were no contracts or arrangements, or transactions entered into during the financial year ended 31st March 2025, which were not at arm's length basis.

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

There were no material contracts or arrangements, or transactions entered into during the financial year ended 31st March 2025.

All related party transactions were in the ordinary course of business and on arm's length basis and approved by the Board of Directors of the Company.

For and on Behalf of the Board of Directors

**ANURAG SAHAI**
CHAIRMAN
(DIN: 09346336)

Place: Mumbai
Date: 25th April 2025

# 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 March 31, 2025, 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 ended on that date, and notes to the financial statements, including a summary of material 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, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its profit, total comprehensive income, 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 ("SA"s) specified under section 143(10) of the Act. 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 are 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 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.

## Responsibilities of Management and Board of Directors for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 financial controls 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 March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company 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 with reference to financial statements.

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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 27 to the financial statements;

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

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 36(vii) to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 35(vii) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Based on our examination, which included test checks, the Company has used an accounting software system for maintaining its books of account for the financial year ended March 31, 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software system. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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)

**Terence Lewis**
Partner
(Membership No. 107502)
(UDIN:25107502BMIBBF9145)

Date: April 25, 2025
Place: Mumbai

# 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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls with reference to financial statements of Asian Paints Industrial Coatings Limited (the "Company") as at March 31, 2025 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with reference to financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to financial statements

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the criteria for internal financial control with reference to financial statements 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)

**Terence Lewis**
Partner
(Membership No. 107502)
(UDIN:25107502BMIBBF9145)

Date: April 25, 2025
Place: Mumbai

# Annexure "B" to The Independent Auditor's Report

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

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

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, Plant and Equipment.

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

(b) The Company has a program of verification of Property, Plant and Equipment so as to cover all the items once every three (3) years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all Property, Plant and Equipment were due for verification during the year and were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

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

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The inventories were physically verified during the year by the management at reasonable intervals. In our opinion and based on the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of account.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions, and hence reporting under clause 3(ii)(b) of the Order is not applicable.

iii. The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause 3(iii) of the Order is not applicable.

iv. The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause 3(iv) of the Order is not applicable.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

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

vii. (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year. There were no undisputed amounts payable in respect of Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub clause (a) above which have not been deposited as on March 31, 2025 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 (₹ in lakhs) | Amount unpaid (₹ in lakhs) |
|---|---|---|---|---|---|
| Income Tax | IT Matters under dispute | Commissioner of Income Tax (Appeals) / Remanded back to Assessing Officer | AY 2017-18 | 95.21 | 95.21 |
| Sales Tax/ VAT/ CST | Assessment Dues | High Court | FY 2003-04 & 2004-05 | 132.00 | 79.20 |
| | | First Appellate | FY 2006-07 & 2013-14 | 6.38 | 5.48 |
| Central Goods and Services Tax Act, 2017 | Assessment Dues | First Appellate | FY 2020-21 | 1.61 | 1.61 |

viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, not been used during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)€ of the Order is not applicable.

(f) The Company has not raised loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

x. (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debenture (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable to Company.

xi. (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. The Company is not required to have an internal audit system under Section 138 of the Companies Act, 2013 and hence reporting under clause 3(xiv) of the Order is not applicable.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding Company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) The Company does not have any CIC as part of the group and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred any cash losses in the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet date and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

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

**Terence Lewis**
Partner
(Membership No. 107502)
(UDIN: 25107502BMIBBF9145)

Place: Mumbai
Date: April 25, 2025

# Balance Sheet

as at 31st March, 2025

(₹ in Lakhs)

| Particulars | Notes | 2025 (₹ in Lakhs) | 2024 (₹ in Lakhs) |
|---|---|---|---|
| **Assets** | | | |
| **Non Current assets** | | | |
| Property, Plant and Equipment | 2A | 1,009.01 | 1199.75 |
| Right of Use Assets | 2B | 9.41 | 9.56 |
| Other Intangible Assets | 3 | - | 1.36 |
| Financial Assets | | | |
| Other Financial Assets | 4 | 77.50 | 51.00 |
| Income Tax Assets (Net) | 5 | 225.15 | 286.74 |
| Other Non Current Assets | 6 | 138.20 | 136.81 |
| | | **1,459.27** | **1,685.22** |
| **Current assets** | | | |
| Inventories | 7 | 168.77 | 140.01 |
| Financial Assets | | | |
| Investments | 8 | 3,385.43 | 3,040.24 |
| Trade Receivables | 9 | 443.22 | 349.52 |
| Cash and Cash Equivalents | 10 | 59.28 | 42.41 |
| Other Financial Assets | 4 | 303.87 | 288.80 |
| Other Current Assets | 6 | 98.21 | 76.75 |
| | | **4,458.78** | **3,937.73** |
| **Total Assets** | | **5,918.05** | **5,622.95** |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share Capital | 11 | 3,045.00 | 3,045.00 |
| Other Equity | 12 | 2,222.64 | 1,973.49 |
| | | **5,267.64** | **5,018.49** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Provisions | 14 | 131.03 | 193.41 |
| Deferred Tax Liabilities (Net) | 17 | 111.29 | |
| | | **242.33** | **193.41** |
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Other Financial Liabilities | 15 | 329.53 | 335.90 |
| Other Current Liabilities | 16 | 53.82 | 34.70 |
| Provisions | 14 | 24.74 | 26.78 |
| Deferred Tax Liabilities (Net) | 17 | - | 13.67 |
| | | **408.09** | **411.05** |
| **Total Equity and Liabilities** | | **5,918.05** | **5,622.95** |
| | | | |
| **Material accounting policies and Key accounting estimates and judgements** | **1** | | |
| **See accompanying notes to the financial statements** | **2-36** | | |

**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

**ANURAG SAHAI**
DIRECTOR
DIN: 09346336

**HIRAL RAJA**
DIRECTOR
DIN: 08735226

**Terence Lewis**
Partner
Membership No: 107502

**JAY SHAH**
COMPANY SECRETARY

**VIKRAM JAIN**
CHIEF FINANCIAL OFFICER

Mumbai
25th April, 2025

MUMBAI
25TH APRIL, 2025

# Statement of Profit and Loss
for the year ended 31 March 2025

(₹ in Lakhs)

| Particulars | Notes | 2025 (₹ in Lakhs) | 2024 (₹ in Lakhs) |
|---|---|---|---|
| **Revenue from Operations** | | | |
| Revenue from sale of services | 18(A) | 2,329.56 | 2,190.45 |
| Other Operating Revenues | 18(B) | 14.49 | 11.05 |
| Other Income | 19 | 242.43 | 219.89 |
| **Total Income (I)** | | **2,586.48** | **2,421.39** |
| EXPENSES | | | |
| Employee Benefits Expense | 20 | 976.79 | 865.49 |
| Other Expenses | 21 | 1,079.85 | 968.56 |
| **Total Expenses (II)** | | **2,056.64** | **1,834.05** |
| **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)** | | **529.84** | **587.34** |
| Depreciation and Amortisation Expense | 23 | 192.79 | 182.61 |
| **Profit Before Tax** | | **337.04** | **403.55** |
| | | | |
| **Tax expense** | 17 | | |
| (1) Current tax | | 2.32 | - |
| (2) Deferred tax | | 94.60 | 13.67 |
| | | | - |
| **Profit After Tax** | | 240.13 | 389.88 |
| **Other Comprehensive Income (OCI)** | | | |
| (A) Items that will not be reclassified to profit or loss | | | |
| a) Remeasurement of defined benefit plans(net) | | 12.05 | (16.38) |
| b) Income tax (expense)/benefit on remeasurement of defined benefit plans | | (3.03) | - |
| **Total Other Comprehensive Income** | | **9.02** | **(16.38)** |
| | | | |
| **Total Comprehensive Income for the Year** | | **249.15** | **373.50** |
| | | | |
| Earnings per equity share (Face value of ₹ 10 each) | | | |
| Basic & Diluted (in ₹) | 29 | 0.79 | 1.28 |
| **Material accounting policies and Key accounting estimates and judgements** | **1** | | |
| **See accompanying notes to the financial statements** | **2-36** | | |

**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

**ANURAG SAHAI**
DIRECTOR
DIN: 09346336

**HIRAL RAJA**
DIRECTOR
DIN: 08735226

**Terence Lewis**
Partner
Membership No: 107502

**JAY SHAH**
COMPANY SECRETARY

**VIKRAM JAIN**
CHIEF FINANCIAL OFFICER

Mumbai
25th April, 2025

MUMBAI
25TH APRIL, 2025

# Cash Flow Statement

as at 31 March 2025

(₹ in Lakhs)

| | Particulars | 2025 (₹ in Lakhs) | 2024 (₹ in Lakhs) |
|---|---|---|---|
| **(A)** | **Cash Flow From Operating Activities** | | |
| | **Profit before tax** | 337.04 | 403.55 |
| | **Adjustments for :** | | |
| | Depreciation and amortisation expense | 192.79 | 182.61 |
| | Interest income | (16.59) | (19.40) |
| | Finance costs | - | 1.18 |
| | Net unrealised foreign exchange loss/(gain) | 6.10 | 1.64 |
| | Gain on sale of Property, plant and equipment (net) | (1.80) | 0.00 |
| | Gain from Mutual Funds | (222.43) | (194.21) |
| | Sundry balances written off | 18.75 | |
| | **Operating profit before working capital changes** | **313.86** | **375.37** |
| | | | |
| | **Adjustments for :** | | |
| | Decrease/(Increase) in trade receivables | (93.71) | (92.87) |
| | Decrease/(Increase) in financial assets | (24.75) | 87.48 |
| | Decrease/(Increase) in other assets | (9.97) | (27.70) |
| | Decrease/(Increase) in inventories | (23.98) | (67.62) |
| | Increase /(Decrease) in financial liabilities | 4.67 | 122.38 |
| | Increase /(Decrease) in other liabilities | (52.37) | (68.82) |
| | **Cash generated/(used in) from Operating activities** | **113.76** | **328.22** |
| | Net income tax paid (net) | 59.28 | (51.75) |
| | **Cash generated/(used in) from Operating activities** | **173.03** | **276.47** |
| | | | |
| **(B)** | **Cash Flow from Investing Activities** | | |
| | Purchase of Property, plant and equipment | (18.39) | (114.21) |
| | Sale of Property, plant and equipment | 1.80 | 1.45 |
| | Interest Income | - | 19.40 |
| | Term deposit movement | (16.81) | - |
| | Gain from Mutual Funds | 222.43 | 194.21 |
| | **Net Cash (used in)/generated Investing activities** | **189.03** | **100.85** |
| | | | |
| **(C)** | **Cash Flow from Financing Activities** | | |
| | Repayment of lease liabilities (including interest on lease liabilities) | - | (8.23) |
| | **Net Cash (used in) Financing activities** | **0.00** | **(8.23)** |
| | | | |
| **(D)** | **Net Increase / (Decrease) in cash and cash equivalents:** | 362.06 | 369.09 |
| | **Cash and cash equivalents as at 1st April** | 3,082.65 | 2,713.56 |
| | Less: Effect of exchange (gain)/ loss on cash and cash equivalents | | |
| | **Cash and cash equivalents as at 31st March** | **3,444.71** | **3,082.65** |
| | | | |
| | **Cash and Cash equivalents comprises of:** | | |
| | Cash on hand | 0.10 | 0.07 |
| | Balances with Bank: | | |
| | - Current Accounts | 59.18 | 42.34 |
| | Cash and cash equivalents (Refer Note 10) | 59.28 | 42.41 |
| | Add: Investment in liquid mutual funds (Refer Note 8) | 3,385.43 | 3,040.24 |
| | **Cash and cash equivalents in Cash Flow Statement** | **3,444.71** | **3,082.65** |

**Notes** Material accounting policies and Key accounting estimates and judgements See accompanying notes to the financial statements

(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.

**See accompanying notes to the financial statements** 2-36

**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

**Anurag Sahai**
Director
DIN: 09346336

**Hiral Raja**
Director
DIN: 08735226

**Terence Lewis**
Partner
Membership No: 107502

**Jay Shah**
Company Secretary

**Vikram Jain**
Chief Financial Officer

Mumbai
25th April, 2025

Mumbai
25th April, 2025

# Statement of Changes in Equity

for the year ended 31st March, 2025

## A) Equity Share Capital

(₹ in Lakhs)

| Particulars | 2025 (₹ in Lakhs) | 2024 (₹ in Lakhs) |
|---|---|---|
| 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 beginning of the reporting year** | **3,045.00** | **3,045.00** |

## B) Other Equity

(₹ in Lakhs)

| Particulars | Reserves and Surplus | | Total |
|---|---|---|---|
| | Retained Earnings | Remeasurement on defined benefit plans | (₹ in Lakhs) |
| **Balance as at 1st April, 2023** | **1638.82** | **(38.83)** | **1599.99** |
| Additions during the year | | | |
| Profit for the year | 389.88 | - | 389.88 |
| Items of Other Comprehensive Income for the year, net of tax | | | |
| Remeasurement gain on defined benefit plans | - | (16.38) | (16.38) |
| Total Comprehensive Income for the year | 389.88 | (16.38) | 373.50 |
| **Balance as on 31st March, 2024** | **2,028.70** | **(55.21)** | **1,973.49** |
| Additions during the year | | | |
| Profit for the year | 240.13 | - | 240.13 |
| Items of Other Comprehensive Income for the year, net of tax | | | |
| Remeasurement loss on defined benefit plans | | 9.02 | 9.02 |
| Total Comprehensive Income for the year | 240.13 | 9.02 | 249.15 |
| **Balance as on 31st March 2025** | **2,268.83** | **(46.19)** | **2,222.64** |

**Material accounting policies and Key accounting estimates and judgements 1**
**See accompanying notes to the financial statements 2-36**

**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

**ANURAG SAHAI**
DIRECTOR
DIN: 09346336

**HIRAL RAJA**
DIRECTOR
DIN: 08735226

**Terence Lewis**
Partner
Membership No: 107502

**JAY SHAH**
COMPANY SECRETARY

**VIKRAM JAIN**
CHIEF FINANCIAL OFFICER

Mumbai
25th April, 2025

MUMBAI
25TH APRIL, 2025

# Notes to the Financial Statements
for the year ended 31 March 2025

## Company Overviews

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 & 6B, Shantinagar, Santacruz East, Mumbai, India – 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. Material Accounting Policies and Key accounting estimates and judgements

**Material Accounting Policies:**

### 1.1. Basis of preparation of Financial Statement

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 Statement.

The Financial Statement are presented in Indian Rupees (which is also the functional currency of the Company) and is rounded off to the nearest lakhs except otherwise indicated.

### 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.

### 1.3.Summary of Material accounting policies

**a) Property, plant and equipment**

Measurement at recognition:

An item of property, plant and equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of PPE are carried at their cost less accumulated depreciation and accumulated impairment losses, if any. Item of PPE which reflects significant cost and has different useful life from the remaining part of PPE is recognized as a separate component.

The cost of an item of PPE comprises of its purchase price net of discounts, if any including import duties and other non-refundable taxes or levies and 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. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses like plans, designs, and drawings of buildings or plant and machinery, borrowing cost on qualifying assets, directly attributable to new manufacturing facility during its construction period are capitalized under the relevant head of PPE if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE 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 PPE appearing in the Consolidated Financial Statement 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 / component of PPE is provided on pro-rata basis using the Straight- Line Method based on the expected useful life of the asset and is charged to the Statement of Profit and loss account as per the requirement of Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical evaluation, taking into account the nature of the asset and the estimated usage basis management's best judgement of economic benefits from those classes of assets. The estimated useful life of items of PPE is mentioned below:

| | Years |
|---|---|
| Factory Buildings | 30 – 60 |
| Buildings (other than factory buildings) | 30 – 61 |
| Plant and Equipment (including continuous process plants)* | 4-21 |
| Scientific research equipment* | 8 |
| Furniture and Fixtures | 5-10 |
| Office Equipment | 4-8 |
| Vehicles* | 4-8 |
| Tinting Systems | 9 |

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

*The useful life assessed by the Management is different than those indicated in Schedule II of the Companies Act, 2013.

The useful lives, residual values of each part of an item of PPE 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 PPE 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 PPE 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) Other Intangible assets

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 expensed in the Statement of Profit and loss as incurred. 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 Statement and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

### 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:

| | Years |
|---|---|
| Purchase cost, user license fees and consultancy fees for Computer Software (including those used for scientific research) | 4 |
| Acquired Trademark | 5 |
| Others include acquired Dealers network and Non–Compete Fees | 5-20 |

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.

Goodwill and certain trademark acquired separately have indefinite useful life and are not subjected to amortization. These are tested for impairment annually and whenever there is an indication that the asset may be impaired.

### 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.

## c) Impairment

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company' cash generating units (CGUs) that are expected to benefit from the combination.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events 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 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.

## d) Revenue

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. It is measured at transaction price (net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract) allocated to that performance obligation. 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 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 and other service as it is directly linked to the expense incurred by the Company.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

## e) Inventory

Stores & spares, components and consumables are carried at the lower of cost and net realizable value as these are mainly used for operational purpose 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. 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.

Cost of inventory is determined on a weighted average basis. Cost of inventory comprises all costs of purchase, non-refundable duties and taxes, cost of conversion including an appropriate share of fixed and variable production overheads and all other costs incurred in bringing the inventory to their present location and condition.

The Company considers factors like estimated shelf life, product discontinuances and ageing of inventory in determining the provision for slow moving, obsolete and other non-saleable inventory and adjusts the inventory provisions to reflect the recoverable value of inventory.

## f) Financial Instruments

A financial instrument is a 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:**

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

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:

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

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 24 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method. The effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset 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 fair value through other comprehensive income (FVTOCI) A financial asset is measured at FVTOCI if both of the following conditions are met:

a. The Company 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 (Refer note 24 for further details). 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 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 24 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 Companyrecognizes dividend income from such instruments in the Statement of Profit and 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 and loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

i. Financial assets measured at fair value through profit or loss (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 (Refer note 24 for further details). 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:

i. A financial asset is derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

   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

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 Companyreverts to recognizing impairment loss allowance based on 12-month ECL.

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 Statement of Profit and loss.

### Financial Liabilities

### Initial recognition and measurement:

The Group 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 24 for further details). 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 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.

### Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet wherever there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 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 Companyare 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.

### 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.

Exchange differences arising out of foreign exchange translations and settlements during the year 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 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 Statement and the corresponding tax bases used in the computation of taxable profit in accordance with the applicable tax laws.

Deferred tax assets and liabilities are generally recognized for all deductible and taxable temporary differences respectively. 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 or does not give rise to equal taxable and deductible temporary differences, deferred tax assets or 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 recognized to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized.

The Company recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent it has a sufficient taxable temporary difference or there is convincing evidence that sufficient taxable profits will be available.

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.

#### Uncertain tax positions:

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using one of two methods, the expected value method (the sum of the probability - weighted amounts in a range of possible outcomes) or the most likely amount (single most likely amount method in a range of possible outcomes), depending on which is expected to better predict the resolution of the uncertainty. The Company applies consistent judgements and estimates if an uncertain tax treatment affects both the current and the deferred tax.

#### 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 tax assets and 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.

## 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 will be required and the amount of outflow 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 or the amount of such outflow cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources 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 Statement of Cash Flows 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 the employee renders the related service.

### Post-Employment Benefits:

### I. 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 recognised in the Statement of Profit and loss in the financial year to which they relate. The Parent Company and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme and Government administered Pension Fund Scheme for all applicable employees and the Parent Company operates a Superannuation scheme for eligible employees. A few Indian Subsidiaries also operate Defined Contribution Plans pertaining to Provident Fund Scheme.

#### 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. 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 a reduction in future payments or a cash refund.

### II. Defined benefit plans:

i) **Provident fund scheme:**

The Company makes specified monthly contributions towards Employee Provident Fund scheme to a separate trust administered by the Parent Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. The Parent Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

ii) **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 entity will contribute this amount to the gratuity fund within the next twelve months.

### Other Long Term Employee Benefits:

Entitlements to deferred incentives, 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 Companydetermines 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).

## n) Lease accounting Assets taken on lease:

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

The Company assesses whether a contract is or contains a lease, at inception of a contract in accordance with Ind AS 116. 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 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 recognised 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. 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 or useful life of the underlying asset if the Company expects to exercise a purchase option in the lease. The estimated useful lives of ROU 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, generally discounted using an incremental borrowing rate specific to the Company, term and currency of the contract.

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 payment which the Company is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate 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 and 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 ROU 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.

### o) Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to the equity shareholders of the Parent Company with the weighted average number of equity shares outstanding during the financial year, adjusted for treasury shares.

Diluted Earnings per share is calculated by dividing net profit attributable to the equity shareholders of the Parent Company with the weighted average number of shares outstanding during the financial year, adjusted for effects of diluting potential equity shares towards ESOP plan.

## 1.4. Key accounting estimates and judgements

The preparation of the Company's Financial Statement 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 effected 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

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 17).

### 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 'sassets 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, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes or a change in market demand of the product or service output of the asset, manufacturers warranties and maintenance support, etc.

### 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 26, 'Employee benefits'.

### d) Right-of-use assets and lease liability

The Company has 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.

# Note 2A : Property, Plant and Equipment

(₹ in Lakhs)

| Particulars | Gross Carrying Value | | | | Depreciation | | | | Net Carrying value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.24 | Additions | Adjustment/ Deductions | As at 31.03.25 | As at 01.04.24 | Additions | Adjustment/ Deductions | As at 31.03.25 | As at 31.03.25 |
| Leasehold | - | - | - | - | - | - | - | - | - |
| Buildings | 290.91 | - | - | 290.91 | 121.75 | 13.62 | - | 135.37 | 155.54 |
| Plant and Equipment | 1,678.04 | 5.00 | 5.81 | 1,677.23 | 791.35 | 173.81 | 5.81 | 959.35 | 717.88 |
| Scientific Research : | | | | | | | | | |
| Buildings | 12.00 | - | - | 12.00 | 4.05 | 0.73 | - | 4.78 | 7.22 |
| Equipment | 169.26 | 12.38 | - | 181.64 | 44.51 | 19.12 | - | 63.63 | 118.01 |
| Furniture and Fixtures | 11.10 | - | 0.35 | 10.75 | 7.79 | 0.84 | 0.35 | 8.29 | 2.47 |
| Office Equipment | 23.52 | 3.00 | 0.40 | 26.12 | 15.77 | 2.87 | 0.40 | 18.24 | 7.88 |
| Information Technology Hardware | 8.51 | - | - | 8.51 | 8.37 | 0.14 | - | 8.51 | 0.00 |
| **Total** | **2,193.34** | **20.38** | **6.56** | **2,207.16** | **993.59** | **211.13** | **6.56** | **1,198.17** | **1,009.00** |

(₹ in Lakhs)

| Particulars | Gross Carrying Value | | | | Depreciation | | | | Net Carrying value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.23 | Additions | Adjustment/ Deductions | As at 31.03.24 | As at 01.04.23 | Additions | Adjustment/ Deductions | As at 31.03.2024 | As at 31.03.24 |
| Buildings | 290.91 | - | - | 290.91 | 108.13 | 13.62 | - | 121.75 | 169.16 |
| Plant and Equipment | 1,645.59 | 32.45 | - | 1,678.04 | 636.26 | 155.09 | - | 791.35 | 886.69 |
| Scientific Research : | | | | | | | | | |
| Buildings | 12.00 | - | - | 12.00 | 3.32 | 0.73 | - | 4.05 | 7.95 |
| Equipment | 79.03 | 90.23 | - | 169.26 | 36.76 | 7.75 | - | 44.51 | 124.75 |
| Furniture and Fixtures | 11.10 | - | - | 11.10 | 6.88 | 0.91 | - | 7.79 | 3.31 |
| Office Equipment | 23.52 | - | - | 23.52 | 12.13 | 3.64 | - | 15.77 | 7.75 |
| Information Technology Hardware | 8.51 | - | - | 8.51 | 7.64 | 0.73 | - | 8.37 | 0.14 |
| **Total** | **2,070.66** | **122.68** | **-** | **2,193.34** | **811.12** | **182.47** | **-** | **993.59** | **1,199.75** |

## Note 2B : Right of use Assets

(₹ in Lakhs)

| Movement in net carrying amount | 2024-25 | | 2023-24 | |
|---|---|---|---|---|
| | Building | Leasehold Land | Building | Leasehold Land |
| **Net Carrying Amount** | | | | |
| Balance at 1st April | - | 9.56 | 7.03 | 9.72 |
| Additions | | - | | - |
| Depreciation | - | 0.15 | 7.03 | 0.16 |
| Deletions | - | - | - | - |
| **Balance at 31st March 2025** | **-** | **9.41** | **-** | **9.56** |

## Note 3 : Intangible Assets (Acquired Separately)

(₹ in Lakhs)

| Particulars | Gross Carrying Value | | | | Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.24 | Additions | Deductions | As at 31.03.25 | As at 01.04.24 | Additions | Deductions | As at 31.03.25 | As at 31.03.25 |
| Computer Software | 5.73 | - | - | 5.73 | 4.37 | 1.36 | - | 5.73 | - |
| | | | | | | | | | (₹ in Lakhs) |
| **Total Intangible Assets** | **5.73** | **-** | **-** | **5.73** | **4.37** | **1.36** | **-** | **5.73** | **-** |

| Particulars | Gross Carrying Value | | | | Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.23 | Additions | Deductions | As at 31.03.24 | As at 01.04.23 | Additions | Deductions | As at 31.03.24 | As at 31.03.24 |
| Computer Software | 5.73 | - | - | 5.73 | 2.93 | 1.44 | - | 4.37 | 1.36 |
| **Total Intangible Assets** | **5.73** | **-** | **-** | **5.73** | **2.93** | **1.44** | **-** | **4.37** | **1.36** |

## Note 4 : Other Financial Assets

(₹ in Lakhs)

| Movement in net carrying amount | Non-Current | | Current | |
|---|---|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 | As at 31.03.2025 | As at 31.03.2024 |
| **Unsecured & considered good** | | | | |
| (a) Security Deposits | 75.75 | 51.00 | - | - |
| (b)Term deposits held as margin money against bank guarantee and other commitments | 1.75 | - | 182.74 | 174.82 |
| (c) Term deposit with more than 12 months of original maturity | - | | 121.12 | 113.98 |
| **TOTAL** | **77.50** | **51.00** | **303.86** | **288.80** |

## Note 5 : Current Tax Assets (net)

(₹ in Lakhs)

| Movement in net carrying amount | Non-Current | | Current | |
|---|---|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 | As at 31.03.2025 | As at 31.03.2024 |
| Advance payment of income tax (Net) | 225.15 | 286.74 | - | - |
| **TOTAL** | **225.15** | **286.74** | **-** | **-** |

## Note 6 : Other Assets

(₹ in Lakhs)

| Movement in net carrying amount | Non-Current | | Current | |
|---|---|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 | As at 31.03.2025 | As at 31.03.2024 |
| Advances other than capital advances | | | | |
| (i) Balances with government authorities | 135.38 | 135.38 | - | 12.74 |
| (ii) Advances/claims recoverable in cash or in kind | - | - | 88.95 | 36.40 |
| (iii) Advances to employees | - | - | 7.22 | 9.15 |
| (iv) Prepaid expenses | 2.52 | 1.43 | 2.04 | 18.16 |
| (v) Refund receivable | 0.30 | - | | 0.30 |
| **TOTAL** | **138.20** | **136.81** | **98.21** | **76.75** |

## Note 7 : Inventories

(₹ in Lakhs)

| Movement in net carrying amount (At lower of cost and net realisable value) | Current | |
|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 |
| Stores and spares | 168.77 | 140.01 |
| **TOTAL** | **168.77** | **140.01** |

## Note 8 : Current Investments

(₹ in Lakhs)

| | As at 31.03.2025 | | As at 31.03.2024 | |
|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount |
| **Investments in Quoted Mutual Funds measured at FVTPL** | | | | |
| UTI Liquid Cash Plan - Direct Plan Growth | 12,827 | 545.31 | 6,950 | 275.09 |
| UTI Money Market Fund - Regular Plan Growth | 10,728 | 324.49 | 10,728 | 300.90 |
| Others | | 2,515.64 | | 2,464.25 |
| **Total Quoted Current Investment** | | **3,385.43** | | **3,040.24** |
| Aggregate amount of quoted investments at Cost | | 3,149.65 | | 2,792.00 |
| Aggregate amount of quoted investments at Market value | | 3,385.43 | | 3,040.24 |

## Note 9 : Trade Receivables

(₹ in Lakhs)

| | Current | |
|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 |
| Trade receivables | | |
| (a) Unsecured, considered good (Refer Note 28) | 443.22 | 349.51 |
| (b) Unsecured, considered doubtful | 68.76 | 68.76 |
| | **511.98** | **418.27** |
| Less - Allowance for unsecured doubtful debts | (68.76) | (68.76) |
| **TOTAL** | **443.22** | **349.51** |

### Trade Receivable Ageing schedule

(₹ in Lakhs)

| Trade receivables (unsecured) as on 31st March 2025 | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (a) Undisputed, considered good | 380.14 | 63.08 | - | - | - | - | 443.22 |
| (b) Undisputed, considered doubtful | - | - | - | - | - | 68.76 | 68.76 |
| (c) Disputed, considered good | - | - | - | - | - | - | - |
| (d) Disputed, considered doubtful | | | | | | | |
| **TOTAL** | **380.14** | **63.08** | **-** | **-** | **-** | **68.76** | **511.98** |
| Less : Allowance for unsecured doubtful debts | | | | | | | **68.76** |
| **Total Trade Receivables - Current** | | | | | | | **443.22** |

(₹ in Lakhs)

| Trade receivables (unsecured) as on 31st March 2024 | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (a) Undisputed, considered good | 325.10 | 24.41 | 0.00 | - | - | - | 349.51 |
| (b) Undisputed, considered doubtful | - | - | - | - | - | 68.76 | 68.76 |
| (c) Disputed, considered good | - | - | - | - | - | - | - |
| (d) Disputed, considered doubtful | - | - | - | - | - | - | - |
| **TOTAL** | **325.10** | **24.41** | **0.00** | **0.00** | **0.00** | **68.76** | **418.27** |
| Less : Allowance for unsecured doubtful debts | | | | | | | **68.76** |
| **Total Trade Receivables - Current** | | | | | | | **349.51** |

## Note 10 : Cash and bank balances

(₹ in Lakhs)

| | Current | |
|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 |
| **Cash and Cash equivalent** | | |
| | | |
| (a) Balances with banks : | | |
| (i) Current Accounts | 59.18 | 42.34 |
| (b) Cash on hand | 0.10 | 0.07 |
| **TOTAL** | **59.28** | **42.41** |

## Note 11 : Equity Share Capital

(₹ in Lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Authorised** | | |
| 33,000,000 (Previous year 33,000,000) Equity Shares of ₹10/- each | 3,300.00 | 3,300.00 |
| | **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 |
| | **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 31.03.2025 | | As at 31.03.2024 | |
|---|---|---|---|---|
| | 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 31.03.2025 | | As at 31.03.2024 | |
|---|---|---|---|---|
| | 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.

## d) Shares held by promoters as defined in the Companies Act, 2013 at the end of the year

| | As at 31.03.2025 | | As at 31.03.2024 | | % change during the year |
|---|---|---|---|---|---|
| | No. of Shares | % of total shares | No. of Shares | % of total shares | |
| Asian Paints Limited (Holding Company) and its nominees | 30,450,000 | 100% | 30,450,000 | 100% | - |

## Note 12 : Other Equity

(₹ in Lakhs)

| Particulars | Reserves and Surplus | | Total |
|---|---|---|---|
| | Retained Earnings | Remeasurement on defined benefit plans | |
| **Balance as at 1st April, 2023** | **1,638.82** | **(38.83)** | **1599.99** |
| Additions during the year | | | |
| Profit for the year | 389.88 | - | 389.88 |
| Items of Other Comprehensive Income for the year, net of tax | | | 0 |
| Remeasurement loss on defined benefit plans | 0.00 | (16.38) | (16.38) |
| **Total Comprehensive Income for the year** | **389.88** | **(16.38)** | **373.50** |
| **Balance as on 31st March,2024** | **2,028.70** | **(55.21)** | **1,973.49** |
| Additions during the year | | | |
| Profit for the year | 240.13 | - | 240.13 |
| Items of Other Comprehensive Income for the year, net of tax | | | |
| Remeasurement loss on defined benefit plans | | 9.02 | 9.02 |
| Total Comprehensive Income for the year | 240.13 | 9.02 | 249.15 |
| **As at 31st March, 2025** | **2,268.83** | **(46.19)** | **2,222.64** |

## Note 13 : Lease liabilities

(₹ in Lakhs)

| Movement in lease liabilities | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Balance as at 1st April** | - | 7.05 |
| Additions | - | - |
| Deletions | - | - |
| Finance cost | - | 1.18 |
| Repayment (including interest on lease liabilities) | - | 8.23 |
| **Balance as at 31st March** | **-** | **-** |

## Amounts with respect to leases recognised in the Statement of Profit & Loss and Cash Flow Statement

**(₹ in Lakhs)**

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Amounts recognised in Statement of Profit and Loss** | - | |
| Interest on lease liabilities | - | - |
| Depreciation expense | - | 7.03 |
| Expenses relating to short-term leases and leases of low-value assets | - | 0.58 |
| Amounts recognised in Cash Flow Statement | | |
| In Financing activity | | |
| Repayment of lease liabilities | - | |
| Interest paid on lease liabilities | - | - |

## Note 14 : Provisions

**(₹ in Lakhs)**

| | Non-Current | | Non-Current | |
|---|---|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 | As at 31.03.2025 | As at 31.03.2024 |
| **(a) Provision for Employee Benefits (Refer Note 26)** | | | | |
| Provision for Compensated Absences | 74.00 | 65.10 | 11.29 | 11.02 |
| Provision for Gratuity | 57.03 | 128.31 | 13.45 | 15.76 |
| | **131.03** | **193.41** | **24.74** | **26.78** |
| | | | | |
| **TOTAL** | **131.03** | **193.41** | **24.74** | **26.78** |

## Note 15 : Other financial liabilities

**(₹ in Lakhs)**

| | Current | |
|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 |
| Payable towards capital expenditure | 8.44 | 6.44 |
| Payable towards services received | 82.64 | 105.35 |
| Payable towards stores spares & consumables | 4.82 | 45.78 |
| Payable to employees | 147.71 | 141.59 |
| Payable towards other expenses | 43.68 | 36.73 |
| Payable towards MSME | 42.24 | - |
| **TOTAL** | **329.53** | **335.90** |

## Note 16 : Other current liabilities

**(₹ in Lakhs)**

| | Current | |
|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 |
| Statutory Payables | | |
| Payable towards Provident Fund and Profession tax | 34.35 | 26.43 |
| Balances with government authorities | 2.94 | - |
| Payable towards Tax Deducted at Source | 16.53 | 8.27 |
| **TOTAL** | **53.82** | **34.70** |

## Note 17 : Income taxes

(₹ in Lakhs)

| | | 2024-25 | 2023-24 |
|---|---|---|---|
| **A.** | **The major components of income tax expense for the year are as under :** | | |
| **(i)** | **Income tax recognised in the Statement of Profit and Loss** | | |
| | **Current tax** | | |
| | In respect of current year | 2.32 | - |
| | Adjustments in respect of previous year | - | - |
| | Deferred tax: | | |
| | In respect of current year | 94.60 | 13.67 |
| | **Income tax expense recognised in the Statement of Profit and Loss** | **96.92** | **13.67** |
| **(ii)** | **Income tax expense recognised in OCI** | | |
| | Deferred tax : | | |
| | Deferred tax benefit on remeasurement benefit of defined benefit plans | 3.03 | - |
| | **Income tax (expense) recognised in OCI** | **3.03** | **-** |
| **B.** | **Reconciliation of tax expense and the accounting profit for the year is as under :** | | |
| | Profit before tax | 337.04 | 403.55 |
| | Income tax expense calculated at 25.168% | 84.83 | 101.57 |
| | Tax effect on non-deductible expenses | 1.54 | 2.41 |
| | Effect of Income that is exempted from tax | - | - |
| | Others | 97.49 | - |
| | Utilization of Unused tax loss and Unabsorbed depreciation | (86.93) | (90.30) |
| | **Total** | **96.91** | **13.67** |
| | Adjustments in respect of current income tax of previous year | - | - |
| | **Tax expense as per Statement of Profit and Loss** | **96.91** | **13.67** |

The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law.

### C. The major components of deferred tax (liabilities)/assets arising on account of temporary differences as at 31st March, 2025 are as follows:

(₹ in Lakhs)

| **Particulars** | **Balance Sheet** | |
|---|---|---|
| | **31-Mar-25** | **31-Mar-24** |
| Difference between Written Down Value of fixed assets as per the books of accounts and Income Tax Act,1961. | (110.22) | (127.02) |
| Expenses claimed for tax purposes on payment basis | 61.30 | 55.24 |
| Others (Fair valuation gain, etc) | (59.34) | (23.70) |
| Business Losses and unabsorbed depreciation carried forward under Income Tax Act, 1961 | 0.00 | 81.82 |
| Remeasurement of the defined benefit plans through OCI | (3.03) | - |
| | **(111.30)** | **(13.67)** |
| Deferred tax asset (net of liability) not recognised* | | |
| **Deferred tax Liability** | **(111.30)** | **(13.67)** |

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 2025

(₹ in Lakhs)

| Financial Year | Business Loss | Expiry Date | Depreciation | Expiry Date | Total |
|---|---|---|---|---|---|
| 2015-2016 | - | - | - | - | - |
| 2016-2017 | - | - | - | - | - |
| 2017-2018 | - | - | - | - | - |
| 2018-2019 | - | - | - | - | - |
| 2019-2020 | - | - | - | - | - |

As at 31st March 2024

(₹ in Lakhs)

| Financial Year | Business Loss | Expiry Date | Depreciation | Expiry Date | Total |
|---|---|---|---|---|---|
| 2015-2016 | - | FY 2023 - 24 | - | NA | - |
| 2016-2017 | - | FY 2024 - 25 | 48.68 | NA | 48.68 |
| 2017-2018 | - | FY 2025 - 26 | 73.46 | NA | 73.46 |
| 2018-2019 | - | FY 2026 - 27 | 109.96 | NA | 109.96 |
| 2019-2020 | - | FY 2027 - 28 | 92.98 | NA | 92.98 |

## Note 18 : Revenue from operations

(₹ in Lakhs)

| | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Revenue from Contract with Customers disaggregated based on nature of service | | |
| **(A) Revenue from sale of services** | | |
| Processing income (Refer Note 28) | 2,329.56 | 2,190.45 |
| **Total** | **2,329.56** | **2,190.45** |
| **(B) Other operating revenues** | | |
| Scrap sales | 14.49 | 11.05 |
| **Total** | **14.49** | **11.05** |
| **TOTAL (A+B)** | **2,344.05** | **2,201.50** |

## Note 19 : Other income

(₹ in Lakhs

| | | Year 2024-25 | Year 2023-24 |
|---|---|---|---|
| **(a)** | **Interest Income** | | |
| | Financial assets carried at amortised cost | 16.59 | 19.40 |
| (b) | Other non-operating Income | | |
| | Sundry balances written back | - | - |
| | Net gain arising on financial assets measured at FVTPL# | 222.43 | 194.21 |
| | Others | 1.61 | 6.28 |
| (c) | Other gains and losses | | |
| | Gain on sale of Property, Plant and equipment (Net) | 1.80 | - |
| **TOTAL** | | **242.43** | **219.89** |

# Includes Gain on sale of financial assets measured at FVTPL for Rs 60.22 Lakhs (Previous year - Rs 37.76 lakhs Gain)

## Note 20 : Employee benefits expenses

(₹ in Lakhs)

| | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Salaries and wages | 853.46 | 775.71 |
| Contribution to provident and other funds (Refer Note 26) | 77.30 | 65.28 |
| Staff welfare expenses | 46.03 | 24.50 |
| **TOTAL** | **976.79** | **865.49** |

## Note 21 : Other expenses

(₹ in Lakhs)

| | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Consumption of stores and spare parts | 223.02 | 172.55 |
| Power and fuel | 398.08 | 358.92 |
| **Repairs and maintenance:** | | |
| Buildings | 4.99 | 20.16 |
| Machinery | 15.51 | 23.38 |
| Others | 12.85 | 16.87 |
| | **33.36** | **60.41** |
| Rent | 0.55 | 1.13 |
| Rates and taxes | 2.91 | 2.67 |
| Water charges | 8.74 | 9.55 |
| Insurance | 3.15 | 27.06 |
| Printing, stationery and communication expenses | 5.65 | 4.50 |
| Travelling expenses | 9.08 | 13.21 |
| Payment to auditors | 6.25 | 6.71 |
| Bank charges | 1.72 | 1.51 |
| Legal and professional expenses | 35.94 | 21.04 |
| Training and recruitment | 6.59 | - |
| Factory laboratory expenses | 17.21 | 13.86 |
| Machinery cleaning expenses | 230.49 | 188.30 |
| Safety and security expenses | 49.78 | 55.73 |
| Sundry balances written off | 13.34 | - |
| Miscellaneous expenses | 28.15 | 29.77 |
| Foreign Exchange Loss (Net) | 5.85 | 1.64 |
| **TOTAL** | **1,079.85** | **968.56** |

## Note 22 : Finance costs

(₹ in Lakhs)

| | Year 2024-25 | Year 2023-24 |
|---|---|---|
| **Interest** | | |
| Interest on lease liability | - | 1.18 |
| **TOTAL** | **-** | **1.18** |

## Note 23 : Depreciation and amortisation expense

(₹ in Lakhs)

| | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Depreciation of property, plant and equipment (Refer Note 2A) | 191.28 | 174.00 |
| Amortisation of Intangible assets (Refer Note 3) | 1.36 | 1.43 |
| Amortisation on RoU Assets (Refer Note 2B) | 0.15 | 7.18 |
| **TOTAL** | **192.79** | **182.61** |

## Note 24 (A) : Category-wise classification of financial instruments

(₹ in Lakhs)

| | Non-Current | Current | Non-Current | Current |
|---|---|---|---|---|
| | As at 31.03.2025 | As at 31.03.2025 | As at 31.03.2024 | As at 31.03.2024 |
| **Financial assets measured at fair value through profit and loss** | | | | |
| Quoted investments in Mutual Funds (Refer Note 8) | - | 3,385.43 | - | 3,040.24 |
| | **-** | **3,385.43** | **-** | **3,040.24** |
| **Financial assets measured at amortised cost** | | | | |
| Trade receivables (Refer Note 9) | - | 443.22 | - | 349.52 |
| Cash and Cash Equivalents (Refer Note 10) | - | 59.28 | - | 42.41 |
| Term deposits held as margin money against bank guarantee and other commitments (Refer Note 4b) | 1.75 | 182.74 | - | 174.82 |
| Deposits with Banks with maturity more than 12 months (Refer Note 4) | - | 121.12 | - | 113.98 |
| Sundry Deposits (Refer Note 4a) | 75.75 | - | 51.00 | - |
| | **77.50** | **806.36** | **51.00** | **680.73** |
| **Financial liabilities recognised at amortised cost** | | | | |
| Payable towards capital expenditure (Refer Note 15) | - | 8.44 | - | 6.44 |
| Payable towards services received (Refer Note 15) | - | 82.64 | - | 105.35 |
| Payable towards stores spares and consumables (Refer Note 15) | - | 4.82 | - | 45.78 |
| Payable to employees (Refer Note 15) | - | 147.71 | - | 141.59 |
| Payable towards other expenses (Refer Note 15) | - | 43.68 | - | 36.73 |
| Payable- MSME (Refer Note 15) | - | 42.24 | - | - |
| | **-** | **329.53** | **-** | **335.89** |

## Note 24 (B) : Fair value measurement

**As at 31st March, 2025**

**(₹ in Lakhs)**

| Financial assets/ financial liabilities | Fair value | Fair value hierarchy | | |
|---|---|---|---|---|
| | As at 31.03.2025 | 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 8) | 3,385.43 | 3,385.43 | - | - |

**As at 31st March 2024**

**(₹ in Lakhs)**

| Financial assets/ financial liabilities | Fair value | Fair value hierarchy | | |
|---|---|---|---|---|
| | As at 31.03.2024 | 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 8) | 3,040.24 | 3,040.24 | - | - |

(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.

## Note 24 (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, trade receivables and other receivables.

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.

The Exposure of Company's financial assets and liabilities to interest rate risk is as follows :-

**(₹ in Lakhs)**

| | As at 31.03.2025 | Floating rate | Fixed rate | Non- interest bearing |
|---|---|---|---|---|
| Financial assets | 4,269.29 | - | 381.36 | 3,887.93 |
| Financial liabilities | 329.53 | - | - | 329.53 |

| | As at 31.03.2024 | Floating rate | Fixed rate | Non- interest bearing |
|---|---|---|---|---|
| Financial assets | 3,771.97 | - | 339.80 | 3,432.17 |
| Financial liabilities | 335.89 | - | - | 335.89 |

### 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)**

| Movement in net carrying amount | Liabilities | | Assets | |
|---|---|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 | As at 31.03.2025 | As at 31.03.2024 |
| **USD** | 14.66 | 21.93 | - | - |
| EUR | 4.59 | 4.08 | - | - |
| GBP | (1.25) | 4.72 | - | - |
| CHF | 25.17 | 19.23 | - | - |

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.

## Note 24 (D) : Financial risk management - objectives and policies

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)**

| Movement in net carrying amount | Effect on profit after tax | | Effect on total equity | |
|---|---|---|---|---|
| | As at 31.03.2025 | As at 31.03.2024 | As at 31.03.2025 | As at 31.03.2024 |
| 5% (USD) | 0.52 | 1.06 | 0.52 | 1.06 |
| -5% (USD) | (0.52) | (1.06) | (0.52) | (1.06) |
| 5% (EUR) | (0.16) | 0.20 | (0.16) | 0.20 |
| -5% (EUR) | 0.16 | (0.20) | 0.16 | (0.20) |
| 5% (GBP) | 0.04 | 0.23 | 0.04 | 0.23 |
| -5% (GBP) | (0.04) | (0.23) | (0.04) | (0.23) |
| 5% (CHF) | (0.90) | 0.93 | (0.90) | 0.93 |
| -5% (CHF) | 0.90 | (0.93) | 0.90 | (0.93) |

## 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.

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. 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.

| Net Outstanding > 365 days | Fair value | Credit loss allowance |
|---|---|---|
| Yes | < =25% | Yes, to the extent of lifetime expected credit losses outstanding as at reporting date. |
| Yes | > 25% | Yes, to the extent of lifetime expected credit losses pertaining to balances outstanding for more than one year. |

**(₹ in Lakhs)**

| Movement in expected credit loss allowance on trade receivables | 2025 | 2024 |
|---|---|---|
| Balance at the beginning of the year | 68.76 | 68.76 |
| Loss allowance measured at lifetime expected credit losses | - | - |
| Balance at the end of the year | 68.76 | 68.76 |

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)**

| | Less than 1 year | Between 1 to 5 years | Over 5 years | Total | Carrying Value |
|---|---|---|---|---|---|
| **As at 31st March, 2025** | | | | | |
| Lease Liabilities (Refer Note 13) | - | - | - | - | - |
| Other financial liabilities (Refer Note 15) | 329.53 | - | - | 329.53 | 329.53 |
| **As at 31st March, 2024** | | | | | |
| Lease Liabilities (Refer Note 13) | - | - | - | - | - |
| Other financial liabilities (Refer Note 15) | 335.90 | - | - | 335.90 | 335.90 |

The Company does not have any derivative financial liabilities.

## Note 24 (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, 2024, 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.

## Note 25 : Key financial ratios

| Sr. No. | Ratios | Numerator | Denominator | FY 2024-25 | FY 2023-24 | % Variance |
|---|---|---|---|---|---|---|
| 1 | Current ratio | Current Assets | Current Liabilities | 10.93 | 9.58 | 14.05% |
| 2 | Debt-equity ratio | Total Debt (Borrowings) | Total Equity | NA | NA | |
| 3 | Debt service coverage ratio | Earning available for debt service | Finance Costs (excluding cost pertaining to lease liabilities) + Repayment of borrowings | NA | NA | |
| 4 | Return on Equity | Profits after tax | Average Total Equity | 4.67% | 8.07% | -42.14% |
| 5 | Inventory turnover ratio | Cost of goods sold | Average Inventory | NA | NA | |
| 6 | Trade receivables turnover ratio# | Revenue from operations | Average Trade receivables | 5.91 | 7.26 | -18.58% |
| 7 | Trade payables turnover ratio | Net Purchases of raw material, packing material and stock-in-trade | Average Trade payables | NA | NA | |
| 8 | Net capital turnover ratio | Revenue from operations | Working Capital (Current Assets - Current Liabilities) | 0.58 | 0.62 | -7.30% |
| 9 | Net profit ratio | Profit after tax | Revenue from operations | 10.24% | 17.71% | -42.16% |
| 10 | Return on capital employed | Profit before interest and tax | Average Capital Employed [Total Equity + Total Debt (Borrowings)] | 6.55% | 8.38% | -21.77% |
| 11 | Return on investment<br>(a) Fixed Deposit<br>(b) Mutual Funds | Income during the year | Time weighted average of investment | 6.21%<br>8.62% | 5.05%<br>7.33% | |

## Note 26 : 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.

| | |
|---|---|
| **Investment Risk** | These plans invest in long term debt instruments such as government securities and highly rated corporate bonds. The valuation of which is inversely proportionate to the interest rate movements. There is risk of volatility in assets due to market fluctuations and impairment of assets due to credit losses. |
| **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 2025 by M/s Transvalue Consultants. 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) | |
|---|---|---|---|
| | | 2025 | 2024 |
| A | Opening defined benefit obligation | 233.92 | 228.04 |
| | Current service cost | 22.21 | 24.01 |
| | Interest cost | 16.81 | 15.91 |
| | Past Service Cost | - | - |
| | **Sub-total included in Statement of Profit and Loss** | **39.02** | **39.92** |
| | **Actuarial gain/(loss) from :** | | |
| | Financial assumptions | (6.40) | 5.93 |
| | Demographic assumptions | 0.16 | 0.00 |
| | Experience adjustment | (1.81) | (1.03) |
| | **Sub-total included in Other Comprehensive Income** | **(8.05)** | **4.90** |
| | Benefits paid | (10.54) | (33.61) |
| | Intercompany transfer | 0.81 | (5.32) |
| | **Closing defined benefit obligation** | **255.17** | **233.92** |

(₹ in Lakhs)

| Particulars | | Gratuity (Funded Plan) | |
|---|---|---|---|
| | | 2025 | 2024 |
| B | **Opening fair value of plan assets** | 89.85 | 32.56 |
| | Expected return on plan assets | 6.37 | 2.38 |
| | Sub-total included in Statement of Profit and Loss | 6.37 | 2.38 |
| | Return on plan assets | 4.00 | (11.48) |
| | **Sub-total included in Other Comprehensive Income** | **4.00** | **(11.48)** |
| | Contributions by employer | 95.00 | 100.00 |
| | Benefits paid | (10.54) | (33.61) |
| | **Closing fair value of plan assets** | **184.68** | **89.85** |
| | | | |
| C | **Amounts recognised in the Balance Sheet** | | |
| | Closing defined benefit obligation | 255.17 | 233.92 |
| | Closing fair value of plan assets | 184.68 | 89.85 |
| | **Net Liability Recognised in the Balance Sheet** | **70.49** | **144.07** |
| | | | |
| D | **Expense recognised in:** | | |
| | Statement of Profit and Loss | 32.65 | 37.53 |
| | **Statement of Other Comprehensive Income** | **(12.05)** | **16.38** |
| | | | |
| E | **Weighted average duration of defined benefit obligation** | 11.08 | 10.83 |
| | | | |
| F | **Maturity profile of defined benefit obligation** | | |
| | Within the next 12 months | 13.90 | 16.31 |
| | Between 1 and 5 years | 96.54 | 85.79 |
| | Between 5 and 10 years | 96.77 | 106.72 |
| | 10 years onwards | 335.42 | 27.93 |

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

| | Gratuity (Funded Plan) | |
|---|---|---|
| | 2025 | 2024 |
| Government of India securities (Central and State) | - | - |
| High quality corporate bonds (including Public Sector Bonds) | - | - |
| Equity shares, Equity mutual funds and ETF | - | - |
| Others | 184.68 | 89.85 |

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

| | Gratuity (Funded Plan) | |
|---|---|---|
| | 2025 | 2024 |
| Discount Rate | 6.72% | 7.09% |
| Salary Escalation Rate | Next one year : 8%<br>Thereafter : 7% | Next one year : 9%<br>Thereafter : 8% |

| Demographic assumptions | Gratuity (Funded Plan) | |
|---|---|---|
| | 2025 | 2024 |
| Mortality | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |
| Employee Turnover | For Workmen / Operator : 3% For Others : 12% | For Workmen / Operator : 5% For Others : 12% |
| 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.

| Particulars | Gratuity (Funded Plan) | |
|---|---|---|
| | 2025 | 2024 |
| Defined Benefit Obligation - Discount Rate + 100 basis points | (21.04) | (17.86) |
| Defined Benefit Obligation - Discount Rate - 100 basis points | 24.62 | 20.65 |
| Defined Benefit Obligation – Salary Escalation Rate + 100 basis points | 16.99 | 14.05 |
| Defined Benefit Obligation - Salary Escalation Rate - 100 basis points | (16.50) | (14.00) |

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 11.08 years (Previous Year: 10.83 years).

The Company expects to make a contribution of ₹ 93.07 Lakhs (Previous Year: ₹ 166.29 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 ₹ 32.30 Lacs (Previous year ₹26.43 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, 2025 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in an increase by ₹ 9.17 Lakhs. (Previous Year there was a decrease in liability by ₹ 0.43 lakhs)

**Financial Assumptions**

| Particulars | 2025 | 2024 |
|---|---|---|
| Financial Assumptions | 6.72% | 7.09% |
| Basic salary increases allowing for Price inflation | For First Year: 8%<br>Thereafter: 7% | For First Year: 9%<br>Thereafter: 8% |

**Demographic Assumptions**

| Particulars | 2025 | 2024 |
|---|---|---|
| Mortality | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |
| Employee Turnover | Workmen: 3%,<br>Others: 12% | Workmen: 5%,<br>Others: 12% |
| Leave Availment Ratio | 4% | 4% |

## Note 27 : Contingent liabilities and commitments:

### (i) Contingent Liabilities

(₹ in Lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Claims against the company not acknowledged as debts** | | |
| | | |
| i. Tax matters in dispute under appeal | | |
| - Income Tax | 95.21 | 95.21 |
| - Value Added Tax, | 6.38 | 6.38 |
| - Sales Tax, Entry Tax, Octroi & Trade Tax, GST | 133.62 | 288.31 |
| **Total** | **235.21** | **389.90** |

### (ii) Commitments

| | | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|---|
| 1. | Bank Guarantees issued by bankers towards dispute with tax authorities | 75.13 | 75.13 |
| 2. | Estimated amount of contracts remaining to be executed on capital account and not provided towards Property, plant and equipment. | 9.04 | 33.25 |
| **Total** | | **84.17** | **108.38** |

## Note 28 : Information on related party transactions as required by IND AS - 24 on Related Party Disclosures for the year ended March 31, 2025

### a) Holding Company (Control exists):

Asian Paints Limited

### b) Associate of Holding Company:

PPG Asian Paints Private Limited

### c) Fellow Subsidiaries:

Asian Paints PPG Private Limited

## d) Key Managerial Personnel (Non-Executive Directors):

- Hiral Raja
- Sagar Khade
- Venkateswaran Gopalan
- Satyendra Kumar Patidar
- Anurag Sahai
- Pramod Kumar Chand

## e) Other entities where significant influence exists Post-employment benefit plan entity:

Asian Paints Industrial Coatings Limited Employees' Gratuity Fund

## f) Transactions with Related Parties during the year :

**(₹ in Lakhs)**

| Name of the related party and nature of relationship | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amounts carried in Balance Sheet | Transaction value | Outstanding amounts carried in Balance Sheet |
| Asian Paints Limited (Holding) | Other Services - paid | 3.54 | 3.24 | 3.25 | 3.25 |
| | Reimbursement of Expenses - paid | 106.47 | 72.59 | 64.88 | 55.98 |
| | Reimbursement of Expenses - received | 227.41 | 79.21 | 195.58 | 42.53 |
| Asian Paints PPG Private Limited ( Fellow Subsidiary) | Processing Income | 2,543.54 | 289.30 | 2,368.42 | 248.17 |
| | Reimbursement of Expenses - paid | 1.33 | - | 11.07 | - |
| | Reimbursement of Expenses - received | 90.60 | 71.62 | 58.36 | - |
| PPG Asian Paints Private Limited (Associate of Holding) | Processing Income | 66.02 | 6.06 | 86.13 | 11.35 |
| Pramod Chand | Remuneration | 86.00 | - | 51.45 | - |
| Rakesh Patel | Remuneration | - | - | 40.06 | - |
| Asian Paints Industrial Coatings Limited Gratuity Fund | Contributions during the year (includes Employees' share and contribution) | 93.35 | - | 99.49 | - |

## 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.

## Note 29 : Earnings per share (EPS)

(₹ in Lakhs)

| Particulars | 2025 | 2024 |
|---|---|---|
| Basic and Diluted Earnings per share in rupees (Face Value ₹ 10 per share) | 0.79 | 1.28 |
| Profit after tax as per Statement of Profit and Loss (₹ in Lakhs) | 240.13 | 389.88 |
| 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.

## Note 30 : 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 28.

## Note 31 : Payments to Auditors (excluding taxes):

(₹ in Lakhs)

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| Statutory audit fee | 4.25 | 4.25 |
| Tax audit fee | 2.00 | 2.00 |
| For other services | - | 0.46 |
| For reimbursement of expenses | - | - |
| **Total** | **6.25** | **6.71** |

## Note 32 : The company has incurred following expenditure on research and developments:

(₹ in Lakhs)

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| **a. Revenue Expenditure** | | |
| Employee cost | 149.99 | 133.79 |
| Repairs and Maintenance | 3.04 | 6.16 |
| Testing and Laboratory expenditure | 5.76 | 8.84 |
| Travelling Expenditure | 6.75 | 7.82 |
| Depreciation and amortisation | 19.85 | 8.47 |
| Others | 5.02 | 0.66 |
| | **190.41** | **165.74** |
| **b. Capital Expenditure** | 12.38 | 90.23 |
| **Total (a+b)** | **202.79** | **255.97** |

## Note 33 : Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2024-25, to the extent the company has received intimation from the "Suppliers" regarding their status under the act.

(₹ in Lakhs)

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| (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* | 42.24 | 84.85 |
| 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.

## Note 34 : Changes in the liabilities arising from financial activities

(₹ in Lakhs)

| Particulars | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | As at 31.03.2024 | Cash Flow | Fair Value Changes | Additions | As at 31.03.2025 |
| Lease Liabilities | - | - | - | - | - |

(₹ in Lakhs)

| Particulars | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | As at 31.03.2023 | Cash Flow | Fair Value Changes | Additions | As at 31.03.2024 |
| Lease Liabilities | 7.05 | (8.23) | 1.18 | - | - |

## Note 35 : Additional regulatory information required by the Schedule III to the Companies Act, 2013

### (i) Details of benami property held

The Company does not have any benami property. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

### (ii) Cash Credit/ Working Capital Demand Loan facility secured against current assets

The Company has no Cash Credit / Working Capital Demand Loan facility from banks.

## (iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

## (iv) Struck off

The Company has no transactions with Companies struck off under Companies Act, 2013 or Companies Act, 1956

## (v) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

## (vi) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact in current or previous financial year.

## (vii) Utilisation of borrowed funds and share premium

I The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

II The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

## (viii) Undisclosed income

There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

## (ix) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the year.

## (x) Valuation of PP&E, intangible asset and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the year.

The Company does not have investment property.

## (xi) Charge to be registered with ROC

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**Note 36 :** The financial statements are approved for issue by the Board of Directors at its meeting held on 25th April, 2025

# Weatherseal Fenestration Private Limited

## Board of Directors

| | |
|---|---|
| Mr. Parag Rane | (Nominee Director) |
| Mr. Harish Munireddy | (Whole Time Director) |
| Mr. Gagandeep Singh Kalsi | (Additional & Nominee Director)<br>(Appointed w.e.f. 18th December 2024) |

## Key-Managerial Personnel

| | |
|---|---|
| Mr. Harish Munireddy | (Chief Executive Officer) |

## Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants

## Registered Office

Unit 706 and 707, 7th Floor,
Sakti Statesman, Sy. No. 34,
Iblur, Begur Hobli, Bellandur
Bangalore - 560103
Karnataka, India.

# Contents

# Board's Report

for the financial year ended 31st March 2025

Dear Members,

The Board of Directors are pleased to present the 3rd (Third) Annual Report of Weatherseal Fenestration Private Limited along with the audited financial statements of the Company for the financial year ended 31st March 2025.

## Financial Results

The financial performance of the Company for the financial year ended 31st March 2025 is summarized as below:

(₹ in Lakhs)

| Particulars | FY 2024-25 | FY2023-24 |
|---|---|---|
| Revenue from Operations | 5,261.61 | 5,167.73 |
| Other Operating Revenues | 15.94 | 18.34 |
| Other Income | 24.45 | 15.02 |
| **Total Revenue** | **5,302.00** | **5,201.09** |
| Expenses | 6,596.17 | 6,264.72 |
| **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)** | **(1,294.17)** | **(1,063.63)** |
| Less: Finance Cost | 399.17 | 184.24 |
| Less: Depreciation and Amortisation Expenses | 624.16 | 484.12 |
| **Profit/(Loss) Before Tax** | **(2,317.50)** | **(1,731.99)** |
| Less: Tax Expense | - | 108.79 |
| **Profit/(Loss) After Tax** | **(2,317.50)** | **(1,840.78)** |
| Other Comprehensive Income | 5.86 | (0.07) |
| **Total comprehensive Income/ Loss** | **(2,311.64)** | **(1,840.85)** |

## Overview of the Company's Performance and State of Affairs

During the financial year 2024-25, net revenue from operations on standalone basis is ₹ 5,261.61 lakhs. The Company incurred a loss of ₹ 2,311.64 lakhs during the financial year.

The Company's brand 'Weatherseal' is one of the leading brands in uPVC Windows and Doors space and have established reputable presence in the retail and project customer segment in India. The Company's offerings adopt European Technology with all the raw materials of international quality standards ensuring aesthetic finish and durability. Weatherseal is a consortium to the efficient and superior quality of uPVC windows for every purpose of uPVC Windows and uPVC Doors.

There were no material changes and commitments affecting the financial position of the Company which have occurred since date of incorporation of the Company and on the date of this report. There has been no change in the nature of business of the Company.

There was no revision of financial statements and Board's Report during the year under review.

## 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 2025 is ₹ 2,04,090.

During the financial year 2024-25, there was no change in the authorised, issued, subscribed and paid-up share capital of the Company.

**Confirmations:**

a. During the year under review, the Company has not:

   i. issued any shares, warrants, debentures, bonds, or any other convertible or non-convertible securities.

   ii. issued equity shares with differential rights as to dividend, voting or otherwise.

   iii. issued any sweat equity shares to its Directors or employees.

   iv. issued any equity shares under the employees stock option scheme, further, the Company doesn't have any employees stock option scheme.

   v. made any change in voting rights.

   vi. reduced its share capital or bought back shares.

   vii. changed the capital structure resulting from restructuring.

   viii. failed to implement any corporate action.

b. The Company's securities are not listed on any stock exchanges, hence there doesn't arise a scenario of its shares being suspended for trading during the year.

c. The disclosure pertaining to explanation for any deviation or variation in connection with certain terms of a public issue, rights issue, preferential issue, etc. is not applicable to the Company.

## Dividend

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

## Unpaid Divided & Investor Education and Protection Fund (IEPF)

The Company does not have any unclaimed dividend outstanding for payment to shareholders of the Company. Further, the Company has not transferred any amount to the IEPF.

## Transfer to Reserves

During the year under review, there was no amount transferred to any of the reserves of the Company.

## Subsidiary Status

The Company is a Subsidiary Company of Asian Paints Limited. The Company does not have any subsidiary, associates or joint venture company.

## Deposits

During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 ("the Act"), 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 and Investments

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

## Directors and Key Managerial Personnel

**Change in Directorate**

1. Resignation of Director

   During the year under review, Mr. Shyam Swamy (DIN: 08736211), Nominee Director of the Company had tendered his resignation to the Board of Directors of the Company and resigned with effect from the close of business hours on 17th December 2024.

   The Board placed on record sincere appreciation for his contribution towards the success of the Company, during his tenure as a Nominee Director on the Board of the Company.

2. Appointment of Director

   During the year under review, the Board of Directors through resolution passed by circulation on 18th December 2024, appointed Mr. Gagandeep Singh Kalsi (DIN:10473109) as an Additional and Non-Executive Director (Nominee Director) of the

Company with effect from 18th December 2024 to hold office till the conclusion of the next Annual General Meeting of the Company. Further, he is appointed as a Non-Executive Director of the Company, subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM").

### Retirement by rotation and subsequent re-appointment

In accordance with the provision of Section 152 and other applicable provisions, if any, of the Act read with Companies (Appointment and Qualifications 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. Parag Rane (DIN: 08723015), Nominee Director of the Company is liable to retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

The Board of Directors recommends the re-appointment of Mr. Parag Rane (DIN: 08723015) as a Nominee Director of the Company, liable to retire by rotation. Appropriate resolution for his re-appointment is being placed for the approval of the shareholders of the Company at the ensuing AGM. His brief profile and particulars of experience, attributes, and skills together with his directorships and committee memberships have been disclosed in the annexure to the Notice of the AGM.

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

### Declaration from Directors

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Sections 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force). Further, as there is no Independent Director in the Company, a statement on declaration required to be given by Independent Directors under Section 149(6) of the Act is not applicable.

### Key Managerial Personnel

There is no change in the composition of Key Managerial Personnel during the year under review.

Mr. Harish Munireddy, Whole-time Director and CEO is the Key Managerial Personnel of the Company in terms of Section 2(51) and Section 203 of the Act. He is also a Designated Person as per Rule 9 of the Companies (Management and Administration) Rules, 2014.

## Disclosure Relating to Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

In accordance with the provisions of Sections 197, 203, Schedule V and other applicable provisions, if any, of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following are the details of the remuneration paid to Mr. Harish Munireddy, Whole-time Director and CEO of the Company during the financial year 2024-25:

| Particulars | Amount (in ₹) |
|---|---|
| Gross Salary | 24,01,059 |
| Others | - |
| **Total** | **24,01,059** |

The details of service contract, notice period, and severance fees shall apply in accordance such terms and conditions as laid down in the employment agreement mutually agreed and executed between the Company and Mr. Harish Munireddy. The same was also approved by the shareholders of the Company at its Extra Ordinary General Meeting held on 17th June 2022.

The details of remuneration paid to Director and Key Managerial Personnel of the Company is being disclosed in the Annual Return under Section 92 of the Act.

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

## Performance Evaluation of the Board

Provisions of Section 134(3)(p) of the Act read with Rule 8(4) Companies (Accounts) Rules, 2014 is not applicable to the Company.

## Directors' Responsibility Statement

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

A. in the preparation of the annual accounts for the financial year ended 31st March 2025, the applicable accounting standards and Schedule III of the Act 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 2025 and of the profits of the Company as on 31st March 2025;

C. proper and sufficient care has been taken 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 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 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 were adequate and operating effectively.

## Meetings of the Board

During the year under review, 5 meetings of the Board of Directors were held on 29th April 2024, 10th July 2024, 18th October 2024, 22nd January 2025 and 25th March 2025.

The maximum interval between 2 meetings did not exceed 120 days, as prescribed under the Act.

The details of the meetings held during the financial year 2024-25 and attendance of Directors, is detailed below:

| Sr. No. | Name of the Director | Number of meeting(s) entitled to attend | Number of meeting(s) attended |
|---|---|---|---|
| 1. | Mr. Parag Rane | 5 | 5 |
| 2. | Mr. Harish Munireddy | 5 | 5 |
| 3. | Mr. Shyam Swamy* | 3 | 2 |
| 4. | Mr. Gagandeep Kalsi# | 2 | 2 |

*Mr. Shyam Swamy (DIN: 08736211) resigned as a Nominee Director of the Company with effect from the close of business hours on 17th December 2024.

#Mr. Gagandeep Kalsi (DIN: 10473109) was appointed as an Additional and Non-Executive Director (Nominee Director) of the Company with effect from 18th December 2024, subject to approval of the shareholders of the Company.

The Company has complied with the applicable Secretarial Standards issued by Institute of Company Secretaries of India in respect of all the above Board meetings.

## Related Party Transactions

During the financial year 2024-25, the Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with the Companies (Specification of Definitions Details) Rules, 2014 all of which were in the ordinary course of business and at arm's length basis and in accordance with the provisions of the Act read with the Rules issued thereunder.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large. Further, there are no contracts or arrangements entered into under Section 188(1) of the Act, hence no justification have been separately provided in that regard.

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 Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in Annexure [1] of this report.

## Vigil Mechanism

The Company is not required to have Vigil Mechanism as per Section 177(10) of the Act.

The Board of Directors of the Company in good governance on voluntarily basis have adopted the Whistle Blower Policy of Asian Paints Limited ('APL'), holding company.

The Policy provides for protection to the employees and business associates who report unethical practices and irregularities. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy of APL.

## Auditors and Auditors' Report

Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) were appointed as Statutory Auditors of the Company at the 1st Annual

General Meeting held on 26th June 2023, to hold the office till the conclusion of the 6th Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company.

The Statutory Auditors have issued an unmodified opinion on the financial statements for the financial year 2024-25 and the Auditor's Report forms part of this Annual Report. The Auditor's Report does not contain any qualification, reservation, or adverse remark.

There were no incidences of reporting of any fraud by Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

## Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

### Conservation of Energy

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

Energy conservation dictates how efficiently a Company can conduct its operations. The Company recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has undertaken various energy efficient practices that have reduced the growth in carbon-dioxide ($CO_2$) emissions and strengthened the Company's commitment towards becoming an environment friendly organisation.

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

Significant measures are taken to reduce energy consumption by using energy efficient equipments.

**C) Capital investment on energy conservation equipment**

During year under review, the Company had not made any investment on the energy conservation equipments as the same were not warranted.

### Technology Absorption

**A) Efforts made towards technology absorption**

The Company is carrying out various activities to fulfil 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**

Significant cost reduction achieved as a result of use of cost effective local raw materials have helped maintain cost competitiveness.

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

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

**D) Expenditure incurred on Research and Development:** Nil

## Foreign Exchange Earings and Outgo

Details of Foreign Exchange Earnings and Outgo during the financial year 2024-25 are as follows:

| Particulars | Amount (in ₹) |
|---|---|
| Foreign Earnings | Nil |
| Foreign Outgo | 4,05,652.40 |

## 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.

The Company recognises that risk is an integral and inevitable part of the business and is fully committed to manage risks in a proactive and efficient manner. The Company has a Risk Management Policy which articulates the approach to address the uncertainties in its endeavor to achieve its stated and implicit objectives.

## 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.

During the year under review, 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 Statements. 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.

## Management 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 Act.

## Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

## Annual Returns

The Annual Return of the Company in terms of Section 92(3) of the Companies Act, 2013, will be uploaded on the website of the Company at https://weatherseal.com

## 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.

## General

No reporting or disclosures are required on the below mentioned matters as the same were not applicable to the Company during Financial Year 2024-25. 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 the Act read with Rule 9 of Companies (Accounts) Rules, 2014.
- Audit Committee under Section 177 of the Act read with Rule 6 of Companies (Meetings of the Board and its Powers) Rules, 2014.
- Nomination and Remuneration Committee under Section 178 of the Act read with Rule 6 of Companies (Meetings of the Board and its Powers) Rules, 2014.

## Other Disclosures

- No credit rating has been obtained by the Company with respect to its securities;
- No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable; and
- The requirement to disclose the 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, is not applicable.

## 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 cooperation.

For and on behalf of the Board of Directors

| | |
|---|---|
| **Parag Rane** | **Harish Munireddy** |
| Nominee Director | Whole time Director |
| DIN: 08723015 | DIN: 06876848 |
| Date: 3rd May 2025 | Date: 3rd May 2025 |
| Place: Mumbai | Place: Bangalore |

# Annexure (1) to Board's Report

FORM AOC-2

**[Pursuant to Section 134(3)(h) of the Companies Act, 2013 (the Act) read with 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 Section 188(1) of the Companies Act, 2013 including certain arms' length transactions under fourth proviso thereto.

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

There were no contracts or arrangements, or transactions entered into during the year ended 31$^{st}$ March 2025, which were not at arm's length basis.

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

There were no material contracts or arrangements, or transactions entered into during the year ended 31$^{st}$ March 2025.

All related party transactions are in the ordinary course of business and on arm's length basis and are approved by the Board of Directors of the Company.

For and on behalf of the Board of Directors

| | |
|---|---|
| **Parag Rane** | **Harish Munireddy** |
| Nominee Director | Whole time Director |
| DIN: 08723015 | DIN: 06876848 |
| Date: 3$^{rd}$ May 2025 | Date: 3$^{rd}$ May 2025 |
| Place: Mumbai | Place: Bangalore |

# Independent Auditor's Report

**To The Members of**
**Weatherseal Fenestration Private Limited**

## Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of Weatherseal Fenestration Private Limited (the Company), which comprise the Balance Sheet as at 31st March 2025, 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 ended on that date, and notes to the financial statements, including a summary of material 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, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2025, 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 (SAs) specified under section 143(10) of the Act. 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 comprises the information included in 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.

## Responsibilities of Management and Board of Directors 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 accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 financial controls 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 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 March 31, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company 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 with reference to financial statements.

   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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company 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.

   iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 31 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 31 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended 31st March 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with, and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

2. As required by the Companies (Auditor's Report) Order, 2020 (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)

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN No: 25107502MIBCN9854

Place: Mumbai
Date: 03rd May, 2025

# 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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)**

We have audited the internal financial controls with reference to financial statements of Weatherseal Fenestration Private Limited (the Company) as at March 31, 2025 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

## Management's and Board of Directors' Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with reference to financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to financial statements

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the criteria for internal financial control with reference to financial statements 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)

**Terence Lewis**
Partner
Membership No. 107502
UDIN No: 25107502MIBCN9854

Place: Mumbai
Date: 3rd May 2025

# Annexure B To The Independent Auditor's Report

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

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

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

(b) The Property, plant and equipment were physically verified during the year by the management which, in our opinion provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property and has not registered sale deed/ transfer deed/ conveyance deed and hence reporting under clause (i)(c) of the order is not applicable.

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

(e) No proceedings have been initiated or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories have been physically verified by the management during the year. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from bank on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly statements filed by the Company with the bank are in agreement with the audited books of account of the Company of the respective quarters.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order are not applicable.

(iv) The Company has not granted any loans, made investments, or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

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

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax and other material statutory dues in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2025.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have not been utilised during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) and (f) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debenture (fully or partly or optionally) during the year and hence reporting under clause (x)(b) of the Order is not applicable to Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and up to the date of this report).

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financial Statements as required by the applicable accounting standards. The Company is a private company and hence, the provisions of Section 177 of the Companies Act, 2013 are not applicable to the company.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013 and hence reporting under clause (xiv) (a) and (b) of the Order is not applicable to Company.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi) (d) of the Order is not applicable.

(xvii) The Company has incurred cash losses amounting to Rs. 1,905.62 lakhs during the financial year covered by our audit and Rs. 1,376.06 lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions and Letter of Support received by holding company, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Terence Lewis**
Partner
Membership No. 107502
UDIN No: 25107502MIBCN9854

Place: Mumbai
Date: 03rd May, 2025

# Balance Sheet
as at 31 March, 2025

(₹ in Lakhs)

| Particulars | Notes | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 2A | 663.52 | 562.69 |
| Right of Use Assets | 2B | 1,041.01 | 1,415.93 |
| Intangible Assets under Development | 2C | - | 20.00 |
| Other Intangible assets | 3 | 607.21 | 826.94 |
| Financial Assets | | | |
| Other financial assets | 4 | 213.37 | 197.06 |
| | | **2,525.11** | **3,022.62** |
| **Current assets** | | | |
| Inventories | 7 | 1,121.08 | 930.77 |
| Financial Assets | | | |
| Trade Receivables | 8 | 354.62 | 539.24 |
| Cash and cash equivalents | 9 | 22.76 | 227.40 |
| Other Balances with Banks | 9 | 5.13 | 4.70 |
| Other financial assets | 4 | 36.27 | 14.64 |
| Other current assets | 6 | 696.13 | 1,121.22 |
| | | **2,235.99** | **2,837.97** |
| **Total Assets** | | **4,761.10** | **5,860.59** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share capital | 10 | 2.04 | 2.04 |
| Other Equity | 11 | (2,603.55) | (291.91) |
| **Total Equity** | | **(2,601.51)** | **(289.87)** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 12 | 325.00 | - |
| Lease liabilities | 13 | 899.76 | 1,200.44 |
| Provisions | 15 | 30.77 | 14.38 |
| **Total Non Current Liabilities** | | **1,255.53** | **1,214.82** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 12 | 3,406.68 | 2,783.42 |
| Lease liabilities | 13 | 215.93 | 222.69 |
| Trade Payables | | | |
| - Total Outstanding dues of Micro Enterprises and Small Enterprises | 16 | 541.62 | 876.65 |
| - Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 16 | 335.01 | 175.79 |
| Other Financial liabilities | 14 | 571.81 | 449.08 |
| Other current liabilities | 17 | 1,035.45 | 427.98 |
| Provisions | 15 | 0.58 | 0.03 |
| **Total Current Liabilities** | | **6,107.08** | **4,935.64** |
| **Total Equity and Liabilities** | | **4,761.10** | **5,860.59** |
| Material accounting policies and key accounting estimates and judgements | 1 | | |

The accompanying notes form an integral part of the financial statements 2 to 35

**As per our report of even date attached :**

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

**Terence Lewis**
Partner
Membership No: 107502

Place: Mumbai
Date: 03 May 2025

**For and on behalf of the Board of Directors of**
**Weatherseal Fenestration Private Limited**

**Harish Munireddy**
Director
DIN No.: 06876848

Place : Bengaluru
Date : May 3, 2025

**Gagandeep Kalsi**
Director
DIN No. 10473109

Place : Mumbai
Date : May 3, 2025

**Parag Rane**
Director
DIN No. 08723015

Place : Mumbai
Date : May 3, 2025

# Statement of Profit or Loss

for the year ended 31 March, 2025

(₹ in Lakhs)

| Particulars | Notes no | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | | | |
| Revenue from sale of products and services | 18 | 5,261.61 | 5,167.73 |
| Other operating revenues | 18 | 15.94 | 18.34 |
| Other Income | 19 | 24.45 | 15.02 |
| **Total Income (I)** | | **5,302.00** | **5,201.09** |
| **Expenses** | | | |
| Cost of materials consumed | 20A | 3,175.75 | 3,613.90 |
| Purchases of stock in trade | 20B | 91.27 | 122.79 |
| Changes in inventories of finished goods, Stock-in-trade and work in progress | 20C | 23.67 | 1.88 |
| Employee benefits expense | 21 | 1,330.95 | 793.74 |
| Other expenses | 24 | 1,974.53 | 1,732.41 |
| **Total expenses (II)** | | **6,596.17** | **6,264.72** |
| **Earning before Interest, Tax, Depreciation and Amortisation** | | **(1,294.17)** | **(1,063.63)** |
| Finance costs | 22 | 399.17 | 184.24 |
| Depreciation and amortisation expense | 23 | 624.16 | 484.12 |
| **Loss before tax** | | **(2,317.50)** | **(1,731.99)** |
| Tax expenses | | - | 108.79 |
| Current Tax | | - | - |
| Deferred Tax | 5 | - | 108.79 |
| **Profit/(Loss) befor tax** | | **(2,317.50)** | **(1,840.78)** |
| **Other Comprehensive Income (OCI)** | | | |
| Items that will not be reclassified to Statement of Profit and Loss | | | |
| Remeasurement gains/(losses) on defined benefit plans | | 5.86 | (0.07) |
| Income tax effect | | - | - |
| **Total Other Comprehensive Income** | | **5.86** | **(0.07)** |
| **Total Comprehensive Loss for the year** | | **(2,311.64)** | **(1,840.85)** |
| **Earnings per share (Face value of Rs. 10 each)** | | | |
| Basic (in Rs.) | 30 | (11,326.57) | (9,019.80) |
| Diluted (in Rs.) | 30 | (11,326.57) | (9,019.80) |

Material accounting policies and key accounting estimates and judgements 1

The accompanying notes form an integral part of the financial statements Refer Note 2 to 35

**As per our report of even date attached :**
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

**For and on behalf of the Board of Directors of**
**Weatherseal Fenestration Private Limited**

**Terence Lewis**
Partner
Membership No: 107502

Place: Mumbai
Date: 03 May 2025

**Harish Munireddy**
Director
DIN No.: 06876848

Place : Bengaluru
Date : May 3, 2025

**Gagandeep Kalsi**
Director
DIN No. 10473109

Place : Mumbai
Date : May 3, 2025

**Parag Rane**
Director
DIN No. 08723015

Place : Mumbai
Date : May 3, 2025

# Statement of Cash Flows

for the year ended March 31, 2025

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2025 |
|---|---|---|
| **(A) Cash flow from operating activities** | | |
| **Loss Before Tax** | (2,317.50) | (1,731.99) |
| Adjustments for : | | |
| Depreciation and Amortisation expense | 624.16 | 484.12 |
| Interest income on security deposit | (8.72) | (7.54) |
| Interest income on fixed deposit | (0.43) | (0.58) |
| Gain on termination of leases | (13.55) | (6.90) |
| Provision for doubtful debts | 187.16 | 67.40 |
| Bad Debts | 11.82 | - |
| Finance costs | 399.17 | 184.24 |
| **Operating loss before working capital changes** | **(1,117.89)** | **(1,011.25)** |
| **Changes in working capital** | | |
| Adjustments for changes in : | | |
| (Increase) in inventories | (190.31) | (419.83) |
| (Increase) in trade receivables | (14.36) | (128.24) |
| (Increase) in financial assets | (29.22) | (95.28) |
| Decrease/(Increase) in Other assets | 390.81 | (589.76) |
| (Decrease)/ Increase in trade payables | (175.80) | 462.00 |
| Increase in other financial liabilities | 151.00 | 259.31 |
| Increase in other liabilities and provisions | 630.27 | 230.91 |
| **Cash used in operating activities** | **(355.50)** | **(1,292.14)** |
| Income Tax paid (net of refund) | 25.57 | - |
| **Net Cash used in Operating activities** | **(329.93)** | **(1,292.14)** |
| **(B) Cash Flow from Investing Activities** | | |
| Purchase of Property, plant and equipment and other intangible assets | (233.79) | (360.01) |
| Payment for acquiring right of use assets | **-** | **(53.94)** |
| **Net Cash used in Investing activities** | **(233.79)** | **(413.95)** |
| **(C) Cash Flow from Financing Activities** | | |
| (Repayment)/Proceeds from Non-current borrowings (net) | 325.00 | (100.40) |
| Repayment of principal portion of lease liabilities | (190.01) | (114.76) |
| Finance costs (including interest on lease liabilities) paid | (399.17) | (184.24) |
| **Net Cash used in Financing activities** | **(264.18)** | **(399.40)** |
| **(D) Net decrease in cash and cash equivalents:** | (827.90) | (2,105.49) |
| **Add: Cash and cash equivalents as at 1st April** | **(2,556.02)** | **(450.53)** |
| **Cash and cash equivalents as at 31st March** | **(3,383.92)** | **(2,556.02)** |
| Cash and Cash equivalents comprises of | | |
| - Balances with Banks | | |
| - Current Accounts | 22.76 | 227.40 |
| **Total cash and cash equivalents (Refer Note 9)** | **22.76** | **227.40** |
| Less: Loan repayable on demand - Cash Credit /Overdraft Accounts | (3,406.68) | (2,783.42) |
| **Cash and cash equivalents in Cash Flow Statement as per Note 9 and Note 12** | **(3,383.92)** | **(2,556.02)** |

The accompanying notes form an integral part of the financial statements    Refer Note 2 to 35

## Changes in Liabilities arising from Financials activities

(₹ in Lakhs)

| Particulars | As at April 01, 2024 | Cash Flows (net) | Non- cash changes | | As at March 31, 2025 |
|---|---|---|---|---|---|
| | | | Current/ Non-current classification | Addition (net) | |
| Borrowings (Refer Note 12) | - | 325.00 | - | - | 325.00 |
| Lease liabilities ( Refer Note 13) | 1,423.12 | (190.01) | - | (117.42) | 1,115.69 |

| Particulars | As at April 01, 2024 | Cash Flows (net) | Non- cash changes | | As at March 31, 2024 |
|---|---|---|---|---|---|
| | | | Current/ Non-current classification | Addition (net) | |
| Borrowings (Refer Note 12) | 100.40 | (100.40) | - | - | - |
| Lease liabilities ( Refer Note 13) | 174.63 | (114.76) | - | 1,363.25 | 1,423.12 |

**Notes:**

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.

**As per our report of even date attached :**
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

**For and on behalf of the Board of Directors of**
**Weatherseal Fenestration Private Limited**

**Terence Lewis**
Partner
Membership No: 107502

Place: Mumbai
Date: 03 May 2025

**Harish Munireddy**
Director
DIN No.: 06876848

Place : Bengaluru
Date : May 3, 2025

**Gagandeep Kalsi**
Director
DIN No. 10473109

Place : Mumbai
Date : May 3, 2025

**Parag Rane**
Director
DIN No. 08723015

Place : Mumbai
Date : May 3, 2025

# Statement of Changes in Equity

for the year ended March 31, 2025

## A) Equity Share Capital

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Balance at the beginning of the reporting year (Refer note 10(a)) | 2.04 | 2.04 |
| Changes in equity share capital during the year (Refer note 10(a)) | - | - |
| **Balance at the end of the reporting year** | **2.04** | **2.04** |

## B) Other Equity

| | Reserves and Surplus | | Total |
|---|---|---|---|
| | Securities premium | Retained earnings | |
| **Balance as on 01st April 2023 (A)** | **1,883.09** | **(334.15)** | **1,548.94** |
| Add: Loss for the year | - | (1,840.78) | (1,840.78) |
| Add: Items of OCI for the year, net of tax<br>Remeasurement of the defined benefit plans | | (0.07) | (0.07) |
| **Total Comprehensive Income for the year ended March 31, 2024 (B)** | **-** | **(1,840.85)** | **(1,840.85)** |
| Add: Loss for the year | - | (2,317.50) | (2,317.50) |
| Add: Items of OCI for the year, net of tax<br>Remeasurement of the defined benefit plans | - | 5.86 | 5.86 |
| **Balance as on March 31, 2025 (C) = (A+B)** | **1,883.09** | **(4,486.64)** | **(2,603.55)** |

The accompanying notes form an integral part of the financial statements

The accompanying notes form an integral part of the financial statements

**As per our report of even date attached :**
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

**For and on behalf of the Board of Directors of**
**Weatherseal Fenestration Private Limited**

**Terence Lewis**
Partner
Membership No: 107502

Place: Mumbai
Date: 03 May 2025

**Harish Munireddy**
Director
DIN No.: 06876848

Place : Bengaluru
Date : May 3, 2025

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Director
DIN No. 10473109

Place : Mumbai
Date : May 3, 2025

**Parag Rane**
Director
DIN No. 08723015

Place : Mumbai
Date : May 3, 2025

## Company Background

Weatherseal Fenestration Private Limited ('the Company') was incorporated in India as a private limited company on 9th March 2022 under the Companies Act, 1956. The registered office of the Company is located at Unit 706 and 707, 7th Floor, Sakti Statesman, Sy. No. 34, Iblur, Begur Hobli, Bellandur, Bangalore, Bangalore South, Karnataka, India, 560103. Asian Paints Limited is the parent company having majority stake and ultimate control.

The Company is engaged in the business of interior decoration/furnishing, including manufacturing uPVC Windows and door systems.

## 1. Material Accounting Policies and Key accounting estimates and judgements

**Significant Accounting Policies: -**

### 1.1 Basis of preparation of financial statements

These financial statements are the separate financial statements of the Company 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 are presented in Indian Rupees (which is also the functional currency of the Company) and is rounded off to the nearest lakhs except otherwise indicated.

The management of the Company, based on board approved projections has formulated strategic plans for improving profitability of the Company which mainly includes increase in sales and reduction in operating expenses.

Considering the above and commitment of financial support from Parent Company to meet financial obligations as they fall due over the next twelve months, the financial statements of the Company are prepared on going concern basis.

### 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.

### 1.3. Summary of Significant accounting policies

**a) Property, plant, and equipment**

**Measurement at recognition:**

An item of property, plant and equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of PPE are carried at their cost less accumulated depreciation and accumulated impairment losses, if any. Item of PPE which reflects significant cost and has different useful life from the remaining part of PPE is recognized as a separate component.

The cost of an item of PPE comprises of its purchase price net of discounts, if any including import duties and other non-refundable taxes or levies and 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. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses like plans, designs, and drawings of buildings or plant and machinery, borrowing cost on qualifying assets which directly attributable to new manufacturing facility during its construction period are capitalized under the relevant head of PPE if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE 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.

### 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 / component of PPE is provided on pro-rata basis using the Straight-Line Method based on the expected useful life of the asset as per the requirement of Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical evaluation, taking into account the nature of the asset and the estimated usage basis management's best judgement of economic benefits from those classes of assets. The estimated useful life of items of PPE is mentioned below:

| Class of Assets | Years |
|---|---|
| Furniture and Fixtures | 10 |
| Plant and Equipment | 15 |
| Motor vehicles- lorries and cars | 8 |
| Office equipment | 5 |
| Computers (end user devices & Server Networks) | 3 |

Leasehold land and Leasehold improvements are amortized over the period of the lease.

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 PPE 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 PPE 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

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 expensed in the Statement of Profit and Loss as incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Goodwill acquired in a business combination is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, in accordance with Ind AS 103.

### 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:

| Class of Assets | Years |
|---|---|
| Computer software | 4 |
| Customer Contracts | 6 |
| Non-Compete Fee | 5 |

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.

## c) Impairment

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events 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 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.

## d) Revenue

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. It is measured at transaction price (net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract) allocated to that performance obligation. 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 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 services is recognized when the stage of completion can be measured reliably. Stage of completion is measured by the services performed till balance sheet date as a percentage of total services contracted.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

## e) Inventory

Raw materials, work-in-progress, finished goods 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. 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.

Cost of inventory is determined on weighted average basis. Cost of inventory comprises all costs of purchase, non-refundable duties and taxes, cost of conversion including an appropriate share of fixed and variable production overheads and all other costs incurred in bringing the inventory to their present location and condition.

The Company considers factors like estimated shelf life, product discontinuances and ageing of inventory in determining the provision for slow moving, obsolete and other non-saleable inventory and adjusts the inventory provisions to reflect the recoverable value of inventory.

## f) Financial Instruments

A financial instrument is a 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:**

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

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:

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 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, and other financial assets of the Company (refer note 25A for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method. The effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset 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 FVTPL:**

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 is derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

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.

### 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

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

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 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 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 Statement of Profit and Loss under the head 'Other expenses.

### 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 25(A) for further details). 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 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.

### Offsetting of financial assets and financial liabilities:

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

## 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.

## 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.

**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.

Exchange differences arising out of foreign exchange translations and settlements during the year 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 assets and liabilities are generally recognized for all deductible and taxable temporary differences respectively. 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 or does not give rise to equal taxable and deductible temporary differences, deferred tax assets or liabilities are not recognized.

The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent it has a sufficient taxable temporary difference or there is convincing evidence that sufficient taxable profits will be available.

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.

### Uncertain tax positions:

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using one of two methods, the expected value method (the sum of the probability - weighted amounts in a range of possible outcomes) or the most likely amount (single most likely amount method in a range of possible outcomes), depending on which is expected to better predict the resolution of the uncertainty. The Company applies consistent judgements and estimates if an uncertain tax treatment affects both the current and the deferred tax.

### 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 tax assets and 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.

## 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 will be required and the amount of outflow 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 or the amount of such outflow cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources 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 this 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 as the employee renders the related service.

### Post-Employment Benefits:

### Defined benefit plans:

The Company provides a defined benefit gratuity plan for employees as per the requirements of the Payment of Gratuity Act, 1972.

**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.

### Defined contribution plan:

### Provident fund scheme:

The Company makes specified monthly contributions towards Employee Provident Fund scheme to the Employees provident fund administered by the Government. The minimum interest payable is being notified by the Government every year.

### 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 recognised in the Statement of Profit and loss (including actuarial gain and loss).

## n) Lease accounting

### Assets taken on lease:

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

The Company assesses whether a contract is or contains a lease, at inception of a contract in accordance with Ind AS 116. 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 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 recognised 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. 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 or useful life of the underlying asset if the Company expects to exercise a purchase option in the lease. The estimated useful lives of ROU 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, generally discounted using an incremental borrowing rate specific to the Company, term and currency of the contract.

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 payment which the Company is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate 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 ROU 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.

### 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 in which they occur.

### r) Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to the equity shareholders of the Company with the weighted average number of equity shares outstanding during the financial year, adjusted for treasury shares.

Diluted Earnings per share is calculated by dividing net profit attributable to the equity shareholders of the Company with the weighted average number of shares outstanding during the financial year, adjusted for the effects of all dilutive potential equity shares.

### 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.

### t) 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.

## 1.4 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, which 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 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, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes or a change in market demand of the product or service output of the asset, manufacturers warranties and maintenance support, etc.

**c. 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 29, 'Employee benefits.

**d. 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.

**e. Right-of-use assets and lease liability**

The Company has 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.

**f. Going Concern Assessment**

The financial statement is prepared on Going Concern basis as the Company is capable of meeting its liabilities existing at the date of Balance Sheet and when they fall due within a period of one year from the balance sheet date.

## Note 2A : Property, Plant and Equipment

| | Gross carrying value | | | | Depreciation | | | | Net carrying value |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2024 | Additions during the year | Deductions/ Adjustments | As at March 31, 2025 | As at April 1, 2024 | Additions during the year | Deductions/ Adjustments | As at March 31, 2025 | As at March 31, 2025 |
| Plant and Equipment | 417.46 | 123.13 | - | 540.59 | 24.41 | 34.69 | - | 59.10 | 481.50 |
| Furniture and Fixtures | 52.42 | 18.45 | (7.71) | 63.16 | 5.78 | 6.81 | (2.01) | 10.58 | 52.58 |
| Vehicles | 5.65 | - | - | 5.65 | 1.28 | 0.71 | - | 1.99 | 3.66 |
| Office Equipment | 61.40 | 2.40 | (6.67) | 57.13 | 9.57 | 12.27 | (2.08) | 19.75 | 37.37 |
| Computer | 22.82 | 6.49 | - | 29.31 | 8.30 | 6.60 | - | 14.90 | 14.41 |
| Leasehold Improvements | 54.70 | 26.30 | 14.38 | 95.38 | 2.42 | 14.87 | 4.09 | 21.38 | 74.00 |
| **Total** | **614.45** | **176.77** | **-** | **791.22** | **51.76** | **75.95** | **-** | **127.70** | **663.52** |

| | Gross Block | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at April 1, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at March 31, 2024 |
| Plant and Equipment | 211.07 | 206.40 | - | 417.46 | 5.58 | 18.83 | - | 24.41 | 393.06 |
| Furniture and Fixtures | 42.67 | 15.06 | (5.30) | 52.42 | 1.98 | 4.05 | (0.25) | 5.78 | 46.64 |
| Vehicles | 5.65 | - | - | 5.65 | 0.58 | 0.70 | - | 1.28 | 4.37 |
| Office Equipment | 8.61 | 52.79 | - | 61.40 | 0.44 | 9.13 | - | 9.57 | 51.83 |
| Computer | 13.88 | 8.94 | - | 22.82 | 2.01 | 6.29 | - | 8.30 | 14.52 |
| Leasehold Improvements | - | 49.39 | 5.30 | 54.70 | - | 2.17 | 0.25 | 2.42 | 52.28 |
| **Total** | **281.88** | **332.58** | **-** | **614.45** | **10.59** | **41.17** | **-** | **51.76** | **562.69** |

Note :
For details of security on certain property, plant and equipment, refer note 12.

# Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2025

## Note 2B : Right of Use Assets

| | As at April 1, 2024 | Additions | Deletions | Amortisation | As at March 31, 2025 |
|---|---|---|---|---|---|
| Leasehold Land | 1,234.24 | - | 99.19 | 223.12 | 911.93 |
| Building | 181.69 | - | 4.69 | 47.92 | 129.08 |
| **Total** | **1,415.93** | **-** | **103.88** | **271.04** | **1,041.01** |

| | As at April 1, 2023 | Additions | Deletions | Amortisation | As at 31th March 2024 |
|---|---|---|---|---|---|
| Leasehold Land | 144.61 | 1,186.89 | - | 97.26 | 1,234.24 |
| Building | 28.08 | 392.56 | 155.36 | 83.59 | 181.69 |
| **Total** | **172.69** | **1,579.45** | **155.36** | **180.85** | **1,415.93** |

All lease agreements are duly executed in favour of the Company.

For additions and movement in lease liabilities Refer note 13.

## Note 2C : Intangible Assets under Development

| | As at March 31, 2025 | As at 31th March 2024 |
|---|---|---|
| Less than 1 year | - | 20.00 |
| **Total** | **-** | **20.00** |

# Note 3 : Intangible Assets (Acquired Separately)

| | Gross carrying value | | | | Amortisation | | | | Gross carrying value |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2024 | Additions during the year | Deductions/ Adjustments | As at March 31, 2025 | As at April 1, 2024 | Additions during the year | Deductions/ Adjustments | As at March 31, 2025 | As at March 31, 2025 |
| **Other Intangible Assets** | | | | | | | | | |
| Computer software | 184.12 | 57.45 | - | 241.57 | 81.80 | 56.51 | - | 138.31 | 103.26 |
| Customer Contracts | 142.96 | - | - | 142.96 | 43.08 | 23.92 | - | 67.00 | 75.96 |
| Non Compete Fee | 978.68 | - | - | 978.68 | 353.94 | 196.75 | - | 550.69 | 427.99 |
| **Total Intangible Assets (A)** | **1,305.76** | **57.45** | **-** | **1,363.21** | **478.82** | **277.18** | **-** | **756.00** | **607.21** |

| | Gross Block | | | | Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at April 1, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at March 31, 2024 |
| **Other Intangible Assets** | | | | | | | | | |
| Computer software | 176.68 | 7.44 | - | 184.12 | 36.27 | 45.53 | - | 81.80 | 102.32 |
| Customer Contracts | 142.96 | - | - | 142.96 | 19.58 | 23.50 | - | 43.08 | 99.88 |
| Non Compete Fee | 978.68 | - | - | 978.68 | 160.88 | 193.06 | - | 353.94 | 624.74 |
| **Total Intangible Assets (A)** | 1,298.32 | 7.44 | - | 1,305.76 | 216.73 | 262.09 | - | 478.82 | 826.94 |

## Note 4 : Other Financial Assets

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| **Unsecured and Considered good:** | | | | |
| Security deposits | 49.04 | 61.01 | 36.27 | 14.64 |
| Retention Money | 164.33 | 136.05 | - | - |
| **Total** | **213.37** | **197.06** | **36.27** | **14.64** |

## Note 5 : Income Taxes

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **(A) The major components of income tax expense for the year are as under :** | | |
| **(i) Income tax recognised in the statement of Profit and Loss** | | |
| In respect of current year | - | - |
| Deferred tax expense: | | |
| In respect of current year | - | 108.79 |
| Income tax recognised in the statement of Profit and Loss | - | 108.79 |
| **ii) Income tax recognised in OCI** | | |
| **Deferred Tax:** | - | - |
| Income tax (expense)/benefit on remeasurement of defined benefit plans | - | - |
| Income tax benefit / (expense) recognised in OCI | - | - |
| **(B) Reconciliation of Tax expense and the accounting profit for the year is as under:** | | |
| Profit before tax | (2,317.50) | (1,731.99) |
| Income tax expense calculated at 25.168% | - | - |
| Tax expense on non-deductible expenses | - | - |
| Reversal of deferred tax asset | **-** | **108.79** |
| **Total** | **-** | **108.79** |

The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits as per Income Tax Act, 1961.

### C. The major components of Deferred Tax (Liabilities)/ Assets arising on account of timing differences are as follows:

**As at 31st March 2025** **(₹ in Lakhs)**

| Particulars | Opening Balance as at April 1, 2024 | Profit and loss 2024-25 | OCI 2024-25 | Closing Balance as at March 31, 2025 |
|---|---|---|---|---|
| Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961. | - | - | - | - |
| Carry forward of losses | - | - | - | - |
| Difference in Right-of-use asset and lease liabilities | - | - | - | - |
| **Net Deferred tax asset** | **-** | **-** | **-** | **-** |

**As at 31st March 2024** (₹ in Lakhs)

| Particulars | Opening Balance as at April 1, 2023 | Profit and loss 2023-24 | OCI 2023-24 | Closing Balance as at March 31, 2024 |
|---|---|---|---|---|
| Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961. | (32.07) | 32.07 | - | - |
| Carry forward of losses | 138.81 | (138.81) | - | - |
| Difference in Right-of-use asset and lease liabilities | 2.05 | (2.05) | - | - |
| **Net Deferred tax asset** | **108.79** | **(108.79)** | **-** | **-** |

**D. The Company has the following unused tax losses which arose on in currence of capital losses and business losses under the Income Tax for which no deferred tax asset has been recognised in the Balance Sheet.**

(₹ in Lakhs)

| Financial Category | Category | As at March 31,2025 | Expiry Date |
|---|---|---|---|
| 2022-23 | Business loss | 193.45 | March 31,2031 |
| 2022-23 | Depreciation | 355.03 | NA |
| 2023-24 | Business loss | 776.56 | March 31,2032 |
| 2023-24 | Depreciation | 313.37 | NA |
| 2024-25 | Business loss | 2,779.53 | March 31,2033 |
| 2024-25 | Depreciation | 299.11 | NA |

## Note 6 : Other Current Assets

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (a) Advances other than capital advances | | |
| i) Balance with government authorities | 368.37 | 463.83 |
| ii) Advances/claims recoverable in cash or in kind | 14.08 | 12.34 |
| iii) Advances paid to suppliers | 88.14 | 75.29 |
| iv) Advances to employees | 14.27 | 0.62 |
| v) Contract Assets | 211.27 | 569.14 |
| **Total** | **696.13** | **1,121.22** |

Note:- No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other person.

## Note 7 : INVENTORIES (At lower of cost and net realisable value)

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (a) Raw materials | 1,015.75 | 801.77 |
| (b) Work-in-progress | - | 56.47 |
| (c) Finished goods | 105.33 | 72.53 |
| **Total** | **1,121.08** | **930.77** |

The cost of Inventories recognised as an expense during the year is disclosed in Note 20 (A) & Note 20 (B)
There is no write-down or reversal thereof of inventory in the current year and previous year.

## Note 8 : Trade Receivables

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (a) Unsecured, considered good | 354.62 | 539.24 |
| (b) Unsecured, credit impaired | 254.56 | 67.40 |
| | **609.18** | **606.64** |
| Less : Allowance for expected credit loss (Refer Note 25(C)(2)) | (254.56) | (67.40) |
| **Total** | **354.62** | **539.24** |

Note :- There are no outstanding trade receivables from any directors or other officers of the Company or any of them either severally or jointly with any other person. For details of trade receivables from firms or private companies in which any director is a partner, a director or a member, subsidiary and associate companies, Refer note 31.

### Trade receivable ageing schedule for the year ended 31 March 2025:

| Particulars | Not due | Outstanding for following period from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| i) Undisputed Trade receivables - considered good | - | 173.00 | 181.62 | - | - | - | 354.62 |
| ii) Undisputed Trade receivables - credit impaired | - | - | - | 199.66 | 54.90 | - | 254.56 |
| Less : Allowance for expected credit loss | - | | | | | | (254.56) |
| **Net Trade receivables** | | | | | | | **354.62** |

### Trade receivable ageing schedule for the year ended 31 March 2024:

| Particulars | Not due | Outstanding for following period from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| i) Undisputed Trade receivables - considered good | - | 428.49 | 110.75 | - | - | - | 539.24 |
| ii) Undisputed Trade receivables - credit impaired | - | - | - | 67.40 | - | - | 67.40 |
| Less : Allowance for expected credit loss | | | | | | | (67.40) |
| **Net Trade receivables** | | | | | | | **539.24** |

## Note 9 : Cash and Bank Balances

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (A) **Cash and Cash Equivalents** | | |
| Balances with Banks | | |
| i) Current account | 22.76 | 227.40 |
| **Total** | **22.76** | **227.40** |
| (B) Other Balances with Banks | 5.13 | 4.70 |
| Term deposits with original maturity of more than 3 month but less than 12 months | | |
| **Total** | **5.13** | **4.70** |

## Note 10 : Equity Share Capital

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Authorised** | | |
| 100,000 Equity Shares of ₹ 10 each | 10.00 | 10.00 |
| | **10.00** | **10.00** |
| | | |
| **Issued, subscribed and fully paid up shares** | | |
| 20,409 Equity Shares of ₹ 10 each | 2.04 | 2.04 |
| | **2.04** | **2.04** |

### a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

| Fully paid Equity Shares | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount |
| At the beginning of the year | 20,409 | 2.04 | 20,409 | 2.04 |
| Add: Issued during the year | - | - | - | - |
| **Outstanding at the end of the year** | **20,409** | **2.04** | **20,409** | **2.04** |

### b) Details of Shareholder holding more than 5% equity shares

| Name of Shareholder# | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | No of Equity Shares | % holding | No of Equity Shares | % holding |
| Equity shares of ₹ 10 each | | | | |
| - Asian Paints Limited | 10,409 | 51.00% | 10,409 | 51.00% |
| - Harish Munireddy | 9,000 | 44.10% | 9,000 | 44.10% |

# As per records of the Company, including its Register of Members

### c) Shares held by promoters as defined in the Companies Act, 2013

#### As on 31st March 2025

| Promoter Name | As at March 31, 2025 | | % change during the year |
|---|---|---|---|
| | No. of Shares | % of total shares | |
| Asian Paints Limited | 10,409 | 51.00% | No change |
| Prathiba SB Balashankar Reddy | 1,000 | 4.90% | No change |
| Harish Munireddy | 9,000 | 44.10% | No change |

#### As on 31st March 2025

| Promoter Name | As at March 31, 2024 | | % change during the year |
|---|---|---|---|
| | No. of Shares | % of total shares | |
| Asian Paints Limited | 10,409 | 51.00% | No change |
| Prathiba SB Balashankar Reddy | 1,000 | 4.90% | No change |
| Harish Munireddy | 9,000 | 44.10% | No change |

### d) Terms/rights attached to equity shares

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.

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

## Note 11 : Other Equity

(₹ in Lakhs)

| | Securities premium | Retained earnings | Remeasurement of defined benefits# | Total |
|---|---|---|---|---|
| **Balance as on 01st April 2023 (A)** | **1,883.09** | **(334.15)** | **-** | **1,548.94** |
| Add: Loss for the year | - | (1,840.78) | (0.07) | (1,840.85) |
| **Balance as on March 31, 2024 (B)** | **1,883.09** | **(2,174.93)** | **(0.07)** | **(291.91)** |
| Add: Loss for the year | - | (2,317.50) | 5.86 | (2,311.64) |
| **Total Comprehensive Income for the year (C)** | **-** | **(2,317.50)** | **5.86** | **(2,311.64)** |
| **Balance as on Mar 31, 2025 (D) = (B+C)** | **1,883.09** | **(4,492.43)** | **5.79** | **(2,603.55)** |

### Description of nature & purpose of each reserve

**Retained earnings -** This represents surplus of profit and loss account.

**Remeasurement of defined benefit plans -** This represents the cumulative gains and losses arising on the remeasurement of defined benefit plans in accordance with Ind AS 19 that have been recognised in other comprehensive income.

**Securities premium:** Securities premium has been created pursuant to the issue of shares at a premium by the Company. The reserve can be utilized according to the provision of the Act.

## Note 12 : Borrowings

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| **Term Loans -Secured** | | | | |
| - From Banks (Refer Note 4 below) | 325.00 | - | - | - |
| | | | | |
| **Loans repayable on demand-Unsecured** | | | | |
| - Cash Credit / Overdraft Accounts (Refer Note 3 below) | - | - | 3,406.68 | 2,783.42 |
| **Total** | **325.00** | **-** | **3,406.68** | **2,783.42** |

**Notes**

1) No default in terms of repayment of principal and interest within the group.

2) The Company has not used borrowings for purpose other than specified purpose of the borrowing.

3) Unsecured overdraft facility as on March 31, 2025 are carrying interest of 8.5% p.a.

4) Secured term loans facility as on March 31, 2025 are secured against the Fixed assets and current assets of the company. The facility is carrying interest rate of Repo Rate plus 260 basis points. The borrowings have quarterly repayments starting from 2026 and ending with 2028.

## Note 13 : Lease Liabilities

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| Lease liabilities | 899.76 | 1,200.44 | 215.93 | 222.69 |
| **Total** | **899.76** | **1,200.44** | **215.93** | **222.69** |

The maturity analysis of lease liabilities is disclosed in Note 25 (C).

## Movement in lease liabilities

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Opening Balance** | **1,423.11** | **174.62** |
| Additions | - | 1,524.50 |
| Deletions | (117.42) | (161.25) |
| Finance cost | 110.41 | 60.89 |
| Repayment (including interest on lease liabilities) | (300.42) | (175.65) |
| **Closing Balance** | **1,115.68** | **1,423.11** |

## Amounts with respect to leases recognised in the Statement of Profit & Loss and Cash Flow Statement

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Amounts recognised in Statement of Profit and Loss** | | |
| Interest on lease liabilities (Refer Note. 22) | 110.41 | 60.89 |
| Depreciation expense (Refer Note. 23) | 271.03 | 180.86 |
| **Amounts recognised in Cash Flow Statement** | | |
| **In Financing activity** | | |
| Repayment of lease liabilities | (190.01) | (114.76) |
| Interest paid on lease liabilities | (110.41) | (60.89) |

Note- For additions and movement in right-of-use assets refer note 2B.

## Note 14 : Other Financial Liabilities

(₹ in Lakhs)

| Particulars | Current | |
|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 |
| **(a) Others (Refer note 28)** | | |
| Payable towards services received | 492.99 | 255.20 |
| Payable towards other expenses | 50.00 | 141.32 |
| Payable to employees | 14.79 | 10.26 |
| Payable towards capital expenditure | 14.03 | 42.30 |
| **Total** | **571.81** | **449.08** |

## Note 15 : Provisions

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| **Provision for Employee Benefits (Refer Note 29)** | | | | |
| Provision for Gratuity | 25.85 | 14.38 | 0.04 | 0.03 |
| Provision for Compensated absences | 4.92 | - | 0.54 | - |
| **Total** | **30.77** | **14.38** | **0.58** | **0.03** |

## Note 16 : Trade Payables

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Trade Payables** | | |
| Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 28) | 541.62 | 876.65 |
| Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 335.01 | 175.79 |
| Total | **876.63** | **1,052.44** |

### Trade payables ageing schedule for the year ended as on 31 March 2025:

(₹ in Lakhs)

| Particulars | Not due | Outstanding for following period from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| i) Undisputed dues - MSME | 187.27 | 354.35 | - | - | - | 541.62 |
| ii) Undisputed dues - Others | 179.18 | 148.53 | 7.29 | - | - | 335.01 |

### Trade payables ageing schedule for the year ended as on 31 March 2024:

(₹ in Lakhs)

| Particulars | Not due | Outstanding for following period from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| i) Undisputed dues - MSME | 531.93 | 343.36 | 1.36 | - | - | 876.65 |
| ii) Undisputed dues - Others | 117.63 | 57.11 | 1.05 | - | - | 175.79 |

## Note 17 : Other Liabilities

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (a) Revenue received in advance | | |
| Advance received from customers (Refer note 18) | 1,004.31 | 400.28 |
| (b) Others | | |
| Statutory Payables | 31.14 | 27.70 |
| **Total** | **1,035.45** | **427.98** |

## Note 18 : Revenue from Operations

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Revenue from sale of products and services* | 5,261.61 | 5,167.73 |
| Other operating revenues | 15.94 | 18.34 |
| **Total** | **5,277.55** | **5,186.07** |

*Sale of products and services includes UPVC Windows and Gates in the domestic market.

**(I) Revenue from Contracts with Customers disaggregated based on nature of product or services**

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Revenue from sale of products and services** | | |
| UPVC Windows and Gates* | 5,261.61 | 5,167.73 |
| **Other operating revenues** | | |
| Scrap sales | 15.94 | 18.34 |
| **Total** | **5,277.55** | **5,186.07** |

*Revenue from operations is generated from domestic market. It also includes the revenue from installation services.

There is no significant financing component in any transaction with the customers.
The Company provides agreed upon warranty for a range of its products. The amount of liability towards such warranty is immaterial.
The Company does not have any material remaining performance obligation as contracts entered for sale of goods and services are for a shorter duration.

## Note 19 : Other Income

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **(a) Interest income** | | |
| (i) Interest income on fixed deposits | 0.43 | 0.58 |
| (ii) Interest income on security deposit | 8.72 | 7.54 |
| (iii) Interest income on tax refunds | 1.75 | - |
| | **10.90** | **8.12** |
| **(b) Other gains and losses** | | |
| (i) Net gain on modification/ termination of leases | 13.55 | 6.90 |
| **Total** | **24.45** | **15.02** |

## Note 20A : Cost of Materials Consumed

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Raw Materials Consumed** | | |
| Opening Stock | 801.77 | 380.06 |
| Add : Purchases | 3,389.73 | 4,035.61 |
| | **4,191.50** | **4,415.67** |
| Less: Closing Stock | 1,015.75 | 801.77 |
| **Total** | **3,175.75** | **3,613.90** |

## Note 20B: Purchases of stock in trade

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Purchases of stock in trade | 91.27 | 122.79 |
| **Total** | **91.27** | **122.79** |

## Note 20C : Changes in Inventories of Finished Goods and Work in Progress

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Stock at the beginning of the year** | | |
| Finished Goods | 72.53 | 124.72 |
| Work-in-Progress | 56.47 | 6.16 |
| **Total** | **129.00** | **130.88** |
| | | |
| **Stock at the end of the year** | | |
| Finished Goods | 105.33 | 72.53 |
| Work-in-Progress | - | 56.47 |
| **Total** | **105.33** | **129.00** |
| **Changes in Inventories of Finished Goods, Work-In-Progress** | **23.67** | **1.88** |

## Note 21 : Employee Benefits Expense

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Salaries and wages | 1,184.60 | 670.86 |
| Contribution to Provident and other Funds (Refer note 29) | 66.81 | 60.88 |
| Staff welfare expenses | 79.54 | 62.00 |
| **Total** | **1,330.95** | **793.74** |

## Note 22 : Finance Costs

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Interest Costs** | | |
| (a) Interest on borrowings from banks | 288.46 | 122.93 |
| (b) Interest on lease liabilities | 110.41 | 60.89 |
| (c) Other Interest expenses | 0.30 | 0.42 |
| **Total** | **399.17** | **184.24** |

## Note 23 : Depreciation and amortisation

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer note 2A) | 75.95 | 41.17 |
| Depreciation of Right-Of-Use assets (Refer note 2B) | 271.03 | 180.86 |
| Amortisation of Other Intangible assets (Refer note 3) | 277.18 | 262.09 |
| **Total** | **624.16** | **484.12** |

## Note 24 : Other Expenses

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Freight and handling charges | 570.60 | 417.23 |
| Installation charges | 340.84 | 311.51 |
| Advertisement and Sales Promotion expenses | 183.56 | 171.93 |
| Legal and Professional expenses | 146.60 | 328.28 |
| Materials Handling Charges | 177.09 | 167.40 |
| Travelling Expenses | 109.82 | 104.52 |
| Repair & Maintenance | 70.74 | 35.21 |
| Royalty | 45.86 | 9.37 |
| Miscellaneous Expenses | 42.35 | 45.62 |
| Electricity & Water Charges | 34.16 | 34.07 |
| Bad Debts | 11.82 | - |
| Auditors Remuneration (Refer Note 27) | 11.50 | 7.83 |
| Rates & taxes | 10.90 | 4.79 |
| Postage & Courier | 7.46 | 18.18 |
| Printing & Stationery | 6.13 | 4.58 |
| Telephone & Internet Expenses | 5.12 | 2.77 |
| Bank Charges | 2.63 | 1.72 |
| Rent Expenses | 10.19 | - |
| Allowance for expected credit loss | 187.16 | 67.40 |
| **Total** | **1,974.53** | **1,732.41** |

**Note**

No donation has been made by the Company to any political party or any other organizations linked to any political party (GRI 415 - Public Policy)

## Note 25 (A) : Category-wise classification of Financial Instruments

| Particulars | Refer note | Non-Current | | Current | |
|---|---|---|---|---|---|
| | | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| **Financial assets carried at amortised cost** | | | | | |
| Security Deposits | 4 | 49.04 | 61.01 | 36.27 | 14.64 |
| Retention Money | 4 | 164.33 | 136.05 | - | - |
| Trade receivables | 8 | - | - | 354.62 | 539.24 |
| Cash and cash equivalents | 9a | - | - | 22.76 | 227.40 |
| Other Balances with Banks | 9b | - | - | 5.13 | 4.70 |
| | | **213.37** | **197.06** | **418.78** | **785.98** |
| **Financial liabilities carried at amortised cost** | | | | | |
| Loan repayable on demand from banks | 12 | 325.00 | - | 3,406.68 | 2,783.42 |
| Trade Payables | 16 | - | - | 876.63 | 1,052.44 |
| Payable towards services received | 14 | - | - | 492.99 | 255.20 |
| Payable towards other expenses | 14 | - | - | 50.00 | 141.32 |
| Payable to employees | 14 | - | - | 14.79 | 10.26 |
| Payable towards capital expenditure | 14 | - | - | 14.03 | 42.30 |
| Lease liabilities | 13 | 899.76 | 1,200.44 | 215.93 | 222.69 |
| **Total** | | **1,224.76** | **1,200.44** | **5,071.05** | **4,507.63** |

**Income, Expenses, Gains or Losses recognised on Financial Instruments in the Statement of Profit and Loss are as follows :**

| Income, Expenses, Gains or losses on Financial Instruments | Refer note | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| **Financial assets measured at amortised cost** | | | |
| Interest income | 19 | 9.15 | 8.12 |
| Allowance for doubtful debts and advances (net) | 24 | 187.16 | 67.40 |
| Bad debts written off (net) | 24 | 11.82 | - |
| **Financial liabilities carried at amortised cost** | | | |
| Interest on borrowings from banks | 22 | 288.46 | 122.93 |
| Interest on lease liabilities | 22 | 110.41 | 60.89 |

## Note 25(B) : Fair value measurement

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.

## Note 25 (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, trade and other receivables and other financials assets.

**The Company is exposed to Market risk, Credit risk and Liquidity risk.**

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, trade payables and trade 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. The Company is exposed to interest rate risk but doesn't uses any derivative instrument to hedge the same.

The Exposure of Company's financial assets and liabilities to interest rate risk is as follows :

| | As at March 31, 2025 | Floating Rate | Fixed Rate | Non-Interest Bearing Securities |
|---|---|---|---|---|
| Financial Assets | 632.15 | - | 5.13 | 627.02 |
| Financial Liabilities | 6,295.81 | 3,731.68 | 1,115.69 | 1,448.44 |

| | As at March 31, 2024 | Floating Rate | Fixed Rate | Non-Interest Bearing Securities |
|---|---|---|---|---|
| Financial Assets | 983.04 | - | 4.70 | 978.34 |
| Financial Liabilities | 5,708.07 | 2,783.42 | 1,423.13 | 1,501.52 |

### 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. The functional currency of the Company is Indian Rupee. The Company does not enter into any derivative instruments for trading or speculative purposes. There is no amount outstanding as payables/ receivables in foreign currency.

## 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 financials assets and other balances with bank.

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.
Trade receivables largely includes receivables from Project customer which are prominent developers. Credit quality of a customer is assessed based on internal assessment and accordingly individual credit limits are defined.
For trade receivables, as a practical expedient, the Company computes credit loss allowance for amounts outstanding for more than a year. There is a provision of Rs. 254.56 Lacs created in the current year. The Company believes that the carrying value of trade receivables reflects the fair value/ recoverable values.

## 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 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 March 31, 2025** | | | | | |
| Borrowings (Refer note 12) | 3,406.68 | 325.00 | - | 3,731.68 | 3,731.68 |
| Trade Payables (Refer note 16) | 869.34 | 7.29 | - | 876.63 | 876.63 |
| Other financial liabilities (Refer note 14) | 571.81 | - | - | 571.81 | 571.81 |
| Lease liabilities (Refer note 13) | 306.70 | 1,034.41 | - | 1,341.12 | 1,115.69 |
| **As at March 31, 2024** | | | | | |
| Borrowings (Refer note 12) | 2,783.42 | - | - | 2,783.42 | 2,783.42 |
| Trade Payables (Refer note 16) | 1,050.03 | 2.41 | - | 1,052.44 | 1,052.44 |
| Other financial liabilities (Refer note 14) | 449.08 | - | - | 449.08 | 449.08 |
| Lease liabilities (Refer note 13) | 339.20 | 1,328.98 | 103.41 | 1,771.59 | 1,423.13 |

The Company does not have any derivative financial liabilities.

## Note 25 (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)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Debt # | 3,731.68 | 2,783.42 |
| Less: Cash and cash equivalents | 22.76 | 227.40 |
| **Net debt** | **3,708.92** | **2,556.02** |
| **Total equity** | **(2,601.51)** | **(289.87)** |
| **Net debt to equity ratio** | **(1.43)** | **(8.82)** |

# Debt is defined as long term and short term borrowings.

## Note 26 : Contingent Liabilities and Commitments

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Commitments:** | | |
| Bank Guarantees issued by bankers | 166.77 | 251.43 |

## Note 27 : Payment to Auditors (excluding taxes)

(₹ in Lakhs)

| Particulars | For the year ended 31 March 25 | For the year ended 31 March 24 |
|---|---|---|
| Statutory audit fees | 10.00 | 7.83 |
| Tax audit Fees | 2.00 | - |
| **Total** | **12.00** | **7.83** |

## Note 28 : Micro, Small and Medium Enterprises

The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are provided to the extent the Company has received intimation from the Suppliers regarding their status thereunder.

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (i) 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 | 648.38 | 876.65 |
| - 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) The amount of 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 | - | - |

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.

## Note 29 : Employee Benefits

### 1) Post-employment benefits *:

The Company has the following post-employment benefit plans:

#### a) Defined Benefit Gratuity Plan (Unfunded)

The Company's defined benefit gratuity plan is a final salary plan for its employees. 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. There is no separate contribution by the employee in the fund. Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

| | |
|---|---|
| Interest 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 securities. A decrease in yields will increase the fund liabilities and vice-versa. |
| 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 March 31, 2025 by TransValue Consultants. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

* GRI 201-3 - Defined benefit plan obligations and other retirement plans

## Note 29 : Employee Benefits (Contd.)

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)

| | Particulars | Gratuity (Unfunded Plan) As at March 31, 2025 | Gratuity (Unfunded Plan) As at March 31, 2024 |
|---|---|---|---|
| (i) | **Opening defined benefit obligation** | **14.39** | **3.85** |
| (ii) | Current service cost | 15.86 | 9.83 |
| (iii) | Interest cost | 1.58 | 0.64 |
| (iv) | **Sub-total included in statement of profit and loss (ii+iii)** | **17.44** | **10.47** |
| (v) | Actuarial (gain) / loss from changes in experience adjustments | (6.70) | (0.33) |
| | Actuarial (gain) / loss from changes in financial assumptions | 0.76 | 0.40 |
| (vi) | **Sub-total included in other comprehensive income(v)** | **(5.94)** | **0.07** |
| (vii) | Benefits paid | - | - |
| (viii) | **Closing defined benefit obligation (i+ii+iii+v+vii)** | **25.89** | **14.39** |
| | **Expense recognized in:** | | |
| | **Statement of profit and loss(iii)** | **17.44** | **10.47** |
| | **Statement of other comprehensive income(v)** | **(5.94)** | **0.07** |
| (viii) | **Weighted average duration of defined benefit obligation** | **13.18 years** | **14.73 years** |
| (ix) | **Maturity profile of defined benefit obligation** | | |
| | Within the next 12 months | 0.05 | 0.03 |
| | Between 1 and 5 years | 7.69 | 2.80 |
| | Between 5 and 10 years | 15.31 | 9.34 |
| | More than 10 | 31.97 | 22.58 |

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

| Particulars | Gratuity (Unfunded Plan) As at March 31, 2025 | Gratuity (Unfunded Plan) As at March 31, 2024 |
|---|---|---|
| Discount rate | 6.77% | 7.09% |
| Salary escalation rate | 8.00% | 8.00% |

Demographic Assumptions

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Mortality | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |
| Employee Turnover | 12% | 12% |
| Retirement Age | 60 Years | 60 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.

## Note 29 : Employee Benefits (Contd.)

| Particulars | Gratuity (Unfunded Plan) As at March 31, 2025 | Gratuity (Unfunded Plan) As at March 31, 2024 |
|---|---|---|
| Defined Benefit Obligation - Discount Rate + 100 basis points | (2.26) | (1.39) |
| Defined Benefit Obligation - Discount Rate - 100 basis points | 2.60 | 1.61 |
| Defined Benefit Obligation - Salary Escalation Rate + 100 basis points | 2.22 | 1.39 |
| Defined Benefit Obligation - Salary Escalation Rate - 100 basis points | (2.13) | (1.30) |
| Defined Benefit Obligation - Employee Turnover + 100 basis points | (0.81) | (0.49) |
| Defined Benefit Obligation - Employee Turnover - 100 basis points | 0.81 | 0.50 |

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.

### 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.

### c) Other Long term employee benefits:

Annual Leave assumptions

The liability towards compensated absences (annual leave) for the year ended 31$^{st}$ March, 2025 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 5.46 lacs.

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

### i) Financial Assumptions

| Particulars | As at March 31, 2025 |
|---|---|
| Discount rate | 6.77% |
| Salary escalation rate | 8.00% |

### ii) Demographic Assumptions

| Particulars | As at March 31, 2025 |
|---|---|
| Mortality | IALM (2012-14) Ultimate |
| Employee Turnover | 12% |
| Leave Availment Ratio | 1% |
| Retirement Age | 60 Years |

## Note 30 : Earnings per Share*

| | Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| a) | Basic and diluted earnings per share in rupees (Face value ₹10 per share) (In ₹) | (11,326.57) | (9,019.80) |
| b) | (Loss) after tax as per Statement of Profit and Loss (₹ In Lakhs) | (2,311.64) | (1,840.85) |
| c) | Weighted average number of equity shares outstanding during the year | 20,409.00 | 20,409.00 |

* 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.

## Note 31 : Related Party Disclosure

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below:

**(a) Parent Company – Asian Paints Limited (Control exists)**

**(b) Key Managerial Personnel (KMP):**

| Name of the person | Designation |
|---|---|
| Harish Munireddy | Director |
| Prathiba S B | Chief Operating Officer |
| Shyam Swamy (upto 17th December 2024) | Director |
| Gagandeep Kalsi (w.e.f 18th December 2024) | Director |
| Parag Rane | Director |

**(c) Entities where directors/ close family members of directors/ directors of parent company having control/ significant influence**

**(d) Pratan Fenestration LLP**

**(e) Compensation of key management personnel of the company**

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| Short term employee benefits | 40.33 | 40.80 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Share-based payment | - | - |

**(f) Details of transactions with and balances outstanding of parent company:**

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Asian Paints Limited | Revenue from Sale of Products and Services | 779.47 | (12.76) | 735.95 | 2.56 |
| Asian Paints Limited | Purchase of Goods | - | - | 10.08 | - |
| Asian Paints Limited | Reimbursement of expenses paid | 510.26 | 118.77 | 29.65 | 10.65 |
| Asian Paints Limited | Other services paid | 175.19 | 77.02 | 359.37 | 116.26 |
| Asian Paints Limited | Royalty | 53.83 | 9.93 | 14.73 | 2.97 |

**(g) Details of transactions with and balances outstanding of Key Managerial Personnel (KMP) / Close Family Member of Key Managerial Personnel :**

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Harish Munireddy | Remuneration | 24.01 | - | 24.48 | - |
| Prathiba S B | Remuneration | 16.32 | - | 16.32 | - |

**(h) Details of transactions with and balances outstanding of Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors:**

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Pratan Fenestration LLP | Revenue from sale of products and services | - | 12.51 | - | 12.51 |
| Pratan Fenestration LLP | Reimbursement of expenses paid | - | - | 2.55 | - |

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.

All the amounts reported in Note 31 (Related Party Transanctions) are inclusive of GST wherever applicable.

Also refer note 1.1

## Note 32 : Segment reporting

The Company is in the business of manufacturing uPVC Windows and door system components, which in terms of Ind AS 108 Operating Segments, constitute a single reporting segment. The Company mainly operates in a single geographical environment i.e. in India.

## Note 33 : Financial Ratios

| No. | Ratios | Numerator | Denominator | FY 2024-25 | FY 2023-24 | % Variance | Reason for variation |
|---|---|---|---|---|---|---|---|
| 1 | Current ratio | Current Assets | Current Liabilities | 0.37 | 0.57 | (36%) | Decrease in current ratio is due to increased trade payables and current borrowings |
| 2 | Debt-equity ratio | Total Debt (Borrowings) | Total Equity | (1.43) | (9.60) | (85%) | Increase in borrowings supplemented by increase in losses. |
| 3 | Debt service coverage ratio | Earning available for debt service # | Finance Costs (excluding cost pertaining to lease liabilities) + Repayment of borrowings | (4.91) | (10.05) | (51%) | Increase in losses |
| 4 | Return on Equity | Profit/ (loss) after tax | Average Total Equity | (160%) | (292%) | (45%) | Increase in losses |
| 5 | Inventory turnover ratio | Cost of goods sold | Average Inventory | 3.21 | 5.19 | (38%) | Decrease in ratio is mainly due to increase in average inventory balance. |
| 6 | Trade receivables turnover ratio | Revenue from sale of products and services | Average Trade receivables | 11.77 | 10.16 | 16% | Increase in the receivable days. |
| 7 | Trade payables turnover ratio | Net Purchases of raw material, packing material and stock-in-trade | Average Trade payables | 3.61 | 5.06 | (29%) | Decrease in the payables days. |
| 8 | Net capital turnover ratio | Revenue from operations | Working Capital (Current Assets - Current Liabilities) | (1.36) | (2.47) | (45%) | Decrease in ratio is mainly due to increase in current borrowings. |
| 9 | Net profit ratio | Profit/(loss) after tax | Revenue from operations | (43.9%) | (35.5%) | 24% | Increase in losses |
| 10 | Return on capital employed | Profit/(Loss) before interest (excluding interest on lease liabilities)and tax | Average Capital Employed [Total Equity + Total Debt (Borrowings)] | (112.0%) | (68.1%) | 64% | Increase in losses |
| 11 | Return on investment (Return on fixed deposits) | Income during the year | Time weighted average of investment | 4.5% | 5.7% | (21%) | On FD interest |

# Earning for Debt Service = Profit after tax + Depreciation and Amortisation Expense + Finance costs - Gain on sale of property, plant and equipment (net) - Net gain on modification/ termination of leases.

## Note 34 : Additional Regulatory Information required by Schedule III to the Companies Act, 2013

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(ix) The Company has not entered into any transactions during the year or balances payable or receivable with struck off companies.

(x) The Company has maintained proper books of accounts as required by law.

## Note 35 : Approval & Adoption

The Financial statements are approved for issue by the Board of Directors at meeting conducted on 03rd May 2025

**Signatures to notes to financial statements (Note 1 to 35)**

**For and on behalf of the Board of Directors of**

**Weatherseal Fenestration Private Limited**

| | | |
|---|---|---|
| **Harish Munireddy** | **Gagandeep Kalsi** | **Parag Rane** |
| Director | Director | Director |
| DIN No.: 06876848 | DIN No. 10473109 | DIN No. 08723015 |
| Place : Bengaluru | Place : Mumbai | Place : Mumbai |
| Date : May 3, 2025 | Date : May 3, 2025 | Date : May 3, 2025 |

# Asian Paints (Polymers) Private Limited

## Board of Directors

| | |
|---|---|
| Mr. Sameer Vijay Salvi | (Non-Executive Director) |
| Mr. Rajeev Kumar Goel | (Non-Executive Director) |
| Ms. Savitha Shivsankar | (Non-Executive Director) |

## Key Managerial Personnel

Mr. Nagendra Sai Nadella
Mr. Amit Kumar Khemka
Ms. Swati Rampuria

## Statutory Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants

## Secretarial Auditors

Vinod Kothari & Company, Practising Company Secretary

## Registered Office

6A & 6B Shantinagar,
Santacruz (East),
Mumbai – 400 055,
Maharashtra, India.

# Contents

# Board's Report

for the financial year ended 31st March 2025

Dear Members,

The Board of Directors are pleased to present the 2nd (Second) Annual Report of Asian Paints (Polymers) Private Limited along with the audited financial statements for the financial year ended 31st March 2025.

## Financial Results

The financial performance of your Company for the financial year 2024-25 is summarised below:

(₹ in Lakhs)

| Particulars | FY 2024-25 | For the period from 11th January 2023 to 31st March 2024 |
|---|---|---|
| Revenue from Operations | - | - |
| Other Operating Revenues | - | - |
| Other Income | 504.51 | 566.63 |
| **Total Income** | **504.51** | **566.63** |
| Expenses | 62.77 | 330.89 |
| **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)** | **441.74** | **235.74** |
| Less: Finance Cost | - | - |
| Less: Depreciation and Amortisation Expenses | - | - |
| **Profit before Tax** | **441.74** | **235.74** |
| Less: Tax Expense | 122.71 | 128.06 |
| **Profit after Tax** | **319.03** | **107.68** |
| Other Comprehensive Income | - | - |
| **Total Comprehensive Income** | **319.03** | **107.68** |

## Overview of the Company's performance and state of affairs

Your Company was incorporated as a wholly owned subsidiary of Asian Paints Limited under the jurisdiction of the Registrar of Companies, Maharashtra, Mumbai, with its main object being, *inter alia,* to carry on business as manufacturers, dealers, importers, exporters and traders in all kinds of chemicals and chemical compounds, all kinds of plastic materials, emulsions, monomers, vinyl acetate ethylene emulsions ("VAE"), vinyl acetate monomers ("VAM"), styrene, butadiene and similar monomers, ethylene, ethanol and other alcohols.

Your Company is in the process of setting up an in-house manufacturing facility in Dahej, Gujarat, India, for manufacturing of VAE and VAM, subject to obtaining necessary regulatory and other approvals.

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

## Industrial Relations

The industrial relations of the Company remained cordial and peaceful.

## Share Capital

Your Company was incorporated with an authorised share capital of ₹ 100 crores divided into 10,00,00,000 equity shares of ₹ 10/- each and an initial subscribed and paid-up capital of ₹100 crores.

During the year under review, your Company has increased its authorised share capital, from ₹ 1000 crores divided into 100,00,00,000 equity shares of ₹ 10/- each to ₹ 1,300 crores divided into 130,00,00,000 equity shares of ₹ 10/- each. Consequent to the same, the Memorandum of Association of your Company was amended with the approval of the shareholders. During the year under review, your Company has raised funds through rights issues to the tune of ₹ 500 crores, divided into 50,00,00,000 equity shares of ₹10/- each in five equal tranches. Consequently, the issued and paid-up share capital of your Company as on 31st March 2025 stood at ₹ 800 crores, divided into 80,00,00,000 equity shares of ₹ 10/- each.

During the year under review, the Board of Directors of the Company approved an additional capex cost of ₹ 690 crores on account of pre-operative expenses and certain escalations in project costs. The aggregate project cost now stands at ₹ 3,250 crores.

## Confirmations

a. During the year under review, your Company has not:

   i. issued any warrants, debentures, bonds, or any other convertible or non-convertible securities.

   ii. issued equity shares with differential rights as to dividend, voting, or otherwise.

   iii. issued any equity shares under any employees stock option plan or otherwise.

   iv. issued any sweat equity shares to its directors or employees.

   v. made any change in voting rights.

   vi. reduced its share capital or bought back shares.

   vii. changed the capital structure resulting from restructuring.

   viii. failed to implement any corporate action.

b. Your Company's securities are not listed on any stock exchanges, hence there does not arise a scenario of its shares being suspended for trading during the year.

c. The disclosure pertaining to the explanation for any deviation or variation in connection with certain terms of a public issue, rights issue, preferential issue, etc. is not applicable to your Company.

## Dividend

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

## Unclaimed Dividend & Investor Education and Protection Fund

Your Company does not have any unclaimed dividend outstanding for payment to shareholders of the Company. Further, during the year under review, your Company has not transferred any amount to the Investor Education and Protection Fund.

## Transfer to Reserves

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

## Subsidiary Status

Your Company continues to be a wholly owned subsidiary of Asian Paints Limited. Further, your Company does not have any subsidiary, associate, or joint venture.

## Directors and Key Managerial Personnel

### A. Directors

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

The Directors of your Company are:

Mr. Sameer Vijay Salvi (DIN: 09844392),
Mr. Rajeev Kumar Goel (DIN: 09844348), and
Ms. Savitha Shivsankar (DIN: 06800168).

#### Retirement by rotation and subsequent re-appointment

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Sameer Salvi (DIN: 09844392), Non-Executive Director of your Company is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") and, being eligible, has offered himself for re-appointment.

Based on performance evaluation, the Board of Directors recommends re-appointment of Mr. Sameer Salvi as Non-Executive Director of your Company, liable to retire by rotation.

The resolution for his re-appointment is being placed for the approval of the shareholders of the Company at the ensuing AGM. Details with respect to his experience, attributes, skills, disclosure of the relationship between directors *inter-se,* directorships held in other companies etc., as stipulated under Secretarial Standard on General Meetings, have been disclosed in the annexure to the Notice of the AGM.

During the year under review, no Director of your Company has resigned.

**Declaration from Directors**

None of the Director of your Company is disqualified from being appointed as Directors as specified under Section 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force).

## B. Key Managerial Personnel

As on date of this report, Mr. Amit Kumar Khemka, Chief Financial Officer, Mr. Nagendra Sai Nadella, Manager, and Ms. Swati Rampuria, Company Secretary are the Key Managerial Personnel ("KMP") of the Company in accordance with the provision of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the year under review, Ms. Swati Rampuria, Company Secretary of the Company had tendered her resignation to the Board of Directors of the Company, on 3rd February 2025, which would be effective from the close of business hours on 30th April 2025, to pursue other career opportunities.

Further, the remuneration paid to Mr. Nagendra Sai Nadella, Manager of the Company, for the FY 2024-25, was within the limit as approved by the shareholders of the Company at the AGM held on 14th June 2024.

## Performance evaluation of the Board

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

The annual performance evaluation of the Directors and the Board as a whole was carried out based on various aspects including level of flow of information, board composition, participation of directors, understanding of 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 positive and members expressed their satisfaction.

## Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the Directors of your Company state that:

a. in the preparation of the annual accounts for the financial year ended 31st March 2025, the applicable accounting standards and Schedule III of the Act, 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 at 31st March 2025 and of the profit of the Company for the financial year ended 31st March 2025;

c. proper and sufficient care has been taken 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 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 2024-25, 10 meetings of the Board of Directors were held on 30th April 2024, 20th June 2024, 11th July 2024, 4th September 2024, 17th October 2024, 27th November 2024, 9th January 2025, 30th January 2025, 5th March 2025 and 31st March 2025. The maximum time gap between any 2 meetings did not exceed 120 days, as prescribed by the Act.

During the year under review, the number of Board meetings attended by the Directors, through video conference is as follows:

| Sr. No. | Name of the Director | Number of meeting(s) entitled to attend | Number of meeting(s) attended |
|---|---|---|---|
| 1. | Mr. Sameer Salvi | 10 | 10 |
| 2. | Mr. Rajeev Goel | 10 | 10 |
| 3. | Ms. Savitha Shivsankar | 10 | 8 |

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

## General Meetings

During the year under review, first AGM and 1 Extra Ordinary General meeting were held on 14th June 2024 and 31st March 2025, respectively.

## Related Party Transactions

During the year under review, your Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with the 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 Act read with Rules issued thereunder.

There are no materially significant related party transactions that may have potential conflict with the interest of your Company at large. Further, there are no contracts or arrangements entered into under

Section 188(1) of the Act, hence no justification has been separately provided in that regard.

The details of the related party transactions are set out in Note no. 16 to the financial statements of your Company.

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

None of the Director(s) has any pecuniary relationships or transactions *vis-à-vis* the Company.

## Auditors and Auditors' Report

### i. Statutory Auditors

Deloitte Haskins & Sells LLP ("DHS"), Chartered Accountants (Firm Registration No.: 117366W/W-100018), were appointed as Statutory Auditors at the 1st AGM held on 14th June 2024, to hold office until the conclusion of the 6th AGM for the financial year 2028-29.

DHS has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company and satisfy the independence criteria.

DHS has issued an unmodified opinion on the financial statements for the financial year ended 31st March 2025 and the Statutory Auditors' Report forms part of the Annual Report.

### ii. Secretarial Auditors

Vinod Kothari & Company ("VKC"), Practising Company Secretary, (Certificate of Practice No. 11902), were appointed as the Secretarial Auditors of your Company to conduct an audit of the secretarial records for the financial year ended 31st March 2025.

During the year under review, VKC were further, re-appointed as the Secretarial Auditors of your Company to conduct the audit of the secretarial records for the financial year 2025-26.

The Company has received written consent and a certificate of eligibility from VKC. They have also confirmed that they are not disqualified to be appointed as such and holds a valid certificate of Peer Review issued by the Institute of Company Secretaries in India ("ICSI").

The Secretarial Audit Report received from VKC, for the financial year 2024-25, under Section 204 of the Act read with the Rules made thereunder is set out in Annexure (2) to this Report.

The said Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

#### Policy

The Board of Directors of the Company had approved revision to the Policy on engagement of Statutory Auditors to extend the provisions with respect to qualifications, eligibility, and procedure for appointment/reappointment/removal of the Statutory Auditors to the Secretarial Auditors that conform with the extant provisions of applicable laws and regulations.

Accordingly, the nomenclature of the Policy from the existing "Policy on engagement of Statutory Auditors of the Company" was revised to "Policy on engagement of Auditors of the Company".

### iii. Internal Auditors

Mr. Aabhas Bhandari, Senior Manager – Corporate Audit & Risk, Asian Paints Limited, the Holding Company was appointed as the Internal Auditors of your Company pursuant to Section 138 and other applicable provisions, if any, of the Act read with the Companies (Accounts) Rules, 2014.

During the year under review, the Board noted that there were no major internal audit observations.

## Reporting of frauds by Auditors

None of the Auditors of your Company has reported any fraud as specified under the second proviso of Section 143(12) of the Act.

## Internal Financial Controls and their Adequacy

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

## Maintenance of Cost Records

Your Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as it has not carried out any production or manufacturing activity during the year under review.

## Disclosure relating to the Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

All elements of the remuneration package of the Manager summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.

In accordance with the provisions of Sections 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, following are the details of the remuneration approved by the shareholders of the Company and the remuneration actually paid to Mr. Nagendra Sai Nadella, Manager of the Company for the financial year 2024-25:

| Particulars | Amount (in ₹) |
|---|---:|
| Gross Salary | 80,29,842 |
| Others | 2,26,603 |
| **Total** | **82,56,445*** |

*The remuneration includes performance linked incentive based on the predetermined performance parameters.

## Details of fixed component and performance linked incentive, along with the performance criteria

The required information is provided above.

## Details of Service contracts, notice period, severance fees

The Company does not enter into service contract with the Manager as he was appointed with the approval of the shareholders for the an interim period of not exceeding 3 years effective from 19th June 2023.

The statutory provisions apply with respect to the notice period and severance fee.

## Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable

Your Company does not have any Employee Stock Option Plan in place.

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

Further, your Company being an unlisted Company is not required to give disclosure relating to the remuneration paid to the Chief Financial Officer and the Company Secretary and particulars of employees of the Company.

During the year under review, no remuneration was paid to the Directors of the Company.

## Annual Return

As your Company does not have its own website, the requirement to upload the Annual Return of the Company on its website in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is not applicable to the Company.

## Corporate Social Responsibility (CSR)

During the year under review, the net worth of your Company has exceeded ₹ 500 crores consequent to this, the provisions of Section 135 of the Act, is applicable to the Company from the FY 2025-26.

Your Company is now required to spend at least 2% of the average net profits of the immediately preceding two financial years (as the Company had not completed the period of three financial years since its incorporation) towards the CSR activities during the FY 2025-26.

## 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.

Your Company recognises that risk is an integral and inevitable part of the business and is fully committed to manage risks in a proactive and efficient manner. Your Company has adopted a Risk Management Policy which articulates the approach to address the uncertainties in its endeavour to achieve its stated and implicit objectives.

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

## Vigil Mechanism

Your Company is not required to have Vigil Mechanism as per Section 177(10) of the Act.

The Board of Directors of your Company in good governance on a voluntary basis has adopted the Whistle Blower Policy of Asian Paints Limited, the Holding Company. The Policy provides protection to the employees and business associates who report unethical practices and irregularities. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy.

No incidents were reported during the year under review.

## Policy on Prevention of Sexual Harassment at Workplace

The Board of Directors in good governance on a voluntary basis has adopted the Policy on Prevention of Sexual Harassment at Workplace.

During the year under review, no complaints were received by the Company. Your Company is committed to providing a safe and conducive work environment to its employees and associates.

## Significant or Material Orders passed by the Regulators or Courts or Tribunals

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

## Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 as on 31st March 2025, are given in the Note no. 18 to the Financial Statements.

## Deposits

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposit) Rules, 2014.

## Compliance with Secretarial Standards

Your Company has complied with Secretarial Standards issued by the ICSI on Meetings of the Board of Directors and General Meetings.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

### A. Conservation of Energy

**i. Measures taken or impact on conservation of energy:**

Design work for the project is presently ongoing, Energy efficient motors (IE3), inline helical gearboxes, to avoid transmission losses, heat recovery from process exo-therm, and heat recovery from thermal oxidizer are the measures taken during the design phase to conserve energy in the coming days post start-up of the plant.

**ii. Steps taken by the Company for utilising alternate sources of energy:**

Design work for the project is presently ongoing, solar roof-top installation will be planned for installation approximately 800 KWp to utilize renewable source energy as an alternate source.

**iii. Capital investment on energy conservation equipment:**

As the project is presently in the design engineering phase, investment towards energy conservation will happen at a later stage.

### B. Technology Absorption

**i. Efforts made towards technology absorption:**

Your Company has received VAM technology for the project from the licensor. Detail engineering work is being performed. In the years to come it will go through steps of absorption, like installation, commissioning, stabilisation and process improvements.

**ii. Benefits derived as a result of the above efforts:**

Presently design detailing is under progress. Safety measures required to conduct, perform safe operations are incorporated through HAZOP & SIL studies in the design stage.

**iii. In case of imported technology:**

**(a) The details of technology imported:**

VAM technology license has been obtained from Kellogg Brown & Root LLC, USA.

**(b) The year of import:**

The import was done in FY 2023-24

**(c) Whether the technology has been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:**

The licensor has shared the technology i.e., basic engineering documents with your Company. Presently detailed engineering design work for VAM is in progress, and consequently, the process of absorption is ongoing. Full absorption will take place post-commissioning and product stabilization.

**iv. Expenditure incurred on Research and Development:**

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

## C. Foreign Exchange Earnings and Outgo

(₹ in Crores)

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| Earnings | Nil | Nil |
| Outgo | 1.75 | 89.75 |

## Other Disclosures

During the year under review:

i. No credit rating has been obtained by your Company with respect to its securities.

ii. No application has been made under the Insolvency and Bankruptcy Code, 2016. Hence the requirement to disclose the details of an application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the reporting year is not applicable; and

iii. The requirement to disclose the details of the difference between the amount of the valuation done at the time of onetime settlement and the valuation done while taking a loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.


## Acknowledgements

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


For and on behalf of the Board of Directors

**Sameer Salvi**
Chairman
(DIN: 09844392)

Place: Mumbai
Date: 28th April 2025

# Annexure (1) to Board's Report

## FORM AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 ("the Act") read with
Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by your Company with related parties referred to in Section 188(1) of the Act including certain arm's length transactions under the fourth proviso thereto

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

    There were no contracts or arrangements or transactions entered into by your Company during the year ended 31st March 2025, which were not on an arm's length basis.

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

    There were no material contracts or arrangements or transactions entered into during the year ended 31st March 2025.

During the year ended 31st March 2025, all related party transactions entered into by your Company were in the ordinary course of business and on an arm's length basis and were approved by the Board of Directors of your Company.

For and on behalf of the Board of Directors

**Sameer Salvi**
Chairman
(DIN: 09844392)

Place: Mumbai
Date: 28th April 2025

# Annexure (2) to Board's Report

**Form No. MR-3**
**Secretarial Audit Report**
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025**

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

To,
The Members,
Asian Paints (Polymers) Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Asian Paints (Polymers) Private Limited** [hereinafter called 'the Company'] for the financial year ending on March 31, 2025 **["period under review"]**, in terms of Audit Engagement Letter dated December 11, 2023. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period under review, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;
2. **Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:**

   The Company has not commenced its operations and therefore no specific laws are applicable during the period under review.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

We report that during the period under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

**Recommendations as a matter of best practice:**

In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team, for its necessary consideration and implementation by the Company.

**We further report that:**

The Board of Directors of the Company is duly constituted of Non-Executive Directors only. There were no changes in the composition of the Board of Directors during the period under review. The Company has appointed a manager.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in case of meetings convened at a shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions were unanimous and there was no instance of dissent in Board Meetings.

**We further report that** there are adequate systems and processes in the Company, which commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the period under review, the Company has not undertaken any specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, except:-

1. **Issue of equity shares on right basis:**

   During the period under review, the Company allotted equity shares on rights basis to Asian Paints Limited, the holding company, in the proportion of 1:1 for consideration in cash:

   a. 10,00,00,000 equity shares of ₹ 10 each at par aggregating to ₹ 100,00,00,000 (Rupees One Hundred crore) on April 03, 2024.

   b. 10,00,00,000 equity shares of ₹ 10 each at par aggregating to ₹ 100,00,00,000 (Rupees One Hundred crore) on July 11, 2024.

c. 10,00,00,000 equity shares of ₹ 10 each at par aggregating to ₹ 100,00,00,000 (Rupees One Hundred crore) on September 24, 2024.

d. 10,00,00,000 equity shares of ₹ 10 each at par aggregating to ₹ 100,00,00,000 (Rupees One Hundred crore) on December 09, 2024.

e. 10,00,00,000 equity shares of ₹ 10 each at par aggregating to ₹ 100,00,00,000 (Rupees One Hundred crore) on March 05, 2025.

**2. Increase in the Authorised Share Capital and consequential amendment to the Memorandum of Association ('MOA') of the Company:**

During the period under review, the shareholders of the Company approved increase in the Authorised Share Capital of the Company from ₹ 1000 Crore to ₹ 1300 Crore and consequential amendment to the capital clause in the MOA of the Company in the Extraordinary General Meetings ('EGMs') held on March 31, 2025.

**3. Increase in borrowing limits under Section 180(1)(c) of the Act:**

During the period under review, the Company has obtained shareholder's approval for the purpose of borrowing upto a limit of ₹ 2,000 crore pursuant to the special resolution passed in terms of Section 180(1)(c) of the Act in the Extraordinary General Meeting ('EGM') held on March 31, 2025. Consequently, approval in terms of Section 180 (1)(a) of the Act was also obtained in the said EGM for the aforesaid borrowing limits.

For **M/s Vinod Kothari & Company**
Practicing Company Secretaries
Firm Registration No.: P1996WB042300

**Vinita Nair**
Joint Managing Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559G000223002
Peer Review Certificate No.: 4123/2023

Place: Mumbai
Date: April 28, 2025

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

# Annexure (2) to Board's Report (Contd.)

## Annexure I

## Annexure to Secretarial Audit Report (Non-Qualified)

To,
The Members,
Asian Paints (Polymers) Private Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in Annexure II.
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Considering the effectiveness of information technology tools in the audit processes, we have conducted online verification and examination of certain records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
7. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test-check basis.
8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/ to be furnished by any other auditor(s)/agencies/ authorities with respect to the Company.
10. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

### Annexure II: List of Documents

1. Memorandum of Association and Articles of Association;
2. Signed minutes of the Board meetings held on April 30, 2024, June 20, 2024, July 11, 2024, September 04, 2024, October 17, 2024, November 27, 2024, January 09, 2025, January 30, 2025, March 05, 2025 and draft minutes of the Board meeting held on March 31, 2025;
3. Signed minutes of the annual general meeting held on June 14, 2024 and draft minutes of the extra ordinary general meeting held on March 31, 2025;
4. Proof of circulation of notice and agenda for Board meetings on a sample basis;
5. Proof of circulation of draft minutes of Board meetings on a sample basis;
6. Director's disclosure pursuant to the Act and rules made thereunder;
7. Statutory Registers under the Act;
8. Forms and returns filed with the ROC;
9. Proof of resolutions passed through circulation;
10. Financial results for first financial year beginning from January 11, 2023 to March 31, 2024 and for the quarter ended June, 2024, September, 2024 and December 2024;
11. Directors report for the first financial year beginning from January 11, 2023 to March 31, 2024;
12. Half-yearly related party transactions submitted to stock exchange by Asian Paints Limited, the Holding Company under regulation 23 (9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
13. Statutory Compliance Certificate.

# Independent Auditor's Report

To The Members of
**Asian Paints (Polymers) Private Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Asian Paints (Polymers) Private Limited (the Company), which comprise the Balance Sheet as at 31st March 2025, 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 ended on that date, and notes to the financial statements, including a summary of material 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, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2025, and its profit, total comprehensive income, 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 (SAs) specified under section 143(10) of the Act. 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 comprises the information included in 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.

### Responsibilities of Management and Board of Directors 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 accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 financial controls 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 Statement of Cash Flows 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 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company 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 with reference to financial statements.

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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company 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.

iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 20 (vii) to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the note 20 (vii) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended 31st March 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

2. As required by the Companies (Auditor's Report) Order, 2020 (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

**Terence Lewis**
Partner
Membership No. 107502
UDIN: 25107502BMIBBK3190

Place: Mumbai
Date: 28th April 2025

# 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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)**

We have audited the internal financial controls with reference to financial statements of Asian Paints (Polymers) Private Limited (the Company) as at 31st March 2025 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

## Meaning of Internal Financial Controls with reference to financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to financial statements

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2025, based on the criteria for internal financial control with reference to financial statements 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

**Terence Lewis**
Partner
Membership No. 107502
UDIN: 25107502BMIBBK3190

Place: Mumbai
Date: 28th April 2025

# Annexure "B" to the Independent Auditor's Report

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

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of capital work-in-progress and relevant details of right-of-use assets. The Company does not hold any property, plant and equipment, bearer plants and investment properties.

(B) The Company does not have any intangible assets and hence reporting under clause (i)(a)(B) of the Order is not applicable.

(b) As the Company does not hold any property, plant and equipment, physical verification procedures have not been performed during the year ended 31st March 2025.

(c) The Company does not have any immovable property and hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company does not hold any property, plant and equipment and intangible assets and hence reporting under clause (i)(d) is not applicable.

(e) No proceedings have been initiated or are pending against the Company as at 31st March 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year ended 31st March 2025 and hence reporting under clause (iii) of the Order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

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

(vii) (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year ended 31st March 2025.

(b) There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax and other material statutory dues in arrears as at 31st March 2025, for a period of more than six months from the date they became payable.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year ended 31st March 2025 and there are no unutilised term loans at the beginning of the period and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year ended 31st March 2025 for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year ended 31st March 2025 and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year ended 31st March 2025 and hence reporting under clause (x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debenture (fully or partly or optionally) during the year ended 31st March 2025 and hence reporting under clause (x)(b) of the Order is not applicable to Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year ended 31st March 2025.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year ended 31st March 2025 and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year ended 31st March 2025 and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. The Company is a private company and hence, the provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company.

(xiv) The Company is not required to have an internal audit system under Section 138 of the Companies Act, 2013.

(xv) In our opinion, during the year ended 31st March 2025, the Company has not entered into any non-cash transactions with any of its directors or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b), (c) of the Order are not applicable.

(xvii) The Company has not incurred cash losses during the period covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year ended 31st March 2025.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year ended 31st March 2025. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

**Terence Lewis**
Partner
Membership No. 107502
UDIN: 25107502BMIBBK3190

Place: Mumbai
Date: 28th April 2025

# Balance Sheet

as at 31st March 2025

(₹ in Lakhs)

| Particulars | Notes | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non Current assets** | | | |
| Right of Use Assets | 2A | 7,046.58 | 8,008.21 |
| Capital work-in-progress | 2B | 48,555.29 | 7,904.64 |
| Other Non Current Assets | 3 | 20,758.96 | 13,678.59 |
| Financial Assets | | | |
| Other Financial Assets | 3A | 460.31 | - |
| Income Tax Asset (Net) | 9A | 15.65 | - |
| | | **76,836.79** | **29,591.44** |
| **Current assets** | | | |
| Financial Assets | | | |
| Investments | 4 | 5,266.10 | 808.71 |
| Cash and Cash Equivalents | 5 | 222.00 | 246.55 |
| | | **5,488.10** | **1,055.26** |
| **Total Assets** | | **82,324.89** | **30,646.70** |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share Capital | 6 | 80,000.00 | 30,000.00 |
| Other Equity | 7 | 426.71 | 107.68 |
| | | **80,426.71** | **30,107.68** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Deferred Tax Liabilities (Net) | 13 | 1.09 | - |
| | | **1.09** | **-** |
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Other Financial Liabilities | 8 | 1,734.04 | 366.78 |
| Other Current Liabilities | 9 | 163.05 | 113.60 |
| Income Tax Liabilities (Net) | 9A | - | 58.64 |
| | | **1,897.09** | **539.02** |
| **Total Equity and Liabilities** | | 82,324.89 | 30,646.70 |
| Material accounting policies and Key accountinges timates and judgements | 1 | | |
| See accompanying notes to the financial statements | 2-21 | | |

As per our report of even date attached

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

**Terence Lewis**
Partner
Membership No: 107502

Mumbai
28-Apr-25

For and on behalf of the Board of Directors of
**ASIAN PAINTS (POLYMERS) PRIVATE LIMITED**

**Sameer Salvi**
Director
DIN: 09844392

**Savitha Shivsankar**
Director
DIN: 06800168

**Swati Rampuria**
Company Secretary

**Amit Khemka**
Chief Financial Officer

Mumbai
28-Apr-25

# Statement of Profit and Loss

for the year ended 31st March 2025

(₹ in Lakhs)

| Particulars | Notes | for the Year ended on 31st March, 2025 | period from 11th January 2023 to 31st March, 2024 |
|---|---|---|---|
| Revenue from operations | | - | - |
| Other Income | 10 | 504.51 | 566.63 |
| **Total Income (I)** | | **504.51** | **566.63** |
| **EXPENSES** | | | |
| Other Expenses | 11 | 62.77 | 330.89 |
| **Total Expenses (II)** | | **62.77** | **330.89** |
| **Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)(I-II)** | | **441.74** | **235.74** |
| Finance Costs | | - | - |
| Depreciation and Amortisation Expense | | - | - |
| **Profit/(Loss) before Exceptional Items and Tax** | | **441.74** | **235.74** |
| Exceptional Items | | - | - |
| **Profit before Tax** | | **441.74** | **235.74** |
| **Tax expense** | 9B | | |
| (1) Current tax | | 110.42 | 128.06 |
| (2)Short tax provision for earlier year | | 11.20 | - |
| (3) Deferred tax | | 1.09 | - |
| Total tax expense | | **122.71** | **128.06** |
| Profit after Tax | | 319.03 | 107.68 |
| **Other Comprehensive Income(OCI)** | | | |
| (A) Items that will not be reclassified to profit or loss | | - | - |
| (B) Items that will be reclassified to Profit or Loss | | - | - |
| **Total Other Comprehensive Income** | | **-** | **-** |
| **Total Comprehensive Income For the Period** | | **319.03** | **107.68** |
| **Earnings per equity share (Face value of ₹ 10 each)** | 19 | | |
| Basic (in ₹) | | 0.06 | 0.04 |
| Diluted (in ₹) | | 0.06 | 0.04 |
| **Material accounting policies and Key accountingestimates and judgements** | **1** | | |
| **See accompanying notes to the financial statements** | **2-21** | | |

As per our report of even date attached

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

**Terence Lewis**
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Membership No: 107502

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Chief Financial Officer

Mumbai
28-Apr-25

# Statement of Changes in Equity

for the year ended 31st March 2025

## A) Equity Share Capital

(₹ in Lakhs)

| Particulars | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Balance at the beginning of the reporting year** | **30,000.00** | **-** |
| Issued during the year | 50,000.00 | 30,000.00 |
| **Balance at the end of the reporting year** | **80,000.00** | **30,000.00** |

## B) Other Equity

(₹ in Lakhs)

| Particulars | Reserves and Surplus Retained Earnings | Total |
|---|---|---|
| **Balance as on 11th January 2023** | **-** | |
| Profit for the year | 107.68 | 107.68 |
| Total Comprehensive Income for the year 2023-24 | 107.68 | 107.68 |
| **Balance as on 31st March 2024** | **107.68** | **107.68** |
| Profit for the year | 319.03 | 319.03 |
| Total Comprehensive Income for the year (2024-25) | 319.03 | 319.03 |
| **Balance as on 31st March 2025** | **426.71** | **426.71** |
| Material accounting policies and Key accountingestimates and judgements | 1 | |
| See accompanying notes to the financial statements | 2-21 | |

As per our report of even date attached

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

**Terence Lewis**
Partner
Membership No: 107502

Mumbai
28-Apr-25

For and on behalf of the Board of Directors of
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**Sameer Salvi**
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DIN: 09844392

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DIN: 06800168

**Swati Rampuria**
Company Secretary

**Amit Khemka**
Chief Financial Officer

Mumbai
28-Apr-25

# Statement of Cash Flows

for the year ended 31st March 2025

(₹ in Lakhs)

| | Particulars | for the Year ended on 31st March, 2025 | period from 11th January 2023 to 31st March, 2024 |
|---|---|---|---|
| (A) | Cash Flow From Operating Activities | | |
| | **Profit before tax** | **441.74** | **235.74** |
| | Adjustments for : | | |
| | Net gain arising on financial assets measured at fair value through profit and loss | (501.44) | (566.63) |
| | Interest income | (3.07) | |
| | **Operating profit before working capital changes** | **(62.77)** | **(330.89)** |
| | Adjustments for : | | |
| | (Increase) / Decrease in trade and other receivables | - | - |
| | (Increase) / Decrease in other assets | (3,509.93) | (2,069.30) |
| | (Increase) / Decrease in other financial asset | (460.31) | |
| | Decrease/ (Increase) in inventories | - | - |
| | Decrease in loans given | - | - |
| | Increase/(Decrease) in other current liabilities | 49.45 | 113.96 |
| | Increase/(Decrease) in other financial liabilities | 5.14 | |
| | **Cash used in Operating activities** | **(3,978.42)** | **(2,286.23)** |
| | Net income tax (paid)/ refund (net) | (195.91) | (69.42) |
| | **Net Cash used in Operating activities** | **(41,392.82)** | **(2,355.65)** |
| (B) | Cash Flow from Investing Activities | | |
| | Purchase of Property, plant and equipment including capital advances | (41,894.26) | (19,147.51) |
| | Payment for acquiring Right of Use asset | - | (8,008.21) |
| | Sale of Current Investments (Net) | 501.44 | 566.63 |
| | **Net Cash used in Investing activities** | **(41,392.82)** | **(26,589.09)** |
| (C) | Cash Flow from Financing Activities | | |
| | Issuance of equity shares | 50,000.00 | 30,000.00 |
| | **Net Cash generated from Financing activities** | **50,000.00** | **30,000.00** |
| (D) | Net (Decrease) / Increase in cash and cash equivalents: | 4,432.85 | 1,055.26 |
| | **Cash and cash equivalents as at 1st April 2024** | 1,055.25 | - |
| | Cash and cash equivalents as at 31st March 2025 | **5,488.10** | **1,055.26** |

**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)

| Particulars | for the Year ended on 31st March, 2025 | period from 11th January 2023 to 31st March, 2024 |
|---|---|---|
| Cash and Cash equivalents comprises of | | |
| Cash on hand | - | |
| Balances with Bank: | | |
| - Current Accounts | 222.00 | 246.55 |
| **Cash and cash equivalents** | **222.00** | **246.55** |
| Add: Investment in liquid mutual funds | 5,266.10 | 808.71 |
| **Cash and cash equivalents in Cash Flow Statement** | **5,488.10** | **1,055.26** |
| Material accounting policies and Key accountingestimates and judgements | 1 | |
| See accompanying notes to the financial statements | 2-21 | |

As per our report of even date attached

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

**Terence Lewis**
Partner
Membership No: 107502

Mumbai
28-Apr-25

For and on behalf of the Board of Directors of
**ASIAN PAINTS (POLYMERS) PRIVATE LIMITED**

**Sameer Salvi**
Director
DIN: 09844392

**Savitha Shivsankar**
Director
DIN: 06800168

**Swati Rampuria**
Company Secretary

**Amit Khemka**
Chief Financial Officer

Mumbai
28-Apr-25

# Notes to the Financial Statements

for the year ended 31st march 2025

## Company Background

Asian Paints (Polymers) Private Limited ('the Company') was incorporated in India as a private limited company on 11th January 2023 under the Companies Act, 1956. The registered office of the Company is located at 6A& 6B Shant inagar Santacruz East, Bandra Suburban, Mumbai, Maharashtra, India, 400055, India. Asian Paints Limited is the holding company having 100% stake and ultimate control.

The Company is engaged in the business of manufacturing of Vinyl Acetate Ethylene Emulsion (VAE) and Vinyl Acetate Monomer (VAM).

The Comparative shown are for the period from 11th January, 2023 (being date of incorporation) to 31st March 2024 being the first financial year.

## 1. Material Accounting Policies and Key accounting estimates and judgements

## Material Accounting Policies: -

### 1.1 Basis of preparation of financial statements

These financial statements are the separate financial statements of the Company 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 are presented in Indian Rupees (which is also the functional currency of the Company) and is rounded off to the nearest lacs except otherwise indicated.

### 1.2 Application of New Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

### 1.3 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 Material accounting policies

**a) 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.

### b) Financial Instruments

A financial instrument is a 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:

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

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:

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 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, and other financial assets of the Company (refer note 12A for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method. The effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset 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 FVTPL:

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:

On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

### Financial Liabilities

**Initial recognition and measurement:**

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 12(A) for further details). The effect of the amortization under effective interest method is recognized as interest expense under finance cost in the Statement of Profit and Loss over the relevant period of the financial liability.

### Derecognition:

The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

Offsetting of financial assets and financial liabilities:

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

## c) 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.

## d) 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.

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.

Exchange differences arising out of foreign exchange translations and settlements during the year are 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 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.

Presentation of current tax:

Current is 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 tax expense is recognized in Other Comprehensive Income.

**f)** The Company offsets tax assets and 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.

**g) 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 will be required and the amount of outflow can be reliably estimated. 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 or the amount of such outflow cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**h) 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.

**i) 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 this form an integral part of the Company's cash management.

**j) Lease accounting**

Assets taken on lease:

The Company assesses whether a contract is or contains a lease, at inception of a contract in accordance with Ind AS 116, Leases. The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised 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. 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 or useful life of the underlying asset if the Company expects to exercise a purchase option in the lease. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, generally discounted using an incremental borrowing rate specific to the Company, term and currency of the contract.

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 payment which the Company is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate 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 ROU 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.

### k) Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to the equity shareholders of the Company with the weighted average number of equity shares outstanding during the period, adjusted for treasury shares.

Diluted Earnings per share is calculated by dividing net profit attributable to the equity shareholders of the Company with the weighted average number of shares outstanding during the period, adjusted for the effects of all dilutive potential equity shares.

## 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, which 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. 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.

#### c. Right-of-use assets and lease liability

The Company has 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.

## Note 2A: Right of use assets

(₹ in Lakhs)

| Movement in net carrying amount | Year 2024-25 | | Year 2023-24 | |
|---|---|---|---|---|
| | Leasehold Land | Total | Leasehold Land | Total |
| **Balance as at start of the period** | **8,008.21** | **8,008.21** | | **-** |
| Additions | - | - | 8,046.59 | 8,046.59 |
| Depreciation | 82.82 | 82.82 | 38.38 | 38.38 |
| Adjustments | 878.81 | 878.81 | - | - |
| **Balance as at 31st March** | **7,046.58** | **7,046.58** | **8,008.21** | **8,008.21** |

All lease agreements are executed in the favour of the Company. There is no lease liability as right to leasehold land was acquired through one-time payment.

During the year, the Company has filed a refund claim of Rs. 878.81 Lakhs with GST authorities for GST paid on acquisition of long term leasehold rights of land acquired in Dahej/Ankleshwar. This refund claim is filed on the basis of judgement of Gujarat High Court in Gujarat Chamber of Commerce and Industry vs Union of India that GST is not leviable on assignment of leasehold rights in land or building or both.

Accordingly, the Company has made an adjustment of Rs. 878.81 Lakhs in Right-of-Use asset and disclosed the same as Other receivable in Other non current assets.

## Note 2B: Capital Work in Progress (CWIP)

### Details as on 31st March 2025

(₹ in Lakhs)

| Particulars | Amount in Capital work in progress for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | |
| Projects in progress | 40,650.65 | 6,381.73 | 1,522.91 | - | **48,555.29** |

### Details as on 31st March 2024

(₹ in Lakhs)

| Particulars | Amount in Capital work in progress for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | |
| Projects in progress | 6,381.73 | 1,522.91 | - | - | **7,904.64** |

*There are no projects in capital work in progress, whose completion is overdue or has exceeded its cost compared to its original plans.

**During the year ended 31st March, 2025, the Parent Company implemented Asian Paints Employee Stock Option Plan 2021 (2021 Plan). The 2021 Plan enables grant of stock options to the eligible employees of the ultimate Parent Company and its subsidiaries.

The options granted under 2021 Plan have a maximum vesting period of 4 years. The option granted are based on the performance of the employees during the year of the grant and their continuing to remain in service over the next 3 years. The exercise price for stock options granted are at a discount of 50% to the Reference Share Price of the shares of the ultimate Parent Company as defined under 2021 Plan.

During the period, the Company has recognized an expense of Rs. 2.81 lakhs. This expense has been capitalized and reported under CWIP.

## Note 3: Other non current assets

(₹ in lakhs)

| | As at 31.03.2025 | As at 31.03.2025 |
|---|---|---|
| (a) Capital Advances | 14,297.85 | 11,609.29 |
| (b) Advances other than capital advances | | |
| (i) Balances with government authorities | 5,552.67 | 2,069.30 |
| (c) Other receivables | 878.81 | - |
| (d) Other Assets | 29.63 | - |
| **TOTAL** | **20,758.96** | **13,678.59** |

## Note 3A : Other Financial Assets

**Non Current Assets**
**(Unsecured, considered good)**

(₹ in lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| (A) Sundry Deposits | 460.31 | - |
| **TOTAL** | **460.31** | **-** |

## Note 4 : Current Investments

(₹ in lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Investments in Quoted Mutual Funds measured at FVTPL** | | |
| UTI Liquid Fund (Formerly UTI Liquid Cash Plan) - Direct Plan | - | 591.61 |
| Other Mutual Funds (CY-1,24,240.046 units, PY-23,970.538 Units) | 5,266.10 | 217.10 |
| | | |
| Total Quoted Current Investment | 5,266.10 | 808.71 |
| Aggregate amount of quoted investments at Cost | 5,219.92 | 766.84 |
| Aggregate amount of quoted investments at Market value | 5,266.10 | 808.71 |

## Note 5 : Cash and Bank balances

(₹ in lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **(A) Cash and Cash equivalents** | | |
| (a) Balances with banks : | | |
| (i) Current Accounts | 222.00 | 246.55 |
| **TOTAL** | **222.00** | **246.55** |

## Note 6 : Equity Share Capital

(₹ in lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Authorised** | | |
| 1,00,00,00,000 Equity Shares of ₹10/- each | 1,00,000.00 | 1,00,000.00 |
| | **1,00,000.00** | **1,00,000.00** |
| **Issued, Subscribed and Paid up capital** | | |
| 80,00,00,000 Equity Shares of ₹10/- each | 80,000.00 | 30,000.00 |
| | **80,000.00** | **30,000.00** |

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

| | As at 31.03.2025 | | As at 31.03.2024 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in lakhs | No. of Shares | ₹ in lakhs |
| Fully paid Equity Shares | | | | |
| At the beginning of the period | 30,00,00,000 | 30,000.00 | - | - |
| Add : Issued during the period | 50,00,00,000 | 50,000.00 | 30,00,00,000 | 30,000.00 |
| At the end of the period | 80,00,00,000 | 80,000.00 | 30,00,00,000 | 30,000.00 |

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

| | As at 31.03.2025 | | As at 31.03.2024 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in lakhs | No. of Shares | ₹ in lakhs |
| Asian Paints Limited (Holding Company) and its nominees | 80,00,00,000 | 100% | 30,00,00,000 | 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 vale of Rs.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.

## d) Shares held by promoters as defined in the Companies Act, 2013 at the end of the year

**(₹ in Lakhs)**

| Promoter Name | As at 31.03.2025 | | As at 31.03.2024 | | |
|---|---|---|---|---|---|
| | No. of Shares | ₹ in lakhs | % of total shares | % of total shares | % Change |
| Asian Paints Limited (Holding Company) and its nominees | **80,00,00,000** | 100% | **30,00,00,000** | 100% | - |

## Note 7 : Other Equity

**(₹ in Lakhs)**

| Particulars | Reserves and Surplus Retained earnings | Total |
|---|---|---|
| **Balance as at 11th January, 2023** | - | - |
| Profit for the period | 107.68 | 107.68 |
| Items of Other Comprehensive Income for the period, net of tax | - | - |
| **Total Comprehensive Income for the period** | **107.68** | **107.68** |
| **Balance as on 31st March, 2024** | **107.68** | **107.68** |
| Profit for the year | 319.03 | 319.03 |
| Items of Other Comprehensive Income for the year, net of tax | - | - |
| **Total Comprehensive Income for the year** | **319.03** | **319.03** |
| **Balance as on 31st March, 2025** | **426.71** | **426.71** |

## Note 8 : Other financial liabilities - Current

(₹ in Lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Payable towards capital expenditure | 1,728.54 | 366.42 |
| Payable towards services received | 5.50 | 0.36 |
| **TOTAL** | **1,734.04** | **366.78** |

## Note 9 : Other Current liabilities

(₹ in Lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Statutory Payables | | |
| Payable towards GST | 1.07 | 3.07 |
| Payable towards Tax Deducted at Source | 161.98 | 110.53 |
| **TOTAL** | **163.05** | **113.60** |

## Note 9A : Income Tax Assets (Net) - Current

(₹ in Lakhs)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Advance payment of Income Tax (Net) | 15.65 | 58.64 |
| **TOTAL** | **15.65** | **58.64** |

## Note 9B : Income Tax

(₹ in Lakhs)

| | | For the Year ended on 31st March, 2025 | Period from 11th January 2023 to 31st March, 2024 |
|---|---|---|---|
| **A.** | **THE MAJOR COMPONENTS OF INCOME TAX EXPENSE FOR THE YEAR ARE AS UNDER :** | | |
| **(i)** | **Income tax recognised in the Statement of Profit and Loss** | | |
| | **Current tax:** | | |
| | In respect of current year | 110.42 | 128.06 |
| | In respect of short tax provision for earlier years | 11.20 | - |
| | **Deferred tax:** | | |
| | In respect of current year | 1.09 | - |
| | **Income tax expense recognised in the Statement of Profit and Loss** | **122.71** | **128.06** |

## B. Reconciliation of Tax expense and effective tax rate:

(₹ in lakhs)

| | For the Year ended on 31st March, 2025 | | Period from 11th January 2023 to 31st March, 2024 | |
|---|---|---|---|---|
| | (Rupees in Lakhs) | Rate | (Rupees in Lakhs) | Rate |
| **Profit before tax** | 441.74 | | 235.74 | |
| Income tax expense calculated at corporate tax rate | 111.18 | 25.17% | 59.32 | 25.16% |
| **Tax effect of:** | | | | |
| Non-deductible expenses | 2.14 | 0.48% | 75.89 | 32.19% |
| Income taxed at special rates | (1.04) | -0.24% | | |
| Income exempted from tax | (1.86) | -0.42% | | |
| Others | 1.09 | 0.25% | (7.15) | -3.03% |
| **Total** | **0.33** | **0.07%** | **128.06** | **54.32%** |
| Short tax provision for earlier years | 11.20 | 2.54% | - | 0.00% |
| **Tax expense as per Statement of Profit and Loss** | **122.71** | **27.78%** | **128.06** | **54.32%** |

The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law.

## C. The major components of Deferred tax (Liabilities)/Assets arising on account of timing differences are as below :

| | Balance Sheet | Profit and Loss | Balance Sheet | Profit and Loss |
|---|---|---|---|---|
| | 01.04.2024 | 2024-25 | 01.04.2024 | 2024-25 |
| Diffrence in carrying value and tax base of investments measured at FVTPL | - | 1.09 | | 1.09 |

## Note 10 : Other Income

(₹ in Lakhs)

| | | For the Year ended on 31st March, 2025 | Period from 11th January 2023 to 31st March, 2024 |
|---|---|---|---|
| (a) | Other non-operating Income | | |
| | Net gain arising on financial assets measured at FVTPL# | 501.44 | 566.63 |
| | Interest Income | 3.07 | |
| (b) | Other gains and losses | | |
| | Foreign Exchange Gain (Net) | - | - |
| **TOTAL** | | **504.51** | **566.63** |

# Includes gain on sale of financial assets measured at FVTPL for ₹ 497 Lakhs (2025) and for ₹ 525 Lakhs (2024)

## Note 11 : Other expenses

(₹ in Lakhs)

| | For the Year ended on 31st March, 2025 | Period from 11th January 2023 to 31st March, 2024 |
|---|---|---|
| Rates and taxes | 2.35 | 1.14 |
| Payment to auditors | 5.27 | 5.00 |
| Bank charges | 2.85 | 0.36 |
| Share issue expenses | 2.50 | 301.51 |
| Foreign Exchange Loss (Net) | 0.20 | 6.81 |
| Legal and professional expenses | 35.90 | 16.07 |
| Miscellaneous expenses | 13.70 | - |
| **TOTAL** | **62.77** | **330.89** |

## Note - Auditors' remuneration (excluding GST)

(₹ in Lakhs)

| | For the Year ended on 31st March, 2025 | Period from 11th January 2023 to 31st March, 2024 |
|---|---|---|
| Statutory Audit Fees | 5.00 | 5.00 |
| **TOTAL** | **5.00** | **5.00** |

## Note 12(A) : Category-wise classification of financial instruments

(₹ in Lakhs)

| | Refer Note | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|---|
| **Financial assets measured at fair value through profit and loss** | | | |
| Quoted investments in Mutual Funds | 4 | 5,266.10 | 808.71 |
| | | 5,266.10 | 808.71 |
| **Financial assets measured at amortised cost** | | | |
| Cash and Cash Equivalents | 5 | 222.00 | 246.55 |
| | | 222.00 | 246.55 |
| **Financial liabilities recognised at amortised cost** | | | |
| Payable towards capital expenditure | 8 | 1,728.54 | 366.42 |
| Payable towards services received | 8 | 5.50 | 0.36 |
| | | **1,734.04** | **366.78** |

Income, Expenses, Gains or losses recognized on Financial Instruments in the statement of Profit and Loss are as follows:

| Income, Expenses, Gains or Losses on Financial Instruments | Refer Note | For the Year ended on 31st March, 2025 | Period from 11th January 2023 to 31st March, 2024 |
|---|---|---|---|
| **Financial assets measured at fair value through profit and loss** | | | |
| Quoted investments in Mutual Funds | 10 | 501.44 | 566.63 |
| | | **501.44** | **566.63** |

## Note 12 (B) : Fair value instruments

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

### As at 31st March, 2025

| Financial assets/ financial liabilities | Fair value | Fair value hierarchy | | |
|---|---|---|---|---|
| | As at 31.03.2025 | 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 | 5,266.10 | 5,266.10 | - | - |

### As at 31st March 2024

| Financial assets/ financial liabilities | Fair value | Fair value hierarchy | | |
|---|---|---|---|---|
| | As at 31.03.2024 | 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 | 808.71 | 808.71 | - | - |

(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.

## Note 12 (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 .

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 only has short term liabilities and the company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents.

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)**

| | Less than 1 year | Between 1 to 5 years | Over 5 years | Total | Carrying Value |
|---|---|---|---|---|---|
| As at 31st March, 2025 | | | | | |
| Other financial liabilities | 1,734.04 | - | - | 1,734.04 | 1,734.04 |

The company does not have any derivative financial liabilities.

## Note 12 (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.

As at 31st March, 2025, 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.

## Note 13 : Income Taxes

Deferred tax liability on unrealised profit on mututal fund has been calculated and accordingly presented in financial statement.Refer note 9B for the same.

## Note 14 : Contingent liabilities and commitments:

### (i) Contingent Liabilities

(₹ in Lakhs)

| Particulars | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Claims against the company not acknowledged as debts | - | - |
| **TOTAL** | **-** | **-** |

### (ii) Commitments

(₹ in Lakhs)

| Particulars | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided towards Property, plant and equipment. | 68,818.90 | 58,165.12 |
| Estimated amount of contracts remaining to be executed on other than capital account not provided as at 31st March 2025 | 65,290.29 | 54,117.65 |
| **Total** | **134,109.19** | **112,282.77** |

## Note 15 : Key Financial Ratios

| Sr. No. | Ratios | Numerator | Denominator | As at 31.03.2025 | As at 31.03.2024 | Commentry |
|---|---|---|---|---|---|---|
| 1 | Current ratio | Current Assets | Current Liabilities | 2.89 | 1.96 | Mutual Fund Holding on Balance sheet date are much higher as compared to that of 31.03.2024. |
| 2 | Debt-equity ratio | Total Debt (Borrowings) | Total Equity | NA | NA | |
| 3 | Debt service coverage ratio | Earning available for debt service | Finance Costs (excluding cost pertaining to lease liabilities) + Repayment of borrowings | NA | NA | |
| 4 | Return on Equity | Profits after tax | Average Total Equity | 0.58% | 0.72% | |

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

| Sr. No. | Ratios | Numerator | Denominator | As at 31.03.2025 | As at 31.03.2024 | Commentry |
|---|---|---|---|---|---|---|
| 5 | Inventory turnover ratio | Cost of goods sold | Average Inventory | NA | NA | |
| 6 | Trade receivables turnover ratio | Revenue from operations | Average Trade receivables | NA | NA | |
| 7 | Trade payables turnover ratio | Net Purchases of raw material, packing material and stock-in-trade | Average Trade payables | NA | NA | |
| 8 | Net capital turnover ratio | Revenue from operations | Working Capital (Current Assets - Current Liabilities) | NA | NA | |
| 9 | Net profit ratio | Profit after tax | Revenue from operations | NA | NA | |
| 10 | Return on capital employed | Profit before interest and tax | Average Capital Employed [Total Equity + Total Debt (Borrowings)] | 0.80% | 1.57% | Share Capital has increased by 500 Crores , decreasing the ROCE |
| 11 | Return on investment | Income generated from investments | Time weighted average investment | | | |
| | (a) Mutual Funds | | | 7.37% | 8.87% | Impact of market dynamics |

## Note 16 : Information on related party transactions as required by IND AS-24 on Related Party Disclosures for the period ended 31st March, 2025

### a) Holding Company/Parent company :

Asian Paints Limited

### b) Key Managerial Personnel :

Sameer Salvi, Director (Appointed w.e.f. 11th January, 2023)

Rajeev Goel, Director (Appointed w.e.f. 11th January, 2023)

Savitha Shivsankar, Director (Appointed w.e.f. 11th January, 2023)

Swati Rampuria , Company Secretory (Appointed w.e.f. 12th Janaury,2023)

Amit Kumar Khemka, Chief Financial Officer (Appointed w.e.f. 02nd May,2023)

Nagendra Sai Nadella, Manager (Appointed w.e.f. 19th June,2023)

## c) Transactions with Related Parties during the year :

(₹ in lakhs)

| Name of the related party and nature of relationship | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amounts carried in Balance Sheet | Transaction value | Outstanding amounts carried in Balance Sheet |
| Asian Paints Limited (Holding) | Manpower servies received | 577.22 | 52.17 | 345.33 | 52.39 |
| | Manegerial remuneration | 100.19 | 6.84 | 128.72 | 5.55 |
| | Reimbursement of Expenses paid | 158.26 | 8.23 | 336.87 | 10.20 |
| | Issue of equity shares | **50,000.00** | **-** | **30,000.00** | **-** |

## d) Compensation of managerial personnel of the company

(₹ in lakhs)

| Particulars | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Short term employee benefits | 100.19 | 128.72 |

## e) Terms and conditions of transactions with related parties

Purchase of services 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, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payables.

## Note 17 : Segment reporting

The company is yet to commence business.Accordingly, no segmental information is disclosed.

## Note 18 : Disclosure as per Section 186 of the Companies Act,2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows :

(i) There are no investments made which are required to be reported as at 31st March, 2025.

(ii) There are no guarantees issued or loans given by the Company as at 31st March, 2025.

## Note 19 : Earnings per Share (EPS)

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| Basic and Diluted Earnings per share in rupees (Face Value ₹ 10 per share) | 0.06 | 0.04 |
| Profit after tax as per Statement of Profit and Loss (₹ in Lakhs) | 319.03 | 107.68 |
| Weighted average number of equity shares outstanding during the period | 560,547,945 | 247,415,730 |

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 period.

## Note 20: Additional regulatory information required by Schedule III to the Companies Act, 2013

### (i) Details of benami property held

The Company does not have any benami property. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

## (ii) Cash Credit/ Working Capital Demand Loan facility secured against current assets

The Company has no cash credit / working capital demand loan facility from banks.

## (iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

## (iv) Struck off

The Company has no transactions with Companies struck off under Companies Act, 2013 or Companies Act, 1956

## (v) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

## (vi) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact in current or previous financial year.

## (vii) Utilisation of borrowed funds and share premium

I. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

   (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

II. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

## (viii) Undisclosed income

There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

## (ix) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the year.

## (x) Charge to be registered with Registrar of companies (ROC)

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

## Note 21 :

The financial statements are approved for issue by the Board of Directors at its meeting held on 28th April 2025

Obgenix Software Private Limited

## Board of Directors

| | |
|---|---|
| Mr. Shyam Swamy | (Nominee Director) (ceased w.e.f 17th December 2024) |
| Mr. Ashish Rae | (Nominee Director) |
| Mr. Pawan Mehta | (Non-Executive Director) |
| Mr. Gagandeep Kalsi | (Nominee Director) (Appointed w.e.f 18th December 2024) |
| Mr. Kirti Oswal | (Independent Director) (Appointed w.e.f 28th March 2025) |
| Mr. Rajat Talati | (Independent Director) (Appointed w.e.f 28th March 2025) |

## Key-managerial Personnel

| | |
|---|---|
| Mr. Siddhartha Jain | (Chief Financial Officer) |

## Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants

## Registered Office

Velocity Block, Prestige Technology
Park - III, Marathahalli Sarjapur Outer Ring Road,
Bellandur, Bangalore, South,
Karnataka, India, 560103

# Contents

# Board's Report

for the financial year ended 31st March 2025

Dear Members,

The Board of Directors are pleased to present the 26th Annual Report of Obgenix Software Private Limited ("the Company") along with the audited financial statements for the financial year ended 31st March 2025.

## Financial Results

The financial performance of the Company for the year ended 31st March 2025 is summarized below.

(₹ in Lakhs)

| Particulars | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Revenue from Operations | 10,683.52 | 13,342.66 |
| Other Income | 70.89 | 113.89 |
| **Total Revenue** | **10,754.41** | **13,456.55** |
| Expenses | 11,970.68 | 11,219.09 |
| **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)** | **(1,216.27)** | **2,237.46** |
| Less. Finance Cost | 1,024.56 | 531.89 |
| Less. Depreciation and Amortisation Expenses | 1,958.33 | 1,376.30 |
| **Profit/(Loss) Before Tax** | **(4,199.16)** | **329.27** |
| Less. Tax Expense | 310.32 | 92.38 |
| **Profit/(Loss) After Tax** | **(4,509.48)** | **236.89** |
| Other Comprehensive Income | 24.11 | (17.92) |
| **Total comprehensive Income/ Loss** | **(4,485.37)** | **218.97** |

## Overview of the Company's Performance and State of Affairs

During the financial year 2024-25, net revenue from operations on standalone basis is ₹ 10,683.52 lakhs. The Company incurred a loss of ₹ 4,485.37 lakhs during the financial year.

The Company provides Indian consumers with an extensive range of decorative and architectural lighting products under its brand "White Teak" to help them take complete control of their spaces. In addition to lighting, the Company also provides a broad range of fans and home accessories. Its tech-enabled website www.whiteteak.com delivers across India from its warehouses in Bangalore, Delhi, Mumbai and Hyderabad. 14 Flagship & 18 Express Stores are designed as Experience Centres where people can interact with the Company's products and get to know them before making them integral parts of their spaces.

In the future, being a tech-enabled Company, it will continue to evolve and always be on the lookout for cutting edge ideas on the technology front that will provide its customers with a seamless shopping experience. In addition to that the Company is setting up more experience centres throughout the country, increasing the range of products available and improving our operational capability so that the Company can deliver its products faster with all quality controls.

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2024-25 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 2025 is ₹ 40,10,000.

During the financial year 2024-25, there was no change in the authorised, issued, subscribed and paid-up share capital of the Company.

## Confirmations

a. During the year under review, the Company has not:

   (i) issued any shares, warrants, debentures, bonds, or any other convertible or non-convertible securities.

   (ii) issued equity shares with differential rights as to dividend, voting or otherwise.

   (iii) issued any sweat equity shares to its Directors or employees.

   (iv) issued any equity shares under the employees stock option scheme, further, the Company doesn't have any employees stock option scheme.

   (v) made any change in voting rights.

   (vi) reduced its share capital or bought back shares.

   (vii) changed the capital structure resulting from restructuring.

   (viii) failed to implement any corporate action.

b. The Company's securities are not listed on any stock exchanges, hence there doesn't arise a scenario of its shares being suspended for trading during the year.

c. The disclosure pertaining to explanation for any deviation or variation in connection with certain terms of a public issue, rights issue, preferential issue, etc. is not applicable to the Company.

## Registered office

During the year under review, the Company has changed its registered office address from the 'National Capital Territory of Delhi - 1122, Ansal Tower, 38 Nehru Place, New Delhi, Delhi, India,110019' to 'Bangalore - Velocity Block, Prestige Technology Park – III, Marathahalli – Sarjapur Outer Ring Road, Bangalore – 560103, Karnataka, India.'

## Dividend

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

## Unclaimed Dividend and Investor Education & Protection Fund (IEPF)

The Company does not have any unclaimed dividend outstanding for payment to shareholders of the Company. Further, the Company has not transferred any amount to the IEPF.

## Transfer to Reserves

During the year under review, there was no amount transferred to any of the reserves of the Company.

## Subsidiary Status

The Company is a Subsidiary Company of Asian Paints Limited.

The Company does not have any subsidiary, associates or joint venture.

## 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 (the Act), 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 and 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

1. **Appointment of Directors**

   Independent Directors

   The Board of Directors through resolution passed by circulation on 28th March 2025 appointed Mr. Kirti Oswal (DIN: 11017887) and Mr. Rajat Talati (DIN: 01409583) as Additional and Independent

Directors of the Company, to hold office for a period of 5 consecutive years from 28th March 2025 to 27th March 2030.

The shareholders of the Company had at the Extraordinary General Meeting of the Company held on 31st March 2025 approved the appointment of Mr. Kirti Oswal and Mr. Rajat Talati as Independent Directors of the Company.

The Company has received necessary declarations from all the Independent Directors of the Company with respect to independence and that Independent Directors have complied with Schedule IV to the Act.

Further, in the opinion of the Board, Mr. Kirti Oswal and Mr. Rajat Talati brings on the required experience, integrity, expertise, and relevant proficiency which will add tremendous value to the Board in exercising their role effectively.

### Non-Executive Director

The Board of Directors through resolution passed by circulation on 18th December 2024 appointed Mr. Gagandeep Singh Kalsi (DIN: 10473109) as an Additional and Non-Executive Director of the Company with effect from 18th December 2024 and to hold office till the conclusion of the ensuing General Meeting of the Company.

The shareholders of the Company at the Extraordinary General Meeting of the Company held on 23rd January 2025 approved the appointment of Mr. Gagandeep Singh Kalsi as a Non-Executive Director of the Company.

2. **Resignation of Director**

During the year under review, Mr. Shyam Swamy (DIN: 08736211) resigned as Nominee Director of the Company with effect from close of business hours of 17th December 2024. Directors place on record their appreciation for valuable contribution made by Mr. Shyam Swamy during his association with the Company.

3. **Retirement by rotation and subsequent re-appointment**

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act 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. Pawan Mehta (DIN: 00349200), Non-Executive Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, have offered himself for re-appointment.

The Board of Directors recommends re-appointment of Mr. Pawan Mehta (DIN: 00349200) as Non-Executive Director of the Company, liable to retire by rotation. Appropriate resolution for his re-appointment is being placed for the approval of the shareholders of the Company at the ensuing AGM. His brief profile and particulars of experience, attributes, and skills together with his directorships and committee memberships have been disclosed in the annexure to the Notice of the AGM.

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

### Key Managerial Personnel

There is no change in the composition of Key Managerial Personnel during the year under review.

Mr. Siddhartha Jain, Chief Financial Officer of the Company is the Key Managerial Personnel of the Company in terms of Section 2(51) read with Section 203 of the Act.

## 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 other than as disclosed whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## Performance evaluation of the Board

Provisions of Section 134(3)(p) of the Companies Act, 2013 read with Rule 8(4) Companies (Accounts) Rules, 2014, in relation to the performance evaluation of the Board are not applicable to your Company.

## Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, the Directors confirm that.

a. in the preparation of the annual accounts for the financial year ended 31st March 2025, the applicable accounting standards and Schedule III of the Act, 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 2025 and profit of the Company as on 31st March 2025;

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.

## Declaration from Directors

The Company has, inter alia, received the following declarations from all the Independent Directors confirming that:

a. they meet the criteria of independence as prescribed under the provisions of the Act, read with Schedule IV and Rules issued thereunder. There has been no change in the circumstances affecting their status as Independent Directors of the Company;

b. they have complied with the Code for Independent Directors prescribed under Schedule IV to the Act; and

c. they have registered themselves with the Independent Director's Database maintained by the Indian Institute of Corporate Affairs and have qualified the online proficiency self-assessment test or are exempted from passing the test as required in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Board of Directors of the Company has taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force).

## Meetings of the Board

During the financial year 2024-25, 6 meetings of the Board of Directors were held on 30th April 2024, 5th June 2024, 12th July 2024, 16th October 2024, 17th January 2025 and 23rd March 2025.

The maximum time gap between two (2) meetings did not exceed one hundred and twenty days.

During the financial year, the number of Board meetings attended by individual Directors during the financial year 2024-25 is as follows:

| Sr. No. | Name of the Director(s) | Number of meeting(s) entitled to attend | Number of meeting(s) attended |
|---|---|---|---|
| 1. | Mr. Shyam Swamy* | 4 | 3 |
| 2. | Mr. Ashish Rae | 6 | 6 |
| 3. | Mr. Pawan Mehta | 6 | 6 |
| 4. | Mr. Gagandeep Kalsi# | 2 | 2 |
| 5. | Mr. Kirti Oswal^ | 0 | 0 |
| 6. | Mr. Rajat Talati^ | 0 | 0 |

* Mr. Shyam Swamy (DIN: 08736211) resigned as a Nominee Director of the company with effect from the close of business hours on 17th December 2024.

# Mr. Gagandeep Kalsi (DIN: 10473109) was appointed as an Additional and Non-Executive Director of the Company with effect from 18th December 2024. Further, he was appointed as Non-Executive Director of the Company with effect from 23rd January 2025 pursuant to resolution passed by the shareholders.

^ Mr. Kirti Oswal (DIN: 11017887) and Mr. Rajat Talati (DIN: 01409583) were appointed as Additional and Independent Directors of the Company with effect from 28th March 2025. Further, they were appointed as Independent Directors of the company with effect from 31st March 2025 pursuant to resolution passed by shareholders.

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

## Committees

As of 31st March 2025, the Board has constituted 2 Committees. Audit Committee and Nomination and Remuneration Committee. The composition of the Committees is as under:

### Audit Committee

| Sr. No. | Name of the Member(s) | Date of meeting(s) held during the year# | Number of meeting(s) entitled to attend | Number of meeting(s) attended |
|---|---|---|---|---|
| 1. | Mr. Ashish Rae | Nil | Nil | Nil |
| 2. | Mr. Gagandeep Kalsi | Nil | Nil | Nil |
| 3. | Mr. Rajat Talati | Nil | Nil | Nil |

# The Committee was constituted on 28th March 2025

### Nomination and Remuneration Committee

| Sr. No. | Name of the Member(s) | Date of meeting(s) held during the year# | Number of meeting(s) entitled to attend | Number of meeting(s) attended |
|---|---|---|---|---|
| 1. | Mr. Ashish Rae | Nil | Nil | Nil |
| 2. | Mr. Gagandeep Kalsi | Nil | Nil | Nil |
| 3. | Mr. Kirti Oswal | Nil | Nil | Nil |

# The Committee was constituted on 28th March 2025

## Related Party Transactions

During the financial year 2024-25, the Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with the 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 Act read with the Rules issued thereunder.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large. Further, there are no contracts or arrangements entered into under Section 188(1) of the Act, hence no justification have been separately provided in that regard.

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 Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in **Annexure [1]** of this report.

## Vigil Mechanism

The Company is not required to have Vigil Mechanism as per section 177(10) of the Act.

The Board of Directors of the Company in good governance on voluntarily basis have adopted the Whistle Blower Policy of Asian Paints Limited ('APL'), holding company.

The Policy provides for protection to the employees and business associates who report unethical practices and irregularities. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy of APL.

## Nomination and Remuneration Policy

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder, the Company has duly constituted a Nomination and Remuneration Committee.

In accordance with the said provisions, the Company is in the process of formulating its Nomination and Remuneration Policy. The draft policy shall be placed before the Board for its approval and adoption in due course and shall be made available on the website of the Company.

## Auditors and Auditors' Report

The shareholders of the Company at the 23rd Annual General Meeting of the Company held on 30th September 2022 approved the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/ W-100018), as Statutory Auditors of the Company for a term of 5 (Five) years, to hold office till the conclusion of the Annual General Meeting to be held in the year 2027, on such remuneration as shall be fixed by the Board of Directors of the Company.

The Statutory Auditors have issued an unmodified opinion on the financial statements for the financial year 2024-25 and the Auditor's Report forms part of this Annual Report.

There were no incidence of reporting of fraud by Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

## Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

### Conservation of Energy

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

Energy conservation dictates how efficiently a Company can conduct its operations. The Company recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has undertaken various energy efficient practices that have reduced the growth in carbon-dioxide ($CO_2$) emissions and strengthened the Company's commitment towards becoming an environment friendly organisation.

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

Significant measures are taken to reduce energy consumption by using energy efficient equipment.

**C) Capital investment on energy conservation equipment**

During year under review, the Company did not make any investment on the energy conservation equipment as the same was not warranted.

## Technology Absorption

**A) Efforts made towards technology absorption**

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**

Significant cost reduction achieved as a result of use of cost effective local and imported raw materials have helped maintain cost competitiveness.

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

**D) The Company has not incurred any expenditure on research and development.**

### Foreign Exchange Earnings And Outgo

Details of Foreign Exchange Earnings and Outgo during the financial year 2024-25 are as follows:

| Particulars | Amount in ₹ Lakhs |
|---|---:|
| Foreign Earnings | 495.43 |
| Foreign Outgo | 2,288.52 |

## 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.

The Company recognises that risk is an integral and inevitable part of the business and is fully committed to manage risks in a proactive and efficient manner. The Company has a Risk Management Policy which articulates the approach to address the uncertainties in its endeavor to achieve its stated and implicit objectives.

## 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 any such complaints received.

During the year under review, 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.

## Significant And Material Orders, if any, Passed by Regulators or Courts

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

## Annual Return

The Annual Return of the Company in terms of Section 92(3) of the Companies Act, 2013, is being uploaded on the website of the Company at www.whiteteak.com

## 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.

## Other Disclosures

i. No credit rating has been obtained by the Company with respect to its securities;

ii. No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable; and

iii. The requirement to disclose the 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, is not applicable.

iv. During the financial year 2024–25, the Company did not meet the thresholds prescribed under Section 135(1) of the Companies Act, 2013. Accordingly, the provisions relating to Corporate Social Responsibility are not applicable for the year under review.

## 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

**Ashish Rae**
Chairman
DIN: 09540164

Date: 2nd May 2025
Place: Mumbai

# Annexure (1) to Board's Report

## FORM AOC-2

**[Pursuant to Section 134(3)(h) of the Companies Act, 2013 (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 Section 188(1) of the Act including certain arms' length transactions under fourth proviso thereto.

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

There were no contracts or arrangements, or transactions entered into during the year ended 31$^{st}$ March 2025 which were not at arm's length basis.

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

There were no material contracts or arrangements, or transactions entered into during the year ended 31$^{st}$ March 2025.

During the financial year ended 31$^{st}$ March 2025, all related party transactions are in the ordinary course of business and on arm's length basis and are approved by the Board of Directors of the Company.

For and on behalf of the Board of Directors

**Ashish Rae**
Chairman
DIN: 09540164

Date. 2$^{nd}$ May 2025
Place. Mumbai

# Independent Auditor's Report

**To The Members of**
**Obgenix Software Private Limited**

## Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of Obgenix Software Private Limited (the Company), which comprise the Balance Sheet as at 31st March 2025, 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 ended on that date, and notes to the financial statements, including a summary of material 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, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2025, 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 (SAs) specified under section 143(10) of the Act. 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 comprises the information included in 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.

## Responsibilities of Management and Board of Directors 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 accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 financial controls 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 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 31st March 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company 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 with reference to financial statements.

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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company does not have 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.

   iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 37(v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 37(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

   v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Based on our examination, which included test checks, the Company has used an accounting software(s) for maintaining its books of account for the financial year ended 31st March 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s). Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

As audit trail feature was not enabled for one of the accounting software during the period 1st April 2023 to 21st September 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 (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)

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN No. 25107502BMIBCM2417

Place. Mumbai
Date. 2nd May 2025

# 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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)**

We have audited the internal financial controls with reference to financial statements of Obgenix Software Private Limited (the Company) as at 31st March 2025 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 with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with reference to financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to financial statements

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2025, based on the criteria for internal financial control with reference to financial statements 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)

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN No. 25107502BMIBCM2417

Place. Mumbai
Date. 2nd May 2025

# Annexure B to the Independent Auditor's Report

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

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

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

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

(b) The property, plant and equipment were physically verified during the year by the management which, in our opinion provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property and hence reporting under clause (i)(c) of the order is not applicable.

(d) The Company has not revalued its property, plant and equipment (including right- of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company as at 31st March 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories have been physically verified by the management during the year. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order are not applicable.

(iv) The Company has not granted any loans, made investments, or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

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

(vii) In respect of statutory dues.

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Service Tax, Duty of Custom, cess and other material statutory dues in arrears as at 31st March 2025 for a period of more than six months from the date they became payable.

(c) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on 31st March 2025.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been utilised during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) and (f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debenture (fully or partly or optionally) during the year and hence reporting under clause (x)(b) of the Order is not applicable to Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and up to the date of this report).

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financial Statements as required by the applicable accounting standards. The Company is a private company and hence, the provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013 and hence reporting under clause (xiv) (a) and (b) of the Order is not applicable to Company.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company, fellow subsidiaries or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has incurred cash losses amounting to Rs. 3,279.12 lakhs during the financial year covered by our audit. The Company has not incurred cash losses during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions and Letter of Support from the Holding Company, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act.

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

**Terence Lewis**
Partner
Membership No. 107502
UDIN: 25107502BMIBCM2417

Place. Mumbai
Date. 2nd May 2025

# Balance Sheet

as at 31 March, 2025

(All amount in rupees lakhs,unless other wise stated)

(₹ in Lakhs)

| Particulars | Note No. | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 2A | 2,149.85 | 1,297.07 |
| Right of Use Assets | 2B | 5,472.28 | 4,288.73 |
| Capital work-in-progress | 3 | - | 480.35 |
| Other Intangible assets | 2C | 18.53 | - |
| Financial Assets | | | |
| Other financial assets | 4 | 365.99 | 288.86 |
| Income Tax Assets (net) | 5 | 21.51 | 38.52 |
| Deferred tax assets (net) | 6 | - | 316.48 |
| **Total Non-Current Assets** | | **8,028.16** | **6,710.01** |
| **Current assets** | | | |
| Inventories | 8 | 3,155.93 | 3,055.82 |
| Financial Assets | | | |
| Trade Receivables | 9 | 1,559.28 | 3,218.38 |
| Cash and cash equivalents | 10(A) | 83.24 | 75.34 |
| Other Balances with Banks | 10(B) | - | - |
| Other financial assets | 4 | 168.11 | 133.53 |
| Current tax assets (Net) | 5 | - | - |
| Other current assets | 7 | 711.28 | 551.62 |
| **Total Current assets** | | **5,677.84** | **7,034.69** |
| **Total Assets** | | **13,706.00** | **13,744.70** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share capital | 11 | 40.10 | 40.10 |
| Other Equity | 12 | (1,846.75) | 2,638.62 |
| **Total Equity** | | **(1,806.65)** | **2,678.72** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 13 | 780.00 | 590.00 |
| Lease liabilities | 14 | 4,948.47 | 3,674.14 |
| Provisions | 16 | 148.49 | 123.79 |
| Total Non Current Liabilities | | **5,876.96** | **4,387.93** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 13 | 5,688.94 | 4,192.31 |
| Lease liabilities | 14 | 1,154.30 | 878.03 |
| Trade Payables | | | |
| -Total Outstanding dues of Micro Enterprises and Small Enterprises | 18 | 407.50 | 66.25 |
| -Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 18 | 1,201.28 | 902.89 |
| Other Financial liabilities | 15 | 769.42 | 348.58 |
| Other current liabilities | 19 | 366.93 | 273.51 |
| Provisions | 16 | 47.32 | 16.48 |
| Income tax liabilities (Net) | 17 | - | - |
| **Total Current Liabilities** | | **9,635.69** | **6,678.05** |
| **Total Equity and Liabilities** | | **13,706.00** | **13,744.70** |
| Material accounting policies and key accounting estimates and judgements | 1 | | |
| The accompanying notes are an integral part of these financial statements | | | |

As per our report of even date attached

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

For and on behalf of the Board of Directors of

**Obgenix Software Private Limited**
CIN. U51909DL1999PTC097809

**Terence Lewis**
Partner
Membership No. 107502

**Pawan Mehta**
Director
DIN No. 00349200

**Gagandeep Singh Kalsi**
Director
DIN No. 10473109

**Ashish Rae**
Director
DIN No. 09540164

**Siddhartha Jain**
Chief Financial Officer

Place: Bengaluru
Date: 2 May 2025

Place : Bengaluru
Date : 2 May 2025

Place : Mumbai
Date : 2 May 2025

Place : Mumbai
Date : 2 May 2025

Place : Bengaluru
Date : 2 May 2025

# Statement of Profit or Loss

for the year ended 31 March, 2025

(All amount in rupees lakhs,unless other wise stated)

(₹ in Lakhs)

| Particulars | Note No. | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 20A | 10,683.52 | 13,342.66 |
| Other Income | 21 | 70.89 | 113.89 |
| **Total Income (I)** | | **10,754.41** | **13,456.55** |
| **Expenses** | | | |
| Purchases of stock in trade | 22 | 5,201.11 | 6,288.00 |
| Changes in inventories of Stock-in-trade | 23 | (100.11) | (775.11) |
| Employee benefits expense | 24 | 2,709.68 | 2,041.01 |
| Other expenses | 26 | 4,160.00 | 3,665.19 |
| **Total expenses (II)** | | **11,970.68** | **11,219.09** |
| **Earning before Interest, Tax, Depreciation and Amortisation (I-II)** | | **(1,216.27)** | **2,237.46** |
| Finance costs | 25 | 1,024.56 | 531.89 |
| Depreciation and amortisation expense | 2D | 1,958.33 | 1,376.30 |
| **Profit before tax** | | **(4,199.16)** | **329.27** |
| Tax expenses | | | |
| Current tax | | - | 190.63 |
| Current tax for earlier years | | (6.16) | 7.23 |
| Deferred tax | | 316.48 | (105.48) |
| **Profit for the year** | | **(4,509.48)** | **236.89** |
| **Other Comprehensive Income (OCI)** | | | |
| Items that will not be reclassified to Statement of Profit and Loss | | | |
| Remeasurement gains/(losses) on defined benefit plans | | 24.11 | (23.95) |
| Income tax effect | | - | 6.03 |
| Total Other Comprehensive Income | | **24.11** | **(17.92)** |
| **Total Comprehensive Income for the year** | | **(4,485.37)** | **218.97** |
| **Earnings per share (Face value of ₹ 10 each)** | | | |
| (1 )Basic and Diluted (in ₹) | 32 | (1,124.56) | 59.07 |
| Material accounting policies and key accounting estimates and judgements | 1 | | |
| The accompanying notes are an integral part of these financial statements | | | |

As per our report of even date attached

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

For and on behalf of the Board of Directors of

**Obgenix Software Private Limited**
CIN. U51909DL1999PTC097809

**Terence Lewis**
Partner
Membership No. 107502

Place: Bengaluru
Date: 2 May 2025

**Pawan Mehta**
Director
DIN No. 00349200

Place : Bengaluru
Date : 2 May 2025

**Gagandeep Singh Kalsi**
Director
DIN No. 10473109

Place : Mumbai
Date : 2 May 2025

**Ashish Rae**
Director
DIN No. 09540164

Place : Mumbai
Date : 2 May 2025

**Siddhartha Jain**
Chief Financial Officer

Place : Bengaluru
Date : 2 May 2025

# Statement of Cash Flows

for the year ended March 31, 2025

All amount In Rupees, lakhs,unless other wise Stated

(₹ in Lakhs)

| | Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2025 |
|---|---|---|---|
| **(A)** | **Cash flow from operating activities** | | |
| | **Profit Before Tax** | **(4,199.16)** | **329.27** |
| | Adjustments for . | | |
| | Depreciation and Amortisation expense | 1,958.33 | 1,376.30 |
| | Finance costs | 1,024.56 | 531.89 |
| | Interest income on security deposit | (42.89) | (37.84) |
| | Interest income on fixed deposit | - | (0.07) |
| | Excess liabilities written back | - | (10.80) |
| | Gain on sale of property, plant and equipment (net) | - | (2.98) |
| | Provision for doubtful debts | 247.80 | 36.30 |
| | Bad debts written off | 13.89 | - |
| | Gain on termination of leases | 1.88 | (38.30) |
| | **Operating profit before working capital changes** | **(995.59)** | **2,183.77** |
| | **Changes in working capital** | | |
| | Adjustments for changes in . | | |
| | Inventories | (100.11) | (775.11) |
| | Trade receivables | 1,397.41 | (2,464.33) |
| | Financial assets | (68.81) | (3.44) |
| | Other current assets | (159.66) | (484.05) |
| | Trade payables | 639.64 | 467.11 |
| | Other financial liabilities | 204.92 | (14.20) |
| | Other liabilities and provisions | 173.07 | (48.77) |
| | **Cash generated from/ (used in) Operating activities** | **1,090.87** | **(1,139.02)** |
| | Income Tax paid (net of refund) | 23.17 | (258.22) |
| | Net Cash generated from/ (used in) Operating activities | **1,114.04** | **(1,397.24)** |
| **(B)** | **Cash Flow from Investing Activities** | | |
| | Purchase of Property, plant and equipment | (678.30) | (1,187.09) |
| | Proceeds from sale of Property, plant and equipment | - | 28.84 |
| | Payment for acquiring right of use assets | (77.51) | (138.41) |
| | Proceeds from investment in fixed deposits (net) | - | 1.59 |
| | Sale of current investments | - | - |
| | Interest income | - | 0.07 |
| | **Net cash used in investing activities** | **(755.81)** | **(1,295.00)** |
| **(C)** | **Cash Flow from Financing Activities** | | |
| | Repayment of borrowings (Net) | (855.00) | (535.32) |
| | Proceeds from non-current borrowings | 780.00 | 590.00 |
| | Proceeds from current borrowings | 1,330.00 | 855.00 |
| | Repayment of principal portion of lease liabilities | (1,012.40) | (741.43) |
| | Finance costs (including interest on lease liabilities) paid | (1,024.56) | (531.89) |
| | Net Cash used in Financing activities | **(781.96)** | **(363.64)** |

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2025 |
|---|---|---|
| **(D) Net (decrease)/ increase in cash and cash equivalents (A+B+C)** | **(423.73)** | **(3,055.87)** |
| Add. Cash and cash equivalents at the beginning of the year | (3,261.97) | (206.10) |
| **Cash and cash equivalents at the end of the year** | **(3,685.70)** | **(3,261.97)** |
| Cash and Cash equivalents comprises of | | |
| - Cash on hand | 23.71 | 7.92 |
| - Balances with Banks | | |
| - Current Accounts | 3.73 | 6.57 |
| - Fund-in-Transit | 55.80 | 60.85 |
| **Total cash and cash equivalents (Refer Note 9)** | **83.24** | **75.34** |
| Less. Loan repayable on demand - Cash Credit /Overdraft Accounts | (3,768.94) | (3,337.31) |
| **Cash and cash equivalents in Cash Flow Statement as per Note 10 and Note 13** | **(3,685.70)** | **(3,261.97)** |

## Changes in Liabilities arising from Financing Activities

(₹ in Lakhs)

| Particulars | As at 1 April 2024 | Cash Flows (net) | Non- cash changes | | As at March 31, 2025 |
|---|---|---|---|---|---|
| | | | Current/ Non-current classification | Addition (net) | |
| Borrowings | 590.00 | 190.00 | - | - | 780.00 |
| Lease liabilities | 4,552.15 | (1,012.40) | - | 2,563.02 | 6,102.77 |

(₹ in Lakhs)

| Particulars | As at 1 April 2023 | Cash Flows (net) | Non- cash changes | | As at March 31, 2024 |
|---|---|---|---|---|---|
| | | | Current/ Non-current classification | Addition (net) | |
| Borrowings | 35.32 | 554.68 | - | - | 590.00 |
| Lease liabilities | 1,961.33 | (741.43) | - | 3,332.25 | 4,552.15 |

The accompanying notes form an integral part of the financial statements

**Notes.** 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.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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

For and on behalf of the Board of Directors of

**Obgenix Software Private Limited**
CIN. U51909DL1999PTC097809

**Terence Lewis**
Partner
Membership No. 107502

Place: Bengaluru
Date: 2 May 2025

**Pawan Mehta**
Director
DIN No. 00349200

Place : Bengaluru
Date : 2 May 2025

**Gagandeep Singh Kalsi**
Director
DIN No. 10473109

Place : Mumbai
Date : 2 May 2025

**Ashish Rae**
Director
DIN No. 09540164

Place : Mumbai
Date : 2 May 2025

**Siddhartha Jain**
Chief Financial Officer

Place : Bengaluru
Date : 2 May 2025

# Statement of Changes in Equity

for the year ended March 31, 2025

(All amount in rupees lakhs,unless other wise stated)

## A) Equity Share Capital

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Balance at the beginning of the reporting year (Refer note 11(a)) | 40.10 | 40.10 |
| Changes in equity share capital during the year (Refer note 11(a)) | - | - |
| **Balance at the end of the reporting year** | **40.10** | **40.10** |

## B) Other equity

(₹ in Lakhs)

| Particulars | Reserves and Surplus | Other Comprehensive Income | Total Equity attributable to equity share holder of the Company |
|---|---|---|---|
| | Retained earnings | Remeasurement of defined benefit plans | |
| **Balance as on April 1, 2023** | **2,399.31** | **20.34** | **2,419.65** |
| Add: Profit for the year | 236.89 | - | 236.89 |
| Remeasurement of the defined benefit plans (net of tax) | - | (17.92) | (17.92) |
| **Balance as on March 31, 2024** | **2,636.20** | **2.42** | **2,638.62** |
| Add: Profit for the year | (4,509.48) | - | (4,509.48) |
| Remeasurement of the defined benefit plans (net of tax) | - | 24.11 | 24.11 |
| **Balance as on March 31, 2025** | **(1,873.28)** | **26.53** | **(1,846.75)** |

The accompanying notes form an integral part of the financial statements

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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

For and on behalf of the Board of Directors of

**Obgenix Software Private Limited**
CIN. U51909DL1999PTC097809

**Terence Lewis**
Partner
Membership No. 107502

Place: Bengaluru
Date: 2 May 2025

**Pawan Mehta**
Director
DIN No. 00349200

Place : Bengaluru
Date : 2 May 2025

**Gagandeep Singh Kalsi**
Director
DIN No. 10473109

Place : Mumbai
Date : 2 May 2025

**Ashish Rae**
Director
DIN No. 09540164

Place : Mumbai
Date : 2 May 2025

**Siddhartha Jain**
Chief Financial Officer

Place : Bengaluru
Date : 2 May 2025

# Notes to the Financial Statements

for the year ended 31 March 2025

## Company Background

Obgenix Software Private Limited ('the Company') was incorporated as a private company on 6th January 1999 under the Companies Act, 1956. The registered office of the Company is located at Velocity Block, Prestige Technology Park - III, Marathahalli Sarjapur Outer Ring Road, Bellandur, Bangalore, Bangalore South, Karnataka, India, 560103.

The Company is engaged in the business to design, trade or otherwise deal in all types and description of decorative lighting products, fans, and artifacts etc.

## 1. Material Accounting Policies and Key accounting estimates and judgements

**Material 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.

The financial statements are presented in Indian Rupees (which is also the functional currency of the Company) and is rounded off to the nearest lacs except otherwise indicated.

The management of the Company, based on board approved projections has formulated strategic plans for improving profitability of the Company which mainly includes increase in sales and reduction in operating expenses.

Considering the above and commitment of financial support from Holding Company to meet financial obligations as they fall due over the next twelve months, the financial statements of the Company are prepared on going concern basis.

### 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.

### 1.3 Summary of Significant accounting policies

**a) Property, plant, and equipment**

Measurement at recognition:

An item of property, plant and equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of PPE are carried at their cost less accumulated depreciation and accumulated impairment losses, if any. Item of PPE which reflects significant cost and has different useful life from the remaining part of PPE is recognized as a separate component.

The cost of an item of PPE comprises of its purchase price net of discounts, if any including import duties and other non-refundable taxes or levies and 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. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses like plans, designs, and drawings of buildings or plant and machinery, borrowing cost on qualifying assets which directly attributable to new manufacturing facility during its construction period are capitalized under the relevant head of PPE if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE 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 2022.

### 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 / component of PPE is provided on pro-rata basis using the Straight-Line Method based on the expected useful life of the asset as per the requirement of Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical evaluation, taking into account the nature of the asset and the estimated usage basis management's best judgement of economic benefits from those classes of assets. The estimated useful life of items of PPE is mentioned below.

| Class of Assets | Years |
|---|---|
| Furniture and Fixtures | 10 |
| Motor vehicles | 8 |
| Office equipment | 5 |
| Computers (end user devices & Server Networks) | 3 |

Leasehold land and Leasehold improvements are amortized over the period of the lease.

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 PPE 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 PPE 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

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events 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 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.

### c) 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. It is measured at transaction price (net of variable consideration) allocated to that performance obligation. 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.

<u>Sale of products:</u>

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.

<u>Rendering of services:</u>

Revenue from services is recognized when the stage of completion can be measured reliably. The Company uses output method for measurement of revenue from installation service as it is based on completion of installation of the product.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

### d) Inventory

Finished goods (stock-in-trade) are carried at the lower of cost and net realizable value. 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 finished goods, cost of inventory is ascertained on a weighted average basis. Cost of inventory comprises all costs of purchase, non-refundable duties and taxes, cost of conversion including an appropriate share of fixed and variable production overheads and all other costs incurred in bringing the inventory to their present location and condition.

### e) 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

<u>Initial recognition and measurement:</u>

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

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.

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 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, and other financial assets of the Company (refer note 27(A) for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method. The effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset 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 FVTPL

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:

i. A financial asset is derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

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 amortised cost (other than trade receivables)

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 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 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 Statement of Profit and Loss.

## Financial Liabilities

<u>Initial recognition and measurement</u>

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.

<u>Subsequent measurement</u>

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

### Offsetting of financial assets and financial liabilities:

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

## f) 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.

## g) 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.

### 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.

Exchange differences arising out of foreign exchange translations and settlements during the year are recognized in the Statement of Profit and Loss.

## h) 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 assets and liabilities are generally recognized for all deductible and taxable temporary differences respectively. 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 or does not give rise to equal taxable and deductible temporary differences, deferred tax assets or liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

The company recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent it has a sufficient taxable temporary difference or there is convincing evidence that sufficient taxable profits will be available.

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.

Uncertain tax positions:

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using one of two methods, the expected value method (the sum of the probability - weighted amounts in a range of possible outcomes) or the most likely amount (single most likely amount method in a range of possible outcomes), depending on which is expected to better predict the resolution of the uncertainty. The Company applies consistent judgements and estimates if an uncertain tax treatment affects both the current and the deferred tax.

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 tax assets and 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.

### i) 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 will be required and the amount of outflow 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 or the amount of such outflow cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

### j) 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.

### k) 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 this form an integral part of the Company's cash management.

### l) 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 as the employee renders the related service.

<u>Post-Employment Benefits</u>

**Defined benefit plans**

The Company provides a defined benefit gratuity plan for employees as per the requirements of the Payment of Gratuity Act, 1972.

<u>Recognition and measurement of defined benefit plans</u>

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.

<u>Other long term employee benefits</u>

Entitlements to earned leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while earned leave can either be availed or encashed at the end of the calendar year. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss.

<u>Defined contribution plan</u>

<u>Provident fund scheme</u>

The Company makes specified monthly contributions towards Employee Provident Fund scheme to the Employees provident fund administered by the Government. The minimum interest payable is being notified by the Government every year.

### m) Lease accounting

Assets taken on lease

The Company mainly has lease arrangements for warehouse spaces and retail stores and vehicles.

The Company assesses whether a contract is or contains a lease, at inception of a contract in accordance with Ind AS 116. 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 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 recognised 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. 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 or useful life of the underlying asset if the Company expects to exercise a purchase option in the lease. The estimated useful lives of ROU 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, generally discounted using an incremental borrowing rate specific to the Company, term and currency of the contract.

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 payment which the Company is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate 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 ROU 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.

### n) 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 in which they occur.

### o) Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to the equity shareholders of the Company with the weighted average number of equity shares outstanding during the financial year, adjusted for treasury shares.

Diluted Earnings per share is calculated by dividing net profit attributable to the equity shareholders of the Company with the weighted average number of shares outstanding during the financial year, adjusted for the effects of all dilutive potential equity shares.

### 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) **Exceptional items**

An ordinary item of income or expense which by its size, nature, occurrence or incidence requires a disclosure in order to improve understanding of the performance of the Company is treated as an exceptional item in the statement of profit and loss account.

## 1.4 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 effected 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, which 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 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, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes or a change in market demand of the product or service output of the asset, manufacturers warranties and maintenance support, etc.

**c. 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 31, 'Employee benefits.

**d. 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.

**e. Right-of-use assets and lease liability**

The Company has 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.

## 1.5. Application of New Accounting Pronouncements

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company

# NOTE 2A. PROPERTY, PLANT AND EQUIPMENT

Rs. in Lakhs

| Particulars | Gross carrying value | | | | Accumulated Depreciation | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2024 | Additions during the year | Deductions/ Adjustments | As at March 31, 2025 | As at April 1, 2024 | Additions during the year | Deductions/ Adjustments | As at March 31, 2025 | As at March 31, 2025 |
| Furniture and Fixtures | 183.49 | 24.27 | - | 207.76 | 48.11 | 24.86 | - | 72.97 | 134.79 |
| Vehicles | 65.64 | - | - | 65.64 | 27.55 | 6.63 | - | 34.18 | 31.46 |
| Office Equipment | 155.93 | 45.50 | - | 201.43 | 90.44 | 21.88 | - | 112.32 | 89.11 |
| Computers | 123.01 | 34.88 | - | 157.89 | 61.24 | 40.04 | - | 101.28 | 56.61 |
| Leasehold Improvements | 1,672.09 | 1,245.64 | - | 2,917.73 | 675.74 | 404.11 | - | 1,079.85 | 1,837.88 |
| **Total** | **2,200.16** | **1,350.29** | **-** | **3,550.45** | **903.08** | **497.52** | **-** | **1400.60** | **2,149.85** |

| Particulars | Gross Carrying Value | | | | Accumulated Depreciation | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at April 01, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at March 31, 2024 |
| Furniture and Fixtures | 250.43 | 8.12 | 75.06 | 183.49 | 52.05 | 15.24 | 19.18 | 48.11 | 135.37 |
| Vehicles | 77.86 | - | 12.22 | 65.64 | 26.79 | 6.01 | 5.25 | 27.55 | 38.09 |
| Office Equipment | 121.32 | 20.70 | (13.91) | 155.93 | 67.69 | 19.43 | (3.32) | 90.44 | 65.49 |
| Computers | 96.85 | 39.08 | 12.92 | 123.01 | 39.12 | 27.31 | 5.19 | 61.24 | 61.76 |
| Leasehold Improvements | 988.17 | 638.84 | (45.08) | 1,672.09 | 381.26 | 283.52 | (10.96) | 675.74 | 996.36 |
| **Total** | **1,533.64** | **706.74** | **41.21** | **2,200.15** | **566.91** | **351.51** | **15.34** | **903.08** | **1,297.07** |

Note .
For details of security on certain property, plant and equipment, refer note 13

## 2B. Right of use assets

(₹ in lakhs)

| Particular | As at April 1, 2024 | Additions | Deletions | Depreciation | As at March 31, 2025 |
|---|---|---|---|---|---|
| Building | 4,288.73 | 2,660.87 | 22.26 | 1,455.06 | 5,472.28 |
| **Total** | **4,288.73** | **2,660.87** | **22.26** | **1,455.06** | **5,472.28** |

(₹ in lakhs)

| Particular | As at April 1, 2023 | Additions | Deletions | Depreciation | As at 31st March 2024 |
|---|---|---|---|---|---|
| Building | 1,804.58 | 3,699.65 | 190.71 | 1,024.78 | 4,288.73 |
| **Total** | **1,804.58** | **3,699.65** | **190.71** | **1,024.78** | **4,288.73** |

All lease agreements are duly executed in favour of the Company.

For additions and movement in lease liabilities Refer note 1.

## 2C. Other Intangible assets (Acquired separately)

(₹ in lakhs)

| Particular | Gross carrying value | | | | Amortisation | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2024 | Additions during the year | Deductions/ Adjustments | As at March 31, 2025 | As at April 1, 2024 | Additions during the year | Deductions/ Adjustments | As at March 31, 2025 | As at March 31, 2025 |
| Software | - | 24.28 | - | 24.28 | - | 5.75 | | 5.75 | 18.53 |
| **Total** | **-** | **24.28** | **-** | **24.28** | **-** | **5.75** | **-** | **5.75** | **18.53** |

## 2D. Depreciation expense

(₹ in lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer note 2A) | 497.52 | 351.51 |
| Amortisation of Intangible Assets (Refer note 2C) | 5.75 | - |
| Depreciation of Right-of-Use Assets (Refer note 2B) | 1,455.06 | 1,024.78 |
| **Total** | **1,958.33** | **1,376.29** |

## 3. Capital Work in Progress (CWIP)

(₹ in Lakhs)

| CWIP Ageing Schedule | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Less than 1 year | - | 480.35 |
| **Total** | **-** | **480.35** |

There were no CWIP assets where completion was overdue against original planned timelines or where estimated cost exceeded its original plant cost as on 31st March, 2025.

# Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2025

(All amount in rupees lakhs,unless other wise stated)

## 4. Other Financial Assets

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| **Unsecured and Considered good:** | | | | |
| Security deposits | 365.99 | 288.86 | 149.24 | 130.97 |
| Other receivables (Refer note (i) below) | - | - | 18.87 | 2.56 |
| **Total** | **365.99** | **288.86** | **168.11** | **133.53** |

**Note**

(i) As on 31st March 2025, Rs. 18.87 lakhs and Rs.2.56 lakhs as on 31st March 2024 are due from directors of the Company .

## 5. Current Tax Assets

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| Advance payment of income tax (net) | 21.51 | 38.52 | - | - |
| **Total** | **21.51** | **38.52** | **-** | **-** |

## 6. Income Taxes

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **(A) The major components of income tax expense for the year are as under .** | | |
| **(i) Income tax recognised in the Statement of Profit and Loss** | | |
| **Current tax.** | | |
| In respect of current year | - | 190.63 |
| In respect of earlier year | (6.16) | 7.23 |
| Deferred tax expense/ (benefit). | | |
| In respect of current year | 316.48 | (105.48) |
| **Income tax recognised in the Statement of Profit and Loss** | **310.32** | **92.38** |
| **(ii) Income tax recognised in OCI** | | |
| **Deferred Tax.** | - | - |
| Income tax (expense)/benefit on remeasurement of defined benefit plans | - | 6.03 |
| **Income tax benefit / (expense) recognised in OCI** | - | **6.03** |
| **(B) Reconciliation of Tax expense and the accounting profit for the year is as under.** | | |
| Profit before tax | (4,199.16) | 329.27 |
| Income tax expense calculated at 25.168% | - | 82.87 |
| Tax expense on non-deductible expenses | - | 304.94 |
| Others | 310.32 | (295.43) |
| **Total** | **310.32** | **92.38** |

The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law.

## C. The major components of Deferred Tax (Liabilities)/ Assets arising on account of timing differences are as follows.

(₹ in Lakhs)

| Particulars | Opening Balance as at April 01, 2024 | Profit and loss 2024-25 | OCI 2024-25 | Closing Balance as at March 31, 2025 |
|---|---|---|---|---|
| Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961. | **168.95** | **(168.95)** | **-** | **-** |
| Provision for gratuity expense | 33.78 | (33.78) | - | - |
| Provision for Leave Encashment | 2.26 | (2.26) | - | - |
| Remeasurement of the defined benefit plans through OCI | (0.81) | 0.81 | - | - |
| Difference in Right-of-use asset and lease liabilities | 103.16 | (103.16) | - | - |
| Provision for Doubtful Debts | 9.14 | (9.14) | - | - |
| **Deferred tax (expense)/benefit** | **-** | **(316.48)** | **-** | **-** |
| **Net Deferred tax asset** | **316.48** | **-** | **-** | **-** |

### As at 31st March 2024

(₹ in Lakhs)

| Particulars | Opening Balance as at April 01, 2023 | Profit and loss 2023-24 | OCI 2023-24 | Closing Balance as at March 31, 2024 |
|---|---|---|---|---|
| Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961. | 132.64 | 36.31 | - | 168.95 |
| Provision for gratuity expense | 21.48 | 12.30 | - | 33.78 |
| Provision for Leave Encashment | 0.52 | 1.74 | - | 2.26 |
| Remeasurement of the defined benefit plans through OCI | (6.84) | - | 6.03 | (0.81) |
| Difference in Right-of-use asset and lease liabilities | 57.15 | 46.01 | - | 103.16 |
| Provision for Doubtful Debts | - | 9.14 | - | 9.14 |
| **Deferred tax (expense)/benefit** | **-** | **105.50** | **6.03** | **-** |
| **Net Deferred tax asset** | **204.95** | **-** | **-** | **316.48** |

## D. The Company has the following unused tax losses which arose on incurrence of capital losses and business losses under the Income Tax for which no deferred tax asset has been recognised in the Balance Sheet.

| Financial Category | As at March 31,2025 | Category | Expiry Date |
|---|---|---|---|
| 2024-25 | 3,229.35 | Business loss | March 31,2033 |
| 2024-25 | 355.29 | Depreciation | NA |

## 7. Other Current Assets

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **(a) Advances other than capital advances** | | |
| i) Advances to suppliers | 73.17 | 296.04 |
| ii) Balance with government authorities | 575.06 | 179.03 |
| - Goods and services tax credit receivable | 547.42 | 178.57 |
| - Others | 27.64 | 0.46 |
| iii) Advances to employees | 20.53 | 13.87 |
| iv) Advances/claims recoverable in cash or in kind | 31.18 | 62.67 |
| v) Other advances | 11.34 | 0.01 |
| **Total** | **711.28** | **551.62** |

## 8. Inventories (At lower of cost and net realisable value)

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (a) Stock-in-trade (acquired for trading) | 3,062.07 | 2,952.69 |
| (b) Stock-in-trade (acquired for trading) in transit | 93.86 | 103.13 |
| **Total** | **3,155.93** | **3,055.82** |

The cost of Inventories recognised as an expense during the year is disclosed in Note 22 & Note 23.

## 9. Trade Receivables

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (a) Unsecured, considered good | 1,559.28 | 3,218.38 |
| (b) Unsecured, considered doubtful | 284.10 | 36.30 |
| | **1,843.38** | **3,254.68** |
| Less . Allowance for expected credit loss | (284.10) | (36.30) |
| **Total** | **1,559.28** | **3,218.38** |

### Trade receivable ageing schedule at March 31, 2025:

| Particulars | Not due | Outstanding for following period from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| i) Undisputed, considered good | 1,186.29 | 243.79 | 115.01 | 13.24 | 0.95 | - | 1,559.28 |
| ii) Undisputed, considered doubtful | - | - | 232.28 | 39.96 | 11.86 | - | 284.10 |

### Trade receivable ageing schedule at March 31, 2024:

| Particulars | Not due | Outstanding for following period from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| i) Undisputed, considered good | 2,417.32 | 737.41 | 57.05 | 6.60 | - | - | 3,218.38 |
| ii) Undisputed, considered doubtful | - | - | - | 36.30 | - | - | 36.30 |

## 10. Cash and Bank Balances

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (A) Cash and Cash Equivalents | | |
| (a) Balances with Banks | | |
| - Current account | 3.73 | 6.57 |
| (b) Cash on hand | 23.71 | 7.92 |
| (c) Fund-in-Transit | 55.80 | 60.85 |
| **Total** | **83.24** | **75.34** |
| (B) Other Balances with Banks | | |
| Bank deposits more than 3 months less than 12 months maturity | - | - |
| **Total** | **-** | **-** |

## 11. Equity Share Capital

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Authorised** | | |
| 1,000,000 Equity Shares of ₹ 10 each | 100.00 | 100.00 |
| | **100.00** | **100.00** |
| | | |
| **Issued, subscribed and fully paid up shares** | 40.10 | 40.10 |
| 401,000 Equity Shares of ₹ 10 each | **40.10** | **40.10** |

### a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

(₹ in Lakhs)

| | For the year ended March 31, 2025 | | For the year ended March 31, 2024 | |
|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount |
| **At the beginning of the year** | 401,000 | 40.10 | 401,000 | 40.10 |
| Add. Issued during the year | - | - | - | - |
| **Outstanding at the end of the year** | **401,000** | **40.10** | **401,000** | **40.10** |

### b) Details of Shareholder holding more than 5% equity shares

| Name of Shareholder# | As at March 31, 2025 | | As at March 31,2024 | |
|---|---|---|---|---|
| | No of Equity Shares | % holding | No of Equity Shares | % holding |
| **Equity shares of ₹ 10 each** | | | | |
| - Asian Paints Limited (jointly with its nominees) | 240,600 | 60.00 | 240,600 | 60.00 |
| - Pawan Mehta | 80,200 | 20.00 | 80,200 | 20.00 |
| - Gagan Mehta | 80,200 | 20.00 | 80,200 | 20.00 |

# As per records of the Company, including its Register of Members

# Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2025

(All amount in rupees lakhs,unless other wise stated)

### c) Shares held by promoters as defined in the Companies Act, 2013

**As on March 31, 2025**

(₹ in Lakhs)

| Promoter Name | As at March 31, 2025 | | As at March 31,2024 | | |
|---|---|---|---|---|---|
| | No. of Shares | % of total shares | No. of Shares | % of total shares | % change during the year |
| Pawan Mehta | 80,200 | 20.00% | 80,200 | 20.00% | 0.0% |
| Gagan Mehta | 80,200 | 20.00% | 80,200 | 20.00% | 0.0% |

**As on March 31, 2024**

(₹ in Lakhs)

| Promoter Name | As at March 31, 2024 | | As at March 31,2023 | | |
|---|---|---|---|---|---|
| | No. of Shares | % of total shares | No. of Shares | % of total shares | % change during the year |
| Pawan Mehta | 80,200 | 20.00% | 102,255 | 25.50% | -5.5% |
| Gagan Mehta | 80,200 | 20.00% | 102,255 | 25.50% | -5.5% |

### d) Terms/rights attached to equity shares

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.

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

## 12. Other Equity

(₹ in Lakhs)

| Particulars | Reserve and Surplus | | Total |
|---|---|---|---|
| | Retained earnings | Remeasurement of defined benefit plans # | |
| **Balance as on 1 April 2023 (A)** | **2,399.31** | **20.34** | **2,419.65** |
| Add. Profit for the year | 236.89 | - | 236.89 |
| Items of Other Comprehensive Income for the year, net of tax | - | - | - |
| Remeasurement of the defined benefit plans | - | (17.92) | (17.92) |
| **Total Comprehensive Income for the year (B)** | **236.89** | **(17.92)** | **218.97** |
| **Balance as on March 31, 2024 (C) = (A+B)** | **2,636.20** | **2.42** | **2,638.62** |
| **Balance as on 1 April 2024 (D)** | **2,636.20** | **2.42** | **2,638.62** |
| Add. Profit for the year | (4,509.48) | - | (4,509.48) |
| Items of Other Comprehensive Income for the year, net of tax | - | - | - |
| Remeasurement of the defined benefit plans | - | 24.11 | 24.11 |
| **Total Comprehensive Income for the year (E)** | **(4,509.48)** | **24.11** | **(4,485.37)** |
| **Balance as on March 31, 2025 (F) = (D+E)** | **(1,873.28)** | **26.53** | **(1,846.75)** |

**# Remeasurement of defined benefit plans-** This represents the cumulative gains and losses arising on the remeasurement of defined benefit plans in accordance with Ind AS 19 that have been recognized in other comprehensive income.

## Note 13. Borrowings

(₹ in Lakhs)

| Particulars | Maturity Date | Terms of Repayment | Interest Rate Current Year / (Previous Year) | Non-Current | | Current | |
|---|---|---|---|---|---|---|---|
| | | | | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| **I. Non-Current Borrowings** | | | | | | | |
| **Secured** | | | | | | | |
| (i) Term loans - from banks or financial institutions | | | | | | | |
| HSBC Term Loan | 01/Feb/26 | Fixed tenure | 1Month T bill+215 BPS | - | 590.00 | 590.00 | - |
| HSBC Term Loan | 26/Jul/26 | Fixed tenure | 1Month T bill+215 BPS | 205.00 | - | 205.00 | - |
| HSBC Term Loan | 04/Sep/27 | Fixed tenure | 3Month T bill+215 BPS | 375.00 | - | 125.00 | - |
| HSBC Term Loan | 10/Jan/28 | Fixed tenure | 3Month T bill+215 BPS | 200.00 | - | - | |
| | | | | **780.00** | **590.00** | **920.00** | **-** |
| **Current maturities of Long term borrowings** | | | | | | | |
| Secured | | | | - | - | (920.00) | - |
| Unsecured | | | | - | - | - | - |
| Total | | | | **780.00** | **590.00** | **-** | **-** |

| Particulars | Maturity Date | Terms of Repayment | Interest Rate Current Year / (Previous Year) | Current | |
|---|---|---|---|---|---|
| | | | | As at March 31, 2025 | As at March 31, 2024 |
| **II. Current Borrowings** | | | | | |
| **Secured** | | | | | |
| (i) Loan repayable on demand - Cash Credit / Overdraft Accounts | | | | | |
| HSBC Overdraft Facility | | On demand | 1Month T bill+205 BPS | 3,768.94 | 3,337.31 |
| **Unsecured** | | | | | |
| **(i) Term loans - from banks or financial institutions** | | | | | |
| HSBC working capital loan | 15/May/24 | Fixed tenure | 3Month T bill+205 BPS | - | 400.00 |
| HSBC working capital loan | 04/May/24 | Fixed tenure | 1Month T bill+205 BPS | - | 455.00 |
| HSBC working capital loan | 24/Oct/25 | Fixed tenure | 3Month T bill+205 BPS | 400.00 | - |
| HSBC working capital loan | 24/Oct/25 | Fixed tenure | 3Month T bill+315 BPS | 600.00 | - |
| | | | | **1,000.00** | **855.00** |
| **(ii) Loan repayable on demand - Cash Credit / Overdraft Accounts** | | | | **-** | **-** |
| Current maturities of Long term borrowings | | | | | |
| Secured | | | | **920.00** | **-** |
| Unsecured | | | | **-** | **-** |
| | | | | **920.00** | **-** |
| Total | | | | **5,688.94** | **4,192.31** |

**Notes**

1) No default in terms of repayment of principal and interest within the group.
2) The Company has not used borrowings for purpose other than specified purpose of the borrowing.
3) The Company has been sanctioned Borrowing limits of Rs. 7900 lakhs from HSBC Bank, based on security of current assets and fixed assets . Details of purchase of stock-in-trade and sale of traded goods submitted for monthly statement for quarter ending months i.e. June 2024, September 2024, December 2024 and March 2025 filed with Banks are in agreement with the unaudited books of accounts.
4) The Company has obtained term loan of Rs. 17 crores from HSBC bank where the Company had to adhere to certain financial covenants that were breached. The Company applied for waiver of the breach and was granted condonation by HSBC Bank vide its letter dated 29 April 2025. Basis the condonation letter received from the Bank, the long-term portion of the above term loan has been shown under Non-current liabilities.

## 14. Lease liabilities

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| | | | | |
| Lease liabilities | 4,948.47 | 3,674.14 | 1,154.30 | 878.03 |
| **Total** | **4,948.47** | **3,674.14** | **1,154.30** | **878.03** |

The maturity analysis of lease liabilities is disclosed in Note 27 (C).

### Movement in lease liabilities

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Opening Balance** | **4,552.17** | **1,961.33** |
| Additions | 2,575.93 | 3,332.27 |
| Deletions | (12.93) | - |
| Finance cost | 567.99 | 328.42 |
| Repayment of principal portion of lease liabilities | (1,012.40) | (741.43) |
| Repayment of interest portion of lease liabilities | (567.99) | (328.42) |
| **Closing Balance** | **6,102.77** | **4,552.17** |

### Amounts with respect to leases recognised in the Statement of Profit & Loss and Cash Flow Statement

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Amounts recognised in Statement of Profit and Loss** | | |
| Interest on lease liabilities | 567.99 | 328.42 |
| Depreciation expense | 1,455.06 | 1,024.78 |
| **Amounts recognised in Cash Flow Statement** | | |
| In Financing activity | | |
| Repayment of lease liabilities | (1,012.40) | (741.43) |
| Interest paid on lease liabilities | (567.99) | (328.42) |

Note- For additions and movement in right-of-use assets refer note 2B

## 15. Other financial liabilities

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| Payable towards other expenses | - | - | 304.27 | 185.25 |
| Payable towards capital expenditure | - | - | 215.92 | - |
| Payable to employees | - | - | 53.45 | 42.24 |
| Refund Liability | - | - | 195.78 | 121.09 |
| **Total** | **-** | **-** | **769.42** | **348.58** |

## 16. Provision

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| **Provision for Employee Benefits (Refer Note 31)** | | | | |
| Provision for Gratuity | 148.49 | 123.79 | 15.70 | 7.20 |
| Provision for Leave Encashment | - | - | 31.62 | 9.28 |
| **Total** | **148.49** | **123.79** | **47.32** | **16.48** |

## 17. Income tax liabilities

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| Provision for Income Tax (Net) | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** |

## 18. Trade Payables

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Total Outstanding dues of Micro Enterprises and Small Enterprises (MSME) (Refer Note 30) | 407.50 | 66.25 |
| Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises (MSME) | 1,201.28 | 902.89 |
| **Total** | **1,608.78** | **969.14** |

### Trade payables ageing schedule for the year ended as on March 31, 2025.

(₹ in Lakhs)

| Particulars | Not due | Outstanding for following period from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| i) Undisputed dues - MSME | 123.47 | 283.68 | 0.36 | - | - | 407.50 |
| ii) Undisputed dues - Others | 707.34 | 481.14 | 12.80 | - | - | 1,201.28 |

**Trade payables ageing schedule for the year ended as on March 31, 2024.**

| Particulars | Not due | Outstanding for following period from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| i) Undisputed dues - MSME | 54.60 | 11.57 | 0.08 | - | - | 66.25 |
| ii) Undisputed dues - Others | 863.21 | 39.64 | 0.04 | - | - | 902.89 |

## 19. Other Liabilities

(₹ in Lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **(a) Revenue received in advance** | | |
| Advance received from customers (Refer note 20) | 323.08 | 192.59 |
| **(b) Others** | | |
| Statutory Payables - | | |
| - Payable towards Goods and Services Tax | - | 35.32 |
| - Payable towards others | 43.85 | 45.60 |
| **Total** | **366.93** | **273.51** |

## 20A. Revenue from Operations

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Revenue from sale of products- Traded goods** | | |
| Decorative lightings and other products | 10,532.65 | 13,180.45 |
| **Revenue from sale of services- Traded goods** | | |
| Decorative lightings and other products | 150.87 | 162.21 |
| **Total** | **10,683.52** | **13,342.66** |

Sale of products includes decorative lightings and other décor products in the domestic market.

Sale of services includes installation of decorative lightings and other décor products.

## 20B. Reconciliation of Gross Revenue with the Revenue from Contracts with Customers

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Gross Revenue | 12,786.04 | 17,728.09 |
| Less: Discounts/Rebates/Credits/Incentives | (2,102.52) | (4,385.43) |
| **Total** | **10,683.52** | **13,342.66** |

## 20C. Revenue From Contracts With Customers Disaggregated Based On Geography

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Home market | 10,259.60 | 13,342.66 |
| Exports | 423.92 | - |
| **Total** | **10,683.52** | **13,342.66** |

**Note**

The amounts receivable from 'Business to Business' customers becomes due after expiry of credit period which ranges from 15 to 30 days. There is no significant financing component in any transaction with the customers. For the 'Business to Customer' sales amount becomes receivable on or before delivery of goods to the customers.

The Company provides agreed upon specification warranty for a range of its 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 and services are for a shorter duration.

The Company has recognised revenue of ₹ 107.33 Lakhs as on 31$^{st}$ March 2025 from the amounts included under advance received from customers at the beginning of the year.

## 21. Other Income

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **(a) Interest income** | | |
| (i) Interest income on fixed deposits (Carried at amortised cost) | - | 0.07 |
| (ii) Interest on security deposit (Carried at amortised cost) | 42.89 | 37.84 |
| (iii) Interest on income tax refund | 2.87 | - |
| | **45.76** | **37.91** |
| **(b) Other non-operating income** | | |
| (i) Liabilities written back | - | 10.80 |
| (ii) Insurance claims received | 7.84 | 10.51 |
| (iii) Foreign Exchange gain | 11.17 | |
| (iv)Miscellaneous Income | 6.12 | 13.39 |
| | **25.13** | **34.70** |
| **(c) Other gains and losses** | | |
| (i) Net gain on sale of property, plant and equipment | - | 2.98 |
| (ii)Gain or Loss on termination of lease | - | 38.30 |
| | **-** | **41.28** |
| **Total (a+b+c)** | **70.89** | **113.89** |

## 22. Purchases of Stock-in-trade

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Purchase of stock-in-trade | 5,201.11 | 6,288.00 |
| **Total** | **5,201.11** | **6,288.00** |

## 23. Changes in inventories of Stock-in-trade

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Stock at the beginning of the year** | | |
| Stock-in-trade acquired for trading (including goods in transit) | 3,055.82 | 2,280.71 |
| **Total** | **3,055.82** | **2,280.71** |
| | | |
| **Stock at the end of the year** | | |
| Stock-in-trade acquired for trading (including goods in transit) | 3,155.93 | 3,055.82 |
| **Total** | **3,155.93** | **3,055.82** |
| **Changes in inventories of Stock-in-trade** | **(100.11)** | **(775.11)** |

## 24. Employee benefits expense

**(₹ in Lakhs)**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| (a) Salaries and wages | 2,435.81 | 1,826.96 |
| (b) Contribution to Provident and other Funds (Refer note 31) | 93.55 | 91.95 |
| (c) Staff welfare expenses | 117.38 | 72.51 |
| (d) Gratuity Expenses | 62.94 | 49.59 |
| **Total** | **2,709.68** | **2,041.01** |

## 25. Finance costs

**(₹ in Lakhs)**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| (a) Interest on borrowings from banks | 455.38 | 203.47 |
| (b) Interest on lease liabilities | 567.99 | 328.42 |
| (c) Other Interest expenses | 1.19 | - |
| **Total** | **1,024.56** | **531.89** |

## 26. Other expenses

**(₹ in Lakhs)**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Advertisement expenses | 1,784.70 | 1,864.70 |
| Courier charges | 453.45 | 395.98 |
| Electricity expenses | 188.96 | 179.84 |
| Legal expenses | 361.06 | 320.50 |
| Software expenses | 152.15 | 175.66 |
| Payment gateway charges | 76.86 | 97.62 |
| Store operating expense | 178.02 | 111.96 |
| Travelling expenses | 103.75 | 71.17 |
| Miscellaneous expenses | 230.73 | 96.40 |
| Transportation expenses | 38.78 | 44.61 |
| Rent | 180.49 | 78.24 |
| Repairs and maintenance | 48.83 | 22.02 |

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Allowance for expected credit loss | 247.80 | 36.30 |
| Bad debts written off | 13.89 | - |
| Rates and taxes | 31.54 | 55.97 |
| Bank charges | 4.41 | 10.17 |
| Insurance | 29.72 | 15.95 |
| Auditor remuneration (Refer Note 29) | 16.19 | 29.77 |
| Commission and brokerage | 11.67 | 33.24 |
| Printing, stationery and communication expenses | 5.12 | 9.99 |
| Gain or Loss on termination of lease | 1.88 | |
| Corporate Social Responsibility (Refer Note 37) | - | 15.10 |
| Fees and subscription | - | - |
| **Total** | **4,160.00** | **3,665.19** |

**Note**

1. No donation has been made by the Company to any political party or any other organizations linked to any political party
2. 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).

## 27A. Category-wise classification of financial instruments

| Particulars | Note No. | Non-Current | | Current | |
|---|---|---|---|---|---|
| | | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| **Financial assets carried at amortised cost** | | | | | |
| Security deposits | 4 | 365.99 | 288.86 | 149.24 | 130.97 |
| Other receivables | 4 | - | - | 18.87 | 2.56 |
| Trade receivables | 9 | - | - | 1,559.28 | 3,218.38 |
| Cash and cash equivalents | 10(A) | - | - | 83.24 | 75.34 |
| Bank deposits more than 3 months less than 12 months maturity | 10(B) | - | - | - | - |
| | | **365.99** | **288.86** | **1,810.63** | **3,427.25** |
| **Financial liabilities carried at amortised cost** | | | | | |
| Borrowings | 13 | 780.00 | 590.00 | 5,688.94 | 4,192.31 |
| Lease liabilities | 14 | 4,948.47 | 3,674.14 | 1,154.30 | 878.03 |
| Trade Payables | 18 | - | - | 1,608.78 | 969.14 |
| Payable towards other expenses | 15 | - | - | 304.27 | 185.25 |
| Payable towards capital expenditure | 15 | - | - | 215.92 | - |
| Payable to Employees | 15 | - | - | 53.45 | 42.24 |
| Refund Liability | 15 | - | - | 195.78 | 121.09 |
| **Total** | | **5,728.47** | **4,264.14** | **9,221.44** | **6,388.06** |

(All amount in rupees lakhs,unless other wise stated)

## Income, Expenses, Gains or Losses recognised on Financial Instruments in the Statement of Profit and Loss are as follows .

| Income, Expenses, Gains or losses on Financial Instruments | Refer note | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| Financial assets measured at amortised cost | | | |
| Interest income | 21 | - | 0.07 |
| Allowance for doubtful debts and advances (net) | 26 | 247.80 | 36.30 |
| Bad debts written off (net) | 26 | 13.89 | - |
| | | | |
| Financial liabilities carried at amortised cost | | | |
| Interest on borrowings from banks | 25 | 455.38 | 203.47 |
| Interest on lease liabilities | 25 | 567.99 | 328.42 |

## 27B. Fair Value Measurement

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.

## 27C. 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 financials assets, trade receivable and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk.

The Company's has established process to identify and analyse the risks faced, to set appropriate risk limits and controls and to monitor risks. The Company, through its standards and procedures, aims to maintain a disciplined and constructive control environment.

### 1) Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. The objective of market risk management is to avoid excessive exposure in our foreign currency costs.

#### 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 is exposed to interest rate risk on borrowings but doesn't uses any derivative instrument to hedge the same. The company's debt equity ratio is -3.53 in FY 2024-54 (1.76 in FY 2023-24) (Refer Note- 27D).

The Exposure of Company's financial assets and liabilities to interest rate risk is as follows .

| | As at March 31, 2025 | Floating Rate | Fixed Rate | Non-Interest Bearing Securities |
|---|---|---|---|---|
| Financial Assets | 2,176.62 | - | - | 2,176.62 |
| Financial Liabilities | 14,949.91 | 6,468.94 | - | 8,480.97 |

| | As at March 31, 2024 | Floating Rate | Fixed Rate | Non-Interest Bearing Securities |
|---|---|---|---|---|
| Financial Assets | 3,716.11 | - | - | 3,716.11 |
| Financial Liabilities | 10,652.20 | 4,782.31 | - | 5,869.89 |

### 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. The Company did not enter into any derivative instruments during the year.

The company pays advances to vendors in foreign currency for procurement of Stock in trade for each consignment during the financial year. The Company is mainly exposed to changes in USD & EUR.

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

(in FC)

| Currency | Liabilities | | Assets | |
|---|---|---|---|---|
| | As at 31 March 25 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| EUR | - | - | 853.30 | - |
| USD | 192,461.00 | - | - | 35,954.00 |

(₹ in Lakhs)

| Currency | Liabilities | | Assets | |
|---|---|---|---|---|
| | As at 31 March 25 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| EUR | - | - | 0.78 | - |
| USD | 163.73 | - | - | 25.19 |

## 2) 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 March 31, 2025** | | | | | |
| Borrowings (Refer note 13) | 5,688.94 | 780.00 | - | 6,468.94 | 6,468.94 |
| Trade Payables (Refer note 18) | 1,608.78 | - | - | 1,608.78 | 1,608.78 |
| Other financial liabilities (Refer note 15) | 769.42 | - | - | 769.42 | 769.42 |
| Lease liabilities (Refer note 14) | 1,637.64 | 4,786.02 | 1,214.08 | 7,637.74 | 6,102.77 |
| **As at March 31, 2024** | | | | | |
| Borrowings (Refer note 13) | 4,192.31 | 590.00 | - | 4,782.31 | 4,782.31 |
| Trade Payables (Refer note 18) | 969.02 | 0.12 | - | 969.14 | 969.14 |
| Other financial liabilities (Refer note 15) | 348.58 | - | - | 348.58 | 348.58 |
| Lease liabilities (Refer note 14) | 1,210.44 | 3,256.52 | 1,449.72 | 5,916.68 | 4,552.17 |

The Company does not have any derivative financial instruments.

## 3) 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 and other receivables.

Credit risk arising from term deposits 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.

The Company's customer mix predominantly consists of walk-in customers from the whom the consideration are recovered in advance before dispatch of goods. The average credit period offered to dealer customer ranges from 15 to 30 days on sales of products.

The Company has created Provision for Doubtful debts of Rs 284 lakhs as per the provisioning policy of Company

(₹ in lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Balance as at 1st April** | **36.30** | **-** |
| Loss allowance measured at lifetime expected credit losses | 247.80 | 36.30 |
| **Balance as at 31st March** | **284.10** | **36.30** |

## 27D. 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)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Debt # | 6,468.94 | 4,782.31 |
| Less. Cash and cash equivalents | 83.24 | 75.34 |
| **Net debt** | **6,385.70** | **4,706.97** |
| **Total equity** | **(1,806.65)** | **2,678.72** |
| **Net debt to equity ratio** | **(3.53)** | **1.76** |

# Debt is defined as long term and short term borrowings.

## 28. Contingent Liabilities and Commitments

There are no contingent liabilities and commitments as at March 31, 2025.

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Claims against the Company not acknowledged as debts | - | - |
| Commitments. | - | - |
| 1. Estimated amount of contracts remaining to be executed on capital account and not provided for | - | - |
| 2. Letters of Credit and Bank Guarantees issued by bankers | - | - |

## 29. Payment to Auditors (excluding taxes)

(₹ in lakhs)

| Particulars | For the year ended 31 March 25 | For the year ended 31 March 24 |
|---|---|---|
| Statutory audit fees | 11.00 | 23.18 |
| Tax audit fees | 3.61 | 3.50 |
| For reimbursement of expenses | 1.59 | 3.09 |
| **Total** | **16.20** | **29.77** |

## 30. Micro, Small and Medium Enterprises

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2024-25, to the extent the Company has received intimation from the Suppliers regarding their status under the Act.

(₹ in lakhs)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| (i) 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 | 623.42 | 66.25 |
| - Interest due on above | - | - |

(₹ in lakhs)

| Particulars | | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| (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) | The amount of 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 | - | - |

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.

## 31. Employee Benefits

### 1) Post-employment benefits*:

The Company has the following post-employment benefit plans:

#### a) Defined Benefit Gratuity Plan (Unfunded)

The Company's defined benefit gratuity plan is a final salary plan for its employees. 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. There is no separate contribution by the employee in the fund. Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as. interest rate risk, longevity risk and salary risk.

| | |
|---|---|
| Interest 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 securities. A decrease in yields will increase the fund liabilities and vice-versa. |
| 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 March 31, 2025 by TransValue Consultants. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

* GRI 201-3 - Defined benefit plan obligations and other retirement plans

The following tables summaries 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.

| Particulars | | Gratuity (Unfunded Plan) As at March 31, 2025 | Gratuity (Unfunded Plan) As at March 31, 2024 |
|---|---|---|---|
| (i) | **Opening defined benefit obligation** | 130.99 | 58.17 |
| (ii) | Current service cost | 52.05 | 43.81 |
| (iii) | Interest cost | 10.89 | 5.78 |
| (iv) | Past Service Cost | - | - |

| Particulars | | Gratuity (Unfunded Plan) As at March 31, 2025 | Gratuity (Unfunded Plan) As at March 31, 2024 |
|---|---|---|---|
| (v) | **Sub-total included in statement of profit and loss (ii+iii+iv)** | **62.94** | **49.59** |
| (vi) | Actuarial gain from changes in financial assumptions | (24.11) | 23.95 |
| (vii) | **Sub-total included in other comprehensive income(vi)** | **(24.11)** | **23.95** |
| (viii) | Benefits paid | (5.63) | (0.72) |
| (ix) | **Closing defined benefit obligation (i+v+vii+viii)** | **164.19** | **130.99** |
| | **Expense recognized in:** | | |
| (x) | **Statement of profit and loss(v)** | 62.94 | 49.59 |
| (xi) | **Statement of other comprehensive income(vii)** | (24.11) | 23.95 |
| (xii) | **Weighted average duration of defined benefit obligation** | 9.98 | 10.55 |
| (xiii) | **Maturity profile of defined benefit obligation** | | |
| | Within the next 12 months | 16.22 | 7.20 |
| | Between 1 and 5 years | 63.16 | 51.73 |
| | Between 5 and 10 years | 83.43 | 71.84 |
| | More than 10 years | 122.77 | 116.40 |

The principal assumptions used in determining post-employment gratuity benefit obligations for the Company's plans are shown below .

| Particulars | Gratuity (Unfunded Plan) As at March 31, 2025 | Gratuity (Unfunded Plan) As at March 31, 2024 |
|---|---|---|
| Discount rate | 6.66% | 7.09% |
| Salary escalation rate | First 5 years . 15.00%<br>Next 5 years . 12.50%<br>Thereafter .10.00% | First 5 years . 15.00%<br>Next 5 years . 12.50%<br>Thereafter .10.00% |

## Demographic Assumptions

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Mortality | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |
| Normal retirement age | 58 years | 58 years |
| Employee Turnover | 15.00% | 15.00% |

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 (Unfunded Plan) As at March 31, 2025 |
|---|---|
| Defined Benefit Obligation - Discount Rate + 100 basis points | (10.74) |
| Defined Benefit Obligation - Discount Rate - 100 basis points | 12.10 |
| Defined Benefit Obligation – Salary Escalation Rate + 100 basis points | 9.37 |
| Defined Benefit Obligation - Salary Escalation Rate - 100 basis points | (9.27) |
| Defined Benefit Obligation – Withdrawal Rate + 100 basis points | (3.32) |
| Defined Benefit Obligation - Withdrawal Rate - 100 basis points | 3.36 |

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.

## b) Defined Contribution Plan

Provident Fund contributions are made to the Employees Provident Fund organisation (EPFO) which are charged to the Statement of Profit and Loss as incurred. In respect of contribution to EPFO, 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 assumptions

The liability towards compensated absences (annual leave) for the year ended 31st March, 2025 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 22.34 lakhs.

The principal assumptions used in determining compensated absences benefit obligations for the Company's plans are shown below.

#### i) Financial Assumptions

(₹ in Lakhs)

| Particulars | As at March 31, 2025 |
|---|---|
| Discount rate | 6.66% |
| Salary escalation rate | First 5 years . 15.00%<br>Next 5 years . 12.50%<br>Thereafter .10.00% |

#### ii) Demographic Assumptions

(₹ in Lakhs)

| Particulars | As at March 31, 2025 |
|---|---|
| Mortality | IALM (2012-14) Ultimate |
| Employee Turnover | 15% |
| Leave Availment Ratio | 1% |
| Retirement Age | 58 Years |

## 32. Earnings per share*

| Particulars | | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| a) | Basic and diluted earnings per share in rupees (Face value ₹10 per share) (In ₹) | (1,124.56) | 59.07 |
| b) | Profit after tax as per Statement of Profit and Loss (₹ In Lakhs) | (4,509.48) | 236.89 |
| c) | Weighted average number of equity shares outstanding during the year | 401,000 | 401,000 |

* Earnings 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.

## 33. Related party disclosure

**Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below.**

**(a) Parent Company –** Asian Paints Limited

**(b) Key Managerial Personnel (KMP) and relatives of KMP with whom transactions have taken place during the year.**

| Name of the person | Designation |
|---|---|
| Pawan Mehta | Director |
| Gagan Mehta | 20 % shareholder and brother of Pawan Mehta |
| Anupriya Mehta | Wife of Pawan Mehta |
| Mamta Mehta | Wife of Gagan Mehta |
| Gagandeep Singh Kalsi | Director |
| Ashish Rae | Director |
| Siddhartha Jain | Chief Financial Officer |
| Amit Syngle | Managing Director and CEO of ultimate holding company |
| Manish Choksi | Director of Parent Company |

**(c) Entities in which directors/ close family of the directors having significant influence and with whom transactions have taken place during the year .**

| Entity Name | Relation |
|---|---|
| PGM Initiatives Trading LLC | Entity in which director is having significant influence |
| PGM VENTURES LLP | Entity in which director is having significant influence |

**(d) Compensation of key management personnel of the company**

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| Short term employee benefits | - | 55.65 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Share-based payment | - | - |

**(e) Details of transactions with and balances outstanding of parent company.**

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Asian Paints Limited | Revenue from Sale of Products and Services | 2,034.20 | 43.86 | 2,099.30 | 1,161.24 |
| Asian Paints Limited | Reimbursement of expenses paid | 1,006.16 | 635.65 | 109.22 | 3.08 |
| Asian Paints Limited | Other services paid | 104.33 | 45.75 | 396.28 | 72.84 |
| Asian Paints Limited | Royalty | 30.37 | 10.95 | 35.43 | 3.70 |

# Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2025

(All amount in rupees lakhs,unless other wise stated)

**(f) Details of transactions with and balances outstanding of Key Managerial Personnel (KMP) / Close Family Member of Key Managerial Personnel .**

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Gagan Mehta | Reimbursement of expenses receivable | - | - | 52.20 | - |
| | Reimbursement of expenses payable | - | - | 15.92 | - |
| | Remuneration | - | - | 27.86 | - |
| Pawan Mehta | Rent Expense | - | - | 8.66 | - |
| | Reimbursement of expenses receivable | - | - | 52.20 | - |
| | Remuneration | - | - | 27.78 | - |
| Amit Sygnle | Revenue from Sale of Products and Services | - | - | 1.28 | - |
| Anupriya Mehta | Revenue from Sale of Products and Services | - | - | 0.34 | - |
| | Rent Expense | - | - | 8.66 | |
| Mamta Mehta | Revenue from Sale of Products and Services | (0.31) | | 2.83 | 0.00 |
| Manish Choksi | Revenue from Sale of Products and Services | 0.17 | - | - | - |

**(g) Details of transactions with and balances outstanding of entities in which directors are having significant influence**

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| PGM Initiatives Trading LLC | Revenue from Sale of Products and Services | 436.77 | (140.73) | - | - |
| | Reimbursement of expenses receivable | 5.55 | 5.55 | - | - |
| PGM Ventures LLP | Revenue from Sale of Products and Services | 9.13 | - | - | - |

**Terms and conditions of transactions with related parties**

The purchases from and sales to related parties are made on terms equivalent to and those applicable to all unrelated parties on arm's length transactions. Outstanding balances payable and receivable at the year-end are unsecured, interest free and will be settled in cash.

All the amounts reported in Note 33 (Related Party Transanctions) are inclusive of GST wherever applicable.

Also refer note 1.1

## 34. Segment Reporting

The Company is in the business of trading decorative lighting and lighting system components, which in terms of Ind AS 108 Operating Segments, constitute a single reporting segment. The Company operates in a single geographical segment i.e. in India.

## 35. Key financial ratios

(₹ in Lakhs)

| No. | Ratios | Numerator | Denominator | FY 2024-25 | FY 2023-24 | % Variance | Reason for variation |
|---|---|---|---|---|---|---|---|
| 1 | Current ratio | Current Assets | Current Liabilities | 0.59 | 1.05 | -44% | Decrease In Trade Receivables and inventories. |
| 2 | Debt-equity ratio | Total Debt (Borrowings) | Total Equity | (3.58) | 1.79 | -301% | Increase in debt and Decrease in profit |
| 3 | Debt service coverage ratio | Earning available for debt service # | Finance Costs (excluding cost pertaining to lease liabilities) + Repayment of borrowings for current year | (1.16) | 2.90 | -140% | Decrease on account of losses |
| 4 | Return on Equity | Profit after tax | Average Total Equity | -1034.20% | 9.22% | -11317% | Decrease in net profits |
| 5 | Inventory turnover ratio | Cost of goods sold | Average Inventory | 1.64 | 2.07 | -21% | Increase in inventories |
| 6 | Trade receivables turnover ratio | Revenue from operations | Average Trade receivables | 4.47 | 6.66 | -33% | Decrease in Revenue due to which there is a corresponding decrease in debtors. |
| 7 | Trade payables turnover ratio | Net Purchases of stock-in-trade | Average Trade payables | 4.04 | 8.48 | -52% | Decrease on account of improvement in payable days to vendors. |
| 8 | Net capital turnover ratio | Revenue from operations | Working Capital (Current Assets - Current Liabilities) | (2.70) | 37.41 | -107% | Increase in payables balances |
| 9 | Net profit ratio | Profit after tax | Revenue from operations | -42.21% | 1.78% | -2477% | Decrease in net profits |
| 10 | Return on capital employed | Profit before interest and tax | Average Capital Employed [Total Equity + Total Debt (Borrowings)] | -68.09% | 11.54% | -690% | Decrease in net profits |
| 11 | Return on investment | Income during the year | Time weighted average of investment | 0.00% | 4.40% | -100% | Fixed deposits redeemed last year |

# Earning for Debt Service = Profit after tax + Depreciation and Amortisation Expense + Finance costs - Gain on sale of property, plant and equipment (net) - Net gain on modification/ termination of leases.

# Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2025

(All amount in rupees lakhs,unless other wise stated)

## 36. Corporate Social Responsibility Expenses

**A. Gross amount required to be spent by the Company during the year 2024-25 -** NIL (2023-24 - INR 15.01 lakhs).

**B. Amount spent during the year on:**

| | 2024-25 | | | 2023-24 | | |
|---|---|---|---|---|---|---|
| **Name of Struck off Company** | **In cash*** | **Yet to be paid in cash** | **Total** | **In cash*** | **Yet to be paid in cash** | **Total** |
| i Construction/Acquisition of any assets | - | - | - | - | - | - |
| ii Purposes other than (i) above | - | - | - | 15.10 | - | 15.10 |
| | **-** | **-** | **-** | **15.10** | **-** | **15.10** |

**C. Details of unspent amount**

| Opening Balance | Amount required to be spent during the year | Amount spent during the year | Closing balance |
|---|---|---|---|
| - | - | - | - |

D. **Nature of CSR activities undertaken by the Company**

The CSR initiatives of the Company aim towards inclusive development of the communities largely around the vicinity of its plants and registered office and at the same time ensure environmental protection through a range of structured interventions in the areas of :

(i) creating employability & enhancing the dignity of the painter/ carpenter/ plumber community

(ii) focus on water conservation, replenishment and recharge

(iii) enabling access to quality primary health care services

(iv) Disaster relief measures.

## 37A. Additional Regulatory Information Required By Schedule III to the Companies Act, 2013

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

(iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall.

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall.

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(viii) The requirement with respect to number of layers as prescribed under Section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017 is not applicable to the Company.

(ix) Details of struck off companies with whom the Company has transaction during the year or outstanding balance as on balance sheet date.

| Name of Struck off Company | Nature of transactions with struck-off Company | Balance Outstanding as on March 31, 2025 | Balance Outstanding as on March 31, 2024 | Relationship with the Struck off Company, if any |
|---|---|---|---|---|
| No transactions with Struck off Companies | | - | - | - |
| | | - | - | - |

**37B.** The Company has maintained proper books of accounts as required by law.

**37C.** The Company maintains books of accounts in electronic form (viz. Tally, Accounting Software and ZOHO, Point of Sales system). The Company has implemented an audit trail with respect to accounting software (Tally) with effect from 21st September 2023.

**38** The Board of Directors duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on May 2, 2025

**Signatures to notes to financial statements (Note 1 to 38)**

For and on behalf of the Board of Directors of
**Obgenix Software Private Limited**

**Pawan Mehta**
Director
DIN No. 00349200

Place : Bengaluru
Date : 2 May 2025

**Gagandeep Singh Kalsi**
Director
DIN No. 10473109

Place : Mumbai
Date : 2 May 2025

**Ashish Rae**
Director
DIN No. 09540164

Place : Mumbai
Date : 2 May 2025

**Siddhartha Jain**
Chief Financial Officer

Place : Bengaluru
Date : 2 May 2025

# Harind Chemicals & Pharmaceuticals Private Limited

## BOARD OF DIRECTORS

| | |
|---|---|
| Mr. Rahul Bhatnagar | (Chairman and Non-Executive Director) |
| Mr. Gagandeep Singh Kalsi | (Non-Executive Director) |
| Dr. Swapan Kumar Ghosh | (Whole Time Director & CEO) |

## KEY MANAGERIAL PERSONNEL

| | |
|---|---|
| Dr. Swapan Kumar Ghosh | (Whole Time Director & CEO) |
| Ms. Bhavna Udhwani | (Chief Financial Officer) |

## AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants

## REGISTERED OFFICE

A/204, 2$^{st}$ Floor, Kailash Industrial Complex,
Building No 2, Veer Savarkar Marg, Park, ite,
Vikhroli West, Mumbai,
Maharashtra, India, 400 079

# Contents

# Board's Report

for the financial year ended 31st March 2025

Dear Members,

The Board of Directors are pleased to present the Thirtieth (30th) Annual Report of Harind Chemicals and Pharmaceuticals Private Limited along with the audited financial statements (standalone and consolidated) for the financial year ended 31st March 2025.

## Financial Results

The Company's financial performance for the financial year ended 31st March 2025 is summarised below:

**(₹ in Lakhs)**

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2024-25 | 2023-24 | 2024-25 | 2023-24 |
| Revenue from Operations | 3,787.04 | 3,467.97 | 3,795.33 | 3,498.72 |
| Other Operating Revenues | - | - | - | - |
| Other Income | 29.91 | 65.97 | 23.22 | 41.58 |
| **Total Revenue** | **3,816.95** | **3,533.94** | **3,818.55** | **3,540.29** |
| Less: Expenses | 2,692.88 | 2,671.34 | 2,689.50 | 2,712.71 |
| **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)** | **1,124.07** | **862.60** | **1,129.05** | **827.58** |
| Less: Finance Cost | 2.25 | 5.77 | 2.95 | 7.61 |
| Less: Depreciation and Amortisation Expenses | 26.87 | 34.73 | 37.79 | 48.78 |
| **Profit Before Exceptional Item & Tax** | **1,094.95** | **822.11** | **1,088.31** | **771.18** |
| Exceptional Item | - | - | - | - |
| **Profit Before Tax** | **1,094.95** | **822.11** | **1,088.31** | **771.18** |
| Less: Tax Expense | 281.13 | 211.19 | 281.13 | 211.19 |
| **Profit After Tax** | **813.82** | **610.92** | **807.17** | **559.99** |
| Other Comprehensive Income | (3.45) | (6.39) | (3.45) | (6.39) |
| **Total comprehensive Income/ Loss** | **810.36** | **604.53** | **803.72** | **553.60** |

## Overview of the Company's Performance and State of Affairs

During the financial year 2024-25 (on a standalone basis):

- Net revenue from operations increased to ₹ 3,787.04 lakhs as against Rs 3,467.97 lakhs in the previous year.
- The Company earned profit of ₹ 813.82 lakhs after tax as against a profit of ₹ 610.92 lakhs in the previous year

The Company is engaged in the business of manufacturing/dealing in Chemical and other related products related to paints and chemicals.

## Confirmations:

a. There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2024-25 and the date of this report.

b. There has been no change in the nature of business of the Company.

c. There was no revision of financial statements and Board's Report of the Company during the year under review.

## 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 Company has only one class of equity shares. The authorised and paid up share capital of the Company stands ₹ 20,00,000 divided into 2,00,000 equity shares of ₹ 10 each, as on 31st March 2025.

During the financial year 2024-25, there was no change in the authorised, issued, subscribed and paid-up share capital of the Company.

### Confirmations:

a. During the year under review, the Company has not:

 (i) issued any shares, warrants, debentures, bonds, or any other convertible or non-convertible securities;

 (ii) issued equity shares with differential rights as to dividend, voting or otherwise;

 (iii) issued any sweat equity shares to its Directors or employees;

 (iv) issued any equity shares under the employee stock option scheme, further, the Company does not have any employees stock option scheme;

 (v) made any change in voting rights;

 (vi) reduced its share capital or bought back shares;

 (vii) changed the capital structure resulting from restructuring; and

 (viii) failed to implement any corporate action.

b. The Company's securities are not listed on any stock exchanges, hence there doesn't arise a scenario of its shares being suspended for trading during the year.

c. The disclosure pertaining to explanation for any deviation or variation in connection with certain terms of a public issue, rights issue, preferential issue, etc. is not applicable to the Company.

## Dividend

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

## Unclaimed Dividend & IEPF

The Company does not have any unclaimed dividend outstanding for payment to shareholders of the Company. Further, the Company has not transferred any amount to the Investor Education & Protection Fund ("IEPF").

## Transfer To Reserves

During the year under review, there was no amount transferred to any of the reserves of the Company.

## Subsidiary Status

### a. Subsidiary Company

The Company has one subsidiary company as on 31st March 2025, as follow:

**Nova Surface-Care Centre Private Limited**

Nova Surface-Care Centre Private Limited ('Nova') is a wholly owned subsidiary of the Company. Nova is engaged in the business of testing and analysis, project consultancy, contract research for polymers, paints, coating & allied services.

Revenue of Nova in the FY 2024-25 was ₹ 8.29 lakhs with a negative Profit After Tax at ₹ 6.64 lakhs.

### b. Holding Company

The Company had become a subsidiary company of Asian Paints Limited upon acquisition of 51% of the equity share capital of the Company as detailed in the Share Purchase Agreement executed in this regard on 14th February 2024.

Accordingly, Nova Surface-Care Centre Private Limited, a wholly owned subsidiary of the Company, is also subsidiary company of Asian Paints Limited.

### c. The Company does not have any Associate or Joint Venture Company

A separate statement containing the salient features of financial statements of subsidiary of the Company in the prescribed Form AOC-1 forms a part of Consolidated Financial Statements, in compliance with Section 129(3) and other applicable provisions, if any, of the Company Act, 2013 ("the Act") read with the Rules issued thereunder.

## Deposits

During the year under review, the Company has not accepted any deposit within the meaning of Section 73 and 74 of the Act 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 Act are given in the notes to the Financial Statements.

## Directors and Key Managerial Personnel

### Change in Directorate and KMP

During the year under review there was no change in the Director and KMP of the Company.

The Directors & KMP on Board of Harind Chemicals and Pharmaceuticals Private Limited remained as follows for the financial year 2024-25:

| Sr. No. | Name of the Directors | Designation |
|---|---|---|
| 1. | Mr. Rahul Bhatnagar | Non-Executive Director |
| 2. | Mr. Gagandeep Singh Kalsi | Non-Executive Director |
| 3. | Dr. Swapan Kumar Ghosh | Whole Time Director & CEO |
| 4. | Ms. Bhavna Udhwani | Chief Financial Officer |

### Retirement by rotation and subsequent re-appointment

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act 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. Gagandeep Singh Kalsi (DIN: 10473109), of the Company is liable to retire by rotation at the ensuing AGM and being eligible, have offered himself for re-appointment.

The Board of Directors recommends re-appointment of Mr. Gagandeep Singh Kalsi (DIN: 10473109), as Non-Executive Director of the Company, liable to retire by rotation. Appropriate resolution for his re-appointment is being placed for the approval of the shareholders of the Company at the ensuing Annual General Meeting ("AGM").

Details with respect to his experience, attributes, skills, disclosure of the relationship between directors interse, directorships held in other companies etc., as stipulated under Secretarial Standard on General Meetings, have been disclosed in the Annexure to the Notice of the AGM.

As per the resolution passed by the shareholders of the Company at its Extra Ordinary General Meeting held on 6$^{th}$ March 2024 and the employment agreement dated 14$^{th}$ February 2024 executed between Dr. Swapan Kumar Ghosh and the Company, Dr. Swapan Kumar Ghosh, Whole Time Director & CEO of the Company is not liable to retire by rotation.

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

### Declaration from Directors

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Sections 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re- enactment(s) thereof for the time being in force).

## Disclosure Relating to Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

During the year under review, no remuneration was paid to the Non-Executive Directors of the Company for the financial year 2024-25.

## Remuneration to Whole Time Director and CEO for FY 2024-25

In accordance with the provisions of Sections 197, 203, Schedule V and other applicable provisions, if any, of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following are the details of the remuneration paid to Dr. Swapan Ghosh, Whole time Director and CEO of the Company during the financial year 2024-25:

| Particulars | Amount (in ₹ in crore) |
|---|---|
| Gross Salary | 1.500 |
| Others | 0.436 |
| **TOTAL*** | 1.936 |

** The shareholders of the Company at their Extra-Ordinary General Meeting held on 6th March 2024 had approved the appointment of Dr. Swapan Kumar Ghosh as Whole Time Director & CEO of the Company and terms and conditions of his appointment including remuneration.*

**Details of fixed component and performance linked incentive, along with the performance criteria:**

The remuneration includes performance linked incentive based on the predetermined performance parameters.

**Service contracts, notice period, severance fees:**

Dr. Swapan Kumar Ghosh has been appointed as Whole Time Director & CEO of the Company for a period 5 years commencing from 14th February 2024 to 13th February 2029. Further, the details of service contract, notice period, and severance fees shall apply in accordance such terms and conditions as laid down in the employment agreement mutually agreed and executed between the Company and Dr. Swapan Kumar Ghosh. The same was also approved by the shareholders of the Company at its Extra Ordinary General Meeting held on 6th March 2024.

**Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:**

Not Applicable. The Company does not have any Employee Stock Option Plan in place.

Dr. Swapan Kumar Ghosh, Whole Time Director & CEO of the Company has not received any remuneration or commission from any of the subsidiary or holding company.

The details of remuneration paid to Directors and Key Managerial Personnel of the Company has also been disclosed in the Annual Return.

Disclosure relating to remuneration of directors, key managerial personnel and employees pursuant to Section 197(12) of the Act Read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in not required to give disclosure in this regard, being an unlisted company.

## Performance evaluation of the Board

Provisions of Section 134(3)(p) of the Act read with Rule 8(4) Companies (Accounts) Rules, 2014, in relation to the performance evaluation of the Board are not applicable to the Company.

## Directors' Responsibility Statement

Pursuant to Section 134(3)(c) (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) of the Act, the Directors of the Company confirms that:

a. In the preparation of the annual accounts for the financial year ended 31st March 2025, the applicable accounting standards and Schedule III of the Act, 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 2025 and profit of the Company as on 31st March 2025;

c. proper and sufficient care has been taken 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 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 2024-25, six (6) meetings of the Board of Directors were held on 30th April 2024, 22nd May 2024, 13th July 2024, 16th October 2024, 16th January 2025, and 18th March 2025.

The maximum time gap between two (2) meetings did not exceed one hundred and twenty days, as prescribed by the Act.

During the financial year, the number of Board meetings attended by the Directors, through video conference is as follows:

| Sr. No. | Name of the Director | Number of meeting(s) entitled to attend | Number of meeting(s) attended |
|---|---|---|---|
| 1. | Mr. Rahul Bhatnagar | 6 | 4 |
| 2. | Mr. Gagandeep Singh Kalsi | 6 | 6 |
| 3. | Dr. Swapan Kumar Ghosh | 6 | 6 |

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

## Related Party Transactions

During the financial year 2024-25, the Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with the 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 Act read with the Rules issued thereunder.

As per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee of Asian Paints Limited ('APL'), Holding Company is, inter alia, required to also approve the related party transaction to which the subsidiary of APL is a party but APL is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Accordingly, such related party transactions wherein the Company is a party, but APL is not a party and the value of the transaction individually or taken together with previous transactions during a financial year exceeds 10% of the turnover of the Company or turnover of the counter party (which is either related party of the Company or APL), are approved by the Audit Committee of APL.

The Company as a matter of governance also seek prior approval of the Board of Directors of the respective parties even though it is required in terms of the provisions of the Act.

There were no materially significant related party transactions that may have potential conflict with interest of the Company at large. Further, there were no contracts or arrangements entered into under Section 188(1) of the Act, hence no justification have been separately provided in that regard.

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 Section 134(3)(h) of the Act and Rule 8(2) of the Companies

(Accounts) Rules, 2014 is set out as **Annexure (1).**

None of the Director(s) has any pecuniary relationships or transactions vis-à-vis the Company.

## Vigil Mechanism

The Company is not required to have Vigil Mechanism as per Section 177(10) of the Act.

The Board of Directors of the Company in good governance on voluntarily basis have adopted the Whistle Blower Policy of Asian Paints Limited ('APL'), holding company.

The Policy provides for protection to the employees and business associates who report unethical practices and irregularities. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy of APL.

## Auditors And Auditors' Report

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, Deloitte Haskins & Sells LLP ('DHS'), Chartered Accountants (Firm Registration No. 117366W/W- 100018), Chartered Accountants, were appointed as the Statutory Auditors of the Company to hold office till the conclusion 34th AGM of the Company to be held in the financial year 2028-29. DHS has confirmed that they are not disqualified from continuing as Auditors of the Company.

DHS has issued an unmodified opinion on the Financial Statements for the financial year ended 31st March 2025. The said Auditors' Report forms part of the Annual Report.

The observations/ qualifications/disclaimers made by the Statutory Auditors in their report for the financial year ended 31st March 2025 read with the explanatory notes therein are self- explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Act.

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

## Corporate Social Responsibility

As per Section 135 of the Act, the Company shall spend, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial year.

During the year under review, the Company had spent ₹ 11,10,000 towards CSR expenditure, in terms of the CSR annual action plan approved by the Board of Directors, from time to time. The CSR initiatives of the Company were under the thrust area of Health & Hygiene and promoting education.

The CSR Policy of the Company and Annual Action Plan are available on the website of the Company at www.nanovacarecoat.com.

The Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31st March 2025, in accordance with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules") is set out in Annexure No. (2) to this Report.

## Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

### Conservation of Energy: **NIL**

### Technology Absorption: **NIL**

### Foreign Exchange Earnings and Outgo

Details of Foreign Exchange Earnings and Outgo are as follows:

Amount in ₹ Lakhs

| Particulars | 2024-25* | 2023-24* |
|---|---|---|
| Foreign exchange earned in terms of actual inflows | 3.42 | 6.53 |
| Foreign exchange outgo in terms of actual outflows | - | 32.83 |

*amount(s) are equivalent to 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.

The Company recognises that risk is an integral and inevitable part of the business and is fully committed to manage risks in a proactive and efficient manner. The Company has a Risk Management Policy which articulates the approach to address the uncertainties in its endeavour to achieve its stated and implicit objectives.

## 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 2024-25, 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 Controls

The Company has in place a well-established and robust internal control systems which are commensurate with the nature of its business, size & scale, and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of the Company's operations, safe keeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of the Company's operations.

## 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 Section 148(1) of the Act.

## Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

## Annual Return

The Annual Return of the Company as on 31st March 2025 in terms of Section 92(3) of the Act, is available on the website of the Company at www.nanovacarecoat.com.

The Board of Directors in their meeting held on 14th February 2024 had, *inter alia,* appointed Ms. Bhavna Udhwani, Chief Financial Officer as the designated person with respect to providing information to the Registrar or any other authorised officer with respect to beneficial interest in shares of the Company in accordance with provisions of Section 89 of the Act read with Rule 9 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions, if any, of the Act.

## 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.

## Other Disclosures

I. No credit rating has been obtained by the Company with respect to its securities

II. No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year is not applicable; and

III. The requirement to disclose the 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, is not applicable.

## 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

**RAHUL BHATNAGAR**
CHAIRMAN
DIN: 09660086

Place: Mumbai
Date: 30th April 2025

# Annexure (1) to the Board's Report

## FORM AOC – 2

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 ("the Act") and Rule 8 (2) of the Companie (Accounts) Rules, 2014)

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

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

There were no contracts or arrangements, or transactions entered into during the year ended 31st March 2025, which were not at arm's length basis.

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

There were no material contracts or arrangements, or transactions entered into during the year ended 31st March 2025.

During the financial year ended 31st March 2025, all related party transactions entered by the Company were in the ordinary course of business and on arm's length basis and were approved by the Board of Directors of the Company.

**For and on Behalf of the Board of Directors**

**RAHUL BHATNAGAR**
CHAIRMAN
DIN: 09660086

Place: Mumbai
Date: 30th April 2025

# Annexure (2) to Board's Report

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **Brief outline of CSR Policy of the Company:** The Company has identified few thrust areas i.e. Health & Hygiene, Disaster Management, Enhancing Vocational Skills, promoting Education and Water management to discharge its social responsibility.

   The Company undertakes its CSR activities through other implementing agencies in alignment with the CSR Annual Action Plan as approved by the Board from time to time, channelizes resources on a sustained basis in the said thrust areas to become a responsible corporate citizen.

2. **Composition of CSR Committee:** The Company is not required to form a CSR Committee as the amount to be spent in one financial year under CSR Activities does not exceed ₹ 50 lakhs. Accordingly, the functions of the CSR Committee are discharged by the Board of Directors of the Company.

3. **Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company:**

   The CSR Policy and CSR Annual Action Plan of the Company is uploaded on the website of the Company at www.nanovacarecoat.com.

4. **Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014:** Not Applicable

5.

| Sr. No. | Particulars | Amount (in ₹) |
|---|---|---|
| a. | Average net profit of the company as per sub-section (5) of section 135 | 5,53,72,294.76 |
| b. | Two percent of average net profit of the company as per sub- section (5) of Section 135 | 11,07,445.90 |
| c. | Surplus arising out of the CSR Projects or programmes or activities of theprevious financial years | - |
| d. | Amount required to be set-off for the financial year, if any | - |
| e. | Total CSR obligation for the financial year [(5b)+(5c)-(5d)] | 11,07,445.90 |

6.

| Sr. No. | Particulars | Amount (in ₹) |
|---|---|---|
| a. | Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) | 11,10,000 |
| b. | Amount spent in Administrative Overheads | - |
| c. | Amount spent on Impact Assessment, if applicable | - |
| d. | Total amount spent for the Financial Year [(6a)+(6b)+(6c)] | 11,10,000 |

### a. CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per sub- section (6) of section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135 | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| 11,10,000 | - | - | - | - | - |

### b. Excess amount for set-off, if any:

| Sr. No. | Particular | Amount (in ₹) |
|---|---|---|
| a. | Two percent of average net profit of the company as per sub-section (5) of section135 | 11,07,445.90 |
| b. | Total amount spent for the Financial Year | 11,10,000.00 |
| c. | Excess amount spent for the Financial Year [(b)-(a)] | 2,554.10 |
| d. | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | - |
| e. | Amount available for set off in succeeding Financial Years [(c)-(d)] | - |

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:** Not Applicable

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

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135:** Not Applicable

For and on Behalf of the Board of Directors

**RAHUL BHATNAGAR.**
CHAIRMAN
DIN: 09660086

**SWAPAN KUMAR GHOSH**
WHOLE TIME DIRECTOR & CEO
DIN: 03434036

Place: Mumbai
Date: 30th April 2025

Place: Mumbai
Date: 30th April 2025

# Independent Auditor's Report

To The Members of
**Harind Chemicals & Pharmaceuticals Private Limited**

**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the accompanying standalone financial statements of Harind Chemicals & Pharmaceuticals Private Limited (the Company), which comprise the Balance Sheet as at 31st March 2025, 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 ended on that date, and notes to the financial statements, including a summary of material 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 standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2025, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone 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 standalone 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 comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained 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.

## Responsibilities of Management and Board of Directors for the Standalone 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 standalone 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 accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls 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.

## Reporting on comparatives in case the previous year was audited by the predecessor auditor

The standalone financial statements of the Company for the year ended 31st March 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 30th April 2024.

Our opinion on the standalone financial statements is not modified in respect of this matter.

## 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 Statement of Cash Flows 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 standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

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

   g) With respect to the 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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company 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.

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 34(B)(g) to the standalone financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 34(B)(g) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v. The dividend declared and paid by the Company during the year and until the date of the report is in accordance with section 123 of the Act.

vi. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended 31st March, 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

2. As required by the Companies (Auditor's Report) Order, 2020 (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)

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN: 25107502BMIBBO4860

Place: Mumbai
Date: 30th April 2025

# 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 with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)

We have audited the internal financial controls with reference to standalone financial statements of Harind Chemicals & Pharmaceuticals Private Limited (the Company) as at 31st March 2025 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

## Meaning of Internal Financial Controls with reference to standalone financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

## Opinion

In our opinion, 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31st March 2025, based on the criteria for internal financial control with reference to standalone financial statements 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)

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN: 25107502BMIBBO4860

Place: Mumbai
Date: 30th April 2025

# Annexure "B" to the Independent Auditor's Report

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

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

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

(B) The Company does not have any intangible assets and hence reporting under clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) The Company has a program of verification of property, plant and equipment, so to cover all the items once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no such assets were due for physical verification during the year. Since no physical verification of property, plant and equipment was due during the year the question of reporting on material discrepancies noted on verification does not arise.

(c) Based on our examination of the registered title deed, we report that, the title deeds of all the immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued its property, plant and equipment (including right of use assets) during the year.

(e) No proceedings have been initiated or is pending against the Company as at 31st March 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories except for goods-in-transit were physically verified during the year by the management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods in transit, the goods have been partly received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of account.

(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting on the quarterly returns or statements filed by the Company with such banks or financial institutions is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

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

(vii) (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Goods and Services tax, Provident

Fund, Employees' State Insurance, Income Tax, cess and other material statutory dues in arrears as at 31st March 2025, for a period of more than six months from the date they became payable.

(c) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as at 31st March 2025

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) We report that the Company has neither taken any funds from any entity or person during the year nor it had any unutilized funds as at the beginning of the year of the funds raised through issue of shares or borrowings in the previous year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

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

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013 and hence reporting under clause (xiv) (a) and (b) of the Order is not applicable to Company.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding Company, subsidiary Company, associate Company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi) (d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors of the Company during the year. The predecessor statutory auditors have confirmed to us that they were not aware of reasons as to why we should not accept the statutory audit of the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet date and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

**Terence Lewis**
Partner
Membership No. 107502
UDIN: 25107502BMIBBO4860

Place: Mumbai
Date: 30th April 2025

# Standalone Balance Sheet

as at 31 March 2025

(₹ in thousands)

| | Notes | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 2A | 12,805.71 | 11,294.99 |
| Right of Use Assets | 2C | 41,085.11 | 2,153.50 |
| Capital work-in-progress | 2B | 2,730.41 | - |
| Financial Assets | | | |
| Investments | 3 | 6,877.61 | 6,877.61 |
| Other financial assets | 4 | 2,036.18 | 2,124.16 |
| Deferred Tax Assets (Net) | 29 | 1,843.61 | 1,567.05 |
| Income Tax Assets (net) | 5A | 3,560.49 | 2,996.36 |
| **Total non-Current Assets** | | **70,939.12** | **27,013.67** |
| **Current assets** | | | |
| Inventories | 6 | 31,277.92 | 33,574.31 |
| Financial Assets | | | |
| Trade Receivables | 7 | 69,520.24 | 59,780.31 |
| Investments | 3 | 10,444.86 | - |
| Cash and cash equivalents | 8 | 13,591.04 | 11,970.03 |
| Other Balances with Banks | 9 | 40,344.27 | 99,903.43 |
| Other current assets | 5B | 3,802.78 | 1,645.86 |
| **Total Current Assets** | | **168,981.11** | **206,873.94** |
| **Total Assets** | | **239,920.23** | **233,887.61** |
| **Equity and Liabilities** | | | |
| Equity Share capital | 10 | 2,000.00 | 2,000.00 |
| Other Equity | 11 | 186,147.85 | 177,611.39 |
| **Total Equity** | | **188,147.85** | **179,611.39** |
| **Liabilities** | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Lease liabilities | 16 | 1,859.19 | 173.42 |
| Provisions | 12 | 7,606.46 | 6,277.37 |
| **Total Non Current Liabilities** | | **9,465.65** | **6,450.79** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Lease liabilities | 16 | 1,712.21 | 2,114.48 |
| Trade Payables | | | |
| (a) Total Outstanding dues of Micro Enterprises and Small Enterprises | 13 | 9,189.49 | 8,953.11 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises Enterprises | | 16,308.57 | 22,865.40 |
| Other financial liabilities | 14 | 13,694.46 | 7,112.53 |
| Other current liabilities | 15 | 803.77 | 6,564.19 |
| Provisions | 12 | 598.23 | 215.72 |
| **Total Current liabilities** | | **42,306.73** | **47,825.43** |
| **Total Equity and Liabilities** | | **239,920.23** | **233,887.61** |

| | | |
|---|---|---|
| Summary of material accounting policies and key accounting estimates and judgements | 1 | |
| See accompanying notes to the Standalone Financial Statements | 2 - 37 | |

As per our attached Report of even date

**For Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Terence Lewis**
Partner
Membership No: 107502
Place : Mumbai
Date : 30 April 2025

**Rahul Bhatnagar**
Chairman
DIN: 09660086
Place: Mumbai
Date : 30 April 2025

**Bhavna Udhwani**
Chief Financial Officer
Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036
Place: Mumbai
Date : 30 April 2025

# Standalone Statement of Profit and Loss

for the year ended 31 March 2025

(₹ in thousands)

| | Note | Year ended March 31, 2025 | Year ended March 31, 2024 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Income** | | | |
| **Revenue from operations** | | | |
| Revenue from Sale of products | 17A | 371,553.50 | 339,507.99 |
| Revenue from sale of services | 17A | 7,150.69 | 7,289.12 |
| Other Income | 18 | 2,990.60 | 6,596.90 |
| **Total Income (I)** | | **381,694.79** | **353,394.01** |
| **Expenses** | | | |
| **Cost of Materials Consumed** | 19 | 172,678.70 | 184,322.54 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress | 20 | 1,596.91 | (7,770.97) |
| Employee benefits expense | 21 | 58,303.79 | 52,388.98 |
| Other expenses | 24 | 36,708.20 | 38,193.30 |
| **Total expenses (II)** | | **269,287.60** | **267,133.85** |
| **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)** | | **112,407.19** | **86,260.16** |
| Finance costs | 22 | 224.98 | 576.57 |
| Depreciation and amortisation expense | 23 | 2,687.06 | 3,472.86 |
| **Profit before tax** | | **109,495.15** | **82,210.73** |
| Tax expenses | | | |
| Current Tax | | 27,326.41 | 22,165.94 |
| Short provision of tax | | 947.49 | - |
| Deferred Tax | | (160.45) | (1,047.08) |
| **Profit after tax** | | **81,381.70** | **61,091.87** |
| **Other Comprehensive Income (OCI)** | | | |
| (A)Items that will not be reclassified to Statement of Profit and Loss | | | |
| Remeasurement gains/(losses) on defined benefit plans | | (461.35) | (854.40) |
| Tax expense on Re-measurement of Defined Benefit Obligation | | 116.11 | 215.03 |
| (B) Items that will be re-classified subsequently to Profit and Loss | | | |
| **Total Other Comprehensive Income ( A+B )** | | **(345.24)** | **(639.37)** |
| **Total Comprehensive Income for the Period** | | **81,036.46** | **60,452.50** |
| **Earnings per equity share - INR** | 25 | | |
| Basic (in Rs.) | | 406.91 | 305.46 |
| Diluted (in Rs.) | | 406.91 | 305.46 |
| Face value per ordinary share - INR | | 10.00 | 10.00 |
| Summary of material accounting policies and key accounting estimates and judgements | 1 | | |
| See accompanying notes to the Standalone Financial Statements | 2 - 37 | | |

As per our attached Report of even date

**For Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Terence Lewis**
Partner
Membership No: 107502
Place : Mumbai
Date : 30 April 2025

**Rahul Bhatnagar**
Chairman
DIN: 09660086
Place: Mumbai
Date : 30 April 2025

**Bhavna Udhwani**
Chief Financial Officer
Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036
Place: Mumbai
Date : 30 April 2025

# Standalone Statement of Cash flows

for the year ended March 31, 2025

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| **(A) Cash flow from operating activities** | | |
| **Profit before tax** | 109,495.15 | 82,210.73 |
| *Adjustments for:* | | |
| Liabilities written back | - | (110.87) |
| Depreciation and amortisation expense | 649.79 | 1,664.26 |
| Depreciation of Right of use assets | 2,037.27 | 1,808.60 |
| Interest and finance charges | - | 35.59 |
| Interest on Lease Liability | 145.25 | 231.32 |
| Interest on Security Deposit | (32.55) | (28.68) |
| Sundry Balances Written off | 93.24 | - |
| Gain/Loss on Mutual Fund | (445.36) | - |
| Interest on Fixed Deposit | (1,762.65) | - |
| Provision for Stock Obsolences | 3,129.20 | 3,438.75 |
| Bad debts written off | - | 82.94 |
| PPE Written Off | - | 102.33 |
| Provision for doubtful debts | 1,115.07 | 131.55 |
| **Operating profit before working capital changes** | **114,424.41** | **89,566.52** |
| **Adjustments for working capital changes:** | | |
| (Increase) in inventories | (832.81) | (9,921.51) |
| (Increase) in trade receivables | (10,855.69) | (2,809.59) |
| (Increase)/decrease in other assets | (2,124.37) | 155.15 |
| (Increase)/decrease in other financial assets | (55.43) | - |
| Increase/(decrease) in trade payables | (6,320.45) | 13,771.11 |
| Increase in other financial liabilities | 6,581.93 | 2,531.02 |
| Increase in provisions | 1,250.25 | 2,034.35 |
| (Decrease)/increase in other current liabilities | (5,760.42) | 3,560.48 |
| | **96,307.42** | **98,887.53** |
| Income Tax paid (net of refund) | (28,838.02) | (24,464.25) |
| **Net cash (used in) / generated from operating activities (A)** | **67,469.40** | **74,423.28** |
| **(B) Cash Flow from Investing Activities** | | |
| Purchase of Property, plant and equipment | (4,656.81) | (1,212.95) |
| Repayment of loan from subsidiary | - | 4,815.26 |
| Payment for acquiring right-of-use asset | (37,800.49) | - |
| Investment | - | (6,867.58) |
| Net Gain arising on financial assets measured at FVTPL | 445.36 | - |
| Interest received | 3,821.81 | - |
| Proceeds from maturity of fixed deposits | 57,500.00 | (99,903.43) |
| **Net cash generated from/(used in) investing activities (B)** | **19,309.87** | **(103,168.70)** |
| **(C) Cash Flow from Financing Activities** | | |
| Repayments of working capital term loan | - | (739.25) |
| Payment of Dividend | (72,500.00) | - |
| Payment of Lease Liabilities (including interest) | (2,213.40) | (1,842.00) |
| Interest and finance charges | - | (35.59) |
| **Net Cash used in Financing activities (C)** | **(74,713.40)** | **(2,616.84)** |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **12,065.87** | **(31,362.27)** |

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Cash and cash equivalents at the beginning of the year | 11,970.03 | 43,332.30 |
| **Cash and cash equivalents at the end of the year** | **24,035.90** | **11,970.03** |
| **Components of cash and cash equivalents:** | | |
| Cash in hand | 7.92 | 6.48 |
| Balance in fixed deposits | - | 5,000.00 |
| Balance in current account | 13,583.12 | 6,963.55 |
| Investment in liquid mutual funds | 10,444.86 | - |
| **Total** | **24,035.90** | **11,970.03** |
| **Net debt position - Refer Annexure 1** | **24,035.90** | **11,970.03** |

| | |
|---|---|
| Summary of material accounting policies and key accounting estimates and judgements | 1 |
| See accompanying notes to the Standalone Financial Statements | 2 - 37 |

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'. Refer Note 16 for reconciliation of financial liabilities as required under Ind AS 7

As per our attached Report of even date

**For Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Terence Lewis**
Partner
Membership No: 107502
Place : Mumbai
Date : 30 April 2025

**Rahul Bhatnagar**
Chairman
DIN: 09660086
Place: Mumbai
Date : 30 April 2025

**Bhavna Udhwani**
Chief Financial Officer
Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036
Place: Mumbai
Date : 30 April 2025

# Notes to Standalone Financial Statements

for the year ended 31 March 2025

(All amounts in thousands of INR, unless otherwise stated)

## Annexure 1

## Net Debt Reconciliation

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Cash and cash equivalents | 13,591.04 | 11,970.03 |
| Liquid investments | 10,444.86 | - |
| Non current borrowings | - | - |
| Current borrowings | - | - |
| **Net (debt) / Cash & Cash Equivalents** | **24,035.90** | **11,970.03** |

(₹ in thousands)

| Particulars | Other Assets | | Liabilities from financing activities | | Total |
|---|---|---|---|---|---|
| | Cash and bank overdraft | Liquid Investments | Non-current borrowings | Current borrowings | |
| **(Net debt) / Cash & Cash Equivalents as at 1 April 2023** | **43,332.30** | **-** | **(739.25)** | **-** | **42,593.05** |
| Cash Flows | **(31,362.27)** | **-** | | **-** | **(31,362.27)** |
| Repayment of Loans | **-** | **-** | **739.25** | **-** | **739.25** |
| Interest expense | **-** | **-** | **-** | **-** | **-** |
| Interest paid | **-** | **-** | **-** | **-** | **-** |
| **(Net debt) / Cash & Cash Equivalents as at 31 March 2024** | **11,970.03** | **-** | **-** | **-** | **11,970.03** |
| **(Net debt) / Cash & Cash Equivalents as at 1 April 2024** | **11,970.03** | **-** | **-** | **-** | **11,970.03** |
| Cash Flows | **12,065.87** | **-** | | **-** | **12,065.87** |
| Repayment of Loans | **-** | **-** | | **-** | **-** |
| Interest expense | **-** | **-** | **-** | **-** | **-** |
| Interest paid | **-** | **-** | **-** | **-** | **-** |
| **(Net debt) / Cash & Cash Equivalents as at 31 March 2025** | **24,035.90** | **-** | **-** | **-** | **24,035.90** |

# Standalone Statement of Changes in equity

for the year ended March 31, 2025

## (A) Equity share capital :

(₹ in thousands)

| Particulars | Equity share capital |
|---|---|
| As at 1 April 2023 | 2,000.00 |
| Issue of share capital | - |
| **As at 31 March 2024** | **2,000.00** |
| Issue of share capital | - |
| **As at 31 March 2025** | **2,000.00** |

## (B) Other equity

| | Securities Premium | Retained earnings | Other comprehensive income | Revaluation reserve | Total |
|---|---|---|---|---|---|
| **As at 1 April 2023** | 98,980.00 | 15,703.43 | (110.56) | 2,586.02 | 117,158.89 |
| Changes in accounting policy/prior period errors | - | | | | - |
| **Restated balance at the beginning of the reporting period** | **98,980.00** | **15,703.43** | **(110.56)** | **2,586.02** | **117,158.89** |
| Profit for the year | | 61,091.87 | | | 61,091.87 |
| Other Comprehensive income for the year ended March 31, 2024, net of taxes | | | (639.37) | - | (639.37) |
| **As at 31 March 2024** | **98,980.00** | **76,795.30** | **(749.93)** | **2,586.02** | **177,611.39** |
| As at 1 April 2024 | 98,980.00 | 76,795.30 | (749.93) | 2,586.02 | 177,611.39 |
| Changes in accounting policy/prior period errors | - | | | | - |
| **Restated balance at the beginning of the reporting period** | **98,980.00** | **76,795.30** | **(749.93)** | **2,586.02** | **177,611.39** |
| Profit for the year | | 81,381.70 | | | 81,381.70 |
| Other Comprehensive income for the year ended March 31, 2025, net of taxes | | | (345.24) | | (345.24) |
| Utilization of retained earning for dividend | | (72,500.00) | | | (72,500.00) |
| **As at 31 March 2025** | **98,980.00** | **85,677.00** | **(1,095.17)** | **2,586.02** | **186,147.85** |

Summary of material accounting policies and key accounting estimates and judgements 1
See accompanying notes to the Standalone Financial Statements 2 - 37

As per our attached Report of even date

**For Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Terence Lewis**
Partner
Membership No: 107502

Place : Mumbai
Date : 30 April 2025

**Rahul Bhatnagar**
Chairman
DIN: 09660086

Place: Mumbai
Date : 30 April 2025

**Bhavna Udhwani**
Chief Financial Officer

Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036

Place: Mumbai
Date : 30 April 2025

# Notes to Standalone Financial Statements
for the year ended 31 March 2025

## Company Background

Harind Chemicals and Pharmaceuticals Private Limited (the 'Company') is a private limited Company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Company is located at A/204, Kailash Industrial Complex, Veer Savarkar Marg, Vikhroli West, Mumbai, India.The company is engaged in the business of Manufacturing/Dealing in Chemical and other related products related to paints and chemicals.

## 1. Material Accounting Policies and Key accounting estimates and judgements

**Material Accounting Policies:**

### 1.1. Basis of preparation of financial statements

These financial statements are the separate financial statements of the Company (also called standalone financial statements) 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 are presented in Indian Rupees (which is also the functional currency of the Company) and is rounded off to the nearest thousands except otherwise indicated.

### 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.

### 1.3. Summary of Significant accounting policies

**a) Business combinations**

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value except deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at the acquisition date and includes the fair value of any contingent consideration. Contingent consideration (earn out) is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the Statement of Profit and Loss.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Company after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The transaction costs, other than costs relating to the issue of equity or debt securities in connection with a business combination are expensed as incurred.
In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

**b) Property, plant and equipment**

### Measurement at recognition:

An item of property, plant and equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of PPE are carried at their cost less accumulated depreciation and accumulated impairment losses, if any. Item of PPE which reflects significant cost and has different useful life from the remaining part of PPE is recognized as a separate component.

The cost of an item of PPE comprises of its purchase price net of discounts, if any including import duties and other non-refundable taxes or levies and 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. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses like plans, designs, and drawings of buildings or plant and machinery, borrowing cost on qualifying assets, directly attributable to new manufacturing facility during its construction period are capitalized under the relevant head of PPE if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE 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 PPE appearing in the financial statements and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1$^{st}$ April, 2017.

### Depreciation:

During the year, the Company has changed its method of depreciation from Written Down value method to Straight Lime method in line with the method followed by the ultimate holding company. Accordingly, depreciation on each part of an item / component of PPE is provided as per Straight Line Method based on the expected useful life of the asset 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 has been assessed based on technical evaluation, taking into account the nature of the asset and the estimated usage basis management's best judgement of economic benefits from those classes of assets. The estimated useful life of items of PPE is mentioned below:

| | Years |
|---|---|
| **Factory Building** | **30** |
| **Plant and Machineries** | **20** |
| **Furniture and Fixtures** | **4-10** |
| **Office Equipment** | **5** |
| **Computer** | **4** |

The Freehold land is not depreciated and Leasehold improvements are amortized over the period of the lease. The freehold Land has been revalued as at April 1st, 2017 and the revalued amount has been considered as deemed cost on transition to Ind AS in accordance with para D5 of Ind AS 101.

The useful lives, residual values of each part of an item of PPE 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 PPE 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 PPE 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

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 expensed in the Statement of Profit and Loss as incurred. 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 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2017.

### Amortization:

During the year, the Company has changed its method of amortization from Written Down value method to Straight Lime method in line with the method followed by the ultimate holding company. Accordingly, 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** | **5** |

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.

Goodwill acquired separately have indefinite useful life and are not subjected to amortization. These are tested for impairment annually and whenever there is an indication that the asset may be impaired.

### 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

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events 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 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

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. It is measured at transaction price (net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract) allocated to that performance obligation. 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 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.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

## f) Inventory

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. 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.

Cost is ascertained on a First in First Out (FIFO) basis. Cost of inventory comprises all costs of purchase, non-refundable duties and taxes, cost of conversion and all other costs incurred in bringing the inventory to their present location and condition.

The Company considers factors like estimated shelf life, product discontinuances and ageing of inventory in determining the write down for slow moving, obsolete and other non-saleable inventory.

## g) Financial Instruments

A financial instrument is a 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:**

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

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:

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

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. The effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset 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 fair value through other comprehensive income (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 equity to Statement of Profit and Loss.

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

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. 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:

i. A financial asset is derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. 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

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.

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 Statement of Profit and Loss.

### Financial Liabilities

#### Initial recognition and measurement:

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. The effect of the amortization under effective interest method is recognized as interest expense under finance cost in the Statement of Profit and Loss over the relevant period of the financial liability.

#### 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.

### Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are off-set and the net amount is reported in the balance sheet wherever there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 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.

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) Investment in subsidiary and associate Companies

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Cost includes cash consideration paid on initial recognition, adjusted for embedded derivative and estimated contingent consideration (earn out), if any.

## j) 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.

### 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.

Exchange differences arising out of foreign exchange translations and settlements during the year are recognized in the Statement of Profit and Loss.

## k) 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 assets and liabilities are generally recognized for all deductible and taxable temporary differences respectively. 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 or does not give rise to equal taxable and deductible temporary differences, deferred tax assets or 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 recognized to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized.

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.

### Uncertain tax positions:

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using one of two methods, the expected value method (the sum of the probability - weighted amounts in a range of possible outcomes) or the most likely amount (single most likely amount method in a range of possible outcomes), depending on which is expected to better predict the resolution of the uncertainty. The Company applies consistent judgements and estimates if an uncertain tax treatment affects both the current and the deferred tax.

### 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 tax assets and 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.

## l) 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 will be required and the amount of outflow can be reliably estimated. 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 or the amount of such outflow cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

## m) 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.

## n) 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.

## o) 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 the employee renders the related service.

### Post-Employment Benefits:

I. Defined contribution plans:

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible 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. 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) Provident fund scheme:

Provident Fund is a defined contribution scheme and is paid to the regulatory authorities on monthly basis at the prescribed rates both by the employer and employee and the Company has no further obligations. The company's contributions to the provident fund is charged to the Statement of profit and loss as and when they are due.

ii) Gratuity scheme:

The Company provides for gratuity liability and compensated absences of employees on the basis of actuarial valuation determined under projected unit credit method.

### 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.

### 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).

## p) Lease accounting

### Assets taken on lease:

The Company assesses whether a contract is or contains a lease, at inception of a contract in accordance with Ind AS 116, Leases. The Company recognises a right-of-use asset (ROU) and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised 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. 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 or useful life of the underlying asset if the Company expects to exercise a purchase option in the lease. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, generally discounted using an incremental borrowing rate specific to the Company, term and currency of the contract.

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 payment which the Company is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate 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.

## q) Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to the equity shareholders of the Company with the weighted average number of equity shares outstanding during the financial year.

Diluted Earnings per share is calculated by dividing net profit attributable to the equity shareholders of the Company with the weighted average number of shares outstanding during the financial year, adjusted for all diluting effect of potential equity shares.

## r) Exceptional items:

An ordinary item of income or expense which by its size, nature, occurrence or incidence requires a disclosure in order to improve understanding of the performance of the Company is treated as an exceptional item in the statement of profit and loss account.

## 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 effected 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) Business combinations and intangible assets**

Business combinations are accounted for using IND AS 103, Business Combinations. IND AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**c) 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, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes or a change in market demand of the product or service output of the asset, manufacturers warranties and maintenance support, etc.

**d) Impairment of Goodwill**

Goodwill is 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 units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting 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.

**e) Defined Benefit Obligation**

The costs of providing 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.

**f) 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.

**g) Right-of-use assets and lease liability**

The Company has 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.

## 2A. Property, plant and equipment

(₹ in thousands)

| | Gross Carrying Value (Cost / Deemed Cost) | | | | Depreciation | | | | Net carrying value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 31-03-2025 |
| Freehold Land | 3,250.00 | - | - | 3,250.00 | - | - | - | - | 3,250.00 |
| Building | 2,368.99 | - | - | 2,368.99 | 1,083.21 | 52.59 | - | 1,135.80 | 1,233.19 |
| Plant and Machinery | 12,703.84 | 1,690.73 | - | 14,394.57 | 6,211.93 | 417.68 | - | 6,629.61 | 7,764.96 |
| Computers | 869.09 | 397.77 | - | 1,266.86 | 803.29 | 68.55 | - | 871.84 | 395.02 |
| Office Equipments | 426.81 | 72.01 | - | 498.82 | 387.62 | 25.32 | - | 412.94 | 85.88 |
| Furniture and Fixtures | 842.11 | - | - | 842.11 | 679.80 | 85.65 | - | 765.45 | 76.66 |
| **Total** | **20,460.84** | **2,160.51** | **-** | **22,621.35** | **9,165.85** | **649.79** | **-** | **9,815.64** | **12,805.71** |

| | Gross Carrying Value (Cost / Deemed Cost) | | | | Depreciation | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at April 01, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at March 31, 2024 |
| Freehold Land | 3,250.00 | - | - | 3,250.00 | - | - | - | - | 3,250.00 |
| Building | 2,368.99 | | - | 2,368.99 | 947.77 | 135.44 | - | 1,083.21 | 1,285.78 |
| Plant & Machinery | 11,773.22 | 1,176.46 | 245.84 | 12,703.84 | 4,984.75 | 1,370.69 | 143.51 | 6,211.93 | 6,491.91 |
| Computers | 844.60 | 24.49 | - | 869.09 | 761.76 | 41.53 | - | 803.29 | 65.80 |
| Office Equipments | 414.81 | 12.00 | - | 426.81 | 374.76 | 12.86 | - | 387.62 | 39.19 |
| Furniture and Fixtures | 842.11 | | - | 842.11 | 576.06 | 103.74 | - | 679.80 | 162.31 |
| **Total** | **19,493.73** | **1,212.95** | **245.84** | **20,460.84** | **7,645.10** | **1,664.26** | **143.51** | **9,165.85** | **11,294.99** |

Note :

With effect from 1st April 2024, the company has revised the method of depreciation on Property, Plant & Equipment (PPE) from Written Down Value (WDV) to Straight line Method (SLM).

This change in method of depreciation has resulted in lower depreciation expenses in statement of Profit & Loss by INR 928.07 thousands for the year ended 31st March 2025.

## 2B Capital work in progress

### Details as on 31st March 2025

(₹ in thousands)

| Particulars | Amount in Capital work in progress for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Project in progress | 2,730.41 | - | - | - | **2,730.41** |

### Details as on 31st March 2024

| Particulars | Amount in Capital work in progress for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Project in progress | - | - | - | - | - |

*There are no projects in capital work in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

## 2C Right-of-Use Assets

(₹ in thousands)

| Movement in net carrying amount | Year 2024-25 | | | Year 2023-24 | | |
|---|---|---|---|---|---|---|
| | Leasehold Land | Factory and Office Building | Total | Leasehold Land | Factory and Office Building | Total |
| **Balance as at 1 April** | **-** | **2,153.50** | **2,153.50** | **-** | **-** | **-** |
| Additions | 37,800.49 | 3,402.50 | 41,202.99 | - | 3,962.10 | 3,962.10 |
| Depreciation | 234.11 | 2,037.27 | 2,271.38 | - | 1,808.60 | 1,808.60 |
| Deletions | - | - | - | - | - | - |
| **Balance as at 31 March** | **37,566.38** | **3,518.73** | **41,085.11** | **-** | **2,153.50** | **2,153.50** |

All lease agreements are duly executed in favour of the company.

Refer Note 16 for additions and movement in lease liability

Refer Note 27 for diclosures as per Ind AS 116

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2025

## 3. Investments

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Non-current** | | |
| **Unquoted** | | |
| Investment in subsidiary (at cost) :<br>6,180,818 Equity Shares of INR 10/- each of Nova Surface-Care Centre Private Limited | 6,877.61 | 6,877.61 |
| **Current** | | |
| Investments in Quoted Mutual Funds measured at FVTPL | | |
| Investment in Liquid Mutual Funds<br>Holding - No' of units 1968.37 (PY- Nil) | 10,444.86 | - |
| | **17,322.47** | **6,877.61** |
| Aggregate amount of quoted investments - At cost | 9,999.50 | - |
| Aggregate amount of quoted investments - At market value | 10,444.86 | - |
| Aggregate amount of unquoted investments | 6,877.61 | 6,877.61 |

## 4. Other Financial Assets

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Non-current** | | |
| Unsecured and considered good | | |
| Security deposits | 2,036.18 | 2,124.16 |
| | **2,036.18** | **2,124.16** |

Refer Note 33 on credit risk of financial assets

## 5. Other assets

## 5A. Non Current

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Non-Current** | | |
| Advance payment of income tax (net) | 3,560.49 | 2,996.36 |
| **Total Income Tax Assets** | **3,560.49** | **2,996.36** |

## 5B Current

(₹ in thousands)

| | | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|---|
| a) | Advances other than capital advances | | |
| i) | Advances/ claims recoverable in cash or in kind | 3,712.78 | 1,542.86 |
| ii) | Advances to employees | 90.00 | 103.00 |
| **Total** | | **3,802.78** | **1,645.86** |

## 6. Inventories (Valued at lower of cost and Net Realisable Value)

(₹ in thousands)

| | | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|---|
| a) | Raw materials | 15,819.22 | 16,518.70 |
| | | **15,819.22** | **16,518.70** |
| b) | Work-in-progress | 1,272.14 | 811.41 |
| c) | Finished goods | 14,186.56 | 16,244.20 |
| | **Total** | **31,277.92** | **33,574.31** |

**Note -** The cost of inventories recognised as an expense during the year is disclosed in Note 19A. It includes Rs. 3,129.20 thousands (Previous year- Rs 3,438.75 thousands) in respect of write down of inventory

## 7. Trade receivables

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Secured - considered good | - | - |
| Unsecured - considered good | 69,520.24 | 59,780.31 |
| Unsecured -considered doubtful | 1,446.49 | 331.43 |
| | **70,966.73** | **60,111.74** |
| Less : Allowance for doubtful debts | (1,446.49) | (331.43) |
| **Total** | **69,520.24** | **59,780.31** |

### Movement of allowance for doubtful receivables

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Opening balance | 331.43 | 199.88 |
| Addition during the period | 1,446.49 | 131.55 |
| Utilisation/Reversals during the period | 331.43 | - |
| Closing balance | **1,446.49** | **331.43** |

Trade receivables(Unsecured, considered good) include INR 256.67 thousands (Previous FY 23-24 INR 2555.25 thousands) due from a private company in which directors of the company are directors as disclosed in Note no 28.

There are no outstanding trade receivables from any directors or other officers of the company or any of them either severally or jointly with any other person.

### Trade Receivables Ageing Schedule

(₹ in thousands)

#### As at 31 March 2025

| Particulars | Not due | Outstanding for following periods from due date of Invoice | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 22,739.93 | 46,136.77 | 643.54 | - | - | - | 69,520.24 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | - | 738.77 | 462.00 | - | 245.72 | 1,446.49 |
| (iii) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered doubtful | - | - | - | - | - | - | - |
| Total | **22,739.93** | **46,136.77** | **1,382.31** | **462.00** | **-** | **245.72** | **70,966.73** |

#### As at 31 March 2024

(₹ in thousands)

| Particulars | Not due | Outstanding for following periods from due date of Invoice | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 42,112.93 | 17,310.47 | 355.17 | 1.75 | - | - | 59,780.32 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | 131.55 | - | - | 199.87 | - | 331.42 |
| (iii) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered doubtful | - | - | - | - | - | - | - |
| Total | **42,112.93** | **17,442.02** | **355.17** | **1.75** | **199.87** | **-** | **60,111.74** |

## 8. Cash and cash equivalents

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Balances with banks | | |
| In current accounts | 13,583.12 | 6,963.55 |
| Cash in hand | 7.92 | 6.48 |
| Fixed Deposits (Having Original Maturity Less than 3 months) | - | 5,000.00 |
| **Total** | **13,591.04** | **11,970.03** |

## 9. Bank Balances Other than Cash and Cash Equivalents

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Fixed Deposits | 40,344.27 | 99,903.43 |
| (Having Original maturity more than 3 months but less than 12 months) | | |
| | **40,344.27** | **99,903.43** |

## 10. Equity share capital

| | As At 31 March 2025 | | As At 31 March 2024 | |
|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount |
| **Authorised Share Capital** | | | | |
| **Equity Share Capital** | | | | |
| 2,00,000 equity shares of INR.10/- each | | | | |
| | 200,000 | 2,000.00 | 200,000 | 2000.00 |
| **Issued, subscribed and paid-up share capital** | | | | |
| 2,00,000 equity shares of INR.10/- each | | | | |
| | 200,000 | 2,000.00 | 200,000 | 2000.00 |
| **Movement in respect of equity shares :** | | | | |
| | | | | |
| Issued, subscribed and fully paid-up equity shares outstanding at the beginning of the year | 2,00,000 | 2,000.00 | 200,000 | 2000.00 |
| Add: Increase in number of equity shares | - | - | - | - |
| Issued, subscribed and fully paid-up equity shares outstanding at the end of the year | **2,00,000** | **2,000.00** | **200,000** | **2000.00** |

The Company has only one class of equity share having par value of INR 10/- per share. Each shareholder is eligible for one vote per share held. The holder of the equity shares are entitled to receive dividend as declared from time to time, and are entitled to voting rights proportionate to their shareholding, at the meeting of shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### Details of shareholders holding more than 5% of shares

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Asian Paints Limited** | 102,000 | 102,000 |
| | **51.00%** | **51.00%** |
| **Dr. Swapan Kumar Ghosh** | 72,000 | 72,000 |
| | **36.00%** | **36.00%** |
| **Prapti Swapan Kumar Ghosh** | 20,000 | 20,000 |
| | **10.00%** | **10.00%** |

### Details of Number of shares held by Promoters in the Parent Company

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Asian Paints Limited** | 102,000 | 102,000 |
| **Mr. Swapan Kumar Ghosh** | 72,000 | 72,000 |

## 11. Other equity

(₹ in thousands)

| | Securities Premium | Retained earnings | Other comprehensive income | Revaluation reserve | Total |
|---|---|---|---|---|---|
| **Restated balance at the beginning of the reporting period 1 April 2023** | **98,980.00** | **15,703.43** | **(110.56)** | **2,586.02** | **117,158.89** |
| Profit for the year | - | 61,091.87 | - | - | 61,091.87 |
| Other Comprehensive income for the year ended 31 March, 2024, net off taxes | - | - | (639.37) | - | (639.37) |
| **As at 31 March 2024** | **98,980.00** | **76,795.30** | **(749.93)** | **2,586.02** | **177,611.39** |
| As at 1 April 2024 | 98,980.00 | 76,795.30 | (749.93) | 2,586.02 | 177,611.39 |
| Changes in accounting policy/prior period errors | - | - | | | - |
| **Restated balance at the beginning of the reporting period** | **98,980.00** | **76,795.30** | **(749.93)** | **2,586.02** | **177,611.39** |
| Profit for the year | - | 81,381.70 | - | - | 81,381.70 |
| Dividend | - | (72,500.00) | - | - | (72,500.00) |
| Other Comprehensive income for the year ended 31 March, 2025, net off taxes | - | - | (345.24) | - | (345.24) |
| **As at 31 March 2025** | **98,980.00** | **85,677.01** | **(1,095.17)** | **2,586.02** | **186,147.85** |

### Nature and purpose of reserves

**a) Securities premium:**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

**b) Retained earnings:**

Retained earnings are profits that the Company has earned till date, less any dividends or other distributions paid to shareholders.

**c) Revaluation reserve:**

Revaluation reserve is used to record the increase/decrease in the value of property, plant and equipment determined basis the fair valuation report.

## 12. Provisions

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Non-current** | | |
| Provision for employee benefits (Refer Note 26) | | |
| Gratuity | 5,141.55 | 4,164.53 |
| Compensated absences | 2,464.91 | 2,112.84 |
| **Total** | **7,606.46** | **6,277.37** |

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Current** | | |
| Provision for employee benefits (Refer Note 26) | | |
| Gratuity | 383.26 | 107.35 |
| Compensated absences | 214.97 | 108.37 |
| **Total** | **598.23** | **215.72** |

## 13. Trade payables

(₹ in thousands)

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises (MSME) (refer Note 32) | 9,189.49 | 8,953.11 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 16,308.57 | 22,865.40 |
| **Total** | **25,498.06** | **31,818.51** |

### Trade Payables ageing schedule

#### As at 31 March 2025

(₹ in thousands)

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues - MSME | 6,270.09 | 2,918.80 | 0.60 | - | - | 9,189.49 |
| (ii) Undisputed dues - Others | 13,033.44 | 3,253.39 | 16.00 | 1.47 | 4.27 | 16,308.57 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **19,303.53** | **6,172.19** | **16.60** | **1.47** | **4.27** | **25,498.06** |

#### As at 31 March 2024

(₹ in thousands)

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues - MSME | 5,547.06 | 3,406.05 | - | - | - | 8,953.11 |
| (ii) Undisputed dues - Others | 16,903.64 | 5,961.76 | - | - | - | 22,865.40 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **22,450.70** | **9,367.81** | **-** | **-** | **-** | **31,818.51** |

## 14. Other financial liabilities

**(₹ in thousands)**

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Current liabilities** | | |
| Payable to employees | 189.66 | 265.55 |
| Payable towards services received | 4,138.76 | 2,333.22 |
| Bonus Payable | 5,671.65 | 963.76 |
| Other payables | 3,550.00 | 3,550.00 |
| Retention money | 144.39 | - |
| **Total** | **13,694.46** | **7,112.53** |

## 15. Other liabilities

**(₹ in thousands)**

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Current liabilities** | | |
| Advance from customers* | 152.77 | 2,142.80 |
| Statutory payables | 651.00 | 4,421.39 |
| **Total** | **803.77** | **6,564.19** |

*The Company has recognised revenue of ₹ 1749.08 thousands (Previous year- ₹ 217.56 thousands) from the amounts included under advance received from customer at the beginning of the year.

Statutory payables includes dues towards GST, provident fund and TDS.

## 16. Lease Liabilities

**(₹ in thousands)**

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| Lease Liabilities | 1,859.19 | 173.42 | 1,712.21 | 2,114.48 |
| **Total** | **1,859.19** | **173.42** | **1,712.21** | **2,114.48** |

The aggregate maturities of long term leases, based on contractual undiscounted cash flows are as follows :

| | Less than 1 Year | Between 1-5 year | More than 5 year | Total | Carrying Value |
|---|---|---|---|---|---|
| **As at 31 March 25** | | | | | |
| Lease Liabilities | 1,926.84 | 1,756.92 | | 3,683.76 | 3,571.39 |
| **As at 31 March 24** | | | | | |
| Lease Liabilities | 2,213.40 | 174.96 | - | 2,388.36 | 2,287.90 |

| Movement in Lease Liabilities | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Balance as at 1 April | 2,287.90 | - |
| Addition | 3,351.65 | 3,898.58 |
| Deletions | - | - |
| Finance Cost | 145.25 | 231.32 |
| Repayments (including interest on lease liabilities) | (2,213.40) | (1,842.00) |
| **Balance as at 31 March** | **3,571.40** | **2,287.90** |

## 17A. Revenue from operations

(₹ in thousands)

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Sale of products | 371,553.50 | 339,507.99 |
| Sale of Services | 7,150.69 | 7,289.12 |
| **Total** | **378,704.19** | **346,797.11** |

## 17B. Revenue From Contracts With Customers

### a) Revenue from Contracts with Customers disaggregated based on nature of Product or Services:

(₹ in thousands)

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Revenue from Sale of products | 371,553.50 | 339, 507.99 |
| Revenue from sale of services | 7,150.69 | 7,289.12 |
| **Total** | **378,704.19** | **346,797.11** |

### b) Revenue from Contracts with Customers disaggregated based on Geography:

(₹ in thousands)

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Home Market | 378,361.98 | 346,293.40 |
| Exports | 342.21 | 503.71 |
| **Total** | **378,704.19** | **346,797.11** |

## 17C. Reconciliation of Gross Revenue with the Revenue from Contracts with Customers

(₹ in thousands)

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Gross Revenue | 378,704.19 | 339,507.99 |
| Less : Discounts | - | - |
| **Net Revenue recognised from Contracts with Customers** | **378,704.19** | **339,507.99** |

The amounts receivable from customers become due after expiry of credit period which on an average ranges around from 30 to 60 days. There is no significant financing component in any transaction with the customers

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for shorter duration and sale of service contracts are measured as per output method.

## 18. Other income

(₹ in thousands)

| | | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|---|
| **a)** | **Interest Income** | | |
| | On Security Deposit | 32.55 | 28.68 |
| | On Fixed Deposit | 1,762.65 | 3,919.46 |
| | | **1,795.20** | **3,948.14** |
| **b)** | **Other Non Operating Income** | | |
| | Sundry balances written back | - | 110.87 |
| | Net Gain arising on financial assets measured at FVTPL | 445.36 | - |
| | Other income | 750.04 | 2,492.01 |
| | | **1,195.40** | **2,602.87** |
| **c)** | **Other Gains and Losses** | | |
| | Net foreign exchange gain | - | 45.89 |
| | | **-** | **45.89** |
| | | **2,990.60** | **6,596.90** |

## 19. Cost of Materials Consumed

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Opening stock of Raw Materials | 16,518.70 | 17,806.91 |
| Add: Purchases | 171,979.22 | 183,034.33 |
| Less: Closing stock of Raw Materials | (15,819.22) | (16,518.70) |
| **Total Cost of Materials Consumed** | **172,678.70** | **184,322.54** |

## 20. Changes in inventories of Finished Goods and Work-in-progress

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| **Stock at the beginning of the year** | | |
| Finished Goods (including goods-in-transit) | 16,244.20 | 8,627.34 |
| Work in Progress | 811.41 | 657.30 |
| **Total** | **17,055.61** | **9,284.64** |
| | | |
| **Stock at the beginning of the year** | | |
| Finished Goods (including goods-in-transit) | 14,186.56 | 16,244.20 |
| Work in Progress | 1,272.14 | 811.41 |
| **Total** | **15,458.70** | **17,055.61** |
| **Changes in inventories of Finished Goods and Work-in-progress** | **1,596.91** | **(7,770.97)** |

## 21. Employee benefits expense

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Salaries and Wages | 56,012.62 | 50,002.84 |
| Contribution to provident fund and others | 1,538.53 | 1,624.97 |
| Staff welfare expenses | 752.64 | 761.17 |
| **Total** | **58,303.79** | **52,388.98** |

Refer Note 26 for contribution to provident fund and others.

## 22. Finance Costs

Interest on financial liabilities carried at amortised cost

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Interest on bank borrowings | - | 35.59 |
| Interest on lease liabilities | 145.25 | 231.32 |
| Interest on delay in payment of statutory dues | 79.73 | 309.66 |
| **Total** | **224.98** | **576.57** |

## 23. Depreciation and Ammortisation Expense

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer note 2A) | 649.79 | 1,664.26 |
| Depreciation of Right-of-Use Assets (Refer note 2C) | 2,037.27 | 1,808.60 |
| **Total** | **2,687.06** | **3,472.86** |

## 24. Other expenses

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Labour charges | 13,894.97 | 9,470.16 |
| Testing charges | 1,189.15 | 1,171.49 |
| Transportation expenses | 2,342.13 | 3,796.66 |
| Power And Fuel | 514.02 | 889.04 |
| Rent | 1,210.51 | 730.31 |
| Rates and Taxes | 51.69 | 775.64 |
| Freight and Handling Charges | 4,853.13 | 5,428.59 |
| Advertisement and Sales Promotion expenses | 182.12 | 1,065.66 |
| Travelling and conveyance | 2,616.61 | 2,192.35 |
| Provision for Doubtful Debts | 1,115.07 | 131.55 |
| Bad debts written off | - | 82.94 |
| Repairs and maintenance | 401.16 | 1,610.07 |
| Loss on write off of Property, Plant and Equipment | - | 102.33 |
| Corporate social responsibility expenditure | 1,110.00 | 630.00 |
| Legal & professional fee | 4,100.31 | 7,561.83 |
| Payments to auditors (refer footnote below) | 1,100.00 | 818.00 |
| Insurance premium | 371.67 | 340.14 |
| Sundry balances written off | 93.24 | - |
| Miscellaneous expenditure | 1,562.42 | 1,396.54 |
| | **36,708.20** | **38,193.30** |
| **Footnote :** | | |
| Payments to auditors | | |
| Statutory audit fee | 850.00 | 513.00 |
| Tax audit fee | 250.00 | 90.00 |
| Fees towards Other Services | - | 215.00 |
| **Total** | **1,100.00** | **818.00** |

## 25. Earnings per share (EPS)

**The following reflects the profit and share data used in EPS computation:**

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Net Profit after tax | 81,381.70 | 61,091.87 |
| Number of equity shares outstanding at the beginning of the year | 200,000 | 200,000 |
| Adjustment pursuant to issue of equity shares during the year | - | - |
| Number of equity shares outstanding at the end of the year | 200,000 | 200,000 |
| Weighted average number of equity shares outstanding considered for calculating basic and diluted earnings per share | 200,000 | 200,000 |
| Earnings per share - basic - Face value INR 10/- per share (INR) | 406.91 | 305.46 |
| Earnings per share - diluted - Face value INR 10/- per share (INR) | 406.91 | 305.46 |

## 26. Employee benefit plans

(₹ in thousands)

| | | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|---|
| **(a)** | **Defined contribution plan** | | |
| | During the year, the Company has recognised the following amounts in the statement of profit and loss: | | |
| | Employer's contribution to provident fund | 744.93 | 800.92 |
| | Employer's contribution to employee state insurance | - | 22.46 |
| **(b)** | **Gratuity and other post employment benefit plan** | | |
| | **Actuarial valuation was done in respect of the aforesaid defined benefit plan using the following assumptions:** | | |
| | Discount rate | 6.82% | 7.21% |
| | Salary escalation | 8.00% | 8.00% |
| | Note : Mortality has been assumed as per published notes under the Indian Assured Lives Mortality (2006-08) | | |
| | **Amount recognized in the Balance Sheet** | | |
| | Net (Liability) / Asset at the end of the year | (5,524.81) | (4,271.88) |
| | Fair value of plan assets at the end of the year | - | - |
| | Amount recognized in the Balance Sheet [Asset / (Liability)] | (5,524.81) | (4,271.88) |
| | **Reconciliation of defined benefit obligation** | | |
| | Opening defined benefit obligation | 4,271.88 | 2,762.62 |
| | Current service cost | 483.58 | 593.54 |
| | Interest cost | 308.00 | 206.64 |
| | Expenses recognised in Other Comprehensive Income | 461.35 | 854.40 |
| | Past service cost | | |
| | Remeasurements due to actuarial loss/ (gain) arising from | | |
| | • Changes in financial assumptions | | |
| | • Changes in demographic assumptions | | |
| | • Experience adjustments | | |
| | Benefits Paid | - | (145.31) |
| | **Closing defined benefit obligation** | **5,524.81** | **4,271.88** |
| | **Reconciliation of Plan Assets** | | |
| | Fair value of plan assets at the beginning of the year | - | - |
| | Contribution by employer | - | - |
| | Benefits paid | - | - |

| | | |
|---|---|---|
| Assets acquired / (settled) | - | - |
| **Fair value of Plan Assets at the end of the year** | - | - |
| **Expenses recognized in the Statement of Profit and Loss** | | |
| Current service cost | 483.58 | 593.54 |
| Past service cost | - | - |
| Interest cost | 308.00 | 206.64 |
| **Expense / (Reversal) recognized in the Statement of Profit and Loss** | **791.58** | **800.18** |
| **Amount recorded in Other Comprehensive Income** | | |
| Actuarial (Gains) / Losses on obligation for the period | 461.35 | 854.40 |
| Return on plan assets, excluding interest income | - | - |
| Change in asset ceiling | - | - |
| **Net (Income) / Expense for the period recognized in Other Comprehensive Income** | **461.35** | **854.40** |
| **Balance Sheet Reconciliation** | | |
| Opening Net Liability | 4,271.88 | 2,762.61 |
| Expenses Recognized in Statement of Profit or Loss | 791.58 | 800.18 |
| Expenses Recognized in Other Comprehensive Income | 461.35 | 854.40 |
| Net Liability/(Asset) Transfer In | | |
| Net (Liability)/Asset Transfer Out | | |
| (Benefit Paid Directly by the Employer) | - | (145.31) |
| (Employer's Contribution) | | |
| **Net Liability/(Asset) Recognized in the Balance Sheet** | **5,524.82** | **4,271.88** |
| **Maturity Analysis of the Benefit Payments: From the Employer** | | |
| Projected Benefits Payable in Future Years From the Date of Reporting | | |
| 1st Following Year | 383.26 | 107.35 |
| 2nd Following Year | 131.42 | 306.32 |
| 3rd Following Year | 2348.44 | 111.39 |
| 4th Following Year | 77.78 | 2,184.97 |
| 5th Following Year | 86.29 | 58.37 |
| Sum of Years 6 To 10 | 565.83 | 356.25 |
| Sum of Years 11 and above | 9982.24 | 7,616.02 |
| Sensitivity Analysis | | |
| Projected Benefit Obligation on Current Assumptions | 5,524.81 | 4,271.88 |
| Delta Effect of +1% Change in Rate of Discounting | (479.90) | (361.60) |
| Delta Effect of -1% Change in Rate of Discounting | 581.004 | 433.36 |
| Delta Effect of +1% Change in Rate of Salary Increase | 351.378 | 244.44 |
| Delta Effect of -1% Change in Rate of Salary Increase | (312.45) | (211.13) |
| Delta Effect of +1% Change in Rate of Employee Turnover | 3.228 | 1.18 |
| Delta Effect of -1% Change in Rate of Employee Turnover | (5.05) | (2.49) |

**(c). Privileged leave encashment (compensated absences for employees)**

The Company permits encashment of privileged leave accumulated by their employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave liability is not funded.

**Actuarial valuation was done in respect of the aforesaid defined benefit plan using the following assumptions:**

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Discount rate | 6.82% | 7.21% |
| Salary escalation | 8.00% | 8.00% |
| Note : Mortality has been assumed as per published notes under the Indian Assured Lives Mortality 2012-14 (Urban) | | |
| **Amount recognized in the Balance Sheet** | | |
| Net (Liability) / Asset at the end of the year | (2,679.88) | (2,221.21) |
| Fair value of plan assets at the end of the year | - | - |
| **Amount recognized in the Balance Sheet [Asset / (Liability)]** | (2,679.88) | (2,221.21) |

**Discount rate -** The discount  rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligations.

**Salary escalation rate -** The estimates of future salary increase considered take into account the inflation, seniority, promotion and other relevant factors.

## 27. Leasing arrangements

### Operating lease

The Company has applied practical expedient option for short term leases and accordingly no Right of use asset has been recognised. Amount recognised as lease rental expense in respect of short term leases in Statement of Profit and Loss account is INR. 255.25  thousands (PY INR 667.30 thousands).

### Other than short term leases

(₹ in thousands)

| Particulars | Office Premises | |
|---|---|---|
| | Year ended 31 March 2025 | Year ended 31 March 2024 |
| Right of Use Asset | 41,085.11 | 2,153.50 |
| Lease Liability | | |
| Current | 1,712.21 | 2,114.48 |
| Non Current | 1,859.19 | 173.42 |

1. The Company has taken an office premises on operating lease. Non-cancellable term of the leases is 5 years.

2. The following amounts were recognised as expense in Profit and Loss during the year -

**(₹ in thousands)**

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Depreciation of right-of-use assets | 2,037.27 | 1,808.60 |
| Interest on lease liabilities | 145.25 | 231.32 |
| **Total Recognised in Statement of Profit and Loss** | **2,182.53** | **2,039.92** |

3. Amount recognised in cash flow statement

**(₹ in thousands)**

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| **Minimum Lease Payments** | **(2,213.40)** | **(1,842.00)** |

4. Exposure to future cash flows:

The following are the undiscounted contractual cash flows of lease liabilities.

**(₹ in thousands)**

| Maturity Analysis | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Less than 1 year | 1,926.84 | 2,213.40 |
| Between 1 and 2 years | 1,756.92 | 174.96 |
| Between 2 and 5 years | - | - |
| More than 5 years | - | - |
| **Total** | **3,683.76** | **2,388.36** |

## 29. Deferred tax asset

**(₹ in thousands)**

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Deferred Tax Liability | | |
| Difference between written down value as per the books of accounts and Income Tax Act, 1961 | 811.31 | 584.94 |
| Unrealized gain on Mutual Fund | 112.09 | - |
| **Total A** | **923.40** | **584.94** |
| | | |
| **Deferred Tax Assets** | | |
| Gratuity and Leave Encashment | 2,064.96 | 1,634.18 |
| Allowance for Doubtful Debts | 364.05 | 83.42 |
| Difference in right of use asset and lease liabilities | 13.26 | 33.83 |
| MSME Creditors | 324.75 | 400.57 |
| | | |
| **Total B** | **2,767.01** | **2,151.99** |
| | | |
| **Net Deferred Tax (Assets) / Liabilities (A-B)** | **(1,843.61)** | **(1,567.05)** |

### Effective tax rate reconciliation :

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Profit Before Tax | 109,495.15 | 82,210.73 |
| Applicable Tax Rate @ 25.168% | | |
| Tax asset on above | 27,557.74 | 20,690.80 |
| Deferred tax asset/expense not recognised | - | 428.06 |
| Tax Effect of Non Deductible Expenses | (391.76) | - |
| **Tax expense for the year** | **27,165.98** | **21,118.86** |
| Effective tax rate | 24.81% | 25.69% |
| **Short tax provision for earlier years** | **947.49** | **-** |
| **Tax Expense as per statement of Profit and Loss** | **28,113.47** | **21,118.86** |

The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax rates.

## 30. Segment Reporting

The Company identifies operating segments based on the internal reporting provided to the management of the Company. Disclosure of segment wise information is not applicable as manufacturing / dealing in chemical and other related products related to paints and chemicals is the Company's only business segment.

Concentration of revenue to any single customer exceeding 10% of total revenue as on the reporting date - 31/03/2025 in 2 Cases amounts to INR 1,36,496.11 thousands. (PY 2 case amounting to INR 1,22,142.82 thousands)

## 31. Contingent Liabilities and Commitments:

(i) Contingent Liabilities

(₹ in thousands)

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| | | |
| Claims against the company not acknowledged as debts | - | - |
| **Total** | **-** | **-** |

(ii) Commitments

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided towards Property, plant and equipment. | 7,605.92 | - |
| Estimated undiscounted amount of lease liability towards lease agreement with future commencement date | - | - |
| **Total** | **7,605.92** | **-** |

# 32. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in thousands)

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 9,189.49 | 8,953.11 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | - | - |
| (iii) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (iv) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| (v) the amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

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.

# 28. Related Party Transactions

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below:

## a) Holding Company

| Name of the Company | Country of Incorporation | % of Holding as at 31 March 2025 | % of Holding as at 31 March 2024 |
|---|---|---|---|
| Asian Paints Limited | India | 51.00 | 51.00 |

## b) Details of shareholders holding more than 5% of shares apart from Holding Company

| Name of the Company | Country | % of Holding as at 31 March 2025 | % of Holding as at 31 March 2024 |
|---|---|---|---|
| Dr. Swapan Kumar Ghosh | India | 36.00 | 36.00 |
| Prapti Swapan Kumar Ghosh | India | 10.00 | 10.00 |

## c) Associates of Holding Company :

| Name of the Company | | | |
|---|---|---|---|
| PPG Asian Paints Private Limited | | | |

## d) Subsidiaries : (where control exists)

### Direct Subsidiaries:

| Name of the Company | Country | % of Holding as at 31 March 2025 | % of Holding as at 31 March 2024 |
|---|---|---|---|
| Nova Surface Care Centre Private Limited | India | 100.00 | 100.00 |

### Fellow Subsidiaries:

| Name of the Company |
|---|
| Asian Paints PPG Private Limited |
| Asian Paints (Bangladesh) Limited |
| Berger Paints Emirates Ltd Co. LLC |

## e) Key Managerial Personnel:

| Name | Designation |
|---|---|
| Dr. Swapan Kumar Ghosh | Whole Time Director and Chief Executive Officer |
| Bhavna Udhwani | Chief Financial Officer |

| Non-Executive Directors |
|---|
| Rahul Bhatnagar (w.e.f 14 February 2024) |
| Gagandeep Kalsi (w.e.f 14 February 2024) |

**f)** Names of Close Family Members of Key Managerial Personnel (apart from those who are in employment of the Company) where transactions have taken place during the year: **NIL**

## g) Close family members of Key Managerial Personnel who are under the employment of the Company and with whom transactions have taken place during the year

| Name of the Person |
|---|
| Siddhani Ghosh (Intern) |

**h)** Entities where Key Managerial Personnel / Close family members of Key Managerial Personnel have control and where transactions have taken place during the year: **NIL**

**i)** Other entities where significant influence exist : **NIL**

Terms and conditions of transactions with related parties:

1 The Company has been entering into transactions with related parties for its business purposes. The process followed for entering into transactions with related party is same as followed for unrelated party.

2 The purchases from and sales to related parties are made on terms equivalent to and those applicable to all unrelated parties on arm's length transactions. Outstanding balances payable and receivable at the year-end are unsecured, interest free and will be settled in cash.

## Compensation of key managerial personnel of the Company:

(₹ in thousands)

| Particulars | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Employee benefits expense | 19,362.00 | 20,000.00 |
| Post-employment benefits | - | - |
| Reimbursement of Expenses | 22.43 | - |
| **Total compensation paid to key managerial personnel** | **19,384.43** | **20,000.00** |

## Compensation of Relative of key managerial personnel of the Company:

| Particulars | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Short-term employee benefits | - | 218.37 |
| Post-employment benefits | - | - |
| **Total compensation paid to Relative of key managerial personnel** | **-** | **218.37** |

## Details of transactions with and balances outstanding of Holding companies:

(₹ in thousands)

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Asian Paints Limited | Revenue from Sale of Products | 105,444.79 | 17,140.82 | 12,810.13 | 16,018.32 |
| | Admin fees | 887.51 | 322.19 | - | - |
| | Professional fees | 3,765.84 | 142.38 | - | - |
| | Internal audit fees | 420.66 | 35.95 | - | - |
| | Reimbursement for Expenses incurred by the company on behalf of the related party | 30.02 | 6.27 | 446.12 | 297.28 |
| | Dividend Paid | 36,975.00 | - | - | - |

## Details of transactions with and balances outstanding of Associate of Holding companies:

(₹ in thousands)

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| PPG Asian Paints Private Limited | Revenue from Sale of Products | 4,474.09 | 506.22 | 217.12 | 217.12 |
| Asian Paints PPG Private Limited | Revenue from Sale of Products | 19,056.26 | 7,173.06 | - | - |
| | Purchase of Raw Materials | 10,627.55 | 3,865.31 | - | - |
| Asian Paints (Bangladesh) Limited | Revenue from Sale of Products | 104.78 | - | - | - |
| Berger Paints Emirates Ltd Co. LLC | Revenue from Sale of Products | 115.32 | - | - | - |

### Details of transactions with and balances outstanding of subsidiary companies:

**(₹ in thousands)**

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Nova Surface-Care Centre Private Limited | Loan given | - | - | 1,705.88 | - |
| | Repayment of Loan | - | - | 6,521.13 | - |
| | Other Non Operating Expenses | 1,983.43 | 120.3 | 4,383.47 | 3,412.42 |
| | Reimbursement for Expenses incurred by the related party on behalf of the company | 106.54 | 20.21 | 82.75 | 68.72 |
| | Other Non Operating Income | 438.45 | 191.69 | 2,739.32 | 2,291.60 |
| | Reimbursement for Expenses incurred by the company on behalf of the related party | 474.96 | 64.98 | 195.70 | 263.65 |
| | Issue of Share Capital | - | - | 6,867.58 | - |
| | Purchase of Fixed Asset | 189.51 | - | - | - |

### Details of transactions with and balances outstanding of Key Managerial Personnel / Close Family Member of Key Managerial Personnel:

**(₹ in thousands)**

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Dr. Swapan Kumar Ghosh | Remuneration | 19,362.00 | 4,632.00 | 20,000.00 | 5,000.00 |
| Siddhani Ghosh (Intern) | Stipend | 9.32 | - | - | - |

Details of transactions with and balances outstanding of Entities Controlled by Key Managerial Personnel / Close Family Members of Key Managerial Personnel: **NIL**

Details of transactions with and balances outstanding for Other Entities where significant infuence exist: **NIL**

All the amounts reported in Note 28 are inclusive of GST wherever applicable.

## 33. Financial Instruments

### 33.1 Capital Management

The Company's objective when managing capital is to:

- Safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

The company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Company consists of equity shares (refer note 10). The Company is not subject to any externally imposed capital requirements as on 31 March 2025.

### 33.1.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows:

(₹ in thousands)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Non current borrowings | - | - |
| Current borrowings | - | - |
| Less: Cash and cash equivalents | (13,591.04) | (11,970.03) |
| Less: Bank balances other than cash and cash equivalents | (40,344.27) | - |
| **Net debts** | **(53,935.31)** | **(11,970.03)** |
| **Total equity** | **1,88,147.85** | **179,611.39** |
| **Gearing ratio** | **NA** | **NA** |

## 33.2 Categories of financial instruments

(₹ in thousands)

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Financial assets** | | |
| **Financial assets at amortised cost** | | |
| Investments | 10,444.86 | 6,877.61 |
| Trade receivables | 69,520.24 | 59,780.31 |
| Cash and cash equivalents | 13,591.04 | 11,970.03 |
| Other Bank Balances | 40,344.27 | 99,903.43 |
| Loans and advances | - | - |
| Other financial assets | 2,036.18 | 2,124.16 |
| **Total carrying value** | **135,936.59** | **180,655.56** |

(₹ in thousands)

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Financial liabilities** | | |
| **Financial liabilities at amortised cost** | | |
| Borrowings | - | - |
| Lease Liabilities | 3,571.39 | 2,287.90 |
| Trade payables | 16,308.57 | 22,865.40 |
| Other financial liabilities | 13,694.46 | 7,112.53 |
| **Total carrying value** | **33,574.42** | **32,265.83** |

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

## 33.3 Details of financial assets pledged as collateral :

## 33.4 Financial risk management objectives

While ensuring liquidity is sufficient to meet Company's operational requirements, the Company's management also monitors and manages key financial risks relating to the operations of the Company by analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk and liquidity risk.

## 33.5 Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

## 33.6 Foreign currency risk management

The Company undertakes transactions denominated in different foreign currencies and consequently exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

**(Amount in FCY)**

| | Currency | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|---|
| Payables | USD | - | - |
| Receivables | USD | - | - |
| **Net Exposure** | | - | - |

## 33.7 Foreign currency sensitivity analysis

The Company is principally exposed to foreign currency risk against USD. Sensitivity of profit or loss arises mainly from USD denominated receivables and payables. As per management's assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

**(₹ in thousands)**

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **USD sensitivity at year end** | | |
| Effect on net exposure | | |
| Weakening of INR by 5% | - | - |
| Strengthening of INR by 5% | - | - |

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.

## 33.8 Interest rate risk management

The Company is exposed to interest rate risk to the extent of fluctuation in market rate of interest as interest terms of all loans are variable in nature.

The Exposure of Company's financial assets and liabilities to interest rate risk is as follows :-

**(₹ in thousands)**

| | As at March 31, 2025 | Floating rate | Fixed rate | Non- interest bearing |
|---|---|---|---|---|
| Financial assets | 135,936.59 | - | 40,000.00 | 95,936.59 |
| Financial liabilities | 33,574.42 | - | 3,571.39 | 30,003.03 |

| | As at March 31, 2024 | Floating rate | Fixed rate | Non- interest bearing |
|---|---|---|---|---|
| Financial assets | 180,655.56 | - | 102,500.00 | 78,155.56 |
| Financial liabilities | 32,265.83 | - | - | 32,265.83 |

## 33.9 Price risks

The Company is not exposed to any price risk that could adversely affect the value of the Company's financial assets or expected future cash flows considering the product pricing methodology.

The Company's equity investment is held for strategic rather than trading purposes. The Company is not having any investments in quoted equity instruments, hence is not exposed to any equity related price risk.

## 33.10 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk arises from cash and cash equivalents, investments carried at amortized cost and deposits with banks as well as customers including receivables. Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

Credit exposure is managed by counterparty limits for investment of surplus funds which is reviewed by the Management. Only high rated banks are considered for placement of deposits.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Concentration of credit risk to any single customer did not exceed 10% of total debtors as on the reporting date except four customer (PY - one customer) amounting to 57% of total debtors (PY - 26%).

**(₹ in thousands)**

| Movement in expected credit loss allowance on trade receivables | FY 2024-25 | FY 2023-24 |
|---|---|---|
| **Balance as at 1 April** | **331.43** | **199.88** |
| Loss allowance measured at lifetime expected credit losses | 1,115.07 | 131.55 |
| **Balance as at 31 March** | **1,446.50** | 331.43 |

## 33.11 Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

## 33.12 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 information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(₹ in thousands)

| Particulars | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2025** | | | | | |
| Borrowings | - | - | - | - | - |
| Lease Liabilities | 3,571.39 | 1,926.84 | 1,756.92 | - | 3,683.76 |
| Trade payables | 25,498.06 | 25,475.72 | 22.34 | - | 25,498.06 |
| Other financial liabilities | 13,694.46 | 13,694.46 | - | - | 13,694.46 |
| **Total** | **42,763.91** | **41,097.02** | **1,779.26** | **-** | **42,876.28** |

(₹ in thousands)

| Particulars | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2024** | | | | | |
| Borrowings | - | - | - | - | - |
| Lease Liabilities | 2,287.90 | 2,213.40 | 174.96 | | 2,388.36 |
| Trade payables | 31,818.51 | 31,818.51 | - | - | 31,818.51 |
| Other financial liabilities | 7,112.53 | 7,112.53 | - | - | 7,112.53 |
| **Total** | **41,218.94** | **41,144.44** | **174.96** | **-** | **41,319.40** |

The following table details the Company's expected maturity for its financial assets. The information included in 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.

(₹ in thousands)

| Particulars | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2025** | | | | | |
| Trade Receivables | 69,520.24 | 69,520.24 | - | - | 69,520.24 |
| Cash and cash equivalents | 13,591.04 | 13,591.04 | - | - | 13,591.04 |
| Other Balances with Banks | 40,344.27 | 40,344.27 | - | - | 40,344.27 |
| Other financial assets | 2,036.18 | - | 2,036.18 | - | 2,036.18 |
| **Total** | **125,491.74** | **123,455.55** | **2,036.18** | **-** | **125,491.74** |

(₹ in thousands)

| Particulars | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2024** | | | | | |
| Trade Receivables | 59,780.31 | 59,780.31 | - | - | 59,780.31 |
| Cash and cash equivalents | 11,970.03 | 11,970.03 | - | - | 11,970.03 |
| Other Balances with Banks | 99,903.43 | 99,903.43 | - | - | 99,903.43 |
| Other financial assets | 2,124.16 | - | 2,124.16 | - | 2,124.16 |
| **Total** | **173,777.94** | **171,653.78** | **2,124.16** | **-** | **173,777.94** |

## 33.13 Financing facilities

(₹ in thousands)

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Cash credit facility | | |
| Utilised | - | - |
| Unutilised | - | 20,000.00 |

# 34A Additional Regulatory Information as mandated by SCH III (Division II) of Companies Act, 2013 vide MCA notification dated March 24, 2021 (to the extent applicable)

### Financial Ratios

(₹ in thousands)

| Sr. No. | Particulars | 31 March 2025 | 31 March 2024 | % Variance | Reasons for Variation |
|---|---|---|---|---|---|
| (a) | Current ratio (in times)<br>Current Ratio = Current Assets / Current Liabilities | 5.15 | 5.00 | 3% | Decrease in fixed deposits and trade payables |
| (b) | Debt-Equity ratio (in times)<br>Debt Equity Ratio = Long Term & Short Term Borrowings ((including CCD) / Net Worth | NA | NA | NA | |
| (c) | Debt Service Coverage ratio (DSCR) (in times)<br>DSCR = Earnings available for debt service (PAT + depreciation and amortizations + finance cost - finance cost on lease + loss on sale of fixed assets / Finance cost - finance cost on lease + repayment of borrowings | NA | NA | NA | |
| (d) | Return on Equity<br>Return on Equity = Profit after tax / Average Net Worth | 44% | 41% | 8% | Increase in profit |
| (e) | Inventory turnover (in times)<br>Inventory turnover = Cost of goods sold / Average Inventory | 5.37 | 5.82 | -8% | Bulk purchase and effective negotiation with vendor leads to saving in purchase cost |
| (f) | Trade Receivable turnover ratio (in times)<br>Trade Receivable turnover = Income from operations / Average Trade Receivable | 5.86 | 5.93 | -1% | |
| (g) | Trade Payable turnover ratio (in times)<br>Trade Payable turnover = Purchase of material/ Average Trade Payable | 6.00 | 7.32 | -18% | Bulk purchase and effective negotiation with vendor leads to saving in purchase cost |
| (h) | Net Capital Turnover Ratio<br>Net Capital turnover = Income from operations / Net Working Capital Employed (Current Assets - Current Liabilities) | 2.78 | 2.10 | 33% | i) Increase in turnover<br>ii) Current assest decrease due to reduction in fixed deposits |
| (i) | Net Profit margin (in %)<br>Net Profit margin = Profit after tax / Income from operations | 21% | 18% | 22% | Increase in income from operations |

(₹ in thousands)

| Sr. No. | Particulars | 31 March 2025 | 31 March 2024 | % Variance | Reasons for Variation |
|---|---|---|---|---|---|
| (j) | Return on Capital Employed<br>Return on Capital Employed = Earning before interest and taxes / Average Capital Employed [Total Equity + Total Debt (Borrowings)] | 60% | 55% | 8% | Increase in profit and net worth |
| (k) | Return on Investment<br>Return on Investment = (Market value at end - Market value at beginning - net of Inflow/Outflow)/ Market value at beginning+ Sum of weighted net cash flow | | | | |
| | Fixed Deposit | 5% | NA | NA | |
| | Investment in Mutual Fund | 7% | NA | NA | |

**34B a) Disclosure relating to intermediary investments/lending.**

During the current year the company has not entered into any such transactions.

**b) Benami Property**

The Company does not have any Benami property held in its name. No proceedings have been initiated on or are pending against the company for holding benami property under Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

**c) Relationship with stuck off companies**

The Company has no transactions with companies struck off under Companies Act, 2013.

**d) Registration of charges or satisfaction with Registrar of Companies**

The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

**e) Undisclosed income**

There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

**f) Wilful Defaulter**

The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

**g) Utilisation of borrowed funds and share premium**

I. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

II. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

### h) Number of layers of company

The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

### i) Other matters

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

## 35. Disclosure with regards to Corporate Social Responsibility (CSR) activities

**(₹ in thousands)**

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| Gross Amount required to be spent | 1,107.45 | 629.77 |
| Amount approved by the Board to be spent | 1,110.00 | 630.00 |
| **Amount spent during the year on:** | | |
| Construction/acquisition of any asset | | - |
| Purpose other than (i) above | 1,110.00 | 630.00 |
| | | |
| **In case of S.135(5) unspent amount** | | |
| Opening Balance | - | - |
| Amount deposited in Specified Fund of Sch. VII within 6 months* | - | - |
| Amount required to be spent during the year | - | - |
| Amount spent during the year | - | - |
| Closing Balance* | - | - |

## 36. Nature of Corporate Social Responsibility (CSR) activities undertaken by the company

The CSR activities undertaken by the company in the field of health and education.

## 37. Approval of financial statements:

These financial statements for the year ended 31 March 2025 were authorized and approved by the Board of Directors on 30 April 2025.

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Rahul Bhatnagar**
Chairman
DIN: 09660086

Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036

Place: Mumbai
Date : 30-04-2025

**Bhavna Udhwani**
Chief Financial Officer

Place: Mumbai
Date : 30-04-2025

# Independent Auditor's Report

To The Members of
**Harind Chemicals & Pharmaceuticals Private Limited**

**Report on the Audit of the Consolidated Financial Statements**

## Opinion

We have audited the accompanying consolidated financial statements of Harind Chemicals & Pharmaceuticals Private Limited (the Parent) and its subsidiary, (the Parent and its subsidiary together referred to as the Group), which comprise the Consolidated Balance Sheet as at 31st March 2025, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material 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 consolidated 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, (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2025, and their consolidated profit, their consolidated profit, total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures 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 consolidated 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 consolidated financial statements.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary, to the extent it relates to this entity and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary is traced from their financial statements audited.
- 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 Board of Directors for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls 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 Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 ability of the Group 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial 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 audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls 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.

**Reporting on comparatives in case the previous year was audited by the predecessor auditor**

The consolidated financial statements of the Parent for the year ended 31$^{st}$ March, 2025, were audited by another auditor who expressed an unmodified opinion on those statements on 30$^{th}$ April 2024.

Our opinion on the consolidated financial statements is not modified in respect of this matter.

## 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 of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group including relevant records so far as it appears from our examination of those books.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

    e) On the basis of the written representations received from the directors of the Parent as on 31$^{st}$ March 2025 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31$^{st}$ March 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in Annexure A which is based on the auditors' reports of the Parent and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its respective Directors during the year is in accordance with the provisions of section 197 of the Act. The subsidiary company does not pay remuneration to any of its Directors.

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 Group does not have any pending litigations which would impact the consolidated financial position of the Group.

ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiary which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief as disclosed in the Note 33(f) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or subsidiary to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiary (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiary which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the Note 33(f) to the consolidated financial statements, no funds have been received by the Parent or subsidiary including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Parent or of subsidiary, shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The dividend declared and paid by the Parent during the year and until the date of this report is in compliance with section 123 of the Act.

vi) Based on our examination which included test checks, the Parent and its subsidiary company incorporated in India have used accounting software systems for maintaining their respective books of account for the financial year ended 31st March 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of audit, we have not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Parent and above referred subsidiary company incorporated in India as per the statutory requirements for record retention.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 (CARO/ the Order) issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

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

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN: 25107502BMIBBP1685

Place: Mumbai
Date: $30^{th}$ April 2025

# 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 with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as at and for the year ended 31st March 2025, we have audited the internal financial controls with reference to consolidated financial statements of Harind Chemicals & Pharmaceuticals Private Limited (hereinafter referred to as the Parent) and its subsidiary company, which are companies incorporated in India, as of that date.

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's management and Board of Directors of the Parent and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company, which are companies incorporated in India, 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 with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of 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 internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company, which are companies incorporated in India.

## Meaning of Internal Financial Controls with reference to consolidated financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

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

## Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31st March 2025, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN: 25107502BMIBBP1685

Place: Mumbai
Date: 30th April 2025

# Consolidated Balance Sheet

as at 31 March 2025

(₹ in thousands)

| | Note | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 2A | 14,755.78 | 13,590.71 |
| Right of Use Assets | 2C | 42,040.24 | 2,967.56 |
| Capital work-in-progress | 2B | 2,730.41 | - |
| Intangible Assets | 3 | - | - |
| Financial Assets | | | |
| Other financial assets | 5 | 2,363.63 | 2,449.87 |
| Deferred Tax Assets (Net) | 28 | 1,843.62 | 1,567.05 |
| Income Tax Assets (net) | 6A | 4,290.82 | 3,792.24 |
| **Total non-Current Assets** | | **68,024.50** | **24,367.43** |
| **Current assets** | | | |
| Inventories | 7 | 31,277.92 | 33,574.32 |
| Financial assets | | | |
| Trade receivables | 8 | 69,280.09 | 57,179.12 |
| Investments | 4 | 10,444.86 | |
| Cash and cash equivalents | 9A | 14,844.36 | 13,107.57 |
| Other Balances with Banks | 9B | 41,364.29 | 99,903.43 |
| Other financial assets | 4 | - | - |
| Other current assets | 6B | 3,901.07 | 2,291.26 |
| **Total Current Assets** | | **171,112.59** | **206,055.70** |
| **Total Assets** | | **239,137.09** | **230,423.13** |
| **Equity and Liabilities** | | | |
| Equity Share capital | 10 | 2,000.00 | 2,000.00 |
| Other Equity | 11 | 184,136.71 | 176,264.59 |
| **Total Equity** | | **186,136.71** | **178,264.59** |
| **Liabilities** | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Lease liabilities | 16 | 1,859.19 | 173.42 |
| Provisions | 12 | 7,606.46 | 6,277.37 |
| **Total Non Current Liabilities** | | **9,465.65** | **6,450.79** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Lease liabilities | 16 | 2,670.79 | 3,026.98 |
| Trade Payables | 13 | | |
| (a) Total Outstanding dues of Micro Enterprises and Small Enterprises | | 9,189.50 | 8,953.11 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises Enterprises | | 16,186.61 | 19,412.03 |
| Other financial liabilities | 14 | 14,186.46 | 7,300.37 |
| Other current liabilities | 15 | 703.14 | 6,799.54 |
| Provisions | 11 | 598.23 | 215.72 |
| **Total Current Liabilities** | | **43,534.73** | **45,707.75** |
| **Total Equity and Liabilities** | | **239,137.09** | **230,423.13** |
| Summary of material accounting policies and key accounting estimates and judgements | 1 | | |
| See accompanying notes to the Consolidated Financial Statements | 2 - 35 | | |

As per our attached Report of even date

**For Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Terence Lewis**
Partner
Membership No: 107502
Place : Mumbai
Date : 30 April 2025

**Rahul Bhatnagar**
Chairman
DIN: 09660086
Place: Mumbai
Date : 30 April 2025

**Bhavna Udhwani**
Chief Financial Officer
Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036
Place: Mumbai
Date : 30 April 2025

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2025

(₹ in thousands)

| | Note | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Income** | | | |
| **Revenue from operations** | | | |
| Revenue from Sale of products | 17A | 371,553.50 | 339,507.99 |
| Revenue from sale of services | 17A | 7,979.59 | 10,363.53 |
| Other Income | 18 | 2,321.65 | 4,157.57 |
| **Total Income (I)** | | **381,854.74** | **354,029.09** |
| **Expenses** | | | |
| Cost of Materials Consumed | 19A | 172,678.70 | 184,322.53 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress | 19B | 1,596.91 | (7,770.97) |
| Employee benefits expense | 20 | 58,303.79 | 52,391.48 |
| Other expenses | 23 | 36,370.39 | 42,327.92 |
| **Total expenses (II)** | | **268,949.79** | **271,270.96** |
| **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)** | | **112,904.95** | **82,758.13** |
| Finance costs | 21 | 295.35 | 761.49 |
| Depreciation and amortisation expense | 22 | 3,778.79 | 4,878.29 |
| **Profit before tax** | | **108,830.81** | **77,118.35** |
| Tax expenses | | | |
| Current Tax | | 27,326.41 | 22,165.94 |
| Short provision of tax | | 947.49 | - |
| Deferred Tax | | (160.45) | (1,047.08) |
| **Profit After Tax** | | **80,717.36** | **55,999.49** |
| **Other Comprehensive Income** | | | |
| (A) Items that will not be reclassified to Statement of Profit and Loss | | | |
| Remeasurement of defined benefit obligation | | (461.35) | (854.40) |
| Tax expense on Re-measurement of Defined Benefit Obligation | | 116.11 | 215.03 |
| **Total Other Comprehensive Income ( A+B )** | | **(345.24)** | **(639.37)** |
| **Total comprehensive income for the period** | | **80,372.12** | **55,360.12** |
| **Earnings per equity share - INR** | 25 | | |
| Basic | | 403.59 | 403.59 |
| Diluted | | 403.59 | 403.59 |
| Face value per ordinary share-INR | | 10.00 | 10.00 |
| Summary of material accounting policies and key accounting estimates and judgements | 1 | | |
| See accompanying notes to the Consolidated Financial Statements | 2 - 35 | | |

As per our attached Report of even date

**For Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Terence Lewis**
Partner
Membership No: 107502
Place : Mumbai
Date : 30 April 2025

**Rahul Bhatnagar**
Chairman
DIN: 09660086
Place: Mumbai
Date : 30 April 2025

**Bhavna Udhwani**
Chief Financial Officer
Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036
Place: Mumbai
Date : 30 April 2025

# Consolidated Statement of Cash flows

for the year ended 31 March 2025

(₹ in thousands)

| | For the year ended March 31, 2025 | For the year ended March 31, 2025 |
|---|---|---|
| **(A) Cash flow from operating activities** | | |
| **Profit before tax** | 108,830.81 | 77,118.35 |
| *Adjustments for:* | | |
| Liabilities written back | - | (110.87) |
| Depreciation and amortisation expense | 897.12 | 2,261.67 |
| Depreciation of Right of use assets | 2,881.67 | 2,616.62 |
| PPE Written off | - | 830.07 |
| Interest and finance charges | - | 35.59 |
| Interest on Lease Liability | 215.40 | 384.78 |
| Interest on Security Deposit | (71.39) | (63.86) |
| Interest on IT Refund | (20.97) | |
| Sundry Balances Written off | 93.24 | - |
| Gain/Loss on Mutual Fund | (445.36) | - |
| Interest on Fixed Deposit | (1,782.66) | - |
| Provision for Stock Obsolences | 3,129.20 | - |
| Bad debts written off | - | 3,752.94 |
| Provision for doubtful debts | 1,115.07 | 131.55 |
| **Operating profit before working capital changes** | **114,842.13** | **86,956.84** |
| **Adjustments for working capital changes:** | | |
| (Increase) in inventories | (832.80) | (6,482.77) |
| (Increase) in trade receivables | (13,259.08) | (208.40) |
| (Increase) in other financial assets | (14.85) | (1,432.40) |
| (Increase)/decrease in other assets | (1,538.42) | 1,114.79 |
| Increase/(decrease) in trade payables | (2,989.03) | 10,176.13 |
| Increase in other financial liabilities | 6,886.08 | 2,593.72 |
| (Decrease)/increase in other current liabilities | (6,096.40) | 3,914.19 |
| Increase in provisions | 1,250.25 | 2,034.35 |
| | **98,247.88** | **98,666.45** |
| Income Tax paid (net of refund) | (28,751.50) | (24,511.01) |
| **Net cash (used in) / generated from operating activities (A)** | **69,496.38** | **74,155.44** |
| **(B) Cash Flow from Investing Activities** | | |
| Purchase of Property, plant and equipment and intangible asset | (4,719.09) | (1,230.40) |
| Payment for acquiring right-of-use asset | (37,837.59) | - |
| Purchase of Fixed Deposit | (1,000.00) | - |
| Net Gain arising on financial assets measured at FVTPL | 445.36 | - |
| Interest received | 3,821.81 | - |
| Sale of Property, plant and equipment | 160.60 | |
| Proceeds from maturity of fixed deposits | 57,500.00 | |
| FD Placed with Bank | - | (99,903.43) |
| **Net cash generated from / (used in) investing activities (B)** | **18,371.09** | **(101,133.83)** |
| **(C) Cash Flow from Financing Activities** | | |
| Payment of Dividend | (72,500.00) | - |
| Repayments of working capital term loan | - | (739.25) |
| Payment of Lease Liabilities (including interest) | (3,185.82) | (2,768.10) |
| Interest and finance charges | - | (35.59) |
| **Net cash used in financing activities (C)** | **(75,685.82)** | **(3,542.94)** |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **12,181.65** | **(30,521.33)** |

(₹ in thousands)

| | For the year ended March 31, 2025 | For the year ended March 31, 2025 |
|---|---|---|
| Cash and cash equivalents at the beginning of the year | 13,107.57 | 43,628.90 |
| **Cash and cash equivalents at the end of the year** | **25,289.22** | **13,107.57** |
| **Components of cash and cash equivalents:** | | |
| Cash in hand | 16.60 | 6.60 |
| Balance in fixed deposits | - | 5,000.00 |
| Balance in current account | 14,827.76 | 8,100.97 |
| Investment in liquid mutual funds | 10,444.86 | - |
| **Net debt position - Refer Annexure 1** | **25,289.22** | **13,107.57** |
| Summary of material accounting policies and key accounting estimates and judgements | 1 | |
| See accompanying notes to the Consolidated Financial Statements | 2 - 35 | |

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

As per our attached Report of even date

**For Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm's Reg. No: 117366W/W-100018

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Terence Lewis**
Partner
Membership No: 107502
Place : Mumbai
Date : 30 April 2025

**Rahul Bhatnagar**
Chairman
DIN: 09660086
Place: Mumbai
Date : 30 April 2025

**Bhavna Udhwani**
Chief Financial Officer
Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036
Place: Mumbai
Date : 30 April 2025

## Annexure 1

## Net Debt Reconciliation

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Cash and cash equivalents | 14,844.36 | 13,107.57 |
| Liquid investments | 10,444.86 | - |
| Non current borrowings | - | - |
| Current borrowings | - | - |
| **Net (debt) / Cash & Cash Equivalents** | **25,289.22** | **13,107.57** |

| Particulars | Other Assets | | | Liabilities from financing activities | | Total |
|---|---|---|---|---|---|---|
| | Cash and bank overdraft | Liquid Investments | Finance lease obligations | Non-current borrowings | Current borrowings | |
| **(Net debt) / Cash & Cash Equivalents as at 01 April 2023** | **43,628.90** | **-** | **-** | **(739.25)** | **-** | **42,889.65** |
| Cash Flows | (30,521.33) | | | | | **(30,521.33)** |
| Repayment of Loans | | | | 739.25 | - | **739.25** |
| Interest expense | | | | - | (35.59) | **(35.59)** |
| Interest paid | | | | - | 35.59 | **35.59** |
| **(Net debt) / Cash & Cash Equivalents as at 31 March 2024** | **13,107.57** | **-** | **-** | **-** | **-** | **13,107.57** |
| **(Net debt) / Cash & Cash Equivalents as at 01 April 2024** | **13,107.57** | **-** | **-** | **-** | **-** | **13,107.57** |
| Cash Flows | **12,181.65** | **-** | **-** | | **-** | **12,181.65** |
| Repayment of Loans | **-** | **-** | **-** | | **-** | **-** |
| Interest expense | **-** | **-** | **-** | **-** | **-** | **-** |
| Interest paid | **-** | **-** | **-** | **-** | **-** | **-** |
| **(Net debt) / Cash & Cash Equivalents as at 31 March 2025** | **25,289.22** | **-** | **-** | **-** | **-** | **25,289.22** |

# Consolidated Statement of Changes in equity

for the year ended 31 March 2025

## (A) Equity share capital :

(₹ in thousands)

| Particulars | Equity share capital |
|---|---|
| As at 1 April 2023 | 2,000.00 |
| Changes in accounting policy/prior period errors | |
| **Restated balance at the beginning of the reporting period** | **2,000.00** |
| Changes in Share Capital | - |
| **As at 31 March 2024** | **2,000.00** |
| As at 1 April 2024 | 2,000.00 |
| Changes in accounting policy/prior period errors | |
| **Restated balance at the beginning of the reporting period** | **2,000.00** |
| Changes in Share Capital | - |
| **As at 31 March 2025** | **2,000.00** |

## (B) Other equity

| | Securities Premium | Retained earnings | Other comprehensive income | Revaluation reserve | Total |
|---|---|---|---|---|---|
| **As at 1 April 2023** | 98,980.00 | 19,449.00 | (110.56) | 2,586.02 | 120,904.46 |
| Changes in accounting policy/prior period errors | - | - | - | - | - |
| **Restated balance at the beginning of the reporting period** | **98,980.00** | **19,449.00** | **(110.56)** | **2,586.02** | **120,904.46** |
| Profit for the year | - | 55,999.49 | - | - | 55,999.49 |
| Other Comprehensive Income for the year | - | - | (639.36) | | (639.36) |
| **As at 31 March 2024** | **98,980.00** | **75,448.49** | **(749.92)** | **2,586.02** | **176,264.59** |
| As at 1 April 2024 | 98,980.00 | 75,448.49 | (749.92) | 2,586.02 | 176,264.59 |
| Changes in accounting policy/prior period errors | - | - | | - | - |
| **Restated balance at the beginning of the reporting period** | **98,980.00** | **75,448.49** | **(749.92)** | **2,586.02** | **176,264.59** |
| Profit for the year | - | 80,717.36 | | - | 80,717.36 |
| Other Comprehensive Income for the year | - | - | (345.24) | - | (345.24) |
| Dividend | - | (72,500.00) | - | - | (72,500.00) |
| **As at 31 March 2025** | **98,980.00** | **83,665.85** | **(1,095.16)** | **2,586.02** | **184,136.71** |

| | |
|---|---|
| **Summary of material accounting policies and key accounting estimates and judgements** | 1 |
| **See accompanying notes to the Consolidated Financial Statements** | 2 - 35 |

As per our attached Report of even date

**For Deloitte Haskin & Sells LLP**

Chartered Accountants
Firm's Reg. No: 117366W/W-100018

For and on behalf of the Board of Directors of

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CIN : U24110MH1995PTC089205

**Terence Lewis**
Partner
Membership No: 107502
Place : Mumbai
Date : 30 April 2025

**Rahul Bhatnagar**
Chairman
DIN: 09660086
Place: Mumbai
Date : 30 April 2025

**Bhavna Udhwani**
Chief Financial Officer

Place: Mumbai
Date : 30 April 2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036
Date : 30 April 2025

## Group's Background

Harind Chemicals and Pharmaceuticals Private Limited (along with its subsidiaries together referred to as the Group) is a private limited Group's domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Group's is located at A/204, Kailash Industrial Complex, Veer Savarkar Marg, Vikhroli West, Mumbai, India.

The Group's is engaged in the business of Manufacturing/Dealing in Chemical and other related products related to paints and chemicals.

## 1. Material Accounting Policies and Key accounting estimates and judgements

**Material Accounting Policies:**

### 1.1. Basis of preparation of financial statements

These financial statements are the consolidated financial statements of the group (also called consolidated financial statements) 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 consolidated 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 are presented in Indian Rupees (which is also the functional currency of the group) and is rounded off to the nearest crores except otherwise indicated.

### 1.2. Application of New Accounting Pronouncements

The Group's has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2023 with effect from 1st April, 2023. The effect is described below:

a. Ind AS 1 – Presentation of Financial Statements – The amendment requires disclosure of material accounting policies instead of significant accounting policies. In the Financial Statements the disclosure of accounting policies has been accordingly modified . The impact of such modifications to the accounting policies is insignificant.

b. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – The amendment has defined accounting estimate as well as laid down the treatment of accounting estimate to achieve the objective set out by accounting policy. There is no impact of the amendment on the financial statements.

c. Ind AS 12 – Income taxes – the definition of deferred tax asset and deferred tax liability is amended to apply initial recognition exception on assets and liabilities that does not give rise to equal taxable and deductible temporary differences. There is no impact of the amendment on the financial statements.

### 1.3. 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 Group'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 Group 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 Group 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) Business combinations

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value except deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at the acquisition date and includes the fair value of any contingent consideration. Contingent consideration (earn out) is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the Statement of Profit and Loss.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Group after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The transaction costs, other than costs relating to the issue of equity or debt securities in connection with a business combination are expensed as incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

### b) Property, plant and equipment

#### Measurement at recognition:

An item of property, plant and equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of PPE are carried at their cost less accumulated depreciation and accumulated impairment losses, if any. Item of PPE which reflects significant cost and has different useful life from the remaining part of PPE is recognized as a separate component.

The cost of an item of PPE comprises of its purchase price net of discounts, if any including import duties and other non-refundable taxes or levies and 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. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses like plans, designs, and drawings of buildings or plant and machinery, borrowing cost on qualifying assets, directly attributable to new manufacturing facility during its construction period are capitalized under the relevant head of PPE if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE 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 Group had elected to consider the carrying value of all its PPE appearing in the financial statements and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2017.

### Depreciation:

Depreciation on each part of an item / component of PPE is provided on pro-rata basis using the Written Down Value Method based on the expected useful life of the asset 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 has been assessed based on technical evaluation, taking into account the nature of the asset and the estimated usage basis management's best judgement of economic benefits from those classes of assets. The estimated useful life of items of PPE is mentioned below:

| | Years |
|---|---|
| **Factory Building** | **30** |
| **Plant and Machineries** | **15** |
| **Furniture and Fixtures** | **4-10** |
| **Office Equipment** | **5** |
| **Computer** | **4** |

The Freehold land is not depreciated and Leasehold improvements are amortized over the period of the lease. The freehold Land has been revalued as at April 1st, 2017 and the revalued amount has been considered as deemed cost on transition to Ind AS in accordance with para D5 of Ind AS 101.

The useful lives, residual values of each part of an item of PPE 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 PPE 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 PPE 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

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 expensed in the Statement of Profit and Loss as incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

The Group had elected to consider the carrying value of all its intangible assets appearing in the financial statements and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2017.

### Amortization:

Intangible Assets with finite lives are amortized on a Written Down Value 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** | **5** |

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.

Goodwill acquired separately have indefinite useful life and are not subjected to amortization. These are tested for impairment annually and whenever there is an indication that the asset may be impaired.

### 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

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the group's cash generating units (CGUs) that are expected to benefit from the combination.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events 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.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination.

An impairment loss is recognized whenever the carrying amount of an asset or its 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

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 Group is expected to be entitled to in exchange for those goods or services. It is measured at transaction price (net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract) allocated to that performance obligation. 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 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.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

## f) Inventory

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. 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.

Cost is ascertained on a First in First Out (FIFO) basis. Cost of inventory comprises all costs of purchase, non-refundable duties and taxes , cost of conversion and all other costs incurred in bringing the inventory to their present location and condition.

The Group considers factors like estimated shelf life, product discontinuances and ageing of inventory in determining the write down for slow moving, obsolete and other non-saleable inventory.

## g) Financial Instruments

A financial instrument is a 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:**

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

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 Group classifies a financial asset in accordance with the below criteria:

i. The Group'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 Group classifies its financial assets into the following categories:

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 Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows,

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 Group. Such financial assets are subsequently measured at amortized cost using the effective interest method. The effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset 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 fair value through other comprehensive income (FVTOCI)

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

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

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 Group's 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 equity to Statement of Profit and Loss.

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

This is a residual category applied to all other investments of the Group 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. 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:

i. A financial asset is derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group 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 Group 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 Group 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 Group 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 Group 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 Group reverts to recognizing impairment loss allowance based on 12-month ECL.

As a practical expedient, the Group 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 Statement of Profit and Loss.

## Financial Liabilities

**Initial recognition and measurement:**

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 Group are subsequently measured at amortized cost using the effective interest method. The effect of the amortization under effective interest method is recognized as interest expense under finance cost in the Statement of Profit and Loss over the relevant period of the financial liability.

### 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.

### Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are off-set and the net amount is reported in the balance sheet wherever there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## h) Fair Value

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 Group 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) Foreign Currency Translation

### Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Group 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.

### Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Group 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.

Exchange differences arising out of foreign exchange translations and settlements during the year are recognized in the Statement of Profit and Loss.

## j) 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 assets and liabilities are generally recognized for all deductible and taxable temporary differences respectively. 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 or does not give rise to equal taxable and deductible temporary differences, deferred tax assets or 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 recognized to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized.

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.

### Uncertain tax positions:

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group reflects the effect of uncertainty for each uncertain tax treatment by using one of two methods, the expected value method (the sum of the probability – weighted amounts in a range of possible outcomes) or the most likely amount (single most likely amount method in a range of possible outcomes), depending on which is expected to better predict the resolution of the uncertainty. The Group applies consistent judgements and estimates if an uncertain tax treatment affects both the current and the deferred tax.

### 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 Group offsets tax assets and 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.

## k) Provisions and Contingencies

The Group 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 will be required and the amount of outflow can be reliably estimated. 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 or the amount of such outflow cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

## l) Measurement of EBITDA

The Group 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 Group measures EBITDA based on profit/(loss) from continuing operations.

## m) 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 Group's cash management.

## n) 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 the employee renders the related service.

### Post-Employment Benefits:

**I. Defined contribution plans:**

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

Recognition and measurement of defined contribution plans:

The Group recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services. 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) Provident fund scheme:

Provident Fund is a defined contribution scheme and is paid to the regulatory authorities on monthly basis at the prescribed rates both by the employer and employee and the Group has no further obligations. The Group's contributions to the provident fund is charged to the Statement of Profit and Loss as and when they are due.

ii) Gratuity scheme:

The Group provides for gratuity liability and compensated absences of employees on the basis of actuarial valuation determined under projected unit credit method.

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 Group presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary.

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 Group 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).

**o) Lease accounting**

Assets taken on lease:

The Group assesses whether a contract is or contains a lease, at inception of a contract in accordance with Ind AS 116, Leases. The Group ecognized a right-of-use asset (ROU) and a corresponding lease liability at the lease commencement date. The ROU asset is initially ecognized 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. 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 or useful life of the underlying asset if the Group expects to exercise a purchase option in the lease. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, generally discounted using an incremental borrowing rate specific to the Group, term and currency of the contract.

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 payment which the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate are ecognized 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.

**p) Earnings Per Share (EPS)**

Basic earnings per share is calculated by dividing the net profit attributable to the equity shareholders of the Group with the weighted average number of equity shares outstanding during the financial year.

Diluted Earnings per share is calculated by dividing net profit attributable to the equity shareholders of the Group with the weighted average number of shares outstanding during the financial year, adjusted for all diluting effect of potential equity shares.

**q) Exceptional items:**

An ordinary item of income or expense which by its size, nature, occurrence or incidence requires a disclosure in order to improve understanding of the performance of the Group is treated as an exceptional item in the statement of profit and loss account.

## 1.5. Key accounting estimates and judgements

The preparation of the Group'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 acGroup'sing 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 effected 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 Group'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) Business combinations and intangible assets

Business combinations are accounted for using IND AS 103, Business Combinations. IND AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

### c) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. 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 Group'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, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes or a change in market demand of the product or service output of the asset, manufacturers warranties and maintenance support, etc.

### d) Impairment of Goodwill

Goodwill is 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 units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting 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.

### e) Defined Benefit Obligation

The costs of providing 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.

### f) 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.

g) Right-of-use assets and lease liability

The Group has 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.

## 2A. Property, plant and equipment

(₹ in thousands)

| Assets | Gross Carrying Value ( Cost / Deemed Cost ) | | | | Depreciation | | | | Net carrying value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 31-03-2025 |
| **Freehold Land** | 3,250.00 | - | | 3,250.00 | - | - | - | - | 3,250.00 |
| Building | 2,368.99 | | | 2,368.99 | 1,083.23 | 52.59 | | 1,135.82 | 1,233.17 |
| Plant and Machinery | 21,586.90 | 1,732.53 | 1,818.00 | 21,501.43 | 12,824.84 | 653.72 | 1,657.40 | 11,821.16 | 9,680.27 |
| Computers | 869.09 | 397.77 | | 1,266.86 | 803.29 | 68.55 | | 871.84 | 395.02 |
| Office Equipment | 512.95 | 72.01 | | 584.96 | 457.30 | 25.32 | | 482.62 | 102.34 |
| Furniture and Fixtures | 2,099.15 | 20.50 | | 2,119.65 | 1,929.87 | 96.94 | | 2,026.81 | 92.84 |
| Electrical Installments and Equipments | 24.80 | | | 24.80 | 22.66 | | | 22.66 | 2.14 |
| **Total** | **30,711.88** | **2,222.81** | **1,818.00** | **31,116.69** | **17,121.19** | **897.12** | **1,657.40** | **16,360.91** | **14,755.78** |

| Assets | Gross Carrying Value (Cost/Deemed Cost) | | | | Depreciation | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at April 01, 2023 | Additions during the year | Deductions/ Adjustments | As at March 31, 2024 | As at March 31, 2024 |
| **Freehold Land** | 3,250.00 | - | - | 3,250.00 | - | - | - | - | 3,250.00 |
| Building | 2,368.99 | - | - | 2,368.99 | 947.73 | 135.44 | (0.06) | 1,083.23 | 1,285.76 |
| Plant and Machinery | 35,955.45 | 1,193.96 | 15,562.51 | 21,586.90 | 25,882.93 | 1,954.18 | 15,012.27 | 12,824.84 | 8,762.06 |
| Computers | 2,103.85 | 24.49 | 1,259.25 | 869.09 | 2,008.64 | 41.53 | 1,246.88 | 803.29 | 65.80 |
| Office Equipment | 3,404.87 | 12.00 | 2,903.92 | 512.95 | 3,216.85 | 12.86 | 2,772.41 | 457.30 | 55.65 |
| Furniture and Fixtures | 4,013.67 | - | 1,914.52 | 2,099.15 | 3,636.94 | 117.66 | 1,824.73 | 1,929.87 | 169.28 |
| Electrical Installments and Equipments | 965.83 | - | 941.03 | 24.80 | 917.54 | - | 894.88 | 22.66 | 2.14 |
| **Total** | **52,062.66** | **1,230.45** | **22,581.23** | **30,711.88** | **36,610.63** | **2,261.67** | **21,751.11** | **17,121.19** | **13,590.69** |

**Note :**

With effect from 1st April 2024, the group has revised the method of depreciation on Property, Plant & Equipment (PPE) from Written Down Value (WDV) to Straight line Method (SLM) This change in method of depreciation has resulted in lower depreciation expenses in statement of Profit & Loss by INR 949.85 thousands for the year ended 31st March 2025

## 2B. Capital work in progress

### Details as on 31st March 2025

(₹ in thousands)

| Particulars | Amount in Capital work in progress for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Project in progress | **2,730.41** | **-** | **-** | **-** | **2,730.41** |

### Details as on 31st March 2024

| Particulars | Amount in Capital work in progress for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Project in progress | - | - | - | - | - |

## 2C. Right -of - Use Assets

(₹ in thousands)

| Movement in net carrying amount | Year 2024-25 | | | Year 2023-24 | | |
|---|---|---|---|---|---|---|
| | Leasehold Land | Factory and Office Building | Total | Leasehold Land | Factory and Office Building | Total |
| Balance as at 1st April | - | 2,967.57 | 2,967.57 | - | 770.49 | 770.49 |
| Additions | 37,800.49 | 4,387.96 | 42,188.45 | - | 4,813.70 | 4,813.70 |
| Depreciation | 234.11 | 2,881.67 | 3,115.78 | - | 2,616.62 | 2,616.62 |
| Deletions | - | - | - | - | - | - |
| **Balance as at 31st March** | **37,566.38** | **4,473.86** | **42,040.24** | **-** | **2,967.57** | **2,967.57** |

All lease agreements are duly executed in favour of the group.

Refer Note 16 for additions and movement in lease liability

Refer Note 26 for diclosures as per Ind AS 116

## 3. Intangible assets (Acquired seperately)

(₹ in thousands)

| | Gross Carrying Value | | | | Amortization | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 31-03-2025 |
| **Assets** | | | | | | | | | |
| Computer software | 72.80 | - | - | 72.80 | 72.80 | - | - | 72.80 | - |
| **Total (A)** | **72.80** | **-** | **-** | **72.80** | **72.80** | **-** | **-** | **72.80** | **-** |

| | Gross Carrying Value | | | | Amortization | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2023 | Additions during the year | Deductions/ Adjustments | As at 31-03-2025 | As at 01-04-2023 | Additions during the year | Deductions/ Adjustments | As at 31-03-2024 | As at 31-03-2024 |
| **Assets** | | | | | | | | | |
| Computer software | 72.80 | - | - | 72.80 | 72.80 | - | - | 72.80 | - |
| **Total (A)** | **72.80** | **-** | **-** | **72.80** | **72.80** | **-** | **-** | **72.80** | **-** |

## 4. Investments

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Current** | | |
| **Investments in Quoted Mutual Funds measured at FVTPL** | | |
| Investment in Liquid Mutual Funds | 10,444.86 | - |
| Holding - No' of units 1968.37 (PY- Nil) | | |
| | **10,444.86** | **-** |
| Aggregate amount of quoted investments - At cost | 9,999.50 | - |
| Aggregate amount of quoted investments - At market value | 10,444.86 | - |
| Aggregate amount of unquoted investments | **-** | **-** |

## 5. Other Financial Assets

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Non-current** | | |
| Unsecured and Considered good | | |
| Security deposits | 2,363.63 | 2,449.87 |
| | **2,363.63** | **2,449.87** |

Refer Note 32 on credit risk of financial assets

## 6. Other assets

### 6A. Non-Current

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Non-Current** | | |
| Advance payment of income tax (net) | 4,290.82 | 3,792.24 |
| **Total Income Tax Assets** | **4,290.82** | **3,792.24** |

### 6B. Current

(₹ in thousands)

| | | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|---|
| a) | Advances other than capital advances | | |
| i) | Advances/ claims recoverable in cash or in kind | 3,811.07 | 1,601.55 |
| ii) | Advances to employees | 90.00 | 103.00 |
| b) | Others | - | 586.72 |
| **Total** | | **3,901.07** | **2,291.27** |

## 7. Inventories (Valued at lower of cost and Net realizable value)

(₹ in thousands)

| | | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|---|
| a) | Raw Materials | 15,819.22 | 16,518.70 |
| | | **15,819.22** | **16,518.70** |
| c) | Work-In-Progress | 1,272.14 | 811.41 |
| d) | Finished goods | 14,186.56 | 16,244.20 |
| | **Total** | **31,277.92** | **33,574.31** |

The cost of inventories recognised as an expense during the year is disclosed in Note 19A. It includes ₹ 3,129.20 thousands (Previous year- ₹ 3,438.75) in respect of write down of inventory.

## 8. Trade receivables

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Secured - considered good | - | - |
| Unsecured - considered good | 69,280.09 | 57,179.12 |
| Unsecured -considered doubtful | 1,446.49 | 331.43 |
| | 70,726.58 | 57,510.55 |
| Less : Allowance for doubtful debts | (1,446.49) | (331.43) |
| **Total** | **69,280.09** | **57,179.12** |

### Movement of allowance for doubtful receivables

(₹ in thousands)

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Opening balance | 331.43 | 199.88 |
| Addition during the period | 1,446.49 | 131.55 |
| Utilisation/Reversals during the period | 331.43 | - |
| Closing balance | **1,446.49** | **331.43** |

There are no outstanding trade receivables from any directors or other officers of the Group's or any of them either severally or jointly with any other person.

### Trade Receivables Ageing Schedule

### As at 31 March 2025

(₹ in thousands)

| Particulars | Not due | Outstanding for following periods from due date of Invoice | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 22,563.90 | 46,087.26 | 628.92 | - | - | - | 69,280.08 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | - | 905.59 | 295.18 | - | 245.73 | 1,446.50 |
| (iii) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered doubtful | - | - | - | - | - | - | - |
| Total | **22,563.90** | **46,087.26** | **1,534.51** | **295.18** | **-** | **245.73** | **70,726.58** |

### As at 31 March 2024

(₹ in thousands)

| Particulars | Not due | Outstanding for following periods from due date of Invoice | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 42,112.93 | 14,709.28 | 355.17 | 1.75 | - | - | 57,179.13 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | 131.55 | - | - | 199.87 | - | 331.42 |
| (iii) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered doubtful | - | - | - | - | - | - | - |
| Total | **42,112.93** | **14,840.83** | **355.17** | **1.75** | **199.87** | **-** | **57,510.55** |

## 9A. Cash and cash equivalents

(₹ in thousands)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Balances with banks | | |
| In current accounts | 14,827.76 | 8,100.97 |
| Fixed Deposits (Having Original Maturity Less than 3 months) | - | 5,000.00 |
| Cash in hand | 16.60 | 6.60 |
| **Total** | **14,844.36** | **13,107.57** |

## 9B Bank Balances Other than Cash and Cash Equivalents

(₹ in thousands)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Fixed Deposits | 41,364.29 | 99,903.43 |
| (Having Original maturity more than 3 months but less than 12 months) | | |
| | **41,364.29** | **99,903.43** |

## 10. Equity share capital

(₹ in thousands)

| Equity Shares | As at 31 March 2025 | | As at 31 March 2024 | |
|---|---|---|---|---|
| **Equity Shares** | **No. of Shares** | **Amount** | **No. of Shares** | **Amount** |
| **Authorised Share Capital** | | | | |
| **Equity Share Capital** | | | | |
| 2,00,000 equity shares of INR.10/- each | 200,000 | 2,000.00 | 200,000 | 2000.00 |
| **Issued, subscribed and paid-up share capital** | | | | |
| 2,00,000 equity shares of INR.10/- each (31st March 2023: 2,00,000) | 200,000 | 2,000.00 | 200,000 | 2000.00 |
| **Movement in respect of equity shares :** | | | | |
| Issued, subscribed and fully paid-up equity shares outstanding at the beginning of the year | 200,000 | 2,000.00 | 200,000 | 2000.00 |
| Add: Increase in number of equity shares | - | - | - | - |
| Issued, subscribed and fully paid-up equity shares outstanding at the end of the year | **200,000** | **2,000.00** | **200,000** | **2000.00** |

The Parent company has only one class of equity share having par value of INR 10/- per share. Each shareholder is eligible for one vote per share held. The holder of the equity shares are entitled to receive dividend as declared from time to time, and are entitled to voting rights proportionate to their shareholding, at the meeting of shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. .

### Details of shareholders holding more than 5% of shares

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Asian Paints Limited | 102,000 | 102,000 |
| | **51.00%** | **51.00%** |
| Dr. Swapan Kumar Ghosh | 72,000 | 72,000 |
| | **36%** | **36.00%** |
| Prapti Swapan Kumar Ghosh | 20,000 | 20,000 |
| | **10%** | **10.00%** |

### Details of Number of shares held by Promoters in the Parent Company

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Asian Paints Limited | 102,000 | 102,000 |
| Mr. Swapan Kumar Ghosh | **72,000** | **72,000** |

## 11. Other equity

(₹ in thousands)

| | Securities Premium | Retained earnings | Other comprehensive income | Revaluation reserve | Total |
|---|---|---|---|---|---|
| **Restated balance at the beginning of the reporting period** | **98,980.00** | **19,449.00** | **(110.56)** | **2,586.02** | **1,20,904.46** |
| Profit for the year | - | 55,999.49 | - | - | 55,999.49 |
| Other Comprehensive income for the year ended 31 March, 2024, net off taxes | - | - | (639.36) | - | (639.36) |
| **As at 31 March 2024** | **98,980.00** | **75,448.49** | **(749.92)** | **2,586.02** | **176,264.59** |
| As at 1 April 2024 | 98,980.00 | 75,448.49 | (749.92) | 2,586.02 | 176,264.59 |
| Changes in accounting policy/prior period errors | - | - | | | - |
| **Restated balance at the beginning of the reporting period** | **98,980.00** | **75,448.49** | **(749.92)** | **2,586.02** | **176,264.59** |
| Profit for the year | | 80,717.36 | | | 80,717.36 |
| Other Comprehensive income for the year ended 31 March, 2025, net off taxes | | | (345.24) | | (345.24) |
| Dividend | | (72,500.00) | | | (72,500.00) |
| **As at 31 March 2025** | **98,980.00** | **83,665.85** | **(1,095.16)** | **2,586.02** | **184,136.71** |

## Nature and purpose of reserves

**a) Securities premium:**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

**b) Retained earnings:**

Retained earnings are profits that the Company has earned till date, less any dividends or other distributions paid to shareholders.

**c) Revaluation reserve:**

Revaluation reserve is used to record the increase/decrease in the value of property, plant and equipment determined basis the fair valuation report.

## 12. Provisions

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Non-current | | |
| **Provision for employee benefits (Refer Note 25)** | | |
| Gratuity | 5,141.55 | 4,164.53 |
| Compensated absences | 2,464.91 | 2,112.84 |
| **Total** | **7,606.46** | **6,277.37** |

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Current** | | |
| **Provision for employee benefits (Refer Note 26)** | | |
| Gratuity | 383.26 | 107.35 |
| Compensated absences | 214.97 | 108.37 |
| **Total** | **598.23** | **215.72** |

## 13. Trade payables

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises (MSME) | 9,189.50 | 8,953.11 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 16,186.61 | 19,412.03 |
| **Total** | **25,376.11** | **28,365.14** |

### Trade Payables ageing schedule

**As at 31 March 2025**

(₹ in thousands)

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues - MSME | 6,232.04 | 2,956.86 | 0.60 | - | - | 9,189.50 |
| (ii) Undisputed dues - Others | 12,909.72 | 3,253.39 | 17.77 | 1.46 | 4.27 | 16,186.61 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **19,141.76** | **6,210.25** | **18.37** | **1.46** | **4.27** | **25,376.11** |

**As at 31 March 2024**

(₹ in thousands)

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues - MSME | 5,547.06 | 3,406.05 | - | - | - | 8,953.11 |
| (ii) Undisputed dues - Others | 16,903.64 | 2,508.39 | - | - | - | 19,412.03 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **22,450.70** | **5,914.44** | **-** | **-** | **-** | **28,365.14** |

## 14. Other financial liabilities

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Current liabilities** | | |
| Payable to employees | 189.66 | 265.55 |
| Payable towards services received | 4,630.76 | 2,521.05 |
| Bonus Payable | 5,671.65 | 963.76 |
| Other payables | 3,550.00 | 3,550.00 |
| Retention money | 144.39 | - |
| **Total** | **14,186.46** | **7,300.36** |

## 15. Other liabilities

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Current liabilities** | | |
| Advance from customers* | | |
| Other Liabilities* | 152.77 | 2,142.80 |
| Statutory payables | 550.37 | 4,656.75 |
| **Total** | **703.14** | **6,799.55** |

*The Group has recognised revenue of ₹ 1,749.08 thousands (Previous year- ₹ 217.56 thousands) from the amounts included under advance received from customer at the beginning of the year.

Statutory payables includes dues towards GST, provident fund and TDS.

## 16. Lease Liabilities

(₹ in thousands)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2025 | As at March 31, 2024 |
| Lease Liabilities | 1,859.19 | 173.42 | 2,670.79 | 3,026.98 |
| **Total** | **1,859.19** | **173.42** | **2,670.79** | **3,026.98** |

The aggregate maturities of long term leases, based on contractual undiscounted cash flows are as follows :

(₹ in thousands)

| | Less than 1 year | Between 1 - 5 years | More than 5 years | Total | Carrying Value |
|---|---|---|---|---|---|
| **As at 31 March 25** | | | | | |
| Lease Liabilities | 2,947.92 | 1,756.92 | | 4,704.84 | 4,529.98 |
| **As at 31 March 24** | | | - | | |
| Lease Liabilities | 3,185.82 | 174.96 | - | 3,360.78 | 3,200.40 |

|  |  | (₹ in thousands) |
|---|---|---|
| **Movement in Lease Liabilities** | **FY 2024-25** | **FY 2023-24** |
| Balance as at 1 April | 3,200.40 | 868.61 |
| Addition | 4,300.00 | 4,715.11 |
| Deletions |  |  |
| Finance Cost | 215.39 | 384.78 |
| Repayments (including interest on lease liabilities) | (3,185.82) | (2,768.10) |
| **Balance as at 31 March** | **4,529.98** | **3,200.40** |

## 17A. Revenue from operations

(₹ in thousands)

| **Particulars** | **Period ended 31 March 2025** | **Period ended 31 March 2024** |
|---|---|---|
| Sale of products | 371,553.50 | 339,507.99 |
| Sale of services | 7,979.59 | 10,363.53 |
|  | **379,533.09** | **3,49,871.52** |

## 17B. Revenue From Contracts With Customers

### a) Revenue from Contracts with Customers disaggregated based on nature of Product or Services:

(₹ in thousands)

| **Particulars** | **Period ended 31 March 2025** | **Period ended 31 March 2024** |
|---|---|---|
| Revenue from sale of Products | 371,553.50 | 339,507.99 |
| Revenue from sale of Services | 7,979.59 | 10,363.53 |
| **Total** | **379,533.09** | **349,871.52** |

### b) Revenue from Contracts with Customers disaggregated based on Geography:

(₹ in thousands)

| **Particulars** | **Period ended 31 March 2025** | **Period ended 31 March 2024** |
|---|---|---|
| Home Market | 379,190.88 | 348,946.18 |
| Exports | 342.21 | 925.33 |
| **Total** | **379,533.09** | **349,871.52** |

## 17C. Reconciliation of Gross Revenue with the Revenue from Contracts with Customers:

(₹ in thousands)

| **Particulars** | **Period ended 31 March 2025** | **Period ended 31 March 2024** |
|---|---|---|
| Gross Revenue | 379,533.09 | 349,871.52 |
| Less : Discounts |  | - |
| **Net Revenue recognised from Contracts with Customers** | **379,533.09** | **349,871.52** |

The amounts receivable from customers become due after expiry of credit period which on an average ranges around from 30 to 60 days. There is no significant financing component in any transaction with the customers

The Group's does not have any remaining performance obligation as contracts entered for sale of service contracts are measured as per output method.

## 18. Other Income

(₹ in thousands)

| | | Period ended 31 March 2025 | Period ended 31 March 2024 |
|---|---|---|---|
| a) | **Interest Income** | | |
| | On Security Deposit | 71.39 | 63.86 |
| | On Income tax refund | 20.97 | 8.40 |
| | On Fixed Deposit | 1,782.66 | 3,920.16 |
| | | **1,875.02** | **3,992.42** |
| b) | **Other Non Operating Income** | | |
| | Sundry balances written back | - | 110.87 |
| | Net Gain arising on financial assets measured at FVTPL | 445.36 | |
| | Other income | 1.27 | 4.70 |
| | | **446.63** | **115.57** |
| c) | **Other Gains and Losses** | | |
| | Net foreign exchange gain | - | 49.58 |
| | | **2,321.65** | **4,157.57** |

## 19A. Cost of Materials consiumed

(₹ in thousands)

| | Period ended 31 March 2025 | Period ended 31 March 2024 |
|---|---|---|
| Opening stock of Raw Materials | 16,518.70 | 17,806.91 |
| Add: Purchases | 171,979.22 | 183,034.33 |
| Less: Closing stock of Raw Materials | (15,819.22) | (16,518.70) |
| **Total Cost of Materials Consumed** | **172,678.70** | **184,322.54** |

## 19B. (Increase) / decrease in inventories of Finished goods & work in progress

(₹ in thousands)

| | Period ended 31 March 2025 | Period ended 31 March 2024 |
|---|---|---|
| **Stock at the beginning of the year** | | |
| Finished Goods (including goods-in-transit) | 16,244.20 | 8,627.34 |
| Work in Progress | 811.41 | 657.30 |
| **Total** | **17,055.61** | **9,284.64** |
| | | |
| **Stock at the beginning of the year** | | |
| Finished Goods (including goods-in-transit) | 14,186.56 | 16,244.20 |
| Work in Progress | 1,272.14 | 811.41 |
| **Total** | **15,458.70** | **17,055.61** |
| | **1,596.91** | **(7,770.97)** |

## 20. Employee benefits expense

(₹ in thousands)

| | Period ended 31 March 2025 | Period ended 31 March 2024 |
|---|---|---|
| Salaries and Wages | 56,012.62 | 50,002.84 |
| Contribution to provident fund and others | 1,538.53 | 1,627.47 |
| Staff welfare expenses | 752.64 | 761.17 |
| **Total** | **58,303.79** | **52,391.48** |

Refer Note 25 for contribution to provident fund and others.

## 21. Finance costs

(₹ in thousands)

| | Period ended 31 March 2025 | Period ended 31 March 2024 |
|---|---|---|
| Interest on financial liabilities carried at amortised cost | | |
| a) Interest on bank borrowings | - | 35.59 |
| b) Interest on lease liabilities | 215.40 | 384.78 |
| c) Interest on delay in payment of statutory dues | 79.95 | 341.11 |
| **Total** | **295.35** | **761.48** |

## 22. Depreciation and Amortisation Expense

(₹ in thousands)

| Particulars | Period ended 31 March 2025 | Period ended 31 March 2024 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer note 2A) | 897.12 | 2,261.67 |
| Depreciation of Right-of-Use Assets (Refer Note 2C) | 2,881.67 | 2,616.62 |
| **Total** | **3,778.79** | **4,878.29** |

## 23. Other expenses

(₹ in thousands)

| Particulars | Period ended 31 March 2025 | Period ended 31 March 2024 |
|---|---|---|
| Consumption of stores, spares and consumables | | |
| Labour charges | 13,894.97 | 9,470.16 |
| Testing charges | 1,265.71 | 1,328.04 |
| Transportation expenses | 2,342.13 | 3,796.66 |
| Power And Fuel | 714.67 | 1,100.96 |
| Rent | 247.81 | 732.14 |
| Rates and Taxes | 54.19 | 1,416.81 |
| Freight and Handling Charges | 4,853.13 | 5,428.59 |
| Advertisement and Sales Promotion expenses | 182.12 | 1,082.64 |
| Travelling and conveyance | 2,616.61 | 2,192.35 |
| Repairs and maintenance | 476.53 | 1,633.57 |
| Loss on write off of Property, Plant and Equipment | - | 830.07 |
| Provision for Doubtful Debts | 1,115.07 | 131.55 |
| Corporate Social responsibility Expenditure | 1,110.00 | 630.00 |
| Legal & professional expenses | 4,401.52 | 5,917.10 |
| Payments to auditors (refer footnote below) | 1,399.99 | 980.00 |
| Bad debts written off | - | 3,752.94 |
| Insurance premium | 386.72 | 355.58 |
| Sundry balances written off | 93.24 | - |
| Miscellaneous expenditure | 1,215.98 | 1,548.77 |
| | **36,370.39** | **42,327.93** |
| **Footnote :** | | |
| **Payments to auditors** | | |
| Statutory audit fee | 1,150.00 | 603.00 |
| Tax audit fee | 250.00 | 90.00 |
| Fees towards Other Services | - | 287.00 |
| **Total** | **1,400.00** | **980.00** |

## 24. Earnings per share (EPS)

### The following reflects the profit and share data used in EPS computation:

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Net profit after tax | 80,717.36 | 55,999.49 |
| Number of equity shares outstanding at the beginning of the year | 200,000 | 200,000 |
| Adjustment pursuant to issue of equity shares during the year | - | - |
| Number of equity shares outstanding at the end of the year | 200,000 | 200,000 |
| Weighted average number of equity shares outstanding considered for calculating basic and diluted earnings per share | 200,000 | 200,000 |
| Earnings per share - basic - Face value INR 10/- per share (INR) | 403.59 | 280.00 |
| Earnings per share - diluted - Face value INR 10/- per share (INR) | 403.59 | 280.00 |

## 25. Employee benefit plans

(₹ in thousands)

| | | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|---|
| **(a)** | **Defined contribution plan** | | |
| | During the year, the Group has recognised the following amounts in the Statement of Profit and Loss. | | |
| | Employer's contribution to provident fund | 744.93 | 800.92 |
| | Employer's contribution to employee state insurance | NIL | 22.46 |
| **(b)** | **Gratuity and other post employment benefit plan** | | |
| | Actuarial valuation was done in respect of the aforesaid defined benefit plan using the following assumptions: | | |
| | Discount rate | 6.82% | 7.21% |
| | Salary escalation | 8.00% | 8.00% |
| | Note : Mortality has been assumed as per published notes under the Indian Assured Lives Mortality (2006-08) | | |
| | **Amount recognized in the Balance Sheet** | | |
| | Net (Liability) / Asset at the end of the year | (5,524.81) | (4,271.88) |
| | Fair value of plan assets at the end of the year | NIL | NIL |
| | **Amount recognized in the Balance Sheet [Asset / (Liability)]** | **(5,524.81)** | **(4,271.88)** |
| | **Reconciliation of defined benefit obligation** | | |
| | Opening defined benefit obligation | 4,271.88 | 2,762.62 |
| | Current service cost | 483.58 | 593.54 |
| | Interest cost | 308.00 | 206.64 |
| | Expenses recognised in Other Comprehensive Income | 461.35 | 854.40 |
| | Past service cost | | |
| | Remeasurements due to actuarial loss/ (gain) arising from | | |
| | • Changes in financial assumptions | | |
| | • Changes in demographic assumptions | | |
| | • Experience adjustments | | |
| | Benefits Paid | NIL | (145.31) |
| | **Closing defined benefit obligation** | **5,524.81** | **4,271.88** |
| | **Reconciliation of Plan Assets** | | |
| | Fair value of plan assets at the beginning of the year | NIL | NIL |
| | Contribution by employer | NIL | NIL |
| | Benefits paid | NIL | NIL |
| | Assets acquired / (settled) | NIL | NIL |
| | **Fair value of Plan Assets at the end of the year** | NIL | NIL |
| | **Expenses recognized in the Statement of Profit and Loss** | | |
| | Current service cost | 483.58 | 593.54 |
| | Past service cost | NIL | NIL |
| | Interest cost | 308.00 | 206.64 |
| | **Expense / (Reversal) recognized in the Statement of Profit and Loss** | **791.58** | **800.18** |
| | **Amount recorded in Other Comprehensive Income** | | |
| | Actuarial (Gains) / Losses on obligation for the period | 461.35 | 854.40 |
| | Return on plan assets, excluding interest income | NIL | NIL |
| | **Change in asset ceiling** | NIL | NIL |

| | | |
|---|---|---|
| **Net (Income) / Expense for the period recognized in Other Comprehensive Income** | **461.35** | **854.40** |
| **Balance Sheet Reconciliation** | | |
| Opening Net Liability | 4,271.88 | 2,762.62 |
| Expenses Recognized in Statement of Profit or Loss | 791.58 | 800.18 |
| Expenses Recognized in Other Comprehensive Income | 461.35 | 854.40 |
| Net Liability/(Asset) Transfer In | | |
| Net (Liability)/Asset Transfer Out | | |
| (Benefit Paid Directly by the Employer) | NIL | (145.31) |
| (Employer's Contribution) | | |
| Net Liability/(Asset) Recognized in the Balance Sheet | 5,524.82 | 4,271.88 |
| **Maturity Analysis of the Benefit Payments: From the Employer** | | |
| Projected Benefits Payable in Future Years From the Date of Reporting | | |
| 1st Following Year | 383.26 | 107.35 |
| 2nd Following Year | 131.42 | 306.32 |
| 3rd Following Year | 2348.44 | 111.39 |
| 4th Following Year | 77.78 | 2,184.97 |
| 5th Following Year | 86.29 | 58.37 |
| Sum of Years 6 To 10 | 565.83 | 356.25 |
| Sum of Years 11 and above | 9982.24 | 7,616.02 |
| Sensitivity Analysis | | |
| Projected Benefit Obligation on Current Assumptions | 5,524.81 | 4,271.88 |
| Delta Effect of +1% Change in Rate of Discounting | (479.90) | (361.60) |
| Delta Effect of -1% Change in Rate of Discounting | 581.004 | 433.36 |
| Delta Effect of +1% Change in Rate of Salary Increase | 351.378 | 244.44 |
| Delta Effect of -1% Change in Rate of Salary Increase | (312.45) | (211.13) |
| Delta Effect of +1% Change in Rate of Employee Turnover | 3.23 | 1.18 |
| Delta Effect of -1% Change in Rate of Employee Turnover | (5.05) | (2.49) |
| **(c). Privileged leave encashment (compensated absences for employees)** | | |
| The Company permits encashment of privileged leave accumulated by their employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave liability is not funded. | | |
| **Actuarial valuation was done in respect of the aforesaid defined benefit plan using the following assumptions:** | | |
| Discount rate | 6.82% | 7.21% |
| Salary escalation | 8.00% | 8.00% |
| Note : Mortality has been assumed as per published notes under the Indian Assured Lives Mortality 2012-14 (Urban) | | |
| **Amount recognized in the Balance Sheet** | | |
| Net (Liability) / Asset at the end of the year | (2,679.88) | (2,221.21) |
| Fair value of plan assets at the end of the year | - | - |
| Amount recognized in the Balance Sheet [Asset / (Liability)] | (2,679.88) | (2,221.21) |

**Discount rate -** The discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligations.

**Salary escalation rate -** The estimates of future salary increase considered take into account the inflation, seniority, promotion and other relevant factors.

## 26. Leasing arrangements

### 26.1. Short term leases

The Group has applied practical expedient option for short term leases and accordingly no ROU asset has been recognised. Amount recognised as lease rental expense in respect of short term leases in Sstatement of Profit and Loss is INR. 225.25 thousands (PY : 667.31 thousands).

### 26.2. Other than short term leases

**(₹ in thousands)**

| Particulars | Office Premises | |
|---|---|---|
| | **Year ended 31 March 2025** | **Year ended 31 March 2024** |
| Right of Use Assets | 42,040.24 | 2,967.57 |
| Lease Liability | | |
| Current | 2,670.79 | 3,026.98 |
| Non Current | 1,859.19 | 173.42 |

1. The Group has taken an office premises on operating lease. Non - cancellable term of the leases is 5 years.
2. **Amount recognised as expense in Profit and Loss during the year**

**(₹ in thousands)**

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Depreciation of right-of-use assets | 3,115.78 | 2,616.62 |
| Interest on lease liabilities | 215.40 | 384.78 |
| Waiver of lease rent | - | - |
| **Total Recognised in Statement of Profit and Loss** | **3,331.18** | **3,001.40** |

3. **Amount recognised in cash flow statement** **(₹ in thousands)**

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Minimum Lease Payments | 3,185.82 | 2,768.10 |

# 27. Related Party Disclosures

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below:

## a) Holding Company

| Name of the Company | Country of Incorporation | % of Holding as at 31 March 2025 | % of Holding as at 31 March 2024 |
|---|---|---|---|
| | | | |
| Asian Paints Limited | India | 51.00 | 51.00 |

## b) Details of shareholders holding more than 5% of shares apart from Holding Company

| Name of the Company | Country | % of Holding as at 31 March 2025 | % of Holding as at 31 March 2024 |
|---|---|---|---|
| Dr. Swapan Kumar Ghosh | India | 36.00 | 36.00 |
| Prapti Swapan Kumar Ghosh | India | 10.00 | 10.00 |

## c) Associates of Holding Company :

| Name of the Company |
|---|
| |
| PPG Asian Paints Private Limited |

## d) Fellow Subsidiaries:

| Name of the Company |
|---|
| Asian Paints PPG Private Limited |
| Asian Paints (Bangladesh) Limited |
| Berger Paints Emirates Ltd Co. LLC |

## e) Key Managerial Personnel:

| Name of the Company | Designation |
|---|---|
| Dr. Swapan Kumar Ghosh | Whole Time Director and Chief Executive Officer |
| Bhavna Udhwani | Chief Financial Officer |

| Non-Executive Directors |
|---|
| Rahul Bhatnagar (w.e.f 14 February 2024) |
| Gagandeep Kalsi (w.e.f 14 February 2024) |

## f) Names of Close Family Members of Key Managerial Personnel (apart from those who are in employment of the Company) where transactions have taken place during the year: NIL

## g) Close family members of Key Managerial Personnel who are under the employment of the Company and with whom transactions have taken place during the year

| Name of the person |
|---|
| Siddhani Ghosh (Intern) |

## h) Entities where Key Managerial Personnel / Close family members of Key Managerial Personnel have control and where transactions have taken place during the year: NIL

## i) Other entities where significant influence exist : NIL

**Terms and conditions of transactions with related parties:**

1 The Group's has been entering into transactions with related parties for its business purposes. The process followed for entering into transactions with related party is same as followed for unrelated party.

2 The purchases from and sales to related parties are made on terms equivalent to and those applicable to all unrelated parties on arm's length transactions. Outstanding balances payable and receivable at the year-end are unsecured, interest free and will be settled in cash. .

### Compensation of key managerial personnel of the Company:

(₹ in thousands)

| Particulars | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Short-term employee benefits | 19,362.00 | 20,000.00 |
| Post-employment benefits | - | - |
| Reimbursement of Expenses | 22.43 | - |
| **Total compensation paid to key managerial personnel** | **19,384.43** | **20,000.00** |

### Compensation of Relative of key managerial personnel of the Company:

(₹ in thousands)

| Particulars | Year 2024-25 | Year 2023-24 |
|---|---|---|
| Short-term employee benefits | - | 218.37 |
| Post-employment benefits | - | - |
| **Total compensation paid to Relative of key managerial personnel** | **-** | **218.37** |

### Details of transactions with and balances outstanding of Holding companies:

(₹ in thousands)

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Asian Paints Limited | Revenue from Sale of Products and services | 105,517.95 | 17,140.82 | 12,810.13 | 16,018.32 |
| | Admin fees | 887.51 | 322.19 | - | - |
| | Professional fees | 3,765.84 | 142.38 | - | - |
| | Internal audit fees | 420.66 | 35.95 | - | - |
| | Reimbursement for Expenses incurred by the Group's on behalf of the related party | 30.02 | 6.27 | 446.12 | 297.28 |
| | Dividend Paid | 36,975.00 | - | - | - |

**Details of transactions with and balances outstanding of Associate of Holding companies:**

(₹ in thousands)

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| PPG Asian Paints Limited | Revenue from Sale of Products | 4,474.09 | 506.22 | 217.12 | 217.12 |
| Asian Paints PPG Pvt. Ltd. | Revenue from Sale of Products | 19,056.26 | 7,173.06 | - | - |
| | Purchase of Raw materials | 10,627.55 | 3,865.31 | - | - |
| Asian Paints (Bangladesh) Limited | Revenue from Sale of Products | 104.78 | - | - | - |
| Berger Paints Emirates Ltd Co. LLC | Revenue from Sale of Products | 115.32 | - | - | - |

**Details of transactions with and balances outstanding of Key Managerial Personnel / Close Family Member of Key Managerial Personnel:**

(₹ in thousands)

| Name of the related party | Nature of transaction | 2024-25 | | 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Dr. Swapan Kumar Ghosh | Remuneration | 19,362.00 | 4,632.00 | 20,000.00 | 5,000.00 |
| Siddhani Ghosh (Intern) | Stipend | 9.32 | - | - | - |

Details of transactions with and balances outstanding of Entities Controlled by Key Managerial Personnel / Close Family Members of Key Managerial Personnel: **NIL**

Details of transactions with and balances outstanding for Other Entities where significant infuence exist: **NIL**

All the amounts reported in Note 28 are inclusive of GST wherever applicable.

## 28. Deferred tax (Asset) / Liabilities (Net)

(₹ in thousands)

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| **Deffered Tax Liability** | | |
| Difference between written down value as per the books of accounts and Income Tax Act, 1961 | 811.31 | 584.94 |
| Unrealized gain on Mutual Fund | 112.09 | - |
| **Total A** | **923.40** | **1,126.93** |
| | | |
| **Deffered Tax Assets** | | |
| Gratuity & Leave Encashment | 2,064.96 | 1,634.18 |
| Allowance for Doubtful Debts | 364.05 | 83.42 |
| Difference in right of use asset and lease liabilities | 13.26 | 33.83 |
| MSME Creditors | 324.75 | 400.57 |
| **Total B** | **2,767.01** | **2,693.98** |
| **Net Deferred Tax (Assets) / Liabilities (A-B)** | **(1,843.62)** | **(1,567.06)** |

(₹ in thousands)

| Effective tax rate reconciliation : | Rate (%) | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|---|
| Profit/(Loss) Before Tax | | 108,830.81 | 77,118.35 |
| Applicable Tax Rate | 25.17% | | |
| Tax asset on above | | 27,390.55 | 19,409.16 |
| Less : Adjusted against Deferred tax asset not recognised in PY | | - | - |
| Tax Effect of Non Deductible Expenses | | (224.56) | |
| Less: Deferred tax not recognised on subsidiary (profit)/Loss | | - | 1,281.66 |
| Deferred tax asset/expense not recognised | | - | 428.06 |
| **Tax expense for the year** | | **27,165.99** | **21,118.88** |
| Effective tax rate | | 24.96% | 27.39% |
| **(Excess)/Short tax provision for earlier years** | | **947.49** | **-** |
| **Tax Expense as per statement of Profit and Loss** | | **28,113.46** | **21,118.88** |

The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax rates.

## 29. Deferred tax (Asset) / Liabilities (Net) - continued

The Group has the following unused tax losses which arose on incurrence of capital losses and business losses under the Income Tax for which no deferred tax asset has been recognised in the Balance Sheet.

**As at 31 March 2025**

(₹ in thousands)

| Financial Year | Category | As at 31 March 2025 | Expiry Date |
|---|---|---|---|
| 2011-2012 | Depreciation | 1,565.83 | NA |
| 2012-2013 | Depreciation | 4,696.22 | NA |
| 2013-2014 | Depreciation | 3,725.01 | NA |
| 2014-2015 | Depreciation | 3,294.33 | NA |
| 2015-2016 | Depreciation | 2,796.34 | NA |
| 2016-2017 | Business loss | 13,022.82 | 3/31/2025 |
| 2016-2017 | Depreciation | 2,393.13 | NA |
| 2017-2018 | Business loss | 8,033.73 | 3/31/2026 |
| 2017-2018 | Depreciation | 2,110.04 | NA |
| 2018-2019 | Depreciation | 1,860.00 | NA |
| 2018-2019 | Business loss | 559.00 | 3/31/2027 |
| 2023-2024 | Business loss | 4,064.91 | 3/31/2032 |

**As at 31 March 2024**

(₹ in thousands)

| Financial Year | Category | As at 31 March 2025 | Expiry Date |
|---|---|---|---|
| 2011-2012 | Depreciation | 1,628.89 | NA |
| 2012-2013 | Depreciation | 4,696.22 | NA |
| 2013-2014 | Depreciation | 3,725.01 | NA |
| 2014-2015 | Depreciation | 3,294.33 | NA |
| 2015-2016 | Depreciation | 2,796.34 | NA |
| 2015-2016 | Business loss | 8,319.91 | 3/31/2024 |
| 2016-2017 | Business loss | 13,022.82 | 3/31/2025 |
| 2016-2017 | Depreciation | 2,393.13 | NA |
| 2017-2018 | Business loss | 8,033.73 | 3/31/2026 |
| 2017-2018 | Depreciation | 2,110.04 | NA |
| 2018-2019 | Depreciation | 1,860.00 | NA |
| 2018-2019 | Business loss | 559.00 | 3/31/2027 |

## 30. Segment Reporting

The Group is engaged in manufacturing of Chemical, testing services, and other products related to paints and chemicals.

Concentration of revenue to any single customer exceeding 10% of total revenue as on the reporting date - 31/03/2025 in 2 Cases amounts to INR 1,36,496.11 thousands. (PY 2 case amounting to INR 1,22,142.82 thousands)

## 31. Contingent Liabilities and Commitments:

### (i) Contingent Liabilities

(₹ in thousands)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| | | |
| Claims against the Group's not acknowledged as debts | - | - |
| **Total** | **-** | **-** |

### (ii) Commitments

(₹ in thousands)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided towards Property, plant and equipment. | 7,605.92 | - |
| Estimated undiscounted amount of lease liability towards lease agreement with future commencement date | - | - |
| **Total** | **7,605.92** | **-** |

# 32. Financial Instruments

## 32.1. Capital Management

**The Group's objective when managing capital is to:-**

- Safeguard its ability to continue as going concern so that the Group is able to provide maximum return to stakeholders and benefits for other stakeholders;
- Maintain an optimal capital structure to reduce the cost of capital.

The Group maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of equity shares (refer note 9). The Group is not subject to any externally imposed capital requirements as on 31 March 2025.

### 32.1.1. Gearing ratio

The gearing ratio at end of the reporting period was as follows:

(₹ in thousands)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Non current borrowings | - | - |
| Current maturities of long term debts | - | - |
| Current borrowings | - | - |
| Less: Cash and cash equivalents | (14,844.36) | (13,107.52) |
| | | |
| **Net debts** | **(14,844.36)** | **(13,107.52)** |
| **Total equity** | **186,136.71** | **178,264.59** |
| | | |
| **Gearing ratio** | **NA** | **NA** |

## 32.2. Categories of financial instruments

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Financial assets** | - | - |
| **Financial assets at amortised cost** | **-** | **-** |
| Investments | 10,444.86 | |
| Trade receivables | 69,280.09 | 57,179.12 |
| Cash and cash equivalents | 14,844.36 | 13,107.52 |
| Other Balances with Banks | 41,364.29 | 99,903.43 |
| Other financial assets | 2,363.63 | 2,449.87 |
| | | |
| **Total carrying value** | **138,297.23** | **172,639.95** |

(₹ in thousands)

| | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Financial liabilities** | | |
| **Financial liabilities at amortised cost** | | |
| Borrowings | - | - |
| Lease Liabilities | 4,529.98 | 3,200.40 |
| Trade payables | 25,376.11 | 28,365.14 |
| Other financial liabilities | 14,186.46 | 7,300.37 |
| **Total carrying value** | **44,092.55** | **38,865.91** |

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

## 32.3. Details of financial assets pledged as collateral :

## 32.4. Financial risk management objectives

While ensuring liquidity is sufficient to meet Group's operational requirements, the Group's management also monitors and manages key financial risks relating to the operations of the Group by analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk and liquidity risk.

## 32.5 Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

## 32.6. Foreign currency risk management

The Group undertakes transactions denominated in different foreign currencies and consequently exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Amounts in FCY)

| Financial Year | Currency | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|---|
| Payables | USD | - | - |
| Receivables | USD | - | - |
| Net Exposure | | - | - |

## 32.7. Foreign currency sensitivity analysis

The Group is principally exposed to foreign currency risk against USD. Sensitivity of profit or loss arises mainly from USD denominated receivables and payables. As per management's assessment of reasonable possible changes in the exchange rate of +/- 5% between USD - INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

| Financial Year | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **USD sensitivity at year end** | | |
| Effect on net exposure | | |
| Weakening of INR by 5% | - | - |
| Strengthening of INR by 5% | - | - |

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.

## 32.8. Interest rate risk management

The Group is exposed to interest rate risk to the extent of fluctuation in market rate of interest as interest terms of all loans are variable in nature.

The Exposure of Group's financial assets and liabilities to interest rate risk is as follows :-

(₹ in thousands)

| | As at March 31, 2025 | Floating rate | Fixed rate | Non- interest bearing |
|---|---|---|---|---|
| Financial assets | 138,297.23 | - | 41,000.00 | 97,297.23 |
| Financial liabilities | 44,092.55 | - | 4,529.98 | 39,562.56 |

(₹ in thousands)

| | As at March 31, 2024 | Floating rate | Fixed rate | Non- interest bearing |
|---|---|---|---|---|
| Financial assets | 172,640.00 | - | 102,500.00 | 70,140.00 |
| Financial liabilities | 38,865.91 | - | - | 38,865.91 |

## 32.9. Price risks

The Group is not exposed to any price risk that could adversely affect the value of the Group's financial assets or expected future cash flows considering the product pricing methodology.

The Group is not having any investments in quoted equity instruments, hence is not exposed to any equity related price risk.

## 32.10. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit risk arises from cash and cash equivalents, investments carried at amortized cost and deposits with banks as well as customers including receivables. Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

Credit exposure is managed by counterparty limits for investment of surplus funds which is reviewed by the Management. Only high rated banks are considered for placement of deposits.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Concentration of credit risk to any single customer did not exceed 10% of total debtors as on the reporting date except four customer (PY - one customer) amounting to 57% of total debtors (PY - 26%).

(₹ in thousands)

| Movement in expected credit loss allowance on trade receivables | Year 2024-25 | Year 2023-24 |
|---|---|---|
| **Balance as at 1 April** | **331.43** | **199.88** |
| Loss allowance measured at lifetime expected credit losses | 1,115.07 | 131.55 |
| **Balance as at 31 March** | **1,446.50** | **331.43** |

## 32.11. Liquidity risk management

The Group manages liquidity risk by maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

## 32.12. Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

(₹ in thousands)

| Particulars | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2025** | | | | | |
| Borrowings | - | - | - | - | - |
| Lease liabilities | 4,529.98 | 2,947.92 | 1,756.92 | - | 4,704.84 |
| Trade payables | 25,376.11 | 25,352.00 | 24.10 | - | 25,376.11 |
| Other financial liabilities | 14,186.46 | 14,186.46 | - | - | 14,186.46 |
| **Total** | **44,092.55** | **42,486.38** | **1,781.02** | **-** | **44,267.40** |

| Particulars | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2024** | | | | | |
| Borrowings | - | - | - | - | - |
| Lease liabilities | 3,200.40 | 3,185.82 | 174.96 | | 3,360.78 |
| Trade payables | 28,635.14 | 2,508.39 | - | - | 2,508.39 |
| Other financial liabilities | 7,300.37 | 7,300.37 | - | - | 7,300.37 |
| **Total** | **39,135.91** | **12,994.58** | **174.96** | **-** | **13,169.54** |

The following table details the Group's expected maturity for its financial assets. The information included in 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 Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(₹ in Thousands)

| Particulars | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2025** | | | | | |
| Trade Receivables | 69,280.09 | 70,185.67 | 540.9 | - | 70,726.58 |
| Cash and cash equivalents | 14,844.36 | 14,844.36 | - | - | 14,844.36 |
| Other Balances with Banks | 41,364.29 | 41,364.29 | - | - | 41,364.29 |
| Other financial assets | 2,363.63 | - | 2,363.6 | - | 2,363.63 |
| **Total** | **127,852.37** | **126,394.32** | **2,904.54** | **-** | **129,298.86** |

| Particulars | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2024** | | | | | |
| Trade Receivables | 57,179.12 | 15,064.45 | 1.8 | - | 15,066.21 |
| Cash and cash equivalents | 13,107.57 | 13,107.57 | - | - | 13,107.57 |
| Other Balances with Banks | 99,903.43 | 99,903.43 | - | - | 99,903.43 |
| Other financial assets | 2,449.87 | - | 2,449.9 | - | 2,449.87 |
| **Total** | **172,640.00** | **128,075.45** | **2,451.63** | **-** | **130,527.08** |

## 32.13 Financing facilities

(₹ in thousands)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Cash credit facility | | |
| Utilised | - | - |
| Unutilised | 20,000.00 | 20,000.00 |

# 33. Additional Regulatory Information as mandated by SCH III (Division II) of Companies Act, 2013 vide MCA notification dated March 24, 2021 (to the extent applicable)

## a) Benami Property

The Group's does not have any Benami property held in its name. No proceedings have been initiated on or are pending against the Group's for holding benami property under Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

## b) Relationship with stuck off companies

The Group does not have any transactions with companies struck off.

## c) Registration of charges or satisfaction with Registrar of Companies

The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

## d) Undisclosed income

There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

## e) Wilful Defaulter

The Group has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

## f) Utilisation of borrowed funds and share premium

I. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group's (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

II. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

## g) Number of layers of Group's

The Group has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

## h) Other matters

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

# 34. Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to schedule III to the Companies Act, 2013

**(₹ in thousands)**

| Name of the entity | Net assets i.e. total assets minus total liability as at 31 March 2025 | | Share of profit or loss for the year ended 31 March 2024 | |
|---|---|---|---|---|
| | **As % of consolidated net assets** | **Amount** | **As % of consolidated net profit / (loss)** | **Amount** |
| **Parent** | | | | |
| Harind Chemicals & Pharmaceuticals Private Limited | 97.48% | 188,147.84 | 100.61% | 109,495.14 |
| **Indian subsidiary** | | | | |
| Nova Surface-Care Center Private Limited | 2.52% | 4,866.48 | -0.61% | (664.33) |
| **Total** | **100%** | **193,014.32** | **100.00%** | **108,830.81** |

(₹ in thousands)

| Name of the entity | Net assets i.e. total assets minus total liability as at 31 March 2025 | | Share of profit or loss for the year ended 31 March 2024 | |
|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated net profit / (loss) | Amount |
| **Parent** | | | | |
| Harind Chemicals & Pharmaceuticals Private Limited | 97.01% | 179,611.40 | 106.60% | 82,210.74 |
| **Indian subsidiary** | | | | |
| Nova Surface-Care Center Private Limited | 2.99% | 5,530.80 | -6.60% | (5,092.37) |
| **Total** | **100.00%** | **185,142.20** | **100.00%** | **77,118.37** |

## 35. Approval of financial statements:

These financial statements for the year ended 31 March 2025 were authorized and approved by the Board of Directors on 30 April 2025.

For and on behalf of the Board of Directors of
**Harind Chemicals & Pharmaceuticals Private Limited**
CIN : U24110MH1995PTC089205

**Rahul Bhatnagar**
Chairman
DIN: 09660086

Place: Mumbai
Date : 30-04-2025

**Swapan Kumar Ghosh**
Whole Time Director and CEO
DIN: 03434036

Place: Mumbai
Date : 30-04-2025

**Bhavna Udhwani**
Chief Financial Officer

Place: Mumbai
Date : 30-04-2025

# Nova Surface-Care Centre Private Limited

## BOARD OF DIRECTORS

| | |
|---|---|
| Mr. Rahul Bhatnagar | (Non-Executive Director) |
| Mr. Gagandeep Singh Kalsi | (Non-Executive Director) |
| Dr. Swapan Kumar Ghosh | (Non-Executive Director) |

## AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants

## REGISTERED OFFICE

A/108, 1st Floor, Kailash Industrial Complex,
Building No 2, Veer Savarkar Marg, Parksite,
Vikhroli West, Mumbai,
Maharashtra, India, 400 079

# Contents

# Board's Report

for the financial year ended 31st March 2025

**Dear Members,**

The Board of Directors are pleased to present the 14th Annual Report of Nova Surface-Care Centre Private Limited along with the audited financial statements for the financial year ended 31st March 2025.

## Financial Results

The Company's financial performance for the financial year ended 31st March 2025 is summarised below:

(Amount in ₹ Lakhs)

| Particulars | 2024-25 | 2023-24 |
|---|---|---|
| Revenue from Operations | 8.29 | 30.74 |
| Other Operating Revenues | - | - |
| Other Income | 15.57 | 38.33 |
| **Total Revenue** | **23.86** | **69.07** |
| Less: Expenses | 18.88 | 104.09 |
| **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)** | **4.98** | **(35.02)** |
| Less: Finance Cost | 0.70 | 1.85 |
| Less: Depreciation and Amortisation Expenses | 10.92 | 14.05 |
| **Profit Before Exceptional Item & Tax** | **(6.64)** | **(50.92)** |
| Exceptional Item | - | - |
| **Profit Before Tax** | **(6.64)** | **(50.92)** |
| Less: Tax Expense | - | - |
| **Profit After Tax** | **(6.64)** | **(50.92)** |
| Other Comprehensive Income | - | - |
| **Total comprehensive Income/ Loss** | **(6.64)** | **(50.92)** |

## Overview of the Company's Performance and state of Affairs

During the financial year 2024-25:

- Net revenue from operations decreased to ₹8.29 lakhs as against ₹30.74 lakhs in the previous year.
- The Company incurred losses of ₹ 6.64 lakhs after tax as against a Loss of ₹50.92 lakhs in the previous year.

The Company is engaged in the business of testing and analysis, project consultancy, contract research for polymers, paints, coating & allied services.

## Confirmations:

a. There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2024-25 and the date of this report.

b. There has been no change in the nature of business of the Company.

c. There was no revision of financial statements and Board's Report of the Company during the year under review.

## 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 Company has only one class of equity shares. The authorised Share capital of the Company is ₹ 6, 20,00,000 divided into 62,00,000 equity shares of ₹ 10 each.

The issued, subscribed and paid-up equity share capital of the Company is ₹ 6,18,08,180 divided into 61,80,818 equity shares of ₹ 10 each as on 31st March 2025.

During the financial year 2024-25, there was no change in the authorised, issued, subscribed and paid-up share capital of the Company.

## Confirmations

a. During the year under review, the Company has not:

   (i) issued any warrants, debentures, bonds, or any other convertible or non-convertible securities;

   (ii) issued equity shares with differential rights as to dividend, voting or otherwise;

   (iii) issued any sweat equity shares to its Directors or employees;

   (iv) issued any equity shares under the employee stock option scheme, further, the Company doesn't have any employees stock option scheme;

   (v) made any change in voting rights;

   (vi) reduced its share capital or bought back shares;

(vii) changed the capital structure resulting from restructuring;

(viii) failed to implement any corporate action;

b. The Company's securities are not listed on any stock exchanges, hence there doesn't arise a scenario of its shares being suspended for trading during the year.

c. The disclosure pertaining to explanation for any deviation or variation in connection with certain terms of a public issue, rights issue, preferential issue, etc. is not applicable to the Company.

## Dividend

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

## Unclaimed Dividend & IEPF

The Company does not have any unclaimed dividend outstanding for payment to shareholders of the Company. Further, the Company has not transferred any amount to the Investor Education & Protection Fund ("IEPF").

## Transfer To Reserves

During the year under review, there was no amount transferred to any of the reserves of the Company.

## Subsidiary Status

Harind Chemicals and Pharmaceuticals Private Limited ("Harind"), holding company, had entered into Share Purchase Agreements on 14th February 2024, wherein Asian Paints Limited ("APL") had acquired 51% of the equity share capital of Harind.

Accordingly, the Company being the wholly owned subsidiary of Harind, is now the subsidiary company of APL with effect from 14th February 2024. Hence, Harind is the holding company and APL is the ultimate holding company of the Company.

The Company does not have any Subsidiary, Associates or Joint Ventures as on the date of this report.

## 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 ("the Act") read together with the Companies (Acceptance of Deposits) 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 and Investments

Details of Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Act are given in the notes to the financial statements.

## Directors and Key Managerial Personnel

During the year under review there was no change in the composition of Board of Directors of the Company.

### Directors

| Sr. No. | Name of the Directors | Designation |
|---|---|---|
| 1. | Mr. Rahul Bhatnagar | Non-Executive Director |
| 2. | Mr. Gagandeep Singh Kalsi | Non-Executive Director |
| 3. | Dr. Swapan Kumar Ghosh | Non-Executive Director |

### Retirement by rotation and subsequent re-appointment

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act 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, Dr. Swapan Kumar Ghosh (DIN: 03434036), of the Company is liable to retire by rotation at the ensuing AGM and being eligible, have offered himself for re-appointment.

The Board of Directors recommends re-appointment of Dr. Swapan Kumar Ghosh (DIN: 03434036), as Non-Executive Director of the Company, liable to retire by rotation. Appropriate resolution for his re-appointment is being placed for the approval of the shareholders of the Company at the ensuing AGM.

### Declaration from Directors

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Sections 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force).

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

### Key Managerial Personnel

During the financial year 2024-25, there was no Key Managerial Personnel of the Company.

## Disclosures Relating to Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

During the year under review, no remuneration was paid to the Non-Executive Directors of the Company for the financial year 2024-25.

Disclosure relating to remuneration of directors, key managerial personnel and employees pursuant to Section 197(12) of the Act Read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not required to give disclosure in this regard, being an unlisted company.

### Performance evaluation of the Board

Provisions of Section 134(3)(p) of the Act read with Rule 8(4) Companies (Accounts) Rules, 2014, in relation to the performance evaluation of the Board are not applicable to the Company.

## Directors' Responsibility Statement

Pursuant to Section 134(3)(c) (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) of the Act, the Directors of the Company confirms that:

a. in the preparation of the annual accounts for the financial year ended 31$^{st}$ March 2025, the applicable accounting standards and Schedule III of the Act, 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 31$^{st}$ March 2025 and profit/loss of the Company as on 31$^{st}$ March 2025;

c. proper and sufficient care has been taken 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 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 2024-25, six (6) meetings of the Board of Directors were held on 30$^{th}$ April 2024, 22$^{nd}$ May 2024, 13$^{th}$ July 2024, 16$^{th}$ October 2024, 16$^{th}$ January 2025, and 18$^{th}$ March 2025.

The maximum time gap between 2 meetings did not exceed 120 days.

During the financial year, the number of Board meetings attended by the Directors, through video conference is as follows:

| Sr. No. | Name of the Director | Number of meeting(s) entitled to attend | Number of meeting(s) attended |
|---|---|---|---|
| 1. | Mr. Rahul Bhatnagar | 6 | 4 |
| 2. | Mr. Gagandeep Singh Kalsi | 6 | 6 |
| 3. | Mr. Swapan Kumar Ghosh | 6 | 6 |

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

## Related Party Transactions

During the financial year 2024-25, the Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with the 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 Act read with the Rules issued thereunder.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large. Further, there are no contracts or arrangements entered into under Section 188(1) of the Act, hence no justification have been separately provided in that regard.

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 Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as Annexure (1).

## Vigil Mechanism

The Company is not required to have Vigil Mechanism as per Section 177(10) of the Act.

The Board of Directors of the Company in good governance on voluntarily basis have adopted the Whistle Blower Policy of APL, ultimate holding company.

The Policy provides for protection to the employees and business associates who report unethicalpractices and irregularities. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy of APL.

## Auditors and Auditors' Report

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, Deloitte Haskins & Sells LLP ("DHS"), Chartered Accountants (Firm Registration No. 117366W/W- 100018), Chartered Accountants, were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the 18th AGM to be held for the financial year 2028-29. DHS has confirmed that they are not disqualified from continuing as Auditors of the Company.

DHS has issued an unmodified opinion on the financial statements for the financial year ended 31st March 2025. The said Auditors' Report forms part of the Annual Report.

There were no incidents 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 & Outgo

### Conservation of Energy: **NIL**

### Technology Absorption: **NIL**

## Foreign Exchange Earnings and Outgo

Details of Foreign Exchange Earnings and Outgo are as follows:

(Amount in ₹ Lakhs)

| Particulars | 2024-25 | 2023-24* |
|---|---|---|
| Foreign exchange earned in terms of actual inflows | NIL | 4.22 |
| Foreign exchange outgo in terms of actual outflows | NIL | NIL |

*amount(s) are equivalent to 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.

The Company recognises that risk is an integral and inevitable part of the business and is fully committed to manage risks in a proactive and efficient manner. The Company has a Risk Management Policy which articulates the approach to address the uncertainties in its endeavour to achieve its stated and implicit objectives.

## Policy on Prevention of Sexual Harassment at Workplace

The Board of Directors in good governance on a voluntary basis has adopted the 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.

During the financial year 2024-25, there were no ongoing or new cases of violation/non-compliance under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

The Company does not have any employees on its roll, however, the employees of the Holding Company, conduct the operations of the Company's Research and Development center.

## Internal Controls

The Company has in place a well-established and robust internal control systems which are commensurate with the nature of its business, size & scale, and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of the Company's operations, safe keeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of the Company's operations.

## 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 Section 148(1) of the Act.

## Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations.

## Annual Return

The Annual Return of the Company as on 31$^{st}$ March 2025 in terms of Section 92(3) of the Act, will be uploaded on the website of the Company at www.nanovacarecoat.com.

The Board of Directors in their meeting held on 14$^{th}$ February 2024 had, *inter alia*, appointed all directors of the Company namely Dr. Swapan Kumar Ghosh (DIN: 03434036), Mr. Rahul Bhatnagar (DIN: 09660086), and Mr. Gagandeep Singh Kalsi (DIN: 10473109) as the designated person with respect to providing information to the Registrar or any other authorised officer with respect to beneficial interest in shares of the Company in accordance with provisions of Section 89 of the Act read with Rule 9 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions, if any, of the Act.

## Compliance with Secretarial Standards

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

## Other Disclosures

I. No credit rating has been obtained by the Company with respect to its securities;

II. No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year is not applicable; and

III. The requirement to disclose the 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, is not applicable.

## 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**

**RAHUL BHATNAGAR**
CHAIRMAN
DIN: 09660086

Place: Mumbai
Date: 30th April 2025

# Annexure (1) to the Board's Report

## FORM AOC – 2

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 ("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 Section 188(1) of the Act including certain arms' length transactions under fourth proviso thereto

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

There were no contracts or arrangements, or transactions entered into during the financial year ended 31st March 2025, which were not at arm's length basis.

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

There were no material contracts or arrangements, or transactions entered into during the financial year ended 31st March 2025.

During the financial year ended 31st March 2025, all related party transactions entered into by the Company were in the ordinary course of business and on arm's length basis and were approved by the Board of Directors of the Company.

**For and on Behalf of the Board of Directors**

**RAHUL BHATNAGAR**
CHAIRMAN
DIN: 09660086

Place: Mumbai
Date: 30th April 2025

# Independent Auditor's Report

To The Members of
**Nova Surface-Care Centre Private Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Nova Surface-Care Centre Private Limited (the "Company"), which comprise the Balance Sheet as at 31st March 2025, 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 ended on that date, and notes to the financial statements, including a summary of material 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, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2025, 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 ("SA"s) specified under section 143(10) of the Act. 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 comprises the information included in the Director'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.

### Responsibilities of Management and Board of Directors 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 accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 financial controls 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.

## Reporting on comparatives in case the previous year was audited by the predecessor auditor

The financial statements of the Company for the year ended 31st March 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 30th April 2024.

Our opinion on the financial statements is not modified in respect of this matter.

## 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 Statement of Cash Flows 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 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company 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 with reference to financial statements.

    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 does not pay remuneration to any of its Directors. Consequently, this clause has not been reported thereon.

    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.

        iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 29B(f) to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

        (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 29B(f) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended 31st March, 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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)

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN: 25107502BMIBBQ9694

Place: Mumbai
Date: 30th April 2025

# 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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to financial statements of Nova Surface-Care Centre Private Limited (the "Company") as at 31st March 2025 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with reference to financial statements

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

## Inherent Limitations of Internal Financial Controls with reference to financial statements

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2025, based on the criteria for internal financial control with reference to financial statements 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)

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN: 25107502BMIBBQ9694

Place: Mumbai
Date: 30th April 2025

# Annexure "B" to the Independent Auditor's Report

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

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

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

(B) The Company does not have any intangible assets and hence reporting under clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) The Company has a program of verification of property, plant and equipment, so to cover all the items once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no such assets were due for physical verification during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification. Since no physical verification of property, plant and equipment was due during the year the question of reporting on material discrepancies noted on verification does not arise.

(c) The Company does not have any immovable properties and hence reporting under clause 3(i)(c) of the Order is not applicable.

(d) The Company has not revalued its property, plant and equipment (including right of use assets) during the year.

(e) No proceedings have been initiated or is pending against the Company as at 31$^{st}$ March 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting on the quarterly returns or statements filed by the Company with such banks or financial institutions is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

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

(vii) (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, cess and other material statutory dues in arrears as at 31$^{st}$ March 2025, for a period of more than six months from the date they became payable.

(c) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as at 31$^{st}$ March 2025.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) We report that the Company has neither taken any funds from any entity or person during the year nor it had any unutilized funds as at the beginning of the year of the funds raised through issue of shares or borrowings in the previous year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

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

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013 and hence reporting under clause (xiv) (a) and (b) of the Order is not applicable to Company.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding Company, subsidiary Company, associate Company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors of the Company during the year. The predecessor statutory auditors have confirmed to us that they were not aware of reasons as to why we should not accept the statutory audit of the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet date and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company.

We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

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

**Terence Lewis**
Partner
(Membership No. 107502)
UDIN: 25107502BMIBBQ9694

Place: Mumbai
Date: 30th April 2025

# Balance Sheet

as at 31st March, 2025

(All amounts in thousands of INR, unless otherwise stated)

| | Note | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 2A | 1,950.10 | 2,295.73 |
| Right of Use Assets | 2B | 955.13 | 814.06 |
| Intangible Assets | 3 | - | - |
| Financial assets | | | |
| Other financial assets | 4 | 327.45 | 325.71 |
| Income Tax Assets (Net) | 5 | 730.33 | 795.88 |
| | | **3,963.01** | **4,231.38** |
| **Current assets** | | | |
| **Financial assets** | | | |
| Trade receivables | 6 | 165.98 | 3,790.83 |
| Cash and cash equivalents | 7 | 1,253.32 | 1,137.55 |
| Other Balances with Banks | 8 | 1,020.02 | - |
| Other assets | 5 | 200.62 | 58.69 |
| | | **2,639.94** | **4,987.07** |
| **Total assets** | | **6,602.95** | **9,218.45** |
| | | | |
| **Equity And Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 9 | 61,808.18 | 61,808.18 |
| Other equity | 10 | (56,941.70) | (56,277.37) |
| | | **4,866.48** | **5,530.81** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease Liabilities | 14 | 958.58 | 912.50 |
| Trade payables | 11 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 225.97 | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 18.63 | 2,351.90 |
| Other financial liabilities | 12 | 491.94 | 187.89 |
| Other current liabilities | 13 | 41.35 | 235.35 |
| | | **1,736.47** | **3,687.64** |
| **Total equity and liabilities** | | **6,602.95** | **9,218.45** |
| **Summary of material accounting policies and key accounting estimates and judgements** | **1** | | |
| **See accompanying notes to the financial statements** | **2-30** | | |

As per our report of even date attached

For **Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm Regn No. 117366W/W 100018

For and on behalf of the Board of Directors of

**Nova Surface - Care Centre Private Limited**
CIN: U73100MH2011PTC221653

**Terence Lewis**
Partner
Membership No. 107502

**Rahul Bhatnagar**
Director
DIN: 09660086

**Swapan Kumar Ghosh**
Director
DIN: 03434036

Place: Mumbai
Date: 30-04-2025

Place: Mumbai
Date: 30-04-2025

Place: Mumbai
Date: 30-04-2025

# Statement of Profit and Loss

for the year ended 31 March 2025

(All amounts in thousands of INR, unless otherwise stated)

| | Note | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 16A | 828.90 | 3,074.41 |
| Other income | 17 | 1,557.33 | 3,832.89 |
| **Total Income (I)** | | **2,386.23** | **6,907.30** |
| **Expenses** | | | |
| Other expenses | 20 | 1,888.48 | 10,409.36 |
| **Total Expenses (II)** | | **1,888.48** | **10,409.36** |
| **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)** | | **497.75** | **(3,502.06)** |
| Finance costs | 18 | 70.35 | 184.92 |
| Depreciation and amortisation expense | 19 | 1,091.73 | 1,405.43 |
| **PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX** | | **(664.33)** | **(5,092.41)** |
| Exceptional Items | | | |
| **PROFIT BEFORE TAX** | | **(664.33)** | **(5,092.41)** |
| Income tax expense | | | |
| Current tax | | - | - |
| **Profit for the year** | | **(664.33)** | **(5,092.41)** |
| Other comprehensive income | | | |
| **Total comprehensive income for the period** | | **(664.33)** | **(5,092.41)** |
| Earnings per equity share in INR | 21 | | |
| Basic | | (0.11) | (0.92) |
| Diluted | | (0.11) | (0.92) |
| **Face value per ordinary share in INR** | | **10.00** | **10.00** |
| **Summary of material accounting policies and key accounting estimates and judgements** | **1** | | |
| **See accompanying notes to the financial statements** | **2-30** | | |

As per our report of even date attached

For **Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm Regn No. 117366W/W 100018

For and on behalf of the Board of Directors of

**Nova Surface - Care Centre Private Limited**
CIN: U73100MH2011PTC221653

**Terence Lewis**
Partner
Membership No. 107502

**Rahul Bhatnagar**
Director
DIN: 09660086

**Swapan Kumar Ghosh**
Director
DIN: 03434036

Place: Mumbai
Date: 30-04-2025

Place: Mumbai
Date: 30-04-2025

Place: Mumbai
Date: 30-04-2025

# Statement of Cash Flows

for the year ended 31 March 2025

(All amounts in thousands of INR, unless otherwise stated)

| | Particulars | Year ended on 31st March, 2025 | Year ended on 31st March, 2024 |
|---|---|---|---|
| **A.** | **Cash flow from operating activities** | | |
| | Profit before tax | (664.33) | (5,092.41) |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 247.33 | 597.41 |
| | Impairment loss on property, plant & equipment | - | 727.74 |
| | Depreciation of Right of use assets | 844.40 | 808.02 |
| | Interest on Lease Liability | 70.14 | 153.46 |
| | Interest Income | (79.83) | (35.18) |
| | Bad debts and deposits written off | - | 3,670.00 |
| | **Operating profit before working capital changes** | **417.71** | **829.04** |
| | **Adjustments for working capital changes:** | | |
| | Decrease/(Increase) in trade receivables | 3,624.85 | (3,790.81) |
| | Decrease/(Increase) in other current assets | (141.93) | 59.06 |
| | Decrease/(Increase) in other financial assets | 81.58 | 62.76 |
| | (Decrease)/Increase in trade payables | (2,107.30) | 2,321.15 |
| | (Decrease)/Increase in other financial liabilities | 304.04 | 65.98 |
| | (Decrease)/Increase in other current liabilities | (194.00) | 235.35 |
| | | **1,984.94** | **(217.47)** |
| | Income tax paid (net of refund) | 65.55 | (46.73) |
| | **Net cash generated from / (used in) operating activities (A)** | **2,050.49** | **(264.20)** |
| **B.** | **Cash flow from investing activities** | | |
| | Purchase of Property, plant and equipment | (62.30) | (17.50) |
| | Purchase of term deposits | (1,020.02) | - |
| | Payment for acquiring right-of-use asset | (40.58) | - |
| | Sale of Property, plant and equipment | 160.60 | - |
| | **Net cash used in investing activities (B)** | **(962.30)** | **(17.50)** |
| **C.** | **Cash flow from financing activities** | | |
| | Repayment of current borrowings | - | (4,815.26) |
| | Repayment of Lease Liabilities (including Interest) | (972.42) | (926.10) |
| | Proceeds from issue of shares | - | 6,867.58 |
| | **Net cash outflow from financing activities (C)** | **(972.42)** | **1,126.22** |
| | **Net increase in cash and cash equivalents (A+B+C)** | **115.77** | **844.52** |
| | Cash and cash equivalents at the beginning of the year | 1,137.55 | 293.03 |
| | **Cash and cash equivalents at the end of the year** | **1,253.32** | **1,137.55** |
| | **Components of cash and cash equivalents:** | | |
| | Cash in hand | 8.68 | 0.12 |
| | Balance in current account | 1,244.64 | 1,137.43 |
| | | **1,253.32** | **1,137.55** |
| | **Net debt position - Annexure 1** | **1253.32** | **1137.55** |

| | | | |
|---|---|---|---|
| **Note:**<br>The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS 7) - 'Statement of Cash Flows'. | | | |
| Summary of material accounting policies and key accounting estimates and judgements | 1 | | |
| See accompanying notes to the financial statements | 2-30 | | |

As per our report of even date attached

For **Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm Regn No. 117366W/W 100018

**Terence Lewis**
Partner
Membership No. 107502

Place: Mumbai
Date: 30-04-2025

For and on behalf of the Board of Directors of

**Nova Surface - Care Centre Private Limited**
CIN: U73100MH2011PTC221653

**Rahul Bhatnagar**
Director
DIN: 09660086

Place: Mumbai
Date: 30-04-2025

**Swapan Kumar Ghosh**
Director
DIN: 03434036

Place: Mumbai
Date: 30-04-2025

# Notes to Financial Statement for the year ended 31 March 2025

(All amounts in thousands of INR, unless otherwise stated)

## Annexure 1

## Net Debt Reconciliation

| | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Cash and cash equivalents | 1,253.32 | 1,137.55 |
| Borrowings | - | - |
| **Net (debt) / Cash & Cash Equivalents** | **1,253.32** | **1,137.55** |

| Particulars | Cash and bank overdraft | Liquid Investments | Non-current borrowings | Current borrowings | Total |
|---|---|---|---|---|---|
| **(Net debt) / Cash & Cash Equivalents as at 31 March 2023** | **293.03** | **-** | **-** | **(4,815.26)** | **(4,522.23)** |
| **(Net debt) / Cash & Cash Equivalents as at 1 April 2023** | **293.03** | **-** | **-** | **(4,815.26)** | **(4,522.23)** |
| Cash Flows | 844.52 | - | - | 4,815.26 | 5,659.78 |
| Interest expense | - | - | - | - | - |
| Interest paid | - | - | - | - | - |
| **(Net debt) / Cash & Cash Equivalents as at 31 March 2024** | **1,137.55** | | | **-** | **1,137.55** |
| **(Net debt) / Cash & Cash Equivalents as at 1 April 2024** | **1,137.55** | **-** | **-** | **-** | **1,137.55** |
| Cash Flows | 115.77 | - | - | - | 115.77 |
| Interest expense | - | - | - | - | - |
| Interest paid | - | - | - | - | - |
| **(Net debt) / Cash & Cash Equivalents as at 31 March 2025** | **1,253.32** | | | **-** | **1,253.32** |

# Statement of Changes in Equity

as at 31 march 2025

(All amounts in thousands of INR, unless otherwise stated)

## A) Equity Share Capital

| Particulars | Equity share capital |
|---|---|
| As at 1 April 2023 | 54,940.60 |
| **Restated balance at the beginning of the reporting period** | **54,940.60** |
| Issue of share capital | 6,867.58 |
| **As at 31 March 2024** | **61,808.18** |
| | |
| As at 1 April 2024 | 61,808.18 |
| Issue of share capital | - |
| **As at 31 March 2025** | **61,808.18** |

## B) Other Equity

| Particulars | | Retained earnings |
|---|---|---|
| **As at 1 April 2023** | | **(51,184.96)** |
| Profit/(Loss) for the year | | (5,092.41) |
| **As at 31 March 2024** | | **(56,277.37)** |
| As at 1 April 2024 | | (56,277.37) |
| Restated balance at the beginning of the reporting period | | (56,277.37) |
| Profit/(Loss) for the year | | (664.33) |
| **As at 31 March 2025** | | **(56,941.70)** |
| **Summary of material accounting policies and key accounting estimates and judgements** | **1** | |
| **See accompanying notes to the financial statements** | **2-30** | |

As per our report of even date attached

For **Deloitte Haskin & Sells LLP**
Chartered Accountants
Firm Regn No. 117366W/W 100018

**Terence Lewis**
Partner
Membership No. 107502

Place: Mumbai
Date: 30-04-2025

For and on behalf of the Board of Directors of

**Nova Surface - Care Centre Private Limited**
CIN: U73100MH2011PTC221653

**Rahul Bhatnagar**
Director
DIN: 09660086

Place: Mumbai
Date: 30-04-2025

**Swapan Kumar Ghosh**
Director
DIN: 03434036

Place: Mumbai
Date: 30-04-2025

# Notes to the Financial Statements

for the year ended 31 march 2025

## Company Background

"Nova Surface-Care Centre Private Limited (the 'Company') is a private limited Company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Company is located at A/108, Kailash Industrial Complex, Veer Savarkar Marg, Vikhroli West, Mumbai, India.
The Company is engaged in the business of testing services of paints and related chemicals."

## 1. Material Accounting Policies and Key accounting estimates and judgements

### Material Accounting Policies

### 1.1. Basis of preparation of financial statements

These financial statements are the separate financial statements of the Company (also called standalone financial statements) 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 are presented in Indian Rupees (which is also the functional currency of the Company) and is rounded off to the nearest crores except otherwise indicated.

### 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.

### 1.3. Summary of Significant accounting policies

**a) Property, plant and equipment**

Measurement at recognition:

An item of property, plant and equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of PPE are carried at their cost less accumulated depreciation and accumulated impairment losses, if any. Item of PPE which reflects significant cost and has different useful life from the remaining part of PPE is recognized as a separate component.

The cost of an item of PPE comprises of its purchase price net of discounts, if any including import duties and other non-refundable taxes or levies and 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. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses like plans, designs, and drawings of buildings or plant and machinery, borrowing cost on qualifying assets, directly attributable to new manufacturing facility during its construction period are capitalized under the relevant head of PPE if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE 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 PPE appearing in the financial statements and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2017.

### Depreciation:

During the year, the Company has changed its method of depreciation from Written Down value method to Straight Lime method in line with the method followed by the ultimate holding company. Accordingly, depreciation on each part of an item / component of PPE is provided as per Straight Line Method based on the expected useful life of the asset 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 has been assessed based on technical evaluation, taking into account the nature of the asset and the estimated usage basis management's best judgement of economic benefits from those classes of assets. The estimated useful life of items of PPE is mentioned below:

| | Years |
|---|---|
| Factory Building | 30 |
| Plant and Machineries | 8 |
| Furniture and Fixtures | 4-10 |
| Office Equipment | 5 |
| Computer | 4 |

The useful lives, residual values of each part of an item of PPE 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 PPE 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 PPE 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

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 expensed in the Statement of Profit and Loss as incurred. 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 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2017.

### Amortization:

During the year, the Company has changed its method of amortization from Written Down value method to Straight Lime method in line with the method followed by the ultimate holding company. Accordingly, 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 | 5 |

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.

## c) Impairment

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events 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 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.

## d) Revenue

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. It is measured at transaction price (net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract) allocated to that performance obligation. 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 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 testing services.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

## e) Financial Instruments

A financial instrument is a 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:

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

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:

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

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. The effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset 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 fair value through other comprehensive income (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 equity to Statement of Profit and Loss.

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

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. 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:

i. A financial asset is derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

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

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.

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 Statement of Profit and Loss.

## Financial Liabilities

### Initial recognition and measurement:

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. The effect of the amortization under effective interest method is recognized as interest expense under finance cost in the Statement of Profit and Loss over the relevant period of the financial liability.

### 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.

### Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are off-set and the net amount is reported in the balance sheet wherever there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## f) 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.

### g) 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.

#### 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.

Exchange differences arising out of foreign exchange translations and settlements during the year are recognized in the Statement of Profit and Loss.

### h) 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 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 assets and liabilities are generally recognized for all deductible and taxable temporary differences respectively. 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 or does not give rise to equal taxable and deductible temporary differences, deferred tax assets or 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 recognized to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized.

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.

#### Uncertain tax positions:

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using one of two methods, the expected value method (the sum of the probability - weighted amounts in a range of possible outcomes) or the most likely amount (single most likely amount method in a range of possible outcomes), depending on which is expected to better predict the resolution of the uncertainty. The Company applies consistent judgements and estimates if an uncertain tax treatment affects both the current and the deferred tax.

#### 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 tax assets and 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.

### i) 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 will be required and the amount of outflow can be reliably estimated. 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 or the amount of such outflow cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

### j) 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.

### k) 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.

### l) Lease accounting

Assets taken on lease:

The Company assesses whether a contract is or contains a lease, at inception of a contract in accordance with Ind AS 116, Leases. The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised 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. 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 or useful life of the underlying asset if the Company expects to exercise a purchase option in the lease. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, generally discounted using an incremental borrowing rate specific to the Company, term and currency of the contract.

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 payment which the Company is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate 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.

**m) Earnings Per Share (EPS)**

Basic earnings per share is calculated by dividing the net profit attributable to the equity shareholders of the Company with the weighted average number of equity shares outstanding during the financial year.

Diluted Earnings per share is calculated by dividing net profit attributable to the equity shareholders of the Company with the weighted average number of shares outstanding during the financial year, adjusted for all diluting effect of potential equity shares.

**n) Exceptional items:**

An ordinary item of income or expense which by its size, nature, occurrence or incidence requires a disclosure in order to improve understanding of the performance of the Company is treated as an exceptional item in the statement of profit and loss account.

## 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 effected 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 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, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes or a change in market demand of the product or service output of the asset, manufacturers warranties and maintenance support, etc.

c) 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.

d) Right-of-use assets and lease liability

The Company has 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.

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 2A Property, plant and equipment

(₹ in Thousands)

| Assets | Gross Carrying Value ( Cost / Deemed Cost) | | | | Depreciation | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 31-03-2025 |
| Plant & Machinery | 8,883.06 | 41.80 | 1,818.00 | **7,106.86** | 6,612.90 | 236.04 | 1,657.40 | **5,191.54** | **1,915.32** |
| Office Equipments | 86.14 | - | - | **86.14** | 69.69 | - | - | **69.69** | **16.45** |
| Furniture & Fixtures | 1,257.04 | 20.50 | - | **1,277.54** | 1,250.07 | 11.29 | - | **1,261.36** | **16.18** |
| Electrical Instalments and Equipments | 24.80 | - | - | **24.80** | 22.65 | - | - | **22.65** | **2.15** |
| **Total** | **10,251.04** | **62.30** | **1,818.00** | **8,495.34** | **7,955.31** | **247.33** | **1,657.40** | **6,545.24** | 1,950.10 |

(₹ in Thousands)

| Assets | Gross Carrying Value ( Cost / Deemed Cost) | | | | Depreciation | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2023 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2024 | As at 01-04-2023 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2024 | As at 31-03-2024 |
| Plant & Machinery | 10,499.45 | 17.50 | 1,633.89 | **8,883.06** | 7,215.40 | 583.49 | 1,185.99 | **6,612.90** | **2,270.16** |
| Office Equipments | 274.00 | - | 187.86 | **86.14** | 113.65 | - | 43.96 | **69.69** | **16.45** |
| Furniture & Fixtures | 1,670.51 | - | 413.47 | **1,257.04** | 1,559.83 | 13.92 | 323.68 | **1,250.07** | **6.97** |
| Electrical Instalments and Equipments | 238.39 | - | 213.59 | **24.80** | 190.09 | - | 167.44 | **22.65** | **2.15** |
| **Total** | **12,682.35** | **17.50** | **2,448.81** | **10,251.04** | **9,078.97** | **597.41** | **1,721.07** | **7,955.31** | **2,295.73** |

With effect from 1st April 2024, the company has revised the method of depreciation on Property, Plant & Equipment (PPE) from Written Down Value (WDV) to Straight line Method (SLM)

This change in method of depreciation has resulted in lower depreciation expenses in statement of Profit & Loss by INR 21.78 thousands for the year ended 31st March 2025

## 2B Right -of - Use Assets

(₹ in Thousands)

| Movement in net carrying amount | Year 2024-25 | | Year 2023-24 | |
|---|---|---|---|---|
| | Office Building | Total | Office Building | Total |
| Balance as at 1st April | 814.06 | **814.06** | 770.48 | **770.48** |
| Additions | 985.47 | **985.47** | 851.60 | **851.60** |
| Depreciation | 844.40 | **844.40** | 808.02 | **808.02** |
| Deletions | - | **-** | - | **-** |
| **Balance as at 31st March** | **955.13** | **955.13** | **814.06** | **814.06** |

All lease agreements are duly executed in favour of the company.

Refer Note 14 for additions and movement in lease liability

Refer Note 22 for diclosures as per Ind AS 116

## 3 Intangible assets (Acquired separately)

(₹ in Thousands)

| Assets | Gross Carrying Value | | | | Amortization | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 01-04-2024 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2025 | As at 31-03-2025 |
| Computer software | 72.80 | - | - | 72.80 | 72.80 | - | - | 72.80 | - |
| **Total** | **72.80** | **-** | **-** | **72.80** | **72.80** | **-** | **-** | **72.80** | - |

| Assets | Gross Carrying Value | | | | Amortization | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2023 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2024 | As at 01-04-2023 | Additions During the Year | Deductions/ Adjustments | As at 31-03-2024 | As at 31-03-2024 |
| Computer software | 72.80 | - | - | 72.80 | 72.80 | - | - | 72.80 | - |
| **Total** | **72.80** | **-** | **-** | **72.80** | **72.80** | **-** | **-** | **72.80** | - |

## 4 Other financial assets

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Non-current** | | |
| **Unsecured and Considered good** | | |
| Security Deposits | 327.45 | 325.71 |
| | **327.45** | **325.71** |

Refer Note 27 on credit risk of financial assets

## 5 Income Tax Assets (Net)

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Non-Current** | | |
| Advance payment of income tax (net) | 730.33 | 795.88 |
| | **730.33** | **795.88** |

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Current** | | |
| a) Advances other than capital advances | | |
| i) Advances/ claims recoverable in cash or in kind | 98.29 | 58.69 |
| ii) Balance with Government authorities | 102.33 | - |
| | **200.62** | **58.69** |

## 6 Trade receivables

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Secured - considered good | - | - |
| Unsecured - considered good | 165.98 | 3,790.83 |
| Unsecured -considered doubtful | - | - |
| | **165.98** | **3,790.83** |
| | - | - |
| **Less: Allowance for doubtful debts** | **165.98** | **3,790.83** |

Trade receivables(Unsecured, considered good) include INR 149.96 thousands (Previous FY 23-24 INR 3784.93 thousands) due from a private company in which directors of the company are directors as disclosed in Note no 24

### Trade Receivables Ageing Schedule

### As at March 31, 2025

Outstanding for following periods from due date of Invoice

(₹ in thousands)

| Particulars | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| (i) Undisputed Trade receivables – considered good | 165.98 | - | - | - | - | 165.98 |
| (ii) Undisputed Trade receivables – considered doubtful | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables–considered good | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables–considered doubtful | - | - | - | - | - | - |
| **Total** | **165.98** | **-** | **-** | **-** | **-** | **165.98** |

**As at March 31, 2024**

Outstanding for following periods from due date of Invoice

| Particulars | Less than 6 months | 6 months - 1 year | 1- 2 years | 2- 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| (i) Undisputed Trade receivables – considered good | 3,790.83 | - | - | - | - | 3,790.83 |
| (ii) Undisputed Trade receivables – considered doubtful | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables–considered good | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables–considered doubtful | - | - | - | - | - | - |
| **Total** | **3,790.83** | **-** | **-** | **-** | **-** | **3,790.83** |

## 7 Cash and cash equivalents

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| **Balances with banks** | | |
| In current accounts | 1,244.64 | 1,137.43 |
| Cash in hand | 8.68 | 0.12 |
| | **1,253.32** | **1,137.55** |

## 8 Other Balances with Banks

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Term deposits with original maturity of more than 3 months but less than 12 months | 1,020.02 | - |
| | **1,020.02** | **-** |

## 9 Equity share capital

(₹ in thousands)

| | As at 31 March 2025 | | As at 31 March 2024 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| **Equity share capital** | | | | |
| **Authorised Share Capital** | | | | |
| **Equity Share Capital** | | | | |
| 62,00,000 Equity Shares of INR 10/- each | 6,200,000 | 62,000.00 | 6,200,000 | 62,000.00 |
| **Issued, Subscribed and paidup Share Capital** | | | | |
| 61,80,818 Equity Shares of INR 10/- each | 6,180,818 | 61,808.18 | 6,180,818 | 61,808.18 |
| **Movement in respect of equity shares :** | | | | |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | 6,180,818 | 61,808.18 | 5,494,060 | 54,940.60 |
| Add: Increase in number of equity shares | | | 686,758 | 6,867.58 |
| Issued, subscribed and fully paidup equity shares outstanding at the end of the year | **6,180,818** | **61,808.18** | **6,180,818** | **61,808.18** |

The Company has only one class of equity share having par value of INR 10/- per share. Each shareholder is eligible for one vote per share held. The holder of the equity shares are entitled to receive dividend as declared from time to time, and are entitled to voting rights proportionate to their shareholding, at the meeting of shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## Details of shareholders holding more than 5% of shares

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Harind Chemicals and Pharamceuticals Private Limited and its nominees | 6,180,818 | 6,180,818 |
| As per records of the company including its register of members | 100.00% | 100.00% |

## Details of Number of shares held by Promoters in the Company

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Mr. Swapan Kumar Anandamohan Ghosh | - | - |
| Mr. Karthik Anand Reddy | NA | NA |
| Mr. Harshad Reddy | NA | NA |
| Ms. Preetha Reddy w.e.f 1st April, 2021 | - | - |
| Mr. P Vijay Kumar Reddy w.e.f 1st April, 2021 | - | - |
| Mr. Mohammed Faisal Mohammed Yamin Ansari (upto 14th February 2024) | - | - |
| Mr. Rajesh Kumar Kotha (upto 14th February 2024) | - | - |

## 10 Other equity

(₹ in thousands)

| | |
|---|---|
| **As at 1st April 2023** | **(51,184.96)** |
| Loss for the year | (5,092.41) |
| **As at 31st March 2024** | **(56,277.37)** |
| Loss for the year | (664.33) |
| **As at 31 March 2025** | **(56,941.70)** |

## Nature and purpose of reserves

**Retained earnings:**

Retained earnings are profits that the Company has earned till date, less any dividends or other distributions paid to shareholders.

## 11 Trade payables

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises (MSME) | 225.97 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 18.63 | 2,351.90 |
| | **244.60** | **2,351.90** |

### Trade Payables ageing schedule

### As at March 31, 2025

(₹ in thousands)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 Years | More than 3 years | Total |
| (i) Undisputed dues MSME | - | 225.97 | | | - | 225.97 |
| (ii) Undisputed dues others | 16.86 | - | 1.77 | | - | 18.63 |
| (iv) Disputed dues - MSME | - | - | | | - | - |
| (iv) Disputed dues - Others | - | - | | | - | - |
| **Total** | **16.86** | **225.97** | **1.77** | **-** | **-** | **244.60** |

### As at March 31, 2024

(₹ in thousands)

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 Years | More than 3 years | Total |
| (i) Undisputed dues MSME | - | - | | | - | |
| (ii) Undisputed dues others | - | 2,351.90 | | | - | 2,351.90 |
| (iv) Disputed dues - MSME | - | - | | | - | |
| (iv) Disputed dues - Others | - | - | | | - | |
| **Total** | **-** | **2,351.90** | **-** | **-** | **-** | **2,351.90** |

## 12 Other financial liabilities

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Payable towards services received | 491.94 | 187.89 |
| | **491.94** | **187.89** |

## 13 Other current liabilities

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Statutory Payables | 41.35 | 235.34 |
| | **41.35** | **235.34** |

Statutory payables includes dues towards GST, provident fund and TDS.

## 14 Lease Liabilities

(₹ in thousands)

| | As at 31.03.2025 | As at 31.03.2024 |
|---|---|---|
| Current | | |
| Lease Liabilities | 958.58 | 912.50 |
| **TOTAL** | **958.58** | **912.50** |

The aggregate maturities of long term leases, based on contractual undiscounted cash flows are as follows :

(₹ in thousands)

| Particulars | Carrying Values | Less than 1 year | Between 1 - 5 years | Total |
|---|---|---|---|---|
| **As at 31 March 25** | | | | |
| Lease Liabilities | 958.58 | 1,021.08 | - | 1,021.08 |
| **As at 31 March 24** | | | | |
| Lease Liabilities | 912.50 | 972.42 | - | 972.42 |

## Movement in Lease Liabilities

(₹ in thousands)

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| **Movement in Lease Liabilities** | | |
| Balance as at 1st April | 912.50 | 868.61 |
| Addition | 948.36 | 816.53 |
| Deletions | | |
| Finance Cost | 70.14 | 153.46 |
| Repayments | (972.42) | (926.10) |
| **Balance as at End of 31st March 2025** | **958.58** | **912.50** |

## 15 Deferred tax liabilities (net)

In the absence of probability on availability of taxable surplus in near future, the Company has not recorded the net cumulative deferred tax assets on unabsorbed losses and depreciation amounting to INR.12,111.18 thousands (31 March 2024: INR 13,372.83 thousands) arising on account of temporary differences, as stipulated in Ind AS 12 - Income taxes.

(₹ in thousands)

| Effective tax rate reconciliation : | Rate (%) | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|---|
| Profit/(Loss) Before Tax | | (664.33) | (5,092.41) |
| Applicable Tax Rate | 25.17% | - | - |
| Tax expense / (asset) on above | | (167.20) | (1,281.66) |
| Deferred tax asset not recognised on above | | 167.20 | 1,281.66 |
| Less : Adjusted against deferred tax asset on brought forward business loss | | - | - |
| Tax expense for the year | | - | - |
| Effective tax rate | | NA | NA |

## 16A Revenue from operations

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Sale of services | 828.90 | 3,074.41 |
| **Total** | **828.90** | **3,074.41** |

## 16B Revenue From Contracts With Customers

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| **a) Revenue from Contracts with Customers disaggregated based on nature of Product or Services:** | | |
| Revenue from sale of services | 828.90 | 3,074.41 |
| **Total** | **828.90** | **3,074.41** |

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| **b) Revenue from Contracts with Customers disaggregated based on Geography** | | |
| Home Market | 828.90 | 2,652.78 |
| Exports | - | 421.63 |
| **Total** | **828.90** | **3,074.41** |

The amounts receivable from customers become due after expiry of credit period which on an average ranges around from 30 to 60 days. There is no significant financing component in any transaction with the customers

The Company does not have any remaining performance obligation as contracts entered for sale of service contracts are measured as per output method.

## 17 Other income

(₹ in thousands)

| | | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|---|
| a) | **Interest Income** | | |
| | On Security Deposit | 38.84 | 35.18 |
| | On Income Tax Refund | 20.97 | 8.40 |
| | On Fixed Deposit | 20.02 | 0.70 |
| | | **79.83** | **44.28** |
| | Financial Instruments are carried at amortised cost:<br>- Bank Deposits<br>- Other Financial assets ( Refer Note 4) | | |
| | | | |
| b) | **Other Non Operating Income** | | |
| | Other Income | 1,477.50 | 3,784.93 |
| | | **1,477.50** | **3,784.93** |
| c) | **Other Gains and Losses** | | |
| | Net foreign exchange gain | - | 3.68 |
| | | **-** | **3.68** |
| | **Total** | **1,557.33** | **3,832.89** |

## 18 Finance costs

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Interest on Lease Liabilities | 70.14 | 153.46 |
| Interest on delay in payment of statutory dues | 0.21 | 31.46 |
| **Total** | **70.35** | **184.92** |

## 19 Depreciation and Ammortisation Expense

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer Note 2A) | 247.33 | 597.41 |
| Depreciation of Right-of-Use Assets (Refer Note 2B) | 844.40 | 808.02 |
| **Total** | **1,091.73** | **1,405.43** |

## 20 Other expenses

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Testing Charges | 76.56 | 156.55 |
| Legal and professional expenses | 301.21 | 2,140.19 |
| Power and Fuel | 200.65 | 211.92 |
| Payments to auditors (Refer footnote) | 300.00 | 162.00 |
| Repairs and maintenance | 75.37 | 23.50 |
| Rent | - | 1.84 |
| Advertisement and Sales Promotion expenses | - | 16.98 |
| Rates and taxes | 2.50 | 643.67 |
| Insurance premium | 15.05 | 15.44 |
| Assets Written Off | - | 727.74 |
| Bad debts written off | - | 3,670.00 |
| Other Non Operating Expenses | - | 2,487.30 |
| Miscellaneous expenditure | 917.14 | 152.23 |
| **Total** | **1,888.48** | **10,409.36** |
| **Footnote :** | | |
| Payments to auditors | | |
| Statutory Audit | 300.00 | 90.00 |
| For other services | - | 72.00 |
| **Total** | **300.00** | **162.00** |

## 21 Earning per share (EPS)

(₹ in thousands)

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| The following reflects the profit and share data used in EPS computation: | | |
| | | |
| Net profit / (loss) loss after tax | (664.33) | (5,092.41) |
| Number of equity shares outstanding at the beginning of the year | 6,180,818 | 5,494,060 |
| Adjustment pursuant to issue of equity shares during the year | - | 686,758 |
| Number of equity shares outstanding at the end of the year | 6,180,818 | 6,180,818 |
| Weighted average number of equity shares outstanding considered for calculating basic and diluted earnings per share | 6,180,818 | 5,505,318 |
| Earnings per share - basic - Face value INR 10/- per share (INR) | (0.11) | (0.92) |
| Earnings per share - diluted - Face value INR 10/- per share (INR) | (0.11) | (0.92) |

# 22 Leasing arrangements

## 22.1 Other than short term leases

(₹ in thousands)

| Particulars | Office Premises | |
|---|---|---|
| | Year ended 31 March 2025 | Year ended 31 March 2024 |
| Right of Use Assets | 955.13 | 814.06 |
| Lease Liability | | |
| Current | 958.58 | 912.50 |
| Non Current | - | - |

1. The Company has taken an office premises on operating lease towards the financial year end. Non-cancellable term of the leases is 5 years.
2. Amounts with respect to leases recognised in the Statement of Profit & Loss

(₹ in thousands)

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Depreciation of right-of-use Assets | 844.40 | 808.02 |
| Interest on Lease Liabilities | 70.14 | 153.46 |
| **Total Recognised in Statement of Profit & Loss** | **914.54** | **961.48** |

3. Amount recognised in Statement of Cash Flows

(₹ in thousands)

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Minimum Lease Payments | 972.42 | 926.10 |

4. Exposure to future cash flows:

The following are the undiscounted contractual cash flows of lease liabilities.

(₹ in thousands)

| Maturity Analysis | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Less than 1 year | 1,021.08 | 972.42 |
| Between 1 and 2 years | - | - |
| Between 2 and 5 years | - | - |
| More than 5 years | - | - |
| **Total** | **1,021.08** | **972.42** |

# 23 Deferred tax liabilities (net) - continued

The company has the following unused tax losses which arose on incurrence of capital losses and business losses under the Income Tax for which no deferred tax asset has been recognised in the Balance Sheet. Also refer Note 15

## As at 31st March 2025

(₹ in thousands)

| | Category | 31.03.2025 | Expiry Date |
|---|---|---|---|
| 2011-2012 | Depreciation | 1,565.83 | NA |
| 2012-2013 | Depreciation | 4,696.22 | NA |
| 2013-2014 | Depreciation | 3,725.01 | NA |
| 2014-2015 | Depreciation | 3,294.33 | NA |

| | Category | 31.03.2025 | Expiry Date |
|---|---|---|---|
| 2015-2016 | Depreciation | 2,796.34 | NA |
| 2016-2017 | Business loss | 13,022.82 | 3/31/2025 |
| 2016-2017 | Depreciation | 2,393.13 | NA |
| 2017-2018 | Business loss | 8,033.73 | 3/31/2026 |
| 2017-2018 | Depreciation | 2,110.04 | NA |
| 2018-2019 | Depreciation | 1,860.00 | NA |
| 2018-2019 | Business loss | 559.00 | 3/31/2027 |
| 2023-2024 | Business loss | 4,064.91 | 3/31/2032 |

## As at 31st March 2024

(₹ in thousands)

| | Category | 31.03.2024 | Expiry Date |
|---|---|---|---|
| 2011-2012 | Depreciation | 1,628.89 | NA |
| 2012-2013 | Depreciation | 4,696.22 | NA |
| 2013-2014 | Depreciation | 3,725.01 | NA |
| 2014-2015 | Depreciation | 3,294.33 | NA |
| 2015-2016 | Depreciation | 2,796.34 | NA |
| 2015-2016 | Business loss | 8,319.91 | 3/31/2024 |
| 2016-2017 | Business loss | 13,022.82 | 3/31/2025 |
| 2016-2017 | Depreciation | 2,393.13 | NA |
| 2017-2018 | Business loss | 8,033.73 | 3/31/2026 |
| 2017-2018 | Depreciation | 2,110.04 | NA |
| 2018-2019 | Depreciation | 1,860.00 | NA |
| 2018-2019 | Business loss | 559.00 | 3/31/2027 |

## 24 RELATED PARTY TRANSACTIONS

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below:

### a) Holding Company

**Name of the Company**

Harind Chemicals and Pharmaceuticals Private Limited

### b) Ultimate Holding Company

**Name of the Company**

Asian Paints Limited

### c) Key Managerial Personnel:

| Name | Designation |
|---|---|
| Dr. Swapan Kumar Ghosh | Director |

| Non-Executive Directors |
|---|
| Rahul Bhatnagar |
| Gagandeep Kalsi |

d) Names of Close Family Members of Key Managerial Personnel (apart from those who are in employment of the Company) where transactions have taken place during the year: NIL

e) Close family members of Key Managerial Personnel who are under the employment of the Company and with whom transactions have taken place during the year: NIL

f) Entities where Key Managerial Personnel / Close family members of Key Managerial Personnel have control and where transactions have taken place during the year: NIL

g) Other entities where significant influence exist : NIL

**Terms and conditions of transactions with related parties:**

1 The Company has been entering into transactions with related parties for its business purposes. The process followed for entering into transactions with related party is same as followed for unrelated party.

2 The purchases from and sales to related parties are made on terms equivalent to and those applicable to all unrelated parties on arm's length transactions. Outstanding balances payable and receivable at the year-end are unsecured, interest free and will be settled in cash.

**Compensation of key managerial personnel of the Company:** NIL

**Details of transactions with and balances outstanding of Holding companies:**

(₹ in thousands)

| Name of the related party | Nature of transaction | Year 2024-25 | | Year 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Harind Chemicals and Pharmaceuticals Private Limited | Loan taken | - | - | 1,705.88 | - |
| | Repayment of Loan | - | - | 6,521.13 | - |
| | Other Non Operating Income | 1,983.43 | 128.90 | 4,383.47 | 3,714.81 |
| | Reimbursement for Expenses incurred by the company on behalf of the related party | 106.54 | 20.56 | 82.75 | 70.13 |
| | Other Non Operating Expenses | 438.45 | 162.09 | 2,739.32 | 2,161.63 |
| | Reimbursement for Expenses incurred by the related party on behalf of the company | 474.96 | 63.88 | 195.70 | 162.53 |
| | Issue of Share Capital | - | - | 6,867.58 | - |
| | Sale of Asset | 189.51 | - | - | - |

Details of transactions with and balances outstanding of Ultimate Holding companies:

(₹ in thousands)

| Name of the related party | Nature of transaction | Year 2024-25 | | Year 2023-24 | |
|---|---|---|---|---|---|
| | | Transaction value | Outstanding amount | Transaction value | Outstanding amount |
| Asian Paints Limited | Revenue from sale of products & services | 73.16 | - | - | - |

Details of transactions with and balances outstanding of Key Managerial Personnel / Close Family Member of Key Managerial Personnel: NIL

Details of transactions with and balances outstanding of Entities Controlled by Key Managerial Personnel / Close Family Members of Key Managerial Personnel: NIL

Details of transactions with and balances outstanding for Other Entities where significant infuence exist: NIL

## 25 Segment Reporting

During the year ended 31 March 2025 and 31 March 2024, the Company is engaged in providing testing services of paints and related chemicals which is the only business segment and risk and rewards are uniform for the entire business. Accordingly, the Company does not have separate reportable segments in its financial statements.

Concentration of revenue to any single customer exceeding 10% of total revenue for the reporting period - 2 customers amounting to INR 313.00 thousands. (PY 4 customers amounting to INR 2,322.51 thousands)

## 26 Contingent liability

The Company does not have any contingent liability as at 31st March 2025. (As at -31 March 2024: Nil)

## 27 Financial Instruments

### 27.1 Capital Management

The Company's objective when managing capital is to:

- Safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders and benefits for other stakeholders; and

- Maintain an optimal capital structure to reduce the cost of capital."

The Company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Company consists of equity shares (refer note 8). The Company is not subject to any externally imposed capital requirements as on 31st March 2025.

#### 27.1.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows:

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| Non current borrowings | - | - |
| Current maturities of long term debts | - | - |
| Current borrowings | - | - |
| Less: Cash and cash equivalents | (1,253.32) | (1,137.55) |
| Less: Bank balances other than cash and cash equivalents | (1,020.02) | - |
| Net debts | (2,273.34) | (1,137.55) |
| **Total equity** | **4,866.48** | **5,530.81** |
| Gearing ratio | **NA** | **NA** |

### 27.2 Categories of financial instruments

(₹ in Thousands)

| Particulars | As at 31 March 2025 | As at 31 March 2024 |
|---|---|---|
| **Financial assets** | | |
| **Financial assets at amortised cost** | | |
| Trade receivables | 165.98 | 3,790.83 |

| | | |
|---|---|---|
| Cash and cash equivalents | 1,253.32 | 1,137.55 |
| Other Balances with Banks | 1,020.02 | - |
| Other financial assets | 327.45 | 325.71 |
| **Total carrying value** | **2,766.77** | **5,254.09** |
| | | |
| **Financial liabilities** | | |
| **Financial liabilities at amortised cost** | | |
| Borrowings | - | - |
| Lease Liabilities | 958.58 | 912.50 |
| Trade payables | 244.60 | 2,351.90 |
| Other financial liabilities | 491.94 | 187.89 |
| **Total carrying value** | **1,695.11** | **3,452.28** |

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

## 27.3 Financial risk management objectives

While ensuring liquidity is sufficient to meet Company's operational requirements, the Company's management also monitors and manages key financial risks relating to the operations of the Company by analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk and liquidity risk.

## 27.4 Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

## 27.5 Foreign currency risk management

The Company is not exposed to any foreign currency risk as on balance sheet date.

## 27.6 Interest rate risk management

In absence of interest bearing debt, the Company is not exposed to any interest rate risk.

The Exposure of Company's financial assets and liabilities to interest rate risk is as follows :-

(₹ in thousands)

| | As at 31.03.2025 | Floating rate | Fixed rate | Non- interest bearing |
|---|---|---|---|---|
| Financial assets | 2,766.77 | | 1,000.00 | 1,766.77 |
| Financial liabilities | 1,695.11 | | 958.58 | 736.53 |

| | As at 31.03.2024 | Floating rate | Fixed rate | Non- interest bearing |
|---|---|---|---|---|
| Financial assets | 5,254.09 | | | 5,254.09 |
| Financial liabilities | 3,452.28 | | | 3,452.28 |

## 27.7 Price risks

The Company is not exposed to any price risk that could adversely affect the value of the Company's financial assets or expected future cash flows considering the product pricing methodology.

The Company is not having any investments in quoted equity instruments, hence is not exposed to any equity related price risk.

## 27.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit risk arises from cash and cash equivalents, investments carried at amortized cost and deposits with banks as well as customers including receivables. Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

Credit exposure is managed by counterparty limits for investment of surplus funds which is reviewed by the Management. Only high rated banks are considered for placement of deposits.

Concentration of credit risk to any single customer exceeding 10% of total debtors as on the reporting date - 1 case amounting to INR 149.46 thousands. (PY 1 case amounting to INR 3,836.77 thousands).

**Movement in expected credit loss allowance on trade receivables**

| Particulars | year 2024-25 | Year 2023-24 |
|---|---|---|
| Balance as at 1st April | - | - |
| Loss allowance measured at lifetime expected credit losses | - | - |
| Balance as at 31st March | - | - |

## 27.9 Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

## 27.10 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 information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(₹ in thousands)

| | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2025** | | | | | |
| Lease liabilities | 958.58 | 1,021.08 | - | | 1,021.08 |
| Trade payables | 244.60 | 244.60 | - | - | 244.60 |
| Other financial liabilities | 491.94 | 491.94 | - | - | 491.94 |
| | **1,695.11** | **1,757.61** | **-** | **-** | **1,757.61** |
| **As at 31 March 2024** | | | | | |
| Lease liabilities | 912.50 | 972.42 | - | | 972.42 |
| Trade payables | 2,351.90 | 2,351.90 | - | - | 2,351.90 |
| Other financial liabilities | 187.89 | 187.89 | - | - | 187.89 |
| | **3,452.28** | **3,512.21** | **-** | **-** | **3,512.21** |

The following table details the Company's expected maturity for its financial assets. The information included in 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.

(₹ in thousands)

| | Carrying Amount | Less than 1 Year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 March 2025** | | | | | |
| Trade Receivables | 165.98 | 165.98 | - | - | 165.98 |
| Cash and cash equivalents | 1,253.32 | 1,253.32 | - | - | 1,253.32 |
| Other Balances with Banks | 1,020.02 | 1,020.02 | | | 1,020.02 |
| Other financial assets | 327.45 | - | 327.45 | - | 327.45 |
| | **2,766.77** | **2,439.32** | **327.45** | **-** | **2,766.77** |
| **As at 31 March 2024** | | | | | |
| Trade Receivables | 3,790.83 | 3,790.83 | - | - | 3,790.83 |
| Cash and cash equivalents | 1,137.55 | 1,137.55 | - | - | 1,137.55 |
| Other financial assets | 325.71 | - | 325.71 | - | 325.71 |
| | **5,254.09** | **4,928.38** | **325.71** | **-** | **5,254.09** |

## 28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in thousands)

| Particulars | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 225.97 | - |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | - | - |
| (iii) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (iv) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| (v) the amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

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.

## 29A Additional Regulatory Information as mandated by SCH III (Division II) of Companies Act, 2013 vide MCA notification dated March 24, 2021 (to the extent applicable)

Financial Ratios

| Sr. No. | Particulars | 31 March 2025 | 31 March 2024 | % Variance | Reasons |
|---|---|---|---|---|---|
| (a) | Current ratio (in times) | | | | |
| | Current Ratio = Current Assets / Current Liabilities | 1.52 | 1.35 | 12% | Decrease in trade receivables on account of decrease in overall revenue. |
| (b) | Debt-Equity ratio (in times) | | | | |
| | Debt Equity Ratio = Long Term & Short Term Borrowings ((including CCD) / Net Worth | NA | NA | | |
| (c) | Debt Service Coverage ratio (DSCR) (in times) | | | | |
| | DSCR = Earnings available for debt service (PAT + depreciation and amortizations + finance cost - finance cost on lease / Finance cost - finance cost on lease + repayment of borrowings | NA | NA | | |
| (d) | Return on Equity | | | | |
| | Return on Equity = Profit after tax / Average Net Worth | -12.78% | -109.67% | -88% | Improvement is due to reduction in losses during the year |
| (e) | Inventory turnover (in times) | | | | |
| | Inventory turnover = Income from operations / Average Inventory | NA | NA | | |
| (f) | Trade Receivable turnover ratio (in times) | | | | |
| | Trade Receivable turnover = Income from operations / Average Trade Receivable | 0.42 | 1.62 | -74% | Reduction in trade receivable as sales declined in current year |
| (g) | Trade Payable turnover ratio (in times) | | | | |
| | Trade Payable turnover = (Operating Cost+ Other Expenses)/ Average Trade Payable | 1.45 | 8.74 | -83% | Reduction in expenses during the year |
| (h) | Net Capital Turnover Ratio | | | | |
| | Net Capital turnover = Income from operations / Net Working Capital Employed (Current Assets - Current Liabilities) | 0.92 | 2.37 | -61% | (i) Decrease in overall revenue from operations (ii) Reduction in Trade Receivable |
| (i) | Net Profit margin (in %) | | | | |
| | Net Profit margin = Profit after tax / Income from operations | -80.15% | -165.64% | -52% | Loss reduced on account of reduction in expenses |
| (j) | Return on Capital Employed | | | | |
| | Return on Capital Employed = Earning before interest and taxes / Average Capital Employed (Tangible Net Worth + Total Debt + Deferred Tax Liability ) | -11.43% | -71.78% | -84% | Loss reduced on account of reduction in expenses |
| (k) | Return on Investment | | | | |
| | Return on Investment = (Market value at end - Market value at beginning - net of Inflow/ Outflow)/ Market value at beginning+ Sum of weighted net cash flow | | | | |
| | Fixed Deposit | 5.87% | 0.00% | NA | |

## 29B a) Corporate Social Responsibility

Provisions of Section 135 of the Companies Act, 2013 ("the Act"), regarding the corporate social responsibility is not applicable to the company for the financial year 2024-25.

## b) Benami Property

The Company does not have any Benami property held in its name. No proceedings have been initiated on or are pending against the company for holding benami property under Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

## c) Relationship with struck off companies

The Company has no transactions with companies struck off under Companies Act, 2013.

## d) Registration of charges or satisfaction with Registrar of Companies

The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

## e) Wilful Defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

## f) Utilisation of borrowed funds and share premium

I. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

   (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

II. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

## g) Undisclosed income

There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

## h) Number of layers of company

The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

## i) Other matters

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

# 30 Approval of financial statements:

These financial statements for the year ended 31 March 2025 were authorized and approved by the Board of Directors on 30$^{th}$ April 2025.

| | | |
|---|---|---|
| As per our report of even date attached | For and on behalf of the Board of Directors of | |
| For **Deloitte Haskin & Sells LLP**<br>Chartered Accountants<br>Firm Regn No. 117366W/W 100018 | **Nova Surface - Care Centre Private Limited**<br>CIN: U73100MH2011PTC221653 | |
| **Terence Lewis**<br>Partner<br>Membership No. 107502 | **Rahul Bhatnagar**<br>Director<br>DIN: 09660086 | **Swapan Kumar Ghosh**<br>Director<br>DIN: 03434036 |
| Place: Mumbai<br>Date: 30-04-2025 | Place: Mumbai<br>Date: 30-04-2025 | Place: Mumbai<br>Date: 30-04-2025 |

# Asian White Cement Holding Limited

## BOARD OF DIRECTORS

Mr. Sameer Salvi

Mr. Pragyan Kumar

Mr. Joseph Eapen

Mr. Rajendra Pareek

Mr. Chinmay Bohara

## Auditors

BDO Chartered Accountants & Advisors

## REGISTERED OFFICE

Unit 214, Level 2, Park Towers,
Dubai International Financial Centre,
Dubai, United Arab Emirates

# Contents

# Directors' Report

for the financial year ended 31st March 2025

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Asian White Cement Holding Ltd. ("the Group") as of 31st March 2025, the related Consolidated statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended 31st March 2025 and report as follows:

## Directors

The following were Directors of the Company during the financial year ended 31st March 2025:

- Sameer Salvi
- Pragyan Kumar
- Joseph Eapen
- Chinmay Bohara
- Rajendra Pareek

## Principal activities

The principal activities of the Group during the year were manufacturing, trading, and exporting of White Cement Clinker and White Cement.

## Results

The total comprehensive loss of the Group for the year ended 31st March 2025 was AED 3,216,993.

## 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 Group 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 Group 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 Group will be able to continue its operation for at least twelve months from the date of this report. Accordingly, the Directors believe the classification and carrying amounts of assets and liabilities as stated in these financial are appropriate.

## Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group the results of those operations, or the state of affairs of the Group in future financial years.

For the year ended 31st March 2025, In accordance with a resolution of the Board of Directors of Asian White Cement Holding Ltd., we state that in the opinion of the Directors:

i) the accompanying statement of profit or loss and other comprehensive income of the Group is drawn up to give a true and fair view of the results of the Group for the year ended 31st March 2025;

ii) the accompanying statement of changes in equity of the Group is drawn up to give a true and fair view of the changes in equity of the Group for the year ended 31st March 2025;

iii) the accompanying statement of financial position of the Group is drawn up to give a true and fair view of the state of affairs of the Group as at 31st March 2025;

iv) the accompanying statement of cash flows of the Group is drawn up to give a true and fair view of the cash flows of the Group for the year ended 31st March 2025;

For and on behalf of Board of Directors

| | |
|---|---|
| **Sameer Salvi**<br>Director | **Chinmay Bohara**<br>Director |
| **Place:** Mumbai<br>Date: 24th April 2025 | **Place:** United Arab Emirates<br>Date: 24th April 2025 |

# Independent Auditor's Report

**To the Shareholders of**
**Asian White Cement Holding Limited, Dubai**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Asian White Cement Holding Limited, Dubai (the "Company") and its subsidiary (together "the Group") which comprise the consolidated statement of financial position as at March 31, 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group give a true and fair view of the financial position of the Group as at March 31 , 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('FRS Accounting Standards).

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing ('SAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 'FRS Accounting Standards, and their presentation in compliance with the applicable provisions of DIFC Companies Law no. (5) of 2018, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial 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 management, 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

Further, we report that these consolidated financial statements of the Group comply, in all material respects, with the applicable provisions of the DIFC Companies Law no. (5) of 2018.

**BDO CHARTERED ACCOUNTANTS & ADVISORS**
Dubai
**Mohamed Afzal Koya Ali**
Reg. No. 522
April 30, 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | 2025 | For the period from May 02,2023 to March 31,2024 |
|---|---|---|---|
| | | AED | AED |
| General and administrative expenses | 8 | (3,101,185) | (754,291) |
| Other income | 9 | 417,359 | - |
| **Result from operating activities** | | **(2,683,826)** | **(754,291)** |
| Finance costs | 10 | (533,167) | (493,414) |
| **Net loss before tax** | | **(3,216,993)** | **(1,247,705)** |
| Tax expense for the year | | - | - |
| Total comprehensive loss for the year/ period | | **(3,216,993)** | **(1,247,705)** |

The notes set out on pages 11 to 27 form an integral part of these Consolidated financial statements.

The independent auditors' report is set out on pages 5 - 6

# Consolidated Statement of Financial Position

as at 31 March 2025

| | Notes | 2025 AED | Year ended March 31,2024 AED |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property and equipment | 11 | 161,157,266 | 14,537,084 |
| Right-of-use assets | 12 | 19,243,524 | 19,447,072 |
| Intangible assets | 13 | 247,182 | 231,368 |
| Other Assets | 14 | - | 23,625,788 |
| **Total non-current assets** | | **180,647,972** | **57,841,312** |
| **Current assets** | | | |
| Other financial assets | 14 | 2,954,826 | - |
| Prepayments and other receivables | 15 | 2,247,450 | 420,737 |
| Due from related parties | 16 | 180,189 | - |
| Cash and cash equivalents | 17 | 3,709,469 | 32,610,544 |
| **Total current assets** | | **9,091,934** | **33,031,281** |
| **Total assets** | | **189,739,906** | **90,872,593** |
| | | | |
| **Equity** | | | |
| Share capital | | 59,700,000 | 59,700,000 |
| Share based payment reserve | | 9,946,020 | 9,946,020 |
| Retained earnings | | (4,464,895) | (1,247,705) |
| **Total Equity** | | **65,181,125** | **68,398,315** |
| | | | |
| **Non-current liabilities** | | | |
| Long term Provision for employees | 20 | 315,511 | 159,623 |
| Borrowings | 18 | 87,457,784 | - |
| Lease liability | 19 | 22,113,644 | 20,534,450 |
| **Total non-current liabilities** | | **109,886,939** | **20,694,073** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 20 | 14,081,273 | 1,071,035 |
| Due to related parties | 16 | 55,782 | 589,527 |
| Borrowings | 18 | 293,131 | - |
| Current maturity of lease liability | 19 | 241,656 | 119,643 |
| **Total current liabilities** | | **14,671,842** | **1,780,205** |
| **Total liabilities** | | **124,558,781** | **22,474,278** |
| **Total Equity and liabilities** | | **189,739,906** | **90,872,593** |

The notes set out on pages 11 to 27 form an integral part of these financial statements.

To the best of our knowledge, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Group as of and for the year ended 31 March 2025.

These financial statements were approved by the Directors of the Group on 30 April 2025

Sameer Salvi
Director

Chinmay Bohara
Director

# Consolidated Statement of Cash Flows

for the year ended 31 March 2025

| | Notes | 2025 | For the period from May 02,2023 to March 31,2024 |
|---|---|---|---|
| | | AED | AED |
| **Cash flows from operating activities** | | | |
| Loss for the period | | (3,216,993) | (1,247,705) |
| **Adjustments for:** | | | |
| Depreciation of right-of-use assets | 12 | 253,352 | 141,532 |
| Depreciation of property, plant and equipment | 11 | 46,067 | 14,013 |
| Interest accrued on lease liability | 19 | 29,685 | 16,118 |
| Provision for employees' end of service indemnity | | 51,616 | 7,652 |
| Amortisation of intangible assets | 13 | 64,981 | - |
| | | | |
| **Operating cash flows before changes in operating assets and liabilities** | | **(2,771,292)** | **(1,068,390)** |
| | | | |
| **Changes in Working Capital:** | | | |
| Prepayments and other receivables | | (1,826,713) | (420,737) |
| Trade and other payables | | 2,603,326 | 1,705,715 |
| Due to related parties | | (713,934) | 589,527 |
| **Cash generated from operations** | | **(2,888,803)** | **805,115** |
| | | | |
| **Net cash (used in)/generated from operating activities** | | **(2,888,803)** | **805,115** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment and intangible assets | | (113,003,917) | (27,421,673) |
| Payment for Right of Use | | (648,790) | (225,413) |
| Purchase of intangible assets | | (80,795) | (231,368) |
| **Net cash used in investing activities** | | **(113,733,502)** | **(27,878,453)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Disbursement of bank borrowings | | 87,750,915 | - |
| Issuance of equity shares | | - | 59,700,000 |
| Interest paid on lease liability | | (29,685) | - |
| | | | |
| **Net cash generated/ (used in) from financing activities** | | **87,721,230** | **(16,118)** |
| | | | |
| **Net (decrease)/ increase in cash and cash equivalents** | | **(28,901,075)** | **59,683,882** |
| | | | |
| Cash and cash equivalents at the beginning of the year/ period | | 32,610,544 | 32,610,544 |
| | | | |
| **Cash and cash equivalents at the end of the year/ period** | | **3,709,469** | **32,610,544** |
| | | | |
| **Cash and bank balances** | 17 | 3,709,469 | 32,610,544 |

The notes set out on pages 11 to 27 form an integral part of these Consolidated financial statements.

The independent auditors' report is set out on pages 5 to 6.

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2025

| | Share Capital | Accumulated Loss | Share Based Payment Reserve | Total |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| **Share Capital Introduced** | 59,700,000 | - | - | 59,700,000 |
| Share Based Payment Reserve | - | - | 9,946,020 | 9,946,020 |
| Total comprehensive loss for the period | - | (1,247,902) | - | (1,247,902) |
| **Balance as at 31st March 2024** | **59,700,000** | **(1,247,902)** | **9,946,020** | **68,398,118** |
| | | | | |
| Total comprehensive loss for the year | - | (3,216,993) | - | (3,216,993) |
| | | | | |
| **Balance as at 31st March 2025** | **59,700,000** | **(4,464,895)** | **9,946,020** | **65,181,125** |

The notes set out on pages 11 to 27 form an integral part of these Consolidated financial statement

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

## 1. Status and activity

The Consolidated financial statements comprise financial statements of Asian White Cement Holding Ltd ("the Parent' or 'the Company') and its subsidiary (collectively, 'the Group') for the period ended 31st March, 2025. The Parent is a DIFC Company domiciled and incorporated in UAE under the DIFC Laws. The registered office of the Parent is located at Unit 214, Park Towers, Dubai International Financial Center.

The principal activities of the Group are manufacturing, trading and exporting of white cement and white cement clinker.

## 2. Financial year

These consolidated financial statements of the Group related to the period from April 01, 2024, to March 31, 2025, with comparatives from date of incorporation from May 02, 2023, to March 31, 2024.

## 3. Basis of preparation of Consolidated financial statements

These consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ('IASB') and Interpretation (IFRS Accounting Standards).

The consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except where otherwise stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

The consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Group's functional and presentation currency.

## 4. Adoption of new and revised International Financial Reporting Standards (IFRS Accounting Standards)

### a. New standards, interpretations and amendments adopted at January 01, 2024

The Group has adopted the following new standards and amendments in the financial statements for the year ended 31 March 2025 which have not had a significant effect:

- Supplier finance arrangements (Amendments to IAS 7 Statement of cash flows and IFRS 7 financial instruments: Disclosures);
- Lease liability in a sale and leaseback (Amendments to IFRS 16 Leases);
- Classification of liabilities as current or non-current (Amendments to IAS 1 presentation of financial statements); and
- Non-current liabilities with covenants (Amendments to IAS 1 presentation of financial statements).

### b. New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in foreign exchange Rates).

The following amendments are effective for the period beginning 1 January 2026:

- Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 Financial instruments and IFRS 7).

The following amendments are effective for the period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial statements.
- IFRS 19 Subsidiaries without Public Accountability : Disclosures.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

## 5. Material accounting policies

The material accounting policies adopted by the Group are as follows:

### Basis of combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the profit or loss.

### Subsidiaries

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including:

- The size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Group and by other parties;
- Other contractual arrangements;
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiary.

("the Group") as if they formed a single entities. Intercompany transactions and balances between group entities are therefore eliminated in full.

The Group 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 Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Groups holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiary and ceases when the Group losses control over the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Transactions eliminated on consolidation Intra-group balances and transactions, and any unrealised income and expenses arising from intra- group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## Capital work-in-progress and capital advances.

Capital work in progress is stated at cost and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment or intangible assets.

Capital advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets

## Property and equipment and depreciation

### Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation, and impairment losses, if any. Cost includes expenditure that is 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.

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 and equipment

### Depreciation

Items of property and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values 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.

Depreciation is provided consistently on the straight line basis to write off the cost of property and equipment over their estimated useful lives as follows:

| Assets | Life (years) |
|---|---|
| Building | 6 |
| Fixtures and office equipment | 4 - 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 that are acquired / developed by the Group, have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses (if any).

### Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it is related. All other expenditure is recognized in profit or loss as incurred.

### Amortization

Amortization is based on the cost of an asset less its residual value. Amortization is recognized 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 4 years for these intangible assets.

## 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 year 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 based on 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, plant 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 consolidated 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.

## Foreign currencies

### a. Functional and presentation currency

Items included in the consolidated financial statements of Group is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Arab Emirates Dirham' (AED), which is the Group's functional and presentation currency.

### b. Transactions and balances

Foreign currency transactions are translated into the functional currency 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 recognised in profit or loss.

## Employee benefits

### a. Provision for employees end of service benefits.

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labor Law, for the accumulated period of service at the date of consolidated statement of financial position.

For Deputed Employees from Asian Paints Ltd., the Group makes specified monthly contributions towards Employee Provident Fund scheme to a separate trust administered by Asian Paints Ltd. The Group also makes contribution to Asian Paints Ltd. operated defined benefit gratuity plan for employees.

### b. Short term employee 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 benefit plan if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employees and the obligation can be measured reliably.

## Provisions

A provision is recognized 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 reflect current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense.

## Finance expenses

Finance expenses comprise of bank charges and interest expense accrued on lease liabilities.

Interest expense is recognised as they accrue, using the effective interest method.

Finance expense that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period to get ready for its intended use or sale. Capitalisation of finance expense ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

## Financial Instruments

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

### (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 consolidated 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 financial assets and other receivables.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. After 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 include trade and other payables, due to related party and borrowings, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

## Share capital – ordinary shares

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

## Value added tax (VAT)

VAT asset/liability is recorded in the financial statements of the Group based on the requirements of the regulations as defined by the Federal Tax Authority (FTA).

Expenses and assets are recognised net of the amount of value added tax, except:

a. When the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority in 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.

b. When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax receivable from the tax authority is included as part of receivables and prepayments and other receivables in the Consolidated financial statements.

## Share Based Payment Reserve / Sweat Equity

Under IFRS 2, the Group recognizes equity-settled share-based payment transactions in accordance with the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the entity measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

## Contingent liabilities

Contingent liabilities are a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group, or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated

## Income tax

Income tax expense comprises current tax. Income tax expense is recognised in the statement of profit or loss and other 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 is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

## Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

When there is uncertainty concerning the Group's filing position regarding the tax basis of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company; or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

# 6. Financial risk management

## Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk; and
- 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.

## Risk management framework

The Board of Directors has overall responsibility for the Group 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.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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.

## 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. Credit risk is mainly attributable to the Group's other receivables, other financial assets and cash placed with banks.

### Cash at banks

The Group limits its exposure to credit risk by only dealing with banks of repute. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated as A1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

## Liquidity risk

### Management of 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. Liquidity risk mainly relates to trade and other payables, due to related parties, lease liabilities.

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 Group's overall liquidity risks are monitored on an ongoing basis by the Board of Directors of the Holding Group.

## Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Group's income or 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 Dirham ("AED") and United States Dollar ("USD").

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.

### Interest rate risk

The Group's exposure to interest rate risk is primarily on lease liabilities. The interest rate on the Group's financial instruments is based on market rates. Interest rate risk arises from the possibility that changes in interest rates will affect the interest expense / income of the Group.

## Capital management.

The Board of the Holding Group's policy is to maintain a strong capital base to maintain bankers, creditors and market confidence and to sustain future development of the business. The Board of Directors of the Holding Group monitors the return on capital through operating cash flow management. There was no change in the Group's approach to capital management during year.

# 7. Critical accounting judgements and key sources of estimation uncertainty

In preparing these Consolidated, 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.

## a. Estimates and judgments

Judgements made by management in the application of IFRS that have significant effect on the Consolidated and estimates with a significant risk of material adjustment in the future years mainly comprise the following:

### 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 Group'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 Group 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 current/non-current classification of assets and liabilities, the Group 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.

#### Estimated useful life and residual values of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related amortisation / depreciation charge for 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 and intangible assets as at reporting date. 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.

### Impairment losses on property, plant and equipment, right-of-use assets and intangible assets

The Group reviews its property, plant and equipment, right-of-use assets, and intangible assets to assess 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, right-of-use assets, and intangible assets. Accordingly, a provision 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, right-of-use assets, and intangible assets

### 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 facts and circumstances that create an economic incentive to exercise the option.

**Discount rate used for initial measurement of lease liability**

The management has considered the prevailing market rate as the incremental borrowing rate for discounting the lease payments. The management has assessed that the Group would have to pay to borrow at a similar rate and term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

## 8. General and administrative expenses

| | 2025 | For the period from May 02,2023 to March 31,2024 |
|---|---|---|
| | AED | AED |
| Employees' salaries and benefits | 1,078,632 | 127,071 |
| Legal and professional | 458,222 | 349,221 |
| Amortization of right-of-use assets (apportioned) | 253,352 | 141,532 |
| Travel and entertainment | 170,351 | 45,627 |
| Communication | 1,126 | 4,039 |
| Printing, stationery and office supplies | 74,260 | 24,144 |
| Royalties to FIE | 750,000 | - |
| Depreciation of property, plant and equipment | 45,991 | 14,013 |
| Repairs and maintenance | - | 2,563 |
| Amortization of intangible assets | 64,981 | - |
| Other general and administrative expenses | 185,385 | 46,081 |
| Cleaning Expenses | 18,885 | - |
| | **3,101,185** | **754,291** |

## 9. Other income

| | 2025 | For the period from May 02,2023 to March 31,2024 |
|---|---|---|
| | AED | AED |
| Group service recharge | 417,359 | - |
| | **417,359** | **-** |

## 10. Finance expenses

| | 2025 | For the period from May 02,2023 to March 31,2024 |
|---|---|---|
| | AED | VUV |
| Interest expense | 29,685 | 16,118 |
| Bank charges | 503,482 | 477,296 |
| | **533,167** | **493,414** |

## 11. Property, plant and equipment

| | Building | Fixtures and office equipments | Work in progress | Total |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| **Cost** | | | | |
| Opening Balance | - | - | - | - |
| Additions during the period | - | 121,287 | 14,429,810 | 14,551,097 |
| **As at 31st March 2024** | **-** | **121,287** | **14,429,810** | **14,551,097** |
| Additions during the year | 60,000 | 145,735 | 146,460,514 | 146,666,249 |
| **As at 31st March 2025** | **60,000** | **267,022** | **160,890,324** | **161,217,346** |
| | | | | |
| **Accumulated Depreciation:** | | | | |
| Opening Balance | - | - | - | - |
| Charge for the period | - | 14,013 | - | 14,013 |
| **As at 31st March 2024** | **-** | **14,013** | **-** | **14,013** |
| Charge for the year | 3,534 | 42,533 | - | 46,067 |
| **As at 31st March 2025** | **3,534** | **56,546** | **-** | **60,080** |
| | | | | |
| **Net Book Value** | | | | |
| **As at 31st March 2025** | **56,466** | **210,476** | **160,890,324** | **161,157,266** |

## 11.1 Allocation of depreciation charge

| | 2025 | For the period from May 02,2023 to March 31,2024 |
|---|---|---|
| | AED | AED |
| General and administrative expenses | 46,067 | 14,013 |
| | **46,067** | **14,013** |

## 12. Right-of-use assets

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Cost** | | |
| Opening Balance | 20,043,743 | - |
| Additions for the year/ period | 955,833 | 20,043,743 |
| Lease termination / expiration | (343,896) | - |
| **Closing Balance** | **20,655,680** | **20,043,743** |
| **Accumulated depreciation** | | |
| Opening Balance | 596,671 | - |
| Amortization for the year/ period | 1,103,081 | 596,671 |
| Lease termination / expiration | (287,596) | - |
| **Closing Balance** | **1,412,156** | **596,671** |
| Carrying amount as at 31st March 2025 | **19,243,524** | **19,447,072** |

## 12.1 Reconciliation of amortization during the period

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Amortization accrued for the period | 1,103,081 | 596,671 |
| Less: Amortization pertaining to capital assets transferred to Capital Work in progress | (849,729) | (455,139) |
| **Total** | **253,352** | **141,532** |

## 13. Intangible assets

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Cost** | - | - |
| Opening Balance | 231,368 | - |
| Additions during the year | 80,795 | 231,368 |
| **As at 31st March 2025** | **312,163** | **231,368** |
| **Accumulated amortization** | | |
| Opening Balance | - | - |
| Charge for the year | 64,981 | - |
| **As at 31st March 2025** | **64,981** | **-** |
| | | |
| **Net book value as at 31st March 2025** | **247,182** | **231,368** |

Intangible assets primarily include expenditure incurred towards the RAMCO enterprise resource planning system and related software applications.

## 14. Other financial assets

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Capital Advance | | |
| Current | 2,954,826 | - |
| Non-Current | - | 23,625,788 |
| | **2,954,826** | **23,625,788** |

Other assets primarily include capital advances given to major equipment suppliers and civil construction work.

## 15. Prepayment and other receivables

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Prepaid expenses | 246,840 | 67,470 |
| Advances to employees | 13,857 | 744 |
| Refundable deposits | 158,060 | 96,089 |
| Customs Receivables | 116,849 | - |
| Other Receivables | 20,671 | 644 |
| VAT Receivables | 1,691,173 | 255,790 |
| | **2,247,450** | **420,737** |

## 16. 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 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.

The significant related party transactions during the period are as follows:

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| - Manpower Related Expenses | 2,095,286 | 997,896 |
| - Purchase of Goods | 226,542 | - |
| - Reimbursement of expenses | 294,611 | 520,817 |
| - ERP Related recharges | 84,835 | 293,837 |
| - Key Managerial Remuneration | - | 323,421 |

### Related party balances are as under:

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Due from related parties** | | |
| (Entities under common control) | | |
| Asian Paints Limited | 180,189 | - |
| | **180,189** | **-** |
| **Due to related parties** | | |
| (Entities under common control) | | |
| Asian Paints Limited | - | 11,831 |
| Berger Paints | 21,616 | - |
| Riddhi Siddhi Crushers and Land Transport | 34,166 | 577,696 |
| | **55,782** | **589,527** |

## 17. Cash and cash equivalents

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Cash at bank** | | |
| Current Account | 3,709,469 | 32,610,544 |
| | **3,709,469** | **32,610,544** |

## 18. Bank borrowings

| | | Amounts repayable within 1 year | Amounts repayable after 1 year | Total |
|---|---|---|---|---|
| | | AED | AED | AED |
| HSBC Bank – AED | (Note 18.1) | 25,168 | 43,417,931 | 43,443,099 |
| HSBC Bank – USD | (Note 18.1) | 267,963 | 44,039,853 | 44,307,816 |
| | | **293,131** | **87,457,784** | **87,750,915** |

## 18.1 Bank borrowings

| | Balance as at 01-Apr-2024 | Loans obtained | Repayments | Balance as at 31-Mar-25 | Current as at 31-Mar-25 | Non-current as at 31-Mar-25 |
|---|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED | AED |
| HSBC Bank – AED | - | 43,443,099 | - | 43,443,099 | 25,168 | 43,417,931 |
| HSBC Bank – USD | - | 44,307,816 | - | 44,307,816 | 267,963 | 44,039,853 |
| | | **87,750,915** | **-** | **87,750,915** | **293,131** | **87,457,784** |

The Company has signed USD 22.5 Million term loan facility agreement with Hongkong and Shanghai Banking Corporation Ltd, Hong Kong Branch which bears interest of 3 Months Term SOFR +1.4% on drawn balances and AED 82.62 million term loan facility agreement with HSBC Bank Middle East Ltd which bears interest of 3 Months Term EIBOR +1.4% on drawn balance

## 19. Lease liabilities

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **As at 01-Apr-24** | **20,654,093** | **-** |
| Additions during the period | 649,048 | 19,893,355 |
| Finance cost accrued | | |
| - Charged to Profit & loss account | 29,685 | 16,118 |
| - Transferred to Capital Work in progress | 1,429,608 | 850,389 |
| Payments made against lease liabilities | (648,790) | (225,413) |
| **As at 31 March 25** | **22,113,644** | **20,534,450** |
| Less: current maturity of lease liabilities | 241,656 | 119,643 |
| | **22,355,300** | **20,654,093** |

## 20. Trade and other payables

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Current** | | |
| Trade payables | 13,620,349 | 933,867 |
| Payable to employees | 138,722 | 49,241 |
| Bonus provision | 304,415 | 87,927 |
| VAT Payable | 17,787 | - |
| | **14,081,273** | **1,071,035** |
| **Non-Current** | | |
| Long term Provision for employees | 315,511 | 159,623 |
| | **315,511** | **159,623** |

## 21. Financial instruments

### (a) Credit risk

**Exposure to credit risk**

The carrying amount of financial assets at amortized cost represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Cash at Bank | 3,709,469 | 32,610,544 |
| Prepayment and other receivables | 2,262,322 | 420,737 |
| Other Financial Assets | 2,954,826 | 23,625,788 |

### (b) Liquidity risk

The group has built an appropriate liquidity risk management framework for the management of its short-, medium- and long-term funding and liquidity requirements. The group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

Evidence of a reduction in the carrying value of property, plant and equipment, right-of-use assets, and intangible assets

## 22. Contingent Liabilities and Capital Commitments

### Contingent Liabilities:

Total outstanding contingent liabilities towards Bank Guarantees and Letter of Credit of AED 2,897,399 issued as on 31st Mar 2025 (2024: AED 300,000)

### Capital Commitments:

Total Capital Commitments of AED 52,103,572 outstanding as on 31st March 2025 (2024: AED 101,159,411).

## 23. Taxation

### UAE corporate tax

The Cabinet of Minister Decision No. 116/2022 released in January 2023, specified that a rate of 9% would apply to the taxable income exceeding AED 375,000 and a rate of 0% will be applied to the taxable income not exceeding AED 375,000 and a rate of 0% will be applied on qualifying income of free zone entities.

The management has assessed the impact of Corporate Tax Law on group, specifically in relation to the criteria for qualifying as a free zone entity. Although the Establishment's total income for the year exceeds the taxable income threshold, it meets the following criteria to qualify for the free zone exemption:

The group maintains adequate substance in the free zone.

- All income is derived from qualifying activities.
- Revenue from excluded and non-qualifying activities is within the "De-Minimis" criteria.
- The group has not elected to be subject to corporate tax.
- The group maintains audited financial statements for the tax period.

### Transfer Pricing

Intercompany price setting at the Group follows the transfer pricing audit regulations, enabling legal entities, including the group to achieve an arm's length net profit aligned with the functions, assets and risks that are performed. To determine if a transaction was conducted at arm's length, the group generally relies on external benchmarks to establish the arm's length range of intercompany transfer pricing results

### Pillar II Regulations

The Ministry of Finance (MoF) has recently announced that the OECD Pillar II regulations will be implemented in the UAE for financial years starting on or after January 01, 2025. Additionally, the UAE is considering introducing tax incentives to promote research and development (R&D) activities and high-value employment, potentially including refundable tax credits, effective for financial years beginning on or after January 1, 2026. The final version of these regulations are yet to be released by the MoF. The group shall continue to monitor the timing and issuance of these regulations to determine their applicability to the Establishment.

## 24. Investment in Subsidiary

| Name of subsidiary | Legal status | Shareholding details | Principal activities |
|---|---|---|---|
| Asian White Inc. FZE, Fujairah | Registered under Fujairah Freezone Laws | 100% owned by Asian White Cement Holding Ltd. | -Manufacturing, trading, and exporting of white cement and white cement clinker |

## 25. Comparative figures

The previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

# Asian White Inc. FZE

## Board Of Directors

Mr. Sameer Salvi
Mr. Pragyan Kumar
Mr. Joseph Eapen
Mr. Rajendra Pareek
Mr. Chinmay Bohara

## Auditors

BDO Chartered Accountants & Advisors

## Registered Office

P. O. Box 51241, Fujairah,
United Arab Emirates

# Contents

# Directors' Report

for the financial year ended 31st March 2025

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Asian White Inc. FZE ("the Establishment") as of 31st March 2025, 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 ended 31st March 2025 and report as follows:

## Directors

The following were Directors of the Establishment during the financial year ended 31st March 2025:

- Sameer Salvi
- Pragyan Kumar
- Joseph Eapen
- Chinmay Bohara
- Rajendra Pareek

## Principal activities

The principal activities of the Establishment during the year were manufacturing, trading, and exporting of White Cement Clinker and White Cement.

## Results

The total comprehensive loss of the Establishment for the year ended 31st March 2025 was AED 3,013,829.

## 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 Establishment 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 Establishment 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 Establishment will be able to continue its operation for at least twelve months from the date of this report. 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 arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Establishment the results of those operations, or the state of affairs of the Establishment in future financial years.

For the year ended 31st March 2025, In accordance with a resolution of the Board of Directors of Asian White Inc. FZE, we state that in the opinion of the Directors:

i) the accompanying statement of profit or loss and other comprehensive income of the Establishment is drawn up to give a true and fair view of the results of the Establishment for the year ended 31st March 2025;

ii) the accompanying statement of changes in equity of the Establishment is drawn up to give a true and fair view of the changes in equity of the Establishment for the year ended 31st March 2025;

iii) the accompanying statement of financial position of the Establishment is drawn up to give a true and fair view of the state of affairs of the Establishment as at 31st March 2025;

iv) the accompanying statement of cash flows of the Establishment is drawn up to give a true and fair view of the cash flows of the Establishment for the year ended 31st March 2025;

For and on behalf of Board of Directors

| | |
|---|---|
| **Sameer Salvi**<br>Director | **Chinmay Bohara**<br>Director |
| **Place:** Mumbai<br>Date: 24th April 2025 | **Place:** United Arab Emirates<br>Date: 24th April 2025 |

# Independent Auditor's Report

To the Shareholder of
**Asian White Inc. FZE, Fujairah**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements Of Asian Whites Inc. FZE, Fujairah ("the Establishment") which comprise the statement of financial position as at March 31, 2025, the 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, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements of the establishment give a true and fair view of the financial position Of the establishment as at March 31, 2025, and Of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

### 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 establishment in accordance with the International Ethics Standards Board for Accountants' Code Of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation Of these financial statements in accordance With IFRS Accounting Standards and applicable provision under Emiri Decree NO. I for the year 1992 of H.H Sheikh Hamad Bin Mohammad Al Sharqi, Ruler of Fujairah and the implementing rules and regulations there to issued by the Fujairah Free Zone, 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 Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

### 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 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 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 Establishment'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 Establishment'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 Establishment 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 the management, 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 have obtained all the information and explanations, which were necessary for the purpose of our audit and no violation of the applicable provisions under Emiri Decree No. 1 for the year 1992 of H. H Sheikh Hamad Bin Mohammad Al Sharqi, Ruler Of Fujairah and the implementing rules and regulations there to issued by the Fujairah Free Zone came to our attention which have adverse effect on the business Of the Establishment or its financial position.

**BDO CHARTERED ACCOUNTANTS & ADVISORS**
SHARJAH
**Mohamed Afzal Koya Ali**
Reg. No. 522
April 30, 2025

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | for the year ended 31 March 2025 | For the period from June 26, 2023, to March 31, 2024 |
|---|---|---|---|
| | | **AED** | **AED** |
| General and administrative expenses | 8 | (2,505,568) | (498,627) |
| Finance costs | 9 | (508,261) | (482,194) |
| **Net Loss before tax** | | **(3,013,829)** | **(980,821)** |
| | | | |
| Tax expense for the year | | - | - |
| **Total comprehensive loss for the year/ period** | | **(3,013,829)** | **(980,821)** |

The notes set out on pages 10 to 26 form an integral part of these financial statements.

The independent auditors' report is set out on pages 5 to 6.

# Statement of Financial Position

as at 31 March 2025

| | Notes | 2025 AED | 2024 AED |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property and equipment | 10 | 161,133,250 | 14,537,084 |
| Right-of-use assets | 11 | 18,685,047 | 19,416,327 |
| Intangible assets | 12 | 247,182 | 231,368 |
| Other assets | 13 | - | 23,625,788 |
| | | **180,065,479** | **57,810,567** |
| **Current assets** | | | |
| Other assets | 13 | 2,934,826 | - |
| Prepayments and other receivables | 14 | 2,126,553 | 417,649 |
| Cash and cash equivalents | 15 | 2,529,463 | 30,980,943 |
| **Total current assets** | | **7,590,842** | **31,398,592** |
| **Total assets** | | **187,656,321** | **89,209,159** |
| | | | |
| **Equity** | | | |
| Share capital | | 57,800,001 | 37,800,000 |
| Capital contribution towards share capital | | - | 20,000,000 |
| Other reserve | 16 | 9,946,020 | 9,946,020 |
| Accumulated losses | | (3,994,847) | (980,821) |
| **Total equity** | | **63,751,174** | **66,765,199** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 17 | 87,457,784 | - |
| Lease liability | 18 | 21,930,263 | 20,534,450 |
| Long-term Provision for employees | 19 | 76,538 | 126,835 |
| **Total non-current liabilities** | | **109,464,585** | **20,661,285** |
| | | | |
| **Current liabilities** | | | |
| Borrowings | 17 | 293,131 | - |
| Lease liability | 18 | 75,434 | 94,865 |
| Trade and other payables | 19 | 13,806,766 | 1,010,750 |
| Due to related parties | 20 | 265,231 | 677,060 |
| **Total current liabilities** | | **14,440,562** | **1,782,675** |
| **Total liabilities** | | **123,905,147** | **22,443,960** |
| **Total Equity and liabilities** | | **187,656,321** | **89,209,159** |

The notes set out on pages 10 to 26 form an integral part of these financial statements.

To the best of our knowledge, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Establishment as of and for the year ended 31 March 2025.

These financial statements were approved by the Directors of the Establishment on April 30, 2025.

**Sameer Salvi**
Director

**Chinmay Bohara**
Director

# Statement of Cash Flows

for the year ended 31 March 2025

| | Notes | 2025 AED | 2024 AED |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year/ period | | (3,013,829) | (980,821) |
| **Adjustments for:** | | | |
| Depreciation of right-of-use assets | 11 | 101,931 | 56,856 |
| Depreciation of property and equipment | 10 | 43,098 | 14,013 |
| Interest on lease liability | 18 | 10,723 | 12,487 |
| Provision for employees' end of service indemnity | 19 | 76,538 | 7,652 |
| Amortisation of intangible assets | 12 | 64,981 | - |
| **Operating cash flows before changes in operating assets and liabilities** | | **(2,716,558)** | **(889,813)** |
| | | | |
| **Changes in Working Capital:** | | | |
| Prepayments and other receivables | | (1,708,905) | (417,649) |
| Trade and other payables | | 2,073,594 | 1,492,456 |
| Due to related parties | | (411,829) | 677,060 |
| **Cash generated from operations** | | **(2,763,698)** | **862,054** |
| | | | |
| **Net cash (used in) generated from operating activities** | | **(2,763,698)** | **862,054** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | | (113,156,729) | (27,276,086) |
| Payment for right-of-use assets | 18 | (190,450) | (161,170) |
| Purchase of intangible assets | | (80,795) | (231,368) |
| **Net cash used in investing activities** | | **(113,427,974)** | **(27,668,624)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Bank borrowings obtained | 17 | 87,750,915 | - |
| Capital contribution towards share capital | | - | 57,800,000 |
| Interest paid on lease liability | | (10,723) | (12,487) |
| | | | |
| **Net cash generated from financing activities** | | **87,740,192** | **57,787,513** |
| | | | |
| **Net (decrease) increase in cash and cash equivalents** | | **(28,451,480)** | **30,980,943** |
| | | | |
| Cash and cash equivalents at the beginning of the year/ period | | 30,980,943 | - |
| | | | |
| **Cash and cash equivalents at the end of the year/ period** | | **2,529,463** | **30,980,943** |
| **Cash and bank balances** | 15 | 2,529,463 | 30,980,943 |

The notes set out on pages 10 to 26 form an integral part of these financial statements.

The independent auditors' report is set out on page 5 to 6.

# Statement of Changes in Equity

for the year ended 31 March 2025

| | Share Capital | Accumulated Loss | Other reserve | Total |
|---|---|---|---|---|
| | **AED** | **AED** | **AED** | **AED** |
| Share capital introduced | 37,800,000 | - | - | 37,800,000 |
| Capital contribution towards share capital | - | - | 20,000,000 | 20,000,000 |
| Share based payment reserve | - | - | 9,946,020 | 9,946,020 |
| Total comprehensive loss for the period | - | (981,018) | - | (981,018) |
| **Balance as at 31 March 2024** | **37,800,000** | **(981,018)** | **29,946,020** | **66,765,002** |
| | | | | |
| Share capital introduced | 20,000,000 | - | (20,000,000) | - |
| Total comprehensive loss for the year | - | (3,013,829) | - | (3,013,829) |
| **Balance as at 31 March 2025** | **57,800,000** | **(3,994,847)** | **9,946,020** | **63,751,173** |

The notes set out on pages 10 to 26 form an integral part of these financial statements.

# Notes to the financial statements
for the year ended 31 March 2025

## 1. Status and activity

Asian White Inc. FZE ("the Establishment") is a wholly owned subsidiary of Asian White Cement Holding Limited. The registered office of the Establishment is located at PO Box 51241, Fujairah Freezone. The principal activities of the Establishment are manufacturing, trading and exporting of White Cement and White Cement Clinker.

These financial statements include financial performance and position of Asian White Inc. FZE ('the Establishment') for the year ended 31st March 2025.

## 2. Financial year

These financial statements of the Establishment related to the period from April 01, 2024, to March 31, 2025, with comparatives from date of incorporation from June 26, 2023, to March 31, 2024.

## 3. Basis of preparation of financial statements

These financial statements of the Establishment are prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ('IASB') and Interpretation (IFRS Accounting Standards).

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except where otherwise 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 in United Arab Emirates Dirhams (AED), which is the Establishment's functional and presentation currency.

## 4. Adoption of new and revised International Financial Reporting Standards (IFRS Accounting Standards)

### a. New standards, interpretations and amendments adopted at January 01, 2024

The Establishment has adopted the following new standards and amendments in he financial statements for the year ended 31 March 2025 which have not had a significant effect:

- Supplier finance arrangements (Amendments to IAS 7 Statement of cash flows and IFRS 7 financial instruments: Disclosures);
- Lease liability in a sale and leaseback (Amendments to IFRS 16 Leases);
- Classification of liabilities as current or non-current (Amendments to IAS 1 presentation of financial statements); and
- Non-current liabilities with covenants (Amendments to IAS 1 presentation of financial statements).

### b. New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Establishment has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in foreign exchange Rates).

The following amendments are effective for the period beginning 1 January 2026:

- Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 Financial instruments and IFRS 7).

The following amendments are effective for the period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial statements.
- IFRS 19 Subsidiaries without Public Accountability : Disclosures.

The Establishment is currently assessing the impact of these new accounting standards and amendments. The Establishment does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Establishment.

## 5. Material accounting policies

The material accounting policies adopted by the Establishment are as follows:

### Capital work-in-progress and capital advances

Capital work in progress is stated at cost and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment or intangible assets.

Capital advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets

### Property and equipment and depreciation

#### Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation, and impairment losses, if any. Cost includes expenditure that is 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.

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 and equipment.

#### Depreciation

Items of property and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values 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 Establishment will obtain ownership by the end of the lease term.

Depreciation is provided consistently on the straight line basis to write off the cost of property and equipment over their estimated useful lives as follows:

| Assets | Life (years) |
|---|---|
| Building | 6 |
| Fixtures and office equipment | 4 - 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 Establishment's enterprise resource planning system and related software applications. These intangible assets that are acquired / developed by the Establishment, have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses (if any).

#### Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it is related. All other expenditure is recognized in profit or loss as incurred.

#### Amortization

Amortization is based on the cost of an asset less its residual value. Amortization is recognized 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 Establishment has estimated a useful life of 4 years for these intangible assets.

### Leases

At inception of a contract, the Establishment 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 year in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Establishment 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 Establishment allocates the consideration in the contract to each lease component based on its relative stand-alone prices.

The Establishment 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 Establishment by the end of the lease term or the cost of the right-of-use asset reflects that the Establishment 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, plant 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 Establishment's incremental borrowing rate. Generally, the Establishment 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 Establishment is reasonably certain to exercise, lease payments in an optional renewal period if the Establishment is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Establishment 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 Establishment's estimate of the amount expected to be payable under a residual value guarantee, if the Establishment 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 Establishment presents right-of-use assets and lease liabilities separately in the statement of financial position.

### Short-term leases and leases of low-value assets

The Establishment 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 Establishment recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Foreign currencies

**a. Functional and presentation currency**

Items included in the financial statements of Establishment is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Arab Emirates Dirham' (AED), which is the Establishment's functional and presentation currency.

**b. Transactions and balances**

Foreign currency transactions are translated into the functional currency 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 recognised in profit or loss.

## Employee benefits

**a. Provision for employees end of service benefits.**

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labor Law, for the accumulated period of service at the date of statement of financial position.

For Deputed Employees from Asian Paints Ltd., the Establishment makes specified monthly contributions towards Employee Provident Fund scheme to a separate trust administered by Asian Paints Ltd. The Establishment also makes contribution to Asian Paints Ltd. operated defined benefit gratuity plan for employees.

**a. Short term employee 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 benefit plan if the Establishment has a present legal or constructive obligation to pay this amount because of past service provided by the employees and the obligation can be measured reliably.

## Provisions

A provision is recognized if, as a result of a past event, the Establishment 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 reflect current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense.

## Finance expenses

Finance expenses comprise of bank charges and interest expense accrued on lease liabilities.

Interest expense is recognised as they accrue, using the effective interest method.

Finance expense that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period to get ready for its intended use or sale. Capitalisation of finance expense ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

## Financial Instruments

Financial instruments issued by the Establishment are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Establishment's ordinary shares are classified as equity instruments.

(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 Establishment.

The Establishment 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 Establishment 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 Establishment derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Establishment 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 Establishment 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 financial assets and other receivables.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. After 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 include trade and other payables, due to related party and borrowings, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

## Share capital – ordinary shares

Financial instruments issued by the Establishment are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Establishment's ordinary shares are classified as equity instruments.

## Value added tax (VAT)

VAT asset/liability is recorded in the financial statements of the Establishment based on the requirements of the regulations as defined by the Federal Tax Authority (FTA).

Expenses and assets are recognised net of the amount of value added tax, except:

a. When the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority in 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.

b. When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax receivable from the tax authority is included as part of receivables and prepayments and other receivables in the financial statements.

## Share Based Payment Reserve / Sweat Equity

Under IFRS 2, the Establishment recognizes equity-settled share-based payment transactions in accordance with the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Establishment cannot estimate reliably the fair value of the goods or services received, the entity measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

## Contingent liabilities

Contingent liabilities are a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Establishment, or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Establishment does not recognise a contingent liability but discloses its existence in the financial statements.

## Income tax

Income tax expense comprises current tax. Income tax expense is recognised in the statement of profit or loss and other 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 is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

## Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and joint arrangements where the Establishment is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

When there is uncertainty concerning the Establishment's filing position regarding the tax basis of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Establishment:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Establishment has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company; or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

## 6. Financial risk management

### Overview

The Establishment has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk; and
- market risk

This note presents information about the Establishment's exposure to each of the above risks, the Establishment's objectives, policies and processes for measuring and managing risk, and the Establishment's management of capital.

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Establishment's risk management framework and is responsible for developing and monitoring the Establishment's risk management policies. The Establishment's senior management reports to the Board of Directors on its activities.

The Establishment's risk management policies are established to identify and analyse the risks faced by the Establishment, 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 Establishment's activities. The Establishment, 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.

### Credit risk

Credit risk is the risk of financial loss to the Establishment if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to the Establishment's other receivables, other financial assets and cash placed with banks.

### Cash at banks

The Establishment limits its exposure to credit risk by only dealing with banks of repute. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated as A1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

### Liquidity risk

**Management of liquidity risk**

Liquidity risk is the risk that the Establishment will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables, due to related parties, lease liabilities.

The Establishment'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 Establishment's reputation. The Establishment's overall liquidity risks are monitored on an ongoing basis by the Board of Directors of the Holding Establishment.

### Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Establishment's income or 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 Establishment is mainly exposed to currency risk on purchases and payables that are denominated in a currency other than the respective functional currencies of the Establishment entities, primarily Dirham ("AED") and United States Dollar ("USD").

In respect of other monetary assets and liabilities denominated in foreign currencies, the Establishment 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.

### Interest rate risk

The Establishment's exposure to interest rate risk is primarily on lease liabilities. The interest rate on the Establishment's financial instruments is based on market rates. Interest rate risk arises from the possibility that changes in interest rates will affect the interest expense / income of the Establishment.

## Capital management.

The Board of the Holding Establishment's policy is to maintain a strong capital base to maintain bankers, creditors and market confidence and to sustain future development of the business. The Board of Directors of the Holding Establishment monitors the return on capital through operating cash flow management. There was no change in the Establishment's approach to capital management during year.

## 7. Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Establishment'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.

### a. Estimates and judgments

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the future years mainly comprise the following:

#### 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 Establishment'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 Establishment 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 current/non-current classification of assets and liabilities, the Establishment 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.

#### Estimated useful life and residual values of property, plant and equipment and intangible assets

The Establishment's management determines the estimated useful lives and related amortisation / depreciation charge for its property, plant and equipment and intangible assets on an annual basis. The Establishment has carried out a review of the residual values and useful lives of property, plant and equipment and intangible assets as at reporting date. 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.

#### Impairment losses on property, plant and equipment, right-of-use assets and intangible assets

The Establishment reviews its property, plant and equipment, right-of-use assets, and intangible assets to assess if there is an indication of impairment. In determining whether impairment losses should be reported in the profit or loss, the Establishment 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, right-of-use assets, and intangible assets. Accordingly, a provision 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, right-of-use assets, and intangible assets

## Lease term

In determining the lease term, the Establishment 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 Establishment is typically reasonably certain to extend (or not terminate);

- If the lease improvements are expected to have a significant remaining value, the Establishment is typically reasonably certain to extend (or not terminate); and

- The Establishment 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 Establishment, the management considers all facts and circumstances that create an economic incentive to exercise the option.

## Discount rate used for initial measurement of lease liability

The management has considered the prevailing market rate as the incremental borrowing rate for discounting the lease payments. The management has assessed that the Establishment would have to pay to borrow at a similar rate and term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

## 8. General and administrative expenses

| | 2025 | For the period from June 26, 2023, to March 31, 2024 |
|---|---|---|
| | AED | AED |
| Employees' salaries and benefits | 778,605 | 120,427 |
| Legal and professional | 326,662 | 184,875 |
| Amortization of right-of-use assets (apportioned) | 101,931 | 56,846 |
| Travel and entertainment | 167,064 | 45,627 |
| Communication | 1,126 | 4,039 |
| Printing, stationery and office supplies | 69,292 | 24,144 |
| Royalties to FIE | 750,000 | - |
| Depreciation of property, plant and equipment | 43,023 | 14,013 |
| Repairs and maintenance | - | 2,563 |
| Amortization of intangible assets | 64,981 | - |
| Other general and administrative expenses | 183,999 | 46,083 |
| Cleaning Expenses | 18,885 | - |
| | **2,505,568** | **498,617** |

## 9. Finance costs

| | 2025 | For the period from June 26, 2023, to March 31, 2024 |
|---|---|---|
| | AED | AED |
| Interest expense (note 17) | 10,723 | 12,487 |
| Bank charges | 497,538 | 469,707 |
| | **508,261** | **482,194** |

## 10. Property, plant and equipment

| | Building | Fixtures and office equipments | Capital Work in Progress | Total |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| **Cost** | | | | |
| Opening balance | - | - | - | - |
| Additions during the period | - | 121,287 | 14,429,810 | 14,551,097 |
| **As at 31 March 2024** | **-** | **121,287** | **14,429,810** | **14,551,097** |
| Additions during the year | 60,000 | 118,750 | 146,460,514 | 146,639,264 |
| **As at 31 March 2025** | **60,000** | **240,037** | **160,890,324** | **161,190,361** |
| | | | | |
| **Accumulated Depreciation** | | | | |
| Opening balance | - | - | - | - |
| Charge for the period | - | 14,013 | - | 14,013 |
| **As at 31 March 2024** | **-** | **14,013** | **-** | **14,013** |
| Charge for the year | 3,534 | 39,564 | - | 43,098 |
| **As at 31 March 2025** | **3,534** | **53,577** | **-** | **57,111** |
| | | | | |
| **Net Book Value** | | | | |
| **As at 31 March 2025** | 56,466 | 186,460 | 160,890,324 | 161,133,250 |
| **As at 31 March 2024** | **-** | **107,274** | **14,429,810** | **14,537,084** |

## 10.1 Allocation of depreciation charge

| | 2025 | For the period from June 26, 2023, to March 31, 2024 |
|---|---|---|
| | AED | AED |
| General and administrative expenses | 43,098 | 14,013 |
| | **43,098** | **14,013** |

## 11. Right-of-use assets

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Cost** | | |
| Opening balance | 19,928,322 | - |
| Additions | 155,786 | 19,928,322 |
| Lease termination / expiration | (228,474) | - |
| **As at 31 March 2025** | **19,855,634** | **19,928,322** |
| | | |
| **Accumulated depreciation** | | |
| Opening balance | 511,995 | - |
| Amortisation for the year/ period | 830,766 | 511,995 |
| Lease termination / expiration | (172,174) | - |
| **As at 31 March 2025** | **1,170,587** | **511,995** |
| | | |
| **Carrying amount as at 31 March 2025** | **18,685,047** | **19,416,327** |

## 11.1 Reconciliation of amortization during the period

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Amortization accrued for the year | 830,766 | 511,995 |
| Add: Amortization expense transferred from related party | 120,894 | - |
| Less: Amortization pertaining to capital assets transferred to capital work in progress | (849,729) | (455,139) |
| | | |
| **Total amortisation as per profit or loss (note 8)** | **101,931** | **56,856** |

## 12. Intangible assets

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Cost** | - | - |
| Opening balance | 231,368 | - |
| Additions during the year/ period | 80,795 | 231,368 |
| **As at 31 March 25** | **312,163** | **231,368** |
| **Accumulated amortization** | | |
| Opening balance | - | - |
| Charge for the year/ period | 64,981 | - |
| **As at 31 March 25** | **64,981** | **-** |
| | | |
| **Net book value** | **247,182** | **231,368** |

Intangible assets primarily include expenditure incurred towards the RAMCO enterprise resource planning system and related software.

## 13. Other assets

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Capital Advances | | |
| Current | 2,934,826 | - |
| Non-current | - | 23,625,788 |
| | **2,934,826** | **23,625,788** |

Capital advances include amount given to major equipment supplier for equipment purchase and civil suppliers for construction of plant and building.

## 14. Prepayment and other receivables

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Prepaid expenses | 169,427 | 67,470 |
| Advances to employees | 11,611 | 744 |
| Refundable deposits | 119,806 | 93,001 |
| Customs receivables | 116,849 | - |
| Other receivables | 17,687 | 644 |
| VAT receivables | 1,691,173 | 255,790 |
| | **2,126,553** | **417,649** |

## 15. Cash and cash equivalents

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Bank balance | | |
| - Current account | 2,529,463 | 30,980,943 |
| | **2,529,463** | **30,980,943** |

## 16. Other Reserve

This represents sweat equity which is to be issued to one of the shareholders (RS Holdings Limited) by the Parent entity as per the agreement between these parties. RS Holding Limited has been assigned to perform certain duties and based on completion of those duties RS Holding Limited will be entitled for sweat equity.

## 17 Bank Borrowings

| | | Amounts repayable within 1 year | Amounts repayable after 1 year | Total |
|---|---|---|---|---|
| | | AED | AED | AED |
| HSBC Bank – AED | (Note 17.1) | 25,168 | 43,417,931 | 43,443,099 |
| HSBC Bank – USD | (Note 17.1) | 267,963 | 44,039,853 | 44,307,816 |
| | | **293,131** | **87,457,784** | **87,750,915** |

### 17.1 Bank borrowings

| | Balance as at 01-Apr-2024 | Loans obtained | Repayments | Balance as at 31-Mar-25 | Current as at 31-Mar-25 | Non-current as at 31-Mar-25 |
|---|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED | AED |
| HSBC Bank – AED | - | 43,443,099 | - | 43,443,099 | 25,168 | 43,417,931 |
| HSBC Bank – USD | - | 44,307,816 | - | 44,307,816 | 267,963 | 44,039,853 |
| | | **87,750,915** | **-** | **87,750,915** | **293,131** | **87,457,784** |

The Establishment has signed USD 22.5 Million term loan facility agreement with Hongkong and Shanghai Banking Corporation Ltd, Hong Kong Branch which bears interest of 3 Months Term SOFR +1.4% on drawn balances and AED 82.62 million term loan facility agreement with HSBC Bank Middle East Ltd which bears interest of 3 Months Term EIBOR +1.4% on drawn balances

## 18. Lease Liabilities

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Opening balance** | **20,629,315** | **-** |
| Additions during the year/ period | 51,067 | 19,833,456 |
| Finance cost accrued | | |
| - Interest charged to profit/ loss account | 10,723 | 12,487 |
| - Interest cost transferred to capital work in progress* | 1,429,608 | 849,676 |
| Payments made against lease liabilities | (190,450) | (161,170) |
| **As at 31 March 25** | **21,930,263** | **20,534,450** |
| Current maturity of lease liabilities | 75,434 | 94,865 |
| | **22,005,697** | **20,629,315** |

* Interest cost transferred to capital work in progress represents the finance cost of leasehold land pursuant to IFRS 16 during the construction phase of the plant.

## 19. Trade and Other Payables

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Current** | | |
| Trade payables | 13,588,749 | 910,229 |
| Payable to Employees | 82,426 | 36,122 |
| Bonus provision | 135,591 | 64,399 |
| | **13,806,766** | **1,010,750** |
| **Non-Current** | | |
| Payable to Employees | 76,538 | 126,835 |
| | **76,538** | **126,835** |

* Non-current Payable to employees includes gratuity liability and leave entitlement as per actuarial valuation reports.

## 20. Related party transactions and balances

The Establishment, 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 Establishment's management and are at mutually agreed rates.

The Establishment enters transactions with its related parties mainly comprising the Ultimate Holding Establishment, the Holding Establishment, its shareholders, entities under common control and with its key management personnel or their close family members.

The significant related party transactions during the year are as follows:

| | 2025 | For the period from June 26, 2023, to March 31, 2024 |
|---|---|---|
| | AED | AED |
| Manpower Related Expenses | 1,630,508 | 997,896 |
| Purchase of Goods | 226,542 | - |
| Reimbursement of expenses | 172,731 | 520,817 |
| ERP Related recharges | 84,835 | 293,837 |
| Key Managerial Remuneration | 631,346 | 323,421 |

### Related party balances are as under:

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| **Due to related parties** | | |
| Asian Paints Limited | 42,463 | 11,831 |
| Berger Paints | 21,616 | - |
| Asian White Cement Holding Ltd | 166,986 | 87,533 |
| Riddhi Siddhi Crushers and Land Transport | 34,166 | 577,696 |
| | **265,231** | **677,060** |

## 21. Financial instruments

### (a) Credit risk

**Exposure to credit risk**

The carrying amount of financial assets at amortized cost represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

| | 2025 | Year ended March 31,2024 |
|---|---|---|
| | AED | AED |
| Cash at Bank | 2,529,463 | 30,980,943 |
| Prepayment and other receivables | 2,126,553 | 417,649 |
| Other Financial Assets | 2,934,826 | 23,625,788 |

(a) Liquidity risk

The Establishment has built an appropriate liquidity risk management framework for the management of its short-, medium- and long-term funding and liquidity requirements. The Establishment manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

## 22. Capital Commitments

### Contingent Liabilities:

Total outstanding contingent liabilities towards Bank Guarantees and Letter of Credit of AED 2,897,399 issued as on 31st Mar 2025 (2024: AED 300,000)

### Capital Commitments:

Total Capital Commitments of AED 52,103,572 outstanding as on 31st March 2025 (2024: AED 101,159,411).

## 23. Taxation

### UAE corporate tax

The Cabinet of Minister Decision No. 116/2022 released in January 2023, specified that a rate of 9% would apply to the taxable income exceeding AED 375,000 and a rate of 0% will be applied to the taxable income not exceeding AED 375,000 and a rate of 0% will be applied on qualifying income of free zone entities.

The management has assessed the impact of Corporate Tax Law on Establishment, specifically in relation to the criteria for qualifying as a free zone entity. Although the Establishment's total income for the year exceeds the taxable income threshold, it meets the following criteria to qualify for the free zone exemption:

The Establishment maintains adequate substance in the free zone.

- All income is derived from qualifying activities.
- Revenue from excluded and non-qualifying activities is within the "De-Minimis" criteria.
- The Establishment has not elected to be subject to corporate tax.
- The Establishment maintains audited financial statements for the tax period.

### Transfer Pricing

Intercompany price setting at the Establishment follows the transfer pricing audit regulations, enabling legal entities, including the Establishment to achieve an arm's length net profit aligned with the functions, assets and risks that are performed. To determine if a transaction was conducted at arm's length, the group generally relies on external benchmarks to establish the arm's length range of intercompany transfer pricing results

### Pillar II Regulations

The Ministry of Finance (MoF) has recently announced that the OECD Pillar II regulations will be implemented in the UAE for financial years starting on or after January 01, 2025. Additionally, the UAE is considering introducing tax incentives to promote research and development (R&D) activities and high-value employment, potentially including refundable tax credits, effective for financial years beginning on or after January 1, 2026. The final version of these regulations are yet to be released by the MoF. The Establishment shall continue to monitor the timing and issuance of these regulations to determine their applicability to the Establishment.

## 24. Comparative figures

The previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

# Asian Paints (Nepal) Private Limited

# Contents

# Independent Auditor's Report

To the Board of Directors 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 2025, 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 Asian Paints Limited, India, the 'Parent Company' to prepare consolidated financial statements of the Parent Company and its subsidiaries ("Group").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects, statement of financial position of the Company as at 13 March 2025, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 Accountants 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.

## Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to Asian Paints Limited to enable it to prepare the consolidated financial statements of the Group. As a result, the special purpose financial information is not a complete set of financial statements of  Asian Paints (Nepal) Private Limited in accordance with the applicable financial reporting framework underlying the Group's accounting policies and is not intended to give a true and fair view, in all material respects, of the state affairs of  Asian Paints (Nepal) Private Limited as of 13 March 2025, and of its profits, changes in equity and its cash flows for the year then ended in accordance with applicable financial reporting framework underlying the Group's accounting policies. The Special purpose financial information may, therefore, not be suitable for another purpose.

**Shashi Satyal**
Partner
PKF T R Upadhya & Co.

Chartered Accountants
Kathmandu, Nepal

Date: 20 April 2025
UDIN: 250428CA00008N4gtq

# Statement of Financial Position

as at 13 March 2025 (29 Falgun, 2081)

Amount in NPR

| Particulars | Note | As at 13 March 2025 | As at 13 March 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 3(A) | 881,056,312 | 912,467,397 |
| Capital work In progress | 3(A) | 34,295,615 | 17,278,933 |
| Right-of-Use assets | 3(B) | 352,951,821 | 408,027,164 |
| Intangible assets | 4 | 1,426,914 | 1,494,179 |
| Prepayment | 5 | - | 5,934,263 |
| Advances & other receivable | 6 | 29,366,311 | 22,503,365 |
| Other non current assets | 7 | 13,397,252 | 9,461,809 |
| Deferred tax assets | 22(B) | 178,226,195 | 197,199,530 |
| **Total non current assets** | | **1,490,720,420** | **1,574,366,640** |
| | | | |
| **Current assets** | | | |
| Inventories | 8 | 786,133,815 | 941,820,274 |
| Prepayment | 5 | 22,629,239 | 32,431,680 |
| Financial assets | | | |
| Trade receivables | 9 | 1,560,819,660 | 2,704,764,363 |
| Cash and cash equivalents | 10 (A) | 786,117,605 | 579,707,867 |
| Other balance in bank | 10 (B) | 4,596,041,430 | 3,236,985,047 |
| Advances & other receivable | 6 | 21,999,984 | 17,632,672 |
| Other current assets | 7 | 160,220,109 | 173,214,425 |
| **Total current assets** | | **7,933,961,842** | **7,686,556,328** |
| **Total assets** | | **9,424,682,262** | **9,260,922,968** |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 11 | 61,735,000 | 61,735,000 |
| Capital Redemption Reserve | | 2,075,000 | 2,075,000 |
| Other equity | | 7,034,696,106 | 6,571,606,094 |
| **Total equity** | | **7,098,506,106** | **6,635,416,094** |
| **Liabilities** | | | |
| **Non current liabilities** | | | |
| Financial liabilities | | | |
| Lease Liabilities | 14(B) | 227,545,404 | 227,545,404 |
| Provision | 15 | 66,353,178 | 56,871,308 |
| Deferred tax liability | | - | - |
| Other non current liabilities | 14 | - | - |
| **Total non current liabilities** | | **293,898,582** | **284,416,712** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease Liabilities | 14(B) | 22,345,082 | 50,540,890 |
| Trade payable | 12 | 605,149,731 | 638,426,153 |
| Accruals and other payables | 13 | 1,083,299,245 | 1,350,232,686 |
| Provisions | 15 | 103,144,691 | 79,113,864 |
| Current tax liabilities (net) | 16 | 103,771,173 | 127,068,562 |
| Other current liabilities | 14(A) | 114,567,652 | 95,708,007 |
| **Total current liabilities** | | **2,032,277,574** | **2,341,090,162** |
| **Total equity and liabilities** | | **9,424,682,262** | **9,260,922,968** |

**The accompanying notes are an integral part of these financial statements**

**As per our report of even date**

**Samir Shrestha**
Head of Finance

**Abhiman Bararia**
Director & Managing Director

**Sireesh Rao**
Director

**Laxmi Gopal Shrestha**
Chairman

**Shashi Satyal**
Partner
PKF T R Upadhya & Co.
Chartered Accountants

Place: Lalitpur
Date: 20th April 2025

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 13 March 2025 (29 Falgun 2081)

**Amount in NPR**

| | Note | Year ended 13 March 2025 | Year ended 13 March 2024 |
|---|---|---|---|
| Revenue from operations | | | |
| Revenue from sales of products | 17 (A) | 5,453,713,230 | 5,360,062,850 |
| Other operating revenues | 17 (B) | 4,003,054 | 3,829,180 |
| Other income | 17 (C ) | 254,522,725 | 213,816,522 |
| **Total income** | | **5,712,239,009** | **5,577,708,552** |
| **Expenses** | | | |
| Cost of materials consumed | 18 | 2,955,793,986 | 2,981,554,783 |
| Changes in inventories of finished goods,stock in trade and work in progress | 18 | 169,442,172 | (14,020,728) |
| Employee benefit expenses | 19 | 599,598,525 | 563,919,870 |
| Other expenses | 20 | 995,715,602 | 1,081,865,574 |
| **Total expenses** | | **4,720,550,285** | **4,613,319,499** |
| **Profit before interest, depreciation and tax** | | **991,688,724** | **964,389,053** |
| Finance cost | 21 | 28,612,950 | 35,412,510 |
| Depreciation and amortization | 3 & 4 | 145,629,631 | 143,964,070 |
| **Profit before tax** | | **817,446,143** | **785,012,473** |
| **Tax expenses** | | | |
| Current tax | 22(A) | 140,917,546 | 199,000,319 |
| Deferred tax | 22(B) | 18,973,334 | (57,206,931) |
| **Profit after tax (A)** | | **657,555,263** | **643,219,085** |
| | | | |
| **Other comprehensive income (OCI)** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Actuarial gain/(loss) on remeasurement of defined benefit plans | | - | - |
| Income tax expenses on actuarial gain/(loss) | | - | - |
| **Other comprehensive income for the year (B)** | | **-** | **-** |
| **Total comprehensive income for the year (A+B)** | | **657,555,263** | **643,219,085** |

**The accompanying notes are an integral part of these financial statements**

**As per our report of even date**

**Samir Shrestha**
Head of Finance

**Abhiman Bararia**
Director & Managing Director

**Sireesh Rao**
Director

**Laxmi Gopal Shrestha**
Chairman

**Shashi Satyal**
Partner
PKF T R Upadhya & Co.
Chartered Accountants

Place: Lalitpur
Date: 20th April 2025

# Statement of Cash Flows

for the year ended 13 March 2025 (29 Falgun 2081)

**Amount in NPR**

| Particulars | | FY 2024-25 | FY 2023-24 |
|---|---|---|---|
| **(A)** | **Cash flow from operating activities** | | |
| | Net profit before tax | 817,446,143 | 785,012,473 |
| | **Adjustment for:** | | |
| | a) Depreciation & amortization | 145,629,631 | 143,964,070 |
| | b) Interest income | (237,522,251) | (176,045,650) |
| | c) Interest expenses | 28,612,950 | 35,412,510 |
| | d) Profit on sale of property, plant & equipment | - | - |
| | e) Fixed Asset written off | - | - |
| | **Operating cash flow before changes in operating assets/liabilities** | 754,166,473 | 788,343,403 |
| | a) Increase/(Decrease) in financial and other liabilities | (184,477,774) | (14,562,693) |
| | b) Increase/(Decrease) in provisions | 36,935,583 | (68,006,516) |
| | c) (Increase)/Decrease in prepayment | 15,736,704 | (4,115,534) |
| | c) (Increase)/Decrease advances & other receivable | (11,230,258) | (12,711,775) |
| | d) (Increase)/Decrease inventory | 1,556,864,59 | 584,277,463 |
| | e) (Increase)/Decrease trade receivable | 1,143,944,703 | 929,025,975 |
| | f) Interest payment | (28,612,950) | (35,412,510) |
| | g) Payment of income tax | (167,637,820) | (212,579,404) |
| | h) Increase in advance for capital expenditures | - | - |
| | h) (Increase)/decrease in other assets | 9,058,873 | (32,998,099) |
| | **Total changes in operating assets/liablities** | **969,403,521** | **1,132,916,907** |
| | **Net cash flow from operating activities (A)** | **1,723,569,994** | **1,921,260,310** |
| **(B)** | **Cash flow from investing activities** | | |
| | Purchase of property, plant & equipment | (62,994,892) | (45,905,217) |
| | Sale/Adjustment of property, plant & equipment | 1,911,390.12 | - |
| | (Increase)/ Decrease in Term deposit | (1,359,056,383) | (1,798,872,819) |
| | Interest income | 237,522,251 | 176,045,650 |
| | Increase in ROU assets-IFRS 16 | (15,009,121) | (161,518,184) |
| | **Net cash flow from investing activities (B)** | **(1,197,626,755)** | **(1,830,250,570)** |
| **(C )** | **Cash flow from financing activities** | | |
| | Dividend & tax on dividend paid | (291,337,694) | (368,970,955) |
| | Decrease in Share Capital | - | - |
| | Payment of lease liability-IFRS16 | (28,195,808) | 77,387,273 |
| | **Net cash flow from financing activities (C)** | **(319,533,501)** | **(291,583,682)** |
| | Net increase/( decrease) in cash and cash equivalents ( A + B + C) | 206,409,738 | (200,573,942) |
| | Add: Cash and cash equivalent as at 13 March 2024 | 579,707,867 | 780,281,809 |
| | **Cash and cash equivalent as at 13 March 2025** | **786,117,605** | **579,707,867** |

**The accompanying notes are an integral part of these financial statements**

**As per our report of even date**

**Samir Shrestha**
Head of Finance

**Abhiman Bararia**
Director & Managing Director

**Sireesh Rao**
Director

**Laxmi Gopal Shrestha**
Chairman

**Shashi Satyal**
Partner
PKF T R Upadhya & Co.
Chartered Accountants

Place: Lalitpur
Date: 20th April 2025

# Statement of Changes in Equity

for the year ended 13 March 2025 (29 Falgun 2081)

Amount in NPR

| Particulars | Share Capital | Capital Redemption Reserve | Accumulated profit/ (loss) | Total |
|---|---|---|---|---|
| **Opening balance as at 14 March 2023** | 61,735,000 | 2,075,000 | 6,360,532,009 | 6,424,342,009 |
| Net profit /(loss) for the year | - | - | 643,219,085 | 643,219,085 |
| **Total Comprehensive Income for the year** | **-** | **-** | **643,219,085** | **643,219,085** |
| **Transactions with equity owners** | | | | |
| Transfer to general reserve | - | - | - | - |
| Dividend paid | - | - | (410,537,750) | (410,537,750) |
| Income tax on dividend | - | - | (21,607,250) | (21,607,250) |
| **Total transactions with equity owners for the year** | **-** | **-** | **(432,145,000)** | **(432,145000)** |
| **Balance as at 13 March 2024** | **61,735,000** | **2,075,000** | **6,571,606,094** | **6,635,416,094** |
| Net profit /(loss) for the year | | | 657,555,263 | 657,555,263 |
| **Total Comprehensive Income for the year** | **-** | **-** | **657,555,263** | **657,555,263** |
| Transactions with equity owners | | | | |
| Dividend paid | - | - | (184,741,988) | (184,741,988) |
| Income tax on dividend | - | - | (9,723,263) | (9,723,263) |
| **Total transactions with equity owners for the year** | **-** | | **(194,465,251)** | **(194,465,251)** |
| **Balance as at 13 March 2025** | **61,735,000** | **2,075,000** | **7,034,696,106** | **7,098,506,106** |

As per our report of even date

**Samir Shrestha**
Head of Finance

**Abhiman Bararia**
Director & Managing Director

**Sireesh Rao**
Director

**Laxmi Gopal Shrestha**
Chairman

**Shashi Satyal**
Partner
PKF T R Upadhya & Co.
Chartered Accountants

Place: Lalitpur
Date: 20th April 2025

## Note - 3(A) : 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 14 March 2023** | **290,347,595** | **528,252,506** | **34,833,499** | **699,390,157** | **104,290,015** | **1,657,113,772** | **3,712,449** |
| Addition/adjustment | - | 3,448,125 | - | 16,067,580 | 12,823,028 | 32,338,734 | 45,905,217 |
| Reclassified assets group | - | - | - | - | - | - | - |
| Sales/Adjustment | - | - | (7,545,212) | - | - | (7,545,212) | - |
| Transfer to PPE | - | - | - | - | - | - | (32,338,734) |
| **Balance as at 13 March 2024** | **290,347,595** | **531,700,631** | **27,288,286** | **715,457,737** | **117,113,043** | **1,681,907,293** | **17,278,933** |
| Addition/adjustment | - | 8,340,359 | - | 32,147,143 | 5,151,457 | 45,638,960 | 17,016,683 |
| Reclassified assets group | - | - | - | - | - | - | - |
| Sales/Adjustment | - | - | - | (2,324,304) | (872,552) | (3,196,856) | - |
| Transfer to PPE | - | - | - | - | - | - | - |
| **Balance as at 13 March 2025** | **290,347,595** | **540,040,990** | **27,288,286** | **745,280,577** | **121,391,948** | **1,724,349,396** | **34,295,615** |
| **Accumulated Depreciation** | | | | | | | |
| **As at 14 March 2023** | **-** | **162,244,644** | **34,596,544** | **431,757,871** | **72,524,184** | **701,123,243** | **-** |
| Addition | - | 1,5969,606 | 236,949 | 48,847,208 | 10,808,097 | 75,861,859 | |
| Reclassified assets group | - | - | - | - | - | - | |
| Sales/Adjustment | - | - | (7,545,207) | - | - | (7,545,207) | |
| **Balance as at 13 March 2024** | **-** | **178,214,250** | **27,288,286** | **480,605,079** | **83,332,281** | **769,439,896** | **-** |
| Addition | - | 16,306,358 | - | 47,939,256 | 10,893,040 | 75,138,654 | - |
| Reclassified assets group | - | - | - | - | - | - | - |
| Sales/Adjustment | - | - | - | (653,379) | (632,087) | (1,285,466) | - |
| **Balance as at 13 March 2025** | **-** | **194,520,607** | **27,288,286** | **527,890,956** | **93,593,235** | **843,293,084** | **-** |
| **Net Book Value** | | | | | | | |
| **Balance as at 14 March 2023** | **290,347,595** | **366,007,862** | **236,955** | **267,632,286** | **31,765,831** | **955,990,529** | **3,712,449** |
| **Balance as at 13 March 2024** | **290,347,595** | **353,486,381** | **-** | **234,852,659** | **33,780,762** | **912,467,397** | **17,278,933** |
| **Balance as at 13 March 2025** | **290,347,595** | **345,520,383** | **-** | **217,389,621** | **27,798,714** | **881,056,312** | **34,295,615** |

## Note - 3(B) : Right of Use Assets

| Cost | Amount in NPR<br>Building |
|---|---:|
| **As at 14 March 2023** | 45,012,7060 |
| Addition | 463,744,894 |
| Sales/Adjustment | (405,889,375) |
| **Balance as at 13 March 2024** | **507,982,578** |
| Addition | 73,569,432 |
| Sales/Adjustment | (88,578,551) |
| **Balance as at 13 March 2025** | **492,973,460** |
| **Accumulated Depreciation** | |
| **As at 14 March 2023** | 139,211,822 |
| Addition | 64,406,258 |
| Sales/Adjustment | (103,662,665) |
| **Balance as at 13 March 2024** | **99,955,415** |
| Addition | 70,084,461 |
| Sales/Adjustment | (30,018,237) |
| **Balance as at 13 March 2025** | **140,021,639** |
| Net Book Value | |
| **Balance as at 14 March 2023** | **310,915,238** |
| **Balance as at 13 March 2024** | **408,027,164** |
| **Balance as at 13 March 2025** | **352,951,821** |

## Note - 4 : Intangible assets

| | Amount in NPR<br>Computer Software |
|---|---:|
| Cost | |
| **As at 14 March 2023** | **23,284,807** |
| Addition | - |
| Sales/Adjustment | - |
| **Balance as at 13 March 2024** | **23,284,807** |
| Addition /adjustment | 339,250 |
| Sales/Adjustment | - |
| **Balance as at 13 March 2025** | **23,624,057** |
| **Accumulated Amortization** | |
| **As at 14 March 2023** | 18,094,678 |
| Addition | 3,695,951 |
| Reclassified assets group | - |
| Sales/Adjustment | - |
| **Balance as at 13 March 2024** | **21,790,628** |
| Addition | 406,515 |
| Reclassified assets group | - |
| Sales/Adjustment | - |
| **Balance as at 13 March 2025** | **22,197,143** |
| Net Book Value | |
| **Balance as at 14 March 2023** | **5,190,130** |
| **Balance as at 13 March 2024** | **1,494,179** |
| **Balance as at 13 March 2025** | **1,426,914** |

# Notes to the Financial Statements (Contd.)

for the year ended 13 March 2025 (29 Falgun 2081)

## Note -5: Prepayment

**Amount in NPR**

| | As at 13 March 2025 | | As at 13 March 2024 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | **Current** | **Non Current** |
| Prepayments - rent | 9,238,665 | | 17,265,734 | 5,934,263 |
| Prepayments - insurance | 10,975,763 | - | 13,101,681 | - |
| Prepayment - others | 2,414,811 | - | 2,064,265 | - |
| **Total** | **22,629,239** | **-** | **32,431,680** | **5,934,263** |

## Note - 6: Advances & other receivable

**Amount in NPR**

| | As at 13 March 2025 | | As at 13 March 2024 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | **Current** | **Non Current** |
| Other receivables | 8,820,279 | - | 6,566,441 | - |
| Staff advances | 13,179,705 | 29,366,311 | 11,066,231 | 2,2503,365 |
| **Total** | **21,999,984** | **29,366,311** | **17,632,672** | **2,2503,365** |

## Note - 7: Other assets

**Amount in NPR**

| | As at 13 March 2025 | | As at 13 March 2024 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | **Current** | **Non Current** |
| Security & other deposits | 131,152,461 | - | 90,293,258 | - |
| Advance for capital expenditure | - | 13,397,252 | - | 9,461,809 |
| Advance to suppliers | 29,067,649 | - | 54,629,225 | - |
| L/C margin & deposit | - | - | 26,715,137 | - |
| Gratuity Plan Assets (Net of Liabilities) | - | - | 1,576,805 | - |
| **Total** | **160,220,109** | **13,397,252** | **173,214,425** | **9,461,809** |

## Note - 8: Inventories

**Amount in NPR**

| | As at 13 March 2025 | As at 13 March 2024 |
|---|---|---|
| Raw materials* | 443,929,436 | 435,391,666 |
| Packing materials | 25,780,190 | 20,554,770 |
| Finished goods | 445,117,760 | 618,523,995 |
| Accessories | - | - |
| Semi-finished goods | 4,823,015 | 858,952 |
| | 919,650,401 | 1,075,329,383 |
| Less: Allowances for slow and non-moving inventories | (133,516,587) | (133,509,109) |
| **Total** | **786,133,815** | **941,820,274** |

* Raw materials includes Raw Material in transit amounting to NPR 14,710,717 which were cleared at customs point but pending entry inward on factory as on reporting date

## Note - 9: Trade Receivable

Amount in NPR

| | As at 13 March 2025 | As at 13 March 2024 |
|---|---|---|
| Secured, considered goods | - | - |
| Unsecured, considered goods | 1,560,819,660 | 2,704,764,363 |
| Unsecured, considered doubtful | 217,955,153 | 222,925,811 |
| | 1,778,774,813 | 2,927,690,174 |
| Less: Allowances for unsecured doubtful debts | (217,955,153) | (222,925,811) |
| Total | **1,560,819,660** | **2,704,764,363** |

## Note - 10 (A): Cash and Cash Equivalents

Amount in NPR

| | As at 13 March 2025 | As at 13 March 2024 |
|---|---|---|
| Cash in hand | 193,829 | 1,039,568 |
| Cash at bank | 231,448,845 | 239,126,968 |
| Call deposits | 554,474,931 | 339,541,331 |
| **Total** | **786,117,605** | **579,707,867** |

## Note - 10 (B): Other balance in bank

Amount in NPR

| | As at 13 March 2025 | As at 13 March 2024 |
|---|---|---|
| Fixed Term bank deposits | 4,596,041,430 | 3,236,985,047 |
| **Total** | **4,596,041,430** | **3,236,985,047** |

Term deposits has been included under cash flow from investment activities for the purpose of statement of cash flows

## Note - 11: Share Capital

Amount in NPR

| | As at 13 March 2025 | As at 13 March 2024 |
|---|---|---|
| **Authorised Share Capital** | | |
| 199,000,000 equity shares of Rs. 10 each | 1,990,000,000 | 1,990,000,000 |

### a) Reconciliation of shares outstanding at the beginning and at the end of the year

Amount in NPR

| | As at 13 March 2025 | As at 13 March 2024 |
|---|---|---|
| **Fully Paid Equity Shares:** | | |
| Number of Shares | 6,173,500 | 6,173,500 |
| Add: Issue during the period | - | - |
| Less: Buy back of shares | | - |
| 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** |

### 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

Amount in NPR

| | | As at 13 March 2025 | As at 13 March 2024 |
|---|---|---|---|
| **Paid-up Share Capital** | | | |
| a. | Asian Paints Limited, India: 3,254,310 equity shares of Rs. 10.00 each (includes 1,627,155 bonus shares) | 32,543,100 | 32,543,100 |
| b. | Ravi Associates: 574,290 equity share of Rs.10.00 each (includes 287,145 bonus shares) | 5,742,900 | 5,742,900 |
| c. | Local Shareholders: 2,344,900 equity shares of Rs. 10.00 each (includes 1,172,450 bonus shares) | 23,449,000 | 23,449,000 |
| | | **61,735,000** | **61,735,000** |

## Note - 12: Trade Payables

Amount in NPR

| | As at 13 March 2025 | | As at 13 March 2024 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| Trade Creditors | 467,743,915 | - | 545,930,807 | - |
| Trade creditors of related parties | 137,405,817 | - | 92,495,345 | - |
| | **605,149,731** | **-** | **638,426,152** | **-** |

## Note - 13: Accruals and other payables

Amount in NPR

| | As at 13 March 2025 | | As at 13 March 2024 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| Accrued expenses | 453,267,273 | - | 528,184,054 | - |
| Royalty payable (Group) | 248,228,905 | - | 313,322,530 | - |
| Royalty payable (Non Group) | - | - | 21,933,046 | - |
| Dividend Payable | 321,083,838 | - | 41,795,6281 | - |
| Salary and personnel payable | 60,719,229 | - | 68,836,775 | - |
| **Total** | **1,083,299,245** | **-** | **1,350,232,686** | **-** |

Royalty payable (Group) to Asian Paints Limited, India have been accrued based on the Trademark agreement between Asian Paints Nepal Pvt. Ltd. & Asian Paints Ltd. The necessary approval from Department of Industries have been taken for such royalty

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.

## Note - 14(A): Other liabilities

**Amount in NPR**

| | As at 13 March 2025 | | As at 13 March 2024 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | **Current** | **Non Current** |
| Advance received from customers | 16,706,610 | - | 22,245,423 | - |
| Security and other deposits | 603,000 | - | 676,000 | - |
| VAT payable | 35,053,433 | - | 12,380,199 | - |
| TDS payable | 21,239,323 | - | 27,606,114 | - |
| Excise duty payable | 40,965,286 | - | 32,800,271 | - |
| **Total** | **114,567,652** | **-** | **95,708,007** | **-** |

## Note - 14(B): Lease Liabilities

**Amount in NPR**

| | As at 13 March 2025 | | As at 13 March 2024 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | **Current** | **Non Current** |
| Lease liability | 22,345,082 | 227,545,404 | 50,540,890 | 227,545,404 |
| **Total** | **22,345,082** | **227,545,404** | **50,540,890** | **227,545,404** |

## Note - 15 : Provisions

**Amount in NPR**

| | As at 13 March 2025 | | As at 13 March 2024 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | **Current** | **Non Current** |
| Leave Payable | 14,337,833 | 66,353,178 | 7,138,433 | 56,871,308 |
| Bonus Payable | 77,219,135 | - | 55,646,028 | - |
| Provision for Corporate Social Responsibility | 11,587,722 | - | 16,329,403 | - |
| **Total** | **103,144,691** | **66,353,178** | **79,113,864** | **5,687,1308** |

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.

## Note - 16: Current tax liabilities (Net)

**Amount in NPR**

| | **As at 13 March 2025** | **As at 13 March 2024** |
|---|---|---|
| Provision of income tax | 2,581,966,280 | 2,437,625,848 |
| Less: Payment of income tax | (2,478,195,106) | (2,310,557,286) |
| **Total** | **103,771,173** | **127,068,562** |

# Notes to the Financial Statements (Contd.)

for the year ended 13 March 2025 (29 Falgun 2081)

## Note - 17

Amount in NPR

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| **(A) Revenue from sales of products** | | |
| Domestic sales (net of return) | 6,664,376,529 | 6,736,689,361 |
| Less: Discount | (770,156,010) | (897,792,031) |
| Less: Discount II ** | (440,507,288) | (478,834,480) |
| **Total** | **5,453,713,230** | **5,360,062,850** |
| **(B) Other operating revenue** | | |
| Scrap sales | 4,003,054 | 3,829,180 |
| **Total** | **4,003,054** | **3,829,180** |
| **(C) Other Income** | | |
| **(i) Interest Income** | | |
| Interest income from Call account and term deposits | 237,522,251 | 176,045,650 |
| | **237,522,251** | **176,045,650** |
| **(ii) Other Non Operating Income** | | |
| Service Charge * | - | - |
| Miscellaneous Income | 10,877,662 | 18,297,963 |
| Insurance Claim received | 6,043,827 | 3,467,188 |
| | **16,921,490** | **21,765,151** |
| **(iii) Other gain and loss** | | |
| Net gain / (loss) on sales of property, plant and equipment | - | 835,309 |
| Modification/termination of lease | 78,984 | 15,170,412 |
| Foreign exchange gain | - | - |
| | **78,984** | **16,005,721** |
| **Total (i+ii+iii)** | **254,522,725** | **213,816,522** |

*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 NFRS 15.

## Note - 18: Cost of Material Consumed

Amount in NPR

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| **Raw materials** | | |
| Opening stock | 435,391,665 | 905,132,542 |
| Add: Raw materials purchased | 2,617,667,362 | 2,180,258,920 |
| Less: Closing stock | (443,929,435) | (435,391,665) |
| Raw Material Consumed (A) | **2,609,129,592** | **2,649,999,797** |
| | | |
| **Packing materials** | | |
| Opening stock | 20,554,770 | 29,674,184 |
| Add: Packing materials purchased | 351,889,814 | 32,2435,572 |
| Less: Closing stock | (25,780,190) | (20,554,770) |
| **Packaging Material Consumed (B)** | **346,664,394** | **331,554,986** |
| **Cost of Materials Consumed (A+B=C)** | **2,955,793,986** | **2,981,554,783** |

**Changes in inventories of finished goods, stock-in-transit and work in progress**

Amount in NPR

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| **Inventory at the beginning of the year** | | |
| Finished goods | 618,523,995 | 601,384,544 |
| Work in progress | 858,952 | 3,977,675 |
| **Total** | **619,382,947** | **605,362,219** |
| **Inventory at the end of the year** | | |
| Finished goods | 445,117,760 | 618,523,995 |
| Work in progress | 4,823,015 | 858,952 |
| **Total** | **449,940,775** | **619,382,947** |
| **Changes in inventories of finished goods, stock in trade and work in progress (D)** | **169,442,172** | **(14,020,728)** |
| **Total material cost (C+D)** | **3,125,236,158** | **2,967,534,055** |

## Note -19: Employee Benefit Expenses

Amount in NPR

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Salary and allowances | 404,224,260 | 380,802,696 |
| Contribution to Social Security Fund | 30,750,729 | 28,466,753 |
| Leave expenses | 32,124,260 | 24,412,706 |
| Bonus expenses* | 90,827,349 | 87,223,609 |
| Other employee cost | 41,671,928 | 43,014,106 |
| **Total** | **599,598,525** | **563,919,870** |

*Provision for bonus is made at the rate of 10% of profit before tax and bonus. (Refer to Note 2.19)

# Notes to the Financial Statements (Contd.)

for the year ended 13 March 2025 (29 Falgun 2081)

## Note -20 : Other Expenses

Amount in NPR

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Stores and spares consumed | 20,920,463 | 18,149,547 |
| Power and fuel | 22,596,825 | 23,657,391 |
| Repairs and maintenance | 15,608,233 | 15,419,070 |
| Research and Development | 5,111,714 | 2,494,040 |
| Out process contract fee | 59,976,477 | 62,016,652 |
| Safety Expenses | 6,348,282 | 3,850,467 |
| Insurance expenses | 40,843,223 | 42,484,494 |
| Communication and office supplies | 12,269,684 | 9,268,559 |
| Travelling expenses | 48,211,925 | 61,960,663 |
| Security charges | 28,522,325 | 24,936,107 |
| Audit expenses | 2,543,745 | 1,891,728 |
| Legal and professional fees | 22,984,219 | 12,555,980 |
| Miscellaneous expenses | 420,08,099 | 52,794,572 |
| Information and technology expenses | 19,912,182 | 15,380,380 |
| Other financial charges | 4,318,743 | 4,104,130 |
| CSR contribution | 6,577,816 | 6,432,191 |
| Foreign exchange- Loss | 4,774,590 | 170,338 |
| Freight and handling charges | 189,852,217 | 193,236,394 |
| Rent - branch/ depot/ godown | 4,171,589 | 513,388 |
| Advertisement & Sales Promotion expenses | 239,096,488 | 195,919,120 |
| Fixed Asset written off | - | - |
| Intercompany royalty | 177,903,813 | 176,163,013 |
| Intercompany service charges | 26,133,606 | 19,277,744 |
| Provision for doubtful debt | (4,970,658) | 139,189,606 |
| **Total** | **995,715,602** | **1,081,865,574** |

## Note - 21: Finance Cost

Amount in NPR

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Interest Expenses -Non group | 3,626,530 | 13,629,032 |
| Interest Expenses- Lease IFRS 16 | 24,986,420 | 21,783,478 |
| **Total** | **28,612,950** | **35,412,510** |

Interest Expenses- Non group includes the interest on disputed Income tax of earlier years against which are lying in Inland Revenue Department (IRD) and Revenue Tribunal.

## Note - 22(A): Income Taxes

Income tax expense charged to the Statement of Profit or Loss and OCI

Amount in NPR

| | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Current tax | | |
| **Current income tax charge** | 140,917,546 | 199,000,319 |
| Deferred tax credit/(charge) | | |
| Origination and reversal of temporary differences | 18,973,334 | (57,206,931) |
| Adjustments/(credits) related to previous years - (net) | - | - |
| **Income tax expense charged to the Statement of Profit or Loss** | **159,890,880** | **141,793,388** |
| **Tax expense recognised in Other Comprehensive Income** | | |
| **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 | 817,446,140 | 785,012,476 |
| Add: Items of Other Comprehensive Income (OCI) | - | - |
| Profit before tax including OCI items | **817,446,140** | **785,012,476** |
| **Computed tax expense** | | |
| Differences due to: | | |
| Additional allowance for tax purpose | (1,494,081,238) | (1,184,152,938) |
| Expenses not allowed for tax purpose | 1,406,425,510 | 1,528,046,739 |
| Other temporary differences | - | - |
| **Total taxable Income** | **729,790,411** | **1,128,906,277** |
| Taxable income from export sales | - | - |
| Taxable income from domestic sales | 461,445,080 | 924,736,120 |
| Taxable income from Investment | 245,227,420 | 201,395,458 |
| Taxable income-Services charges * | - | - |
| Taxable income - sales of Colourant & AP Living Trade | 23,117,911 | 2,774,699 |
| | **729,790,411** | **1,128,906,277** |
| Enacted tax rate | | |
| Local sales | 16.00% | 16.00% |
| Investment | 25.00% | 25.00% |
| Service Charges | 25.00% | 25.00% |
| Trading Rate | 25.00% | 25.00% |
| Income tax expenses on domesctic sales | 73,831,213 | 147,957,780 |
| Income tax expenses on investment income | 61,306,855 | 50,348,865 |
| Income tax expenses on service charges* | - | - |
| Income tax on Colourant & AP Living Trade | 5,779,478 | 693,675 |
| **Income tax expense charged to the Statement of Profit or Loss and OCI** | **140,917,546** | **199,000,319** |
| **Income tax of earlier year** | - | - |
| **Total tax expenses charges to income statements** | **140,917,546** | **199,000,319** |

## Note - 22(B): Reconciliation of deferred tax as at beginning and end of the year

**Amount in NPR**

**FY 2024-25**

| Particulars | Carrying Amount | Tax Base | Temporary Differences |
|---|---|---|---|
| Property, Plant & Equipment | 881,056,312 | 829,018,251 | (52,038,061) |
| Intangible Assets | 1,426,914 | 5,401,444 | 3,974,530 |
| Provision For Leave Encashment | 80,691,596 | - | 806,915,96 |
| Provision For Doubtful Debtors | 217,955,153 | - | 217,955,153 |
| Provision for marketing (ASP) | 40,640,213 | - | 40,640,213 |
| PROVISION FOR DISCOUNT I | 318,298,550 | - | 318,298,550 |
| PROVISION FOR DISCOUNT II | 351,782,163 | - | 351,782,163 |
| Provision For Other Expenses | 36,421,087 | - | 364,21,087 |
| Provision For Salary/Incentive | 43,521,869 | - | 43,521,869 |
| Provision For LTA (Employee Cost Provision) | 10,048,664 | | 10,048,664 |
| Forex Exchange Loss | 1,069,041 | | 1,069,041 |
| Provision For Inventory | 133,585,925 | - | 133,585,925 |
| Provision For Additional Customs Duty | 19,436,611 | - | 19,436,611 |
| NFRS 16 Lease Impact | (103,061,335) | - | (103,061,335) |
| Provision For CSR | 11,587,722 | - | 11,587,722 |
| **Total Amount** | | | **1,113,913,729** |
| **Tax Rate** | | **16%** | **178,226,197** |
| **Tax Rate** | | **25%** | **-** |
| Opening Deferred tax Assets/(Liability) | | | 197,199,530 |
| Deferred tax provision recognised | | | (18,973,334) |
| Closing Deferred tax Assets/(Liability) | | | 178,226,197 |
| Charge/(Credit) to PL | | | 18,973,335 |

**FY 2023-24**

| Particulars | Carrying Amount | Tax Base | Temporary Differences |
|---|---|---|---|
| Property, Plant & Equipment | 912,467,397 | 880,428,672 | (32,038,725) |
| Intangible Assets | 1,494,179 | 6,365,436 | 4,871,257 |
| Provision For Leave Encashment | 64,009,741 | - | 64,009,741 |
| Provision For Doubtful Debtors | 222,925,811 | - | 222,925,811 |
| Provision For Expenses-Promotion | 63,817,556 | - | 63,817,556 |
| PROVISION FOR DISCOUNT II | 417,043,643 | - | 417,043,643 |
| Provision For Other Expenses | 22,468,572 | - | 22,468,572 |
| Provision For Incentive | 44,089,040 | - | 44,089,040 |
| Provision For LTA | 7,611,178 | - | 7,611,178 |
| Forex Exchange Loss | 101,662 | - | 101,662 |
| Provision For Inventory | 133,509,109 | - | 133,509,109 |
| Provision For Additional Customs Duty | 19,436,611 | - | 19,436,611 |
| Interest on Dividend | 25,349,808 | - | 25,349,808 |
| NFRS 16 Lease Impact | (129,940,870) | - | (129,940,870) |
| Provision For CSR | 16,329,403 | - | 16,329,403 |
| PROVISION FOR DISCOUNT I | 338,654,001 | | 338,654,001 |
| Provision of interest on VAT of CW cases | - | | - |
| **Total Amount** | | | **1,192,887,989** |
| **Tax Rate** | | **16%** | **190,862,078** |
| **Tax Rate** | | **25%** | **6,337,452** |
| Opening Deferred tax Assets/(Liability) | | | 139,992,599 |
| Deferred tax provision recognised | | | 57,206,932 |
| Closing Deferred tax Assets/(Liability) | | | 197,199,530 |
| Charge/(Credit) to PL | | | (57,206,931) |

# Note - 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 2024-25** | **FY 2023-24** |
| **Opening post employment benefit obligation** | **64,009,739** | **52,807,628** |
| Service cost | 8,355,966 | 8,083,199 |
| Net Interest | 5,308,493 | 4,081,481 |
| **Sub-total included in statement of profit or loss** | **13,664,459** | **12,164,680** |
| Actuarial (gain)/loss | 16,825,641 | 14,494,840 |
| Seconded Staff Cost | 508,617 | (2,246,813) |
| Casual Leave | 1,125,542 | |
| Seconded staff transfer Cost and other balance | 1,893,161 | |
| **Sub-total included in other comprehensive income** | - | - |
| Benefits paid | (17,336,151) | (13,210,596) |
| Acquisition/Business Combination/Divestiture* | | |
| **Closing post employment benefit obligation (A)** | **80,691,008** | **64,009,739** |
| **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)** | **80,691,008** | **64,009,739** |
| **Expense recognized in:** | | |
| Statement of Profit or Loss | 32,124,260 | 24,412,706 |
| Statement of Other Comprehensive Income | - | - |

# Note - 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 2025 | As at 13 March 2024 | As at 13 March 2025 | As at 13 March 2024 |
| **Financial assets** | | | | | |
| Financial assets measured at amortised cost | | | | | |
| Trade receivables | 9 | 1,560,819,660 | 2,704,764,363 | 1,560,819,660 | 2,704,764,363 |
| Cash and cash equivalents | 10(A) & 10(B) | 5,382,159,035 | 3,816,692,914 | 5,382,159,035 | 3,816,692,914 |
| | | **6,942,978,695** | **6,521,457,277** | **6,942,978,695** | **6,521,457,277** |
| **Financial liabilities** | | | | | |
| Financial liabilities measured at amortised cost | | | | | |
| Trade payables | 12 | 605,149,731 | 638,426,153 | 605,149,731 | 638,426,153 |
| Lease Liability | 14(B) | 249,890,486 | 278,086,294 | 249,890,486 | 278,086,294 |
| | | **855,040,217** | **916,512,447** | **855,040,217** | **916,512,447** |

**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 2025 | As at 13 March 2024 |
|---|---|---|
| Financial assets measured at amortised cost | | |
| Interest income | 237,522,251 | 176,045,650 |
| Financial liabilities measured at amortised cost | | |
| Interest expense | 28,612,950 | 35,412,510 |

# Note - 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.

## Note - 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 2024-25 | FY 2023-24 |
|---|---|---|---|
| Asian Paints Limited | Purchase of material | 99,786,704 | 91,770,611 |
| Asian Paints Limited | Purchase of Trade stock | 59,781,497 | 85,318,966 |
| Asian Paints Limited | Purchase of services/sundries | 55,377,932 | 50,744,484 |
| Asian Paints Limited | Royalty expenses | 177,903,813 | 176,163,013 |
| Asian Paints Limited | Intercompany trade creditor (Trade/Non trade) | (132,655,222) | (92,436,923) |
| Asian Paints Limited | Royalty Payable | (248,228,905) | (313,322,530) |
| Asian Paints Limited | Dividend Payable | (97,385,227) | (216,411,615) |
| Asian Paints Limited | Reimbursement | 1,278,010 | |
| Asian Paints Limited | Intercompany trade Debtor | 1,278,010 | 228,938 |
| Aavik Impex Pvt. Ltd. | Service Charges against logistic service | - | - |
| Aavik Impex Pvt. Ltd. | Intercompany trade Debtor | 24,003,634 | 25,586,503 |
| Aavik Impex Pvt. Ltd. | Purchase of material | 1,582,868 | 7,782,078 |
| PT Asian Paints Indonesia | Purchase of material | - | 1,620,454 |
| Asian Paints Middle East SPC | Intercompany trade Debtor | 3,098,854 | - |
| Asian Paints Middle East SPC | Reimbursement | 2,968,554 | |
| Berger Paints (Emirates) Limited | Intercompany trade Debtor | - | 86,670 |
| Berger Paints (Emirates) Limited | Service Fee Expense | 193,811 | 348,460 |
| Berger Paints (Emirates) Limited | Purchase of Material | 3,451,834 | 6,588 |
| Berger Paints (Emirates) Limited | Reimbursement | 2,876,829 | - |
| Berger Paints (Emirates) Limited | Revenue from Sale of Products | 157,356 | - |
| SCIB Chemicals, S.A.E., Egypt | Purchase of Material | - | 3,763,459 |
| SCIB Chemicals, S.A.E., Egypt | Intercompany trade creditor | - | (1,161,475) |
| SCIB Chemicals, S.A.E., Egypt | Revenue from Sale of Products | 202,110 | - |
| Causeway Paints Lanka (Pvt) Ltd. | Revenue from Sale of Products | 164,722 | - |
| Causeway Paints Lanka (Pvt) Ltd. | Service Fee Expense | 24,208 | - |
| Causeway Paints Lanka (Pvt) Ltd. | Intercompany trade creditor | 16,076 | - |
| Asian Paints (Bangladesh) Limited | Purchase of Material | 491,479 | 163,580 |
| Asian Paints (Bangladesh) Limited | Intercompany trade creditor | 1,847,772 | (145,091) |
| Asian Paints (Bangladesh) Limited | Reimbursement | - | 1,111,358 |
| Asian Paints (Bangladesh) Limited | Service Fee Expense | 2,096,536 | 1,496,617 |
| Kadisco Paint and Adhesive Industry Share Company, Ethiopia | Revenue from Sale of Products | 33,441,408 | - |
| Berger Paints Bahrain W.L.L | Intercompany trade Debtor | 106,872 | - |
| Berger Paints Bahrain W.L.L | Revenue from Sale of Products | 23,462,784 | - |

## b) Key Management Personnel

| Name | Designation |
|---|---|
| Laxmi Gopal Shrestha | Chairman, Promoter |
| Sireesh Rao | Director |
| Abhiman Bararia | Director & Managing Director |

## (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**

| Particulars | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Short-term employee benefits | 20,728,950 | 34,904,122 |
| Post employment benefits | 719,063 | 3,026,548 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |

# Note - 27
# Contingent Liabilities and Capital Commitments

**a) Claims against the company not acknowledge at debts**

**Amount in NPR**

| b) Contingent liabilities | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Income tax [For CY: (FY 2069/70 to FY 2075/76)], [ For PY: (FY 2069/70 to FY 2074/75)] | 289,037,620 | 194,188,833 |
| TDS (FY 2067/68-2068/69) | - | - |
| VAT/Excise/Custom Tariff | 2,208,163 | 2,208,163 |

The contingent liabilities provided above includes interest component upto balance sheet date i.e. 13/03/2024

**Amount in NPR**

| c) Unexpired letter of credit | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Contingent liabilities in respect of unexpired irrevocable Letter of Credit | 407,422,758 | 454,036,086 |

**Amount in NPR**

| d) Capital commitments | FY 2024-25 | FY 2023-24 |
|---|---|---|
| Estimated value of contracts in capital account remaining to be executed and not provided for | 60,990,894 | 24,124,122 |

# Asian Paints
# International Private Limited

# Contents

# Directors' Statement

for the year ended 31 March 2025

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 2025.

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 6 to 51 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 2025, 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
- Pragyan Kumar
- Asrani Mahesh Manoharlal (Appointed on 1 April 2025)
- Joseph Eapen (Appointed on 2 May 2025)

## 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' interest 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 Companies Act 1967 except as follows:

| Name of directors and companies in which interests are held | Shareholdings registered in name of director | |
|---|---|---|
| | At beginning of year | At end of year |
| Asian Paints Limited (Ordinary shares) | | |
| Pragyan Kumar | 100 | 2,950 |
| Jeyamurugan Ramalingam Jeyapandiyan | - | 889 |

## 4 Share Options

### (a) Options to take up unissued shares

During the financial year, no options or rights to options to take up unissued shares of the Company or any corporation in the Group were granted except as follows:

| | Rights to share options granted during the financial year | Number of rights to share options outstanding at the end of financial year |
|---|---|---|
| Asian Paints Limited (Rights to share options) | | |
| Jeyamurugan Ramalingam Jeyapandiyan | 3,693 | 9, 148 |
| Pragyan Kumar | 3,693 | 8,925 |

### (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, other than as disclosed above. During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of en 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

Date: 2th May 2025

# Independent Auditor's Report

To The Members of
**Asian Paints International Private Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the 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 2025, 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 material accounting policy information, as set out on pages 6 to 51.

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 1967 (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 2025 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 pages 1 and 2, 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 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 skepticism 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) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

2 May 2025

# Statements of Financial Position

as at 31 March 2025

| | Notes | Group | | Company | |
|---|---|---|---|---|---|
| | | 2025 | 2024 | 2025 | 2024 |
| | | $'000 | $'000 | $'000 | $'000 |
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 7 | 31,102 | 63,012 | 804 | 2,794 |
| Trade receivables | 8 | 91,884 | 97,383 | 2,558 | 4,298 |
| Other receivables | 9 | 15,883 | 28,735 | 5,186 | 20,326 |
| Inventories | 10 | 80,619 | 74,301 | - | - |
| **Total current assets** | | **219,488** | **263,431** | **8,548** | **27,418** |
| **Non-current assets** | | | | | |
| Fixed deposits | 7 | 378 | 615 | 378 | 615 |
| Other receivables | 9 | 73 | 219 | 4,446 | 5,133 |
| Subsidiaries | 11 | | | 116,518 | 141,727 |
| Property, plant and equipment | 12 | 57,354 | 83,113 | 33 | 117 |
| Right-of-use assets | 13 | 15,976 | 15,476 | 478 | 132 |
| Intangible assets | 14 | 25,264 | 34,220 | - | - |
| Deferred tax assets | 15 | 273 | 792 | - | - |
| **Total non-current assets** | | **99,318** | **134,435** | **121,853** | **147,724** |
| **Total assets** | | **318,806** | **397,866** | **130,401** | **175,142** |
| **Liabilities and Equity** | | | | | |
| **Current liabilities** | | | | | |
| Bank loans and overdrafts | 16 | 80,244 | 140,124 | 59,777 | 114,802 |
| Trade payables | 17 | 110,904 | 111,704 | 3,704 | 3,987 |
| Other payables | 18 | 3,872 | 3,419 | 1,722 | 1,219 |
| Lease liabilities | 19 | 3,309 | 3,094 | 171 | 128 |
| Income tax payable | | 2,789 | 4,851 | 83 | 124 |
| **Total current liabilities** | | **201,118** | **263,192** | **65,457** | **120,260** |
| **Non-current liabilities** | | | | | |
| Bank loans and overdrafts | 16 | 1,119 | 2,089 | - | - |
| Lease liabilities | 19 | 12,723 | 11,730 | 308 | 1 |
| Retirement benefit liabilities | 20 | 6,984 | 6,526 | - | - |
| Deferred tax liabilities | 15 | 4 280 | 4 997 | 5 | 18 |
| **Total non-current liabilities** | | **25,106** | **25,342** | **313** | **19** |
| **Capital,reserves and non - controlling Interests** | | | | | |
| Share capital | 21 | 182,436 | 150,306 | 182,436 | 150,306 |
| Statutory reserve | 22 | 1,687 | 1,687 | - | - |
| Capital reserve | 23 | 6,959 | 6,959 | - | - |
| Merger reserve | | 35,744 | 35,744 | - | - |
| Foreign currency translation reserve | | (114,236) | (104,773) | - | - |
| Accumulated losses | | (32,168) | (2,674) | (117,805) | (95,443) |
| Equity attributable to owner of the Company | | 80,422 | 87,249 | 64,631 | 54,863 |
| Non-controlling interests | | 12,160 | - | 22,083 | - |
| Net equity | | 92,582 | 109,332 | 64,631 | 54,863 |
| **Total liabilities and equity** | | **318,806** | **397,866** | **130,401** | **175,142** |

See accompanying notes to financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | Group 2025 $'000 | Group 2024 $'000 |
|---|---|---|---|
| **Revenue** | 24 | 423,883 | 429,072 |
| Other operating income | 25 | 3,156 | 5,295 |
| Changes in inventories of finished goods and work in progress | | 228 | 19,502 |
| Raw materials and consumables used | | (259,287) | (279,419) |
| Manufacturing expenses | | (8,221) | (7,120) |
| Sub-contracting costs and cost of sundry sales | | (2,298) | (2,800) |
| Employee benefits expense | 26 | (63,962) | (58,677) |
| Depreciation of property, plant and equipment | | (5,155) | (5,618) |
| Depreciation of right-of-use assets | | (5,357) | (4,978) |
| Amortisation of intangible assets | | (482) | (477) |
| Other operating expenses | 27 | (62,052) | (56,584) |
| Finance costs | 28 | (7,717) | (9,405) |
| Impairment loss on goodwill | 14 | (3,372) | - |
| **Profit/(Loss) before Income tax** | | **9,364** | **28,791** |
| Income tax expense | 29 | (5,000) | (8,450) |
| **Profit/(Loss) for the year from continuing operations** | 30 | **4,364** | **20,341** |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations | 33 | (27,209) | (9,237) |
| **Profit/(Loss) for the year** | | **(22,845)** | **11,104** |
| **Profit/(Loss) attributable to** | | | |
| Owner of the Company | | (24,943) | 5,080 |
| Non-controlling interests | | 2,098 | 6,024 |
| | | **(22,845)** | **11,104** |
| **Other comprehensive (loss) income:** | | | |
| ***Items that will not be reclassified subsequently to profit or loss*** | | | |
| Remeasurement of defined benefit obligation | 20 | (497) | 252 |
| Income tax relating to remeasurement of defined benefit obligation | 15 | 42 | (50) |
| | | **(455)** | **202** |
| Items that may be reclassiried subsequently to profit or loss | | | |
| Exchange differences arising on translation of foreign operations | | (20,616) | 732 |
| **Other comprehensive (loss) income for the year, net of tax** | | **(21,071)** | **934** |
| **Total comprehensive (loss) income for the year** | | **(43,916)** | **12,038** |
| **Total comprehensive (loss) income attributable to:** | | | |
| Owner of the Company | | (39,064) | 7,656 |
| Non-controlling interests | | (4,852) | 4,382 |
| | | **(43,916)** | **12,038** |

See accompanying notes to financial statements.

# Statements of Changes in Equity

for the year ended 31 March 2025

| | Share Capital | Statutory reserve | Capital reserve | Merger reserve | Foreign currency translation reserve | Accumulated profits/ (losses) | 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 2023 | 150,306 | 1,687 | 5,613 | 35,744 | (107,149) | (6,608) | 79,593 | 18,639 | 98,232 |
| *Total comprehensive income for the year* | | | | | | | | | |
| Profit for the year | | | | | | 5,080 | 5,080 | 6,024 | 11,104 |
| Other comprehensive income | | | | - | 2,376 | 200 | 2,576 | (1,642) | 934 |
| **Total** | | | | **-** | **2,376** | **5,280** | **7,656** | **4,382** | **12,038** |
| ***Transactions with owner, recognised directly in equity*** | | | | | | | | | |
| Dividends to non-controlling shareholders | | | | | | | - | (938) | (938) |
| Transfer from accumulated profits of a subsidiary upon bonus issue | | | 1,346 | | | (1,346) | - | | |
| **Balance at 31 March 2024** | **150,306** | **1,687** | **6,959** | **35,744** | **(104,773)** | **(2,674)** | **87,249** | **22,083** | **109,332** |
| ***Total comprehensive income for the year*** | | | | | | | | | |
| Loss for the year | | | | | | (24,943) | (24,943) | 2,098 | (22,845) |
| Other comprehensive loss | | | | | (13,685) | (436) | (14,121) | (6,950) | (21,071) |
| **Total** | | | | **-** | **(13,685)** | **(25,379)** | **(39,064)** | **(4,852)** | **(43,916)** |
| Transactions with owner, recognized directly in equity | | | | | | | | | |
| Dividends to non-controlling shareholders | - | - | - | - | - | - | - | (3,579) | (3,579) |
| Issue of share capital (Note 21) | 32,130 | - | - | - | - | - | 32,130 | - | 32,130 |
| Disposal of subsidiary (Note 33) | - | - | - | - | 4,222 | - | 4,222 | - | 4,222 |
| Change of ownership interest in a subsidiary | - | - | - | - | - | (4,115) | (4,115) | (1,492) | (5,607) |
| **Balance at 31 March 2025** | **182,436** | **1,687** | **6,959** | **35,744** | **(114,236)** | **(32,168)** | **80,422** | **12,160** | **92,582** |

# Statements of Changes in Equity (Contd.)

for the year ended 31 March 2025

| | Share capital | Accumulated losses | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Company** | | | |
| **Balance at 1 April 2023** | **150,306** | **(84,531)** | **65,775** |
| Loss for the year, representing total comprehensive loss for the year | - | (10,912) | (10,912) |
| Balance at 31 lflarch 2024 | 150,306 | (95,443) | 54,863 |
| Loss for the year, representing total comprehensive loss for the year | - | (22,362) | (22,362) |
| Issue of share capital, representing transactions with owner, recognised directly in equity (Note 21) | 32,130 | - | 32,130 |
| **Balance at 31 march 2025** | **182,436** | **(117,805)** | **64,631** |

See accompanying notes to financial statements.

# Consolidated Statement of Cash Flow

for the year ended 31 March 2024

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| **Operating activities** | | |
| Profit before income tax from continuing operations | 9,364 | 28,791 |
| Loss before income tax from discontinued operations | (27,209) | (9,237) |
| | (17,845) | 19,554 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 5,917 | 6,558 |
| Depreciation of right-of-use assets | 5,635 | 5,343 |
| Impairment of goodwill | 3,372 | - |
| Amortisation of intangible assets | 482 | 477 |
| Interest income | (1,361) | (3,525) |
| Interest expense | 7,722 | 9,420 |
| Loss on disposal of subsidiaries | 19,664 | - |
| Unrealised foreign exchange loss | 624 | 266 |
| Gain on disposal of property, plant and equipment | (71) | (13) |
| Increase (Decrease) in allowance for obsolete inventories | 1,156 | (156) |
| Allowance for credit losses | 1,042 | 3,606 |
| Defined benefit obligation costs | 1,061 | 1,307 |
| Operating cash flows before working capital changes | 27,398 | 42,837 |
| Trade receivables | (942) | (12,456) |
| Other receivables | 1,263 | (6,289) |
| Inventories | (16,862) | 3,323 |
| Trade payables | 10,189 | 10,623 |
| Other payables | 1,100 | (377) |
| Retirement benefits | (543) | (600) |
| Cash generated from operations | 21,603 | 37,061 |
| Interest income received | 1,361 | 3,525 |
| Interest paid on bank loans and overdrafts | (6,752) | (8,588) |
| Income tax paid | (6,770) | (8,376) |
| Net cash from operating activities | **9,442** | **23,622** |
| **Investing activities** | | |
| Proceeds from disposal of property, plant and equipment | 1,610 | 31 |
| Acquisition of property, plant and equipment | (5,553) | (4,725) |
| Proceeds from disposal (acquisition) of other financial assets | 6,330 | (9,724) |
| Fixed deposits pledged | 550 | 828 |
| Acquisition of non-controlling interests in a subsidiary | (5,607) | - |
| Disposal of subsidiaries (Note 33) | 5,857 | - |
| Net cash from (used in) investing activities | **3,187** | **(13,590)** |
| **Financing activities** | | |
| Proceeds on issue of shares | 32,130 | - |
| Dividends paid to non-controlling shareholders | (3,579) | (938) |
| Repayment of bank loans | (70,239) | (26,066) |
| Proceeds from bank loans | 9,832 | 33,149 |

# Consolidated Statament of Cash Flow (Contd)

as at 31 march 2025

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Repayment of lease liabilities | (6,571) | (5,988) |
| Net cash (used in) from financing activities | **(38,427)** | **157** |
| Net (decrease) increase in cash and cash equivalents | (25,798) | 10,189 |
| Cash and cash equivalents at beginning of year | 56,126 | 47,099 |
| Net effect of exchange rate changes | (6,832) | (1,162) |
| Cash and cash equivalents at end of year | **23,496** | **56,126** |

Cash and cash equivalents in the consolidated statement of cash flows comprise the following statement of financial position amounts:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Cash and bank balances (Note 7) | 31,480 | 63,627 |
| Bank overdrafts (Note 16) | (7,262) | (6,229) |
| Fixed deposits pledged (Note 7) | (722) | (1,272) |
| Cash and cash equivalents | **23,496** | **56,126** |

# Notes to the Financial Statements
for the year ended 31 march 2025

## 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 2025 were authorised for issue by the Board of Directors on 2 May 2025.

## 2 Basis of preparation of material accounting policy information

### Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the material accounting policy information, and are drawn up in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore (FRSs).

### Adoption of new and revised standards

In the current year, the Group and the Company have applied all the new and revised FRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

### 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:

**Effective for annual periods beginning on or after 1 January 2025**

- Amendments to FRS 21: Lack of Exchangeability

**Effective for annual periods beginning on or after 1 January 2026**

- Amendments to FRS 109 and 107: Amendments to the Classification and Measurement of Financial Instruments

- Annual Improvements to FRSs – Volume 11

**Effective for annual periods beginning on or after 1 January 2027**

- FRS 118 Presentation and Disclosure in Financial Statements

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, except for the following:

FRS 118 Presentation and Disclosures in Financial Statements

FRS 118 replaces FRS 1, carrying forward many of the requirements in FRS 1 unchanged and complementing them with new requirements. In addition, some FRS 1 paragraphs have been moved to FRS 8 and FRS 107. Furthermore, minor amendments to FRS 7 have been made.

FRS 118 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;

- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and

- improve aggregation and disaggregation.

An entity is required to apply FRS 118 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to FRS 7, as well as the revised FRS 8 and FRS 107, become effective when an entity applies FRS 118. FRS 118 requires retrospective application with specific transition provisions. The Group is currently evaluating the impact of adopting FRS 118.

### Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group has 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. Details of the Group's significant subsidiaries and composition of the Group are disclosed in Note 11.

## Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the those of the Group. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to the acquisition date, the carrying amounts of non-controlling interests are adjusted for the non-controlling interests' share of changes in equity. Losses are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### Company's separate financial statements

Investments in subsidiaries in the Company's separate financial statements are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

## 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 respective group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are 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 translated 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 are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Upon the disposal of the entire interest in a foreign operation during the year, all of the exchange differences accumulated in the foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

## 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, 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.

## Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets are initially measured at fair value (except for trade receivables that do not have a significant financing component which are measured at transaction price), net of transaction costs that are directly attributable to the acquisition or issue of financial assets (other than those at fair value through profit or loss). Transaction costs directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

### Classification of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL') based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group classifies its financial assets in the following measurement category. The basis of classification and subsequent measurement of the financial assets are further described in the respective notes.

| Measurement category | Criteria | Financial assets |
|---|---|---|
| Financial assets at amortised cost | Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) | Cash and bank balances and fixed deposits (Note 7)<br>Trade and other receivables (Notes 8, 9) |

### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ('ECL') on trade and other receivables that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The ECL incorporates forward-looking information and is a probability-weighted estimate of 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. Details about the Group's credit risk management are disclosed in Note 4.

### 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 entity. 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

### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables and bank loans and overdrafts. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's 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.

## Cash and Bank Balances

Cash and bank balances comprise cash on hand and on-demand deposits which are subsequently measured at amortised cost.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances as described above, net of outstanding bank overdrafts and fixed deposits pledged.

## 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.

## Leases

### The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. A right-of-use asset and a corresponding lease liability are recognised with respect to all lease arrangements, except for short-term leases (those 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.

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 its incremental borrowing rate.

Lease payments included in the measurement of the Group's lease liabilities comprise mainly of fixed and variable lease payments over the lease terms.

A right-of-use asset is initially measured at cost comprising the initial lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs and any restoration costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the lease terms commencing from the date of the lease, and are tested for impairment in accordance with the policy similar to that adopted for property, plant and equipment.

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. Lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease term upon exercising extension options not previously included in the determination of the lease term. A corresponding adjustment is made to the related right-of-use asset. The Group has assessed that there is no indication of impairment for its right-of-use assets.

## Intangible assets

### Goodwill

Goodwill arising from business combinations is not amortised but tested for impairment at least annually. For the purpose of impairment testing, the 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 (estimated based on the higher of fair value less costs of disposal and value in use) 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 on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

## Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill and intangible assets with indefinite useful lives 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

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.

## Retirement benefit costs

Payments to defined contribution 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 plan.

For defined 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.

## Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

## Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

## Income tax

Income tax expense represents the sum of current and deferred tax. It is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Current tax

Current tax payable represents the amount expected to be paid to taxation authorities on taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects the uncertainty related to income taxes.

### Deferred tax

Deferred tax is the tax expected to be payable or recoverable 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 (i) initial recognition of goodwill; or (ii) initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit, and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences associated with such investments and interests only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax assets are reviewed at each reporting 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 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 tax laws and rates that have been enacted or substantively enacted at the reporting date.

### Offsetting

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. 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 they relate to income taxes levied by the same taxation authority.

## 3 Critical accounting judgements and key sources and estimation uncertainity

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 recoverable amount of the cash-generating unit (CGU) to which the assets have been allocated. When value in use calculations are undertaken, management is required to estimate the future cash flows expected to arise from the cash-generating unit and use a suitable discount rate in order to calculate recoverable amount.

For the year ended 31 March 2025, impairment loss of $3,372,000 (2024 : $Nil) was recognised on goodwill allocated to the Causeway Paints Lanka (Private) Limited CGU. The recoverable amount was determined based on the CGU's value in use. Further details are disclosed in Note 14.

#### Impairment of investments in subsidiaries (Note 11)

In determining whether investments in subsidiaries are impaired, the Company evaluates the market and economic environment in which each subsidiary operates and its economic performance to determine if indicators of impairment exist. Where indicators exist, the recoverable amount of the investment in subsidiary is estimated based on its value in use or fair value less costs to sell. For the year ended 31 March 2025, additional impairment loss of $4,469,000 (2024 : $11,567,000) was recorded against the investments in subsidiaries.

#### 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.

#### 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:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| **Financial assets** | | | | |
| At amortised cost | | | | |
| (including cash and bank balances) | 130,028 | 175,688 | 13,364 | 33,143 |
| **Financial liabilities** | | | | |
| At amortised cost | 212,171 | 272,160 | 65,682 | 120,137 |

### (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:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | |
| US dollar | 22,778 | 40,158 | 43,077 | 67,904 |
| **Company** | | | | |
| US dollar | 5,462 | 21,218 | 5,362 | 20,091 |

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 sensitivity analysis below 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. 5% represents management's assessment of the possible change in foreign exchange rates.

If the US dollar strengthens/weakens by 5% against the functional currency of each group entity with all other variables being held constant, the Group's profit before tax from continuing operations will decrease/increase by $1,015,000 (2024 : $1,387,000).

If the US dollar strengthens/weakens by 5% against the Singapore dollar with all other variables being held constant, the Company's loss before tax will decrease/increase by $5,000 (2024 : $56,000).

### (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/lower and all other variables were held constant, the Group's profit before tax from continuing operations would decrease/increase by $317,000 (2024 : $511,000) and the Company's loss before tax would increase by $259,000 (2024 : $458,000). This is mainly attributable to the Group's and Company's exposures to interest rates on the variable rate borrowings.

### (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 is mitigated by optimum cash levels being maintained and availability of funding through an adequate quantum of credit facilities. The directors are of the view that the Group and the Company will be able to meet their obligations when they fall due for at least one year from the date of the financial statements taking into consideration unutilised banking facilities as disclosed in Note 16, and the letters of awareness provided by the holding company to the lenders.

## 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 - 2025** | | | | | | |
| Non-interest-bearing | - | 114,554 | 222 | - | - | 114,776 |
| Variable interest rate instruments | 4.09 | 63,542 | - | - | (110) | 63,432 |
| Fixed interest rate instruments | 10.88 | 18,168 | 1,470 | - | (1,707) | 17,931 |
| Lease liabilities (fixed rate) | 9.45 | 3,797 | 5,905 | 8,948 | (2,617) | 16,032 |
| | | **200,061** | **7,597** | **8,948** | **(4,434)** | **212,171** |
| **Group - 2024** | | | | | | |
| Non-interest-bearing | - | 114,892 | 231 | - | - | 115,123 |
| Variable interest rate instruments | 4.06 | 102,686 | - | - | (388) | 102,298 |
| Fixed interest rate instruments | 9.09 | 39,502 | 2,832 | - | (2,41) | 39,915 |
| Lease liabilities (fixed rate) | 7.06 | 3,798 | 6,721 | 10,331 | (6,026) | 14,824 |
| | | **260,878** | **9,784** | **10,331** | **(8,833)** | **272,160** |
| **Company – 2025** | | | | | | |
| Non-interest-bearing | - | 5,426 | - | - | - | 5,426 |
| Variable interest rate instruments | 3.51 | 59,849 | - | - | (72) | 59,777 |
| Lease liabilities (fixed rate) | 2.99 | 182 | 317 | - | (20) | 479 |
| | | **65,457** | **317** | **-** | **(92)** | **65,682** |
| **Company – 2024** | | | | | | |
| Non-interest-bearing | - | 5,206 | - | - | - | 5,206 |
| Variable interest rate instruments | 4.65 | 115,285 | - | - | (483) | 114,802 |
| Lease liabilities (fixed rate) | 2.95 | 129 | 1 | - | (1) | 129 |
| | | **120,620** | **1** | **-** | **(484)** | **120,137** |

### 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 - 2025** | | | | | | |
| Non-interest-bearing | - | 124,661 | - | - | - | 124,661 |
| Fixed interest rate instruments | 7.99 | 5,241 | 490 | - | (364) | 5,367 |
| | | **129,902** | **490** | **-** | **(364)** | **130,028** |
| **Group - 2024** | | | | | | |
| Non-interest-bearing | - | 160,030 | - | - | - | 160,030 |
| Fixed interest rate instruments | 14.43 | 15,235 | 904 | - | (481) | 15,658 |
| | | 175,265 | 904 | - | (481) | 175,688 |
| **Company – 2025** | | | | | | |
| Non-interest-bearing | | 4,589 | 46 | - | - | 4,635 |
| Variable interest rate instruments | 6.46 | 3,666 | 4,860 | - | (519) | 8,007 |
| Fixed interest rate instruments | 1.54 | 347 | 388 | - | (13) | 722 |
| | | 8,602 | 5,294 | - | (532) | 13,364 |
| **Company – 2024** | | | | | | |
| Non-interest-bearing | | 8,593 | - | - | - | 8,593 |
| Variable interest rate instruments | 6.88 | 19,168 | 6,084 | - | (1,588) | 23,664 |
| Fixed interest rate instruments | 1.76 | 275 | 637 | - | (26) | 886 |
| | | **28,036** | **6,721** | **-** | **(1,614)** | **33,143** |

### (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's directors review the capital structure on a yearly basis and balance 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 loans to subsidiaries of $8,007,000 (2024 : $23,664,000), which bear interest at average effective rates ranging from 4.8% to 7.9% (2024 : 4.8% to 7.8%) per annum (Note 9).

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 significant transactions with the holding company:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Purchases of goods | 2,994 | 3,359 |
| Royalty expense | 13,010 | 10,009 |

## 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 unless otherwise stated.

During the year, group entities entered into the following significant transactions with related parties:

| | Other related parties of subsidiaries (i) | | Entities controlled by directors of subsidiaries | | Entities controlled by key management personnel of subsidiary | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Sales of goods | 3,837 | 4,923 | 12,958 | 11,433 | 970 | 1,132 |
| Purchases of goods | 739 | 832 | 284 | 258 | - | - |
| Rental and other services | 463 | 516 | 74 | 10 | - | - |

(i) Other related parties of subsidiaries include non-controlling shareholders and key management personnel of subsidiaries and their relatives.

### Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Short-term benefits | 6,304 | 5,314 |
| Post-employment benefits | 325 | 331 |
| | **6,629** | **5,645** |

## 7 Cash and bank balances

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash at bank and on hand | 26,216 | 54,830 | 460 | 2,523 |
| Fixed deposits | 5,264 | 8,797 | 722 | 886 |
| | **31,480** | **63,627** | **1,182** | **3,409** |
| **Analysed as:** | | | | |
| Current | 31,102 | 63,012 | 804 | 2,794 |
| Non-current | 378 | 615 | 378 | 615 |
| | **31,480** | **63,627** | **1,182** | **3,409** |

Fixed deposits bear average effective interest rate of 7.97% (2024 : 6.04%) per annum and for a tenure of approximately 12 months (2024 : 12 months).

Fixed deposits of the Company amounting to $722,000 (2024 : $886,000) 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. In 2024, fixed deposits of a subsidiary amounting to $386,000 were pledged for banking facilities.

## 8 Trade Receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| Outside parties | 118,298 | 124,812 | 19 | 174 |
| Loss allowance | (26,422) | (27,431) | - | - |
| | **91,876** | **97,381** | **19** | **174** |
| Related companies (Note 5) | 8 | 2 | 2,539 | 4,124 |
| | **91,884** | **97,383** | **2,558** | **4,298** |

As at 1 April 2023, the Group's and the Company's trade receivables amounted to $87,953,000 (net of loss allowance of $23,924,000) and $5,610,000 (net of loss allowance of $Nil) respectively.

The credit period on sale of goods typically ranges from 30 to 210 days (2024 : 30 to 210 days). No interest is charged on the outstanding balance. Trade receivables amounting to $6,921,000 (2024 : $10,513,000) have been pledged as security for bank loans (Note 16).

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 | < 3 months | 4 – 6 months | 7 – 9 months | 10 – 12 months | > 12 months | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2025** | | | | | | | |
| Expected credit loss rate | < 2% | 2 – 5% | 5 – 15% | 15 – 40% | 40 – 90% | 90 – 100% | 118,298 |
| Estimated total gross carrying amount at default | 62,737 | 21,652 | 4,247 | 2,272 | 2,124 | 25,266 | (26,422) |
| Lifetime ECL | (87) | (648) | (370) | (360) | (512) | (24,445) | 91,876 |
| **2024** | | | | | | | |
| Expected credit loss rate | < 2% | 2 – 5% | 5 – 15% | 15 – 40% | 40 – 90% | 90 – 100% | 124,812 |
| Estimated total gross carrying amount at default | 63,621 | 24,488 | 6,295 | 2,479 | 1,380 | 26,549 | (27,431) |
| Lifetime ECL | (447) | (747) | (490) | (594) | (579) | (24,574) | 97,381 |

The movements in credit loss allowance are as follows:

| | 2025 | 2024 |
|---|---|---|
| | $'000 | $'000 |
| Balance at beginning of year | 27,431 | 23,924 |
| Allowance made during the year | 1,042 | 3,606 |
| Translation differences | (467) | 273 |
| Receivables written off as uncollectible | (755) | (372) |
| Disposal of subsidiaries | (829) | - |
| **Balance at end of year** | **26,422** | **27,431** |

## 9 Other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| Loan to subsidiaries (Note 5) | - | - | 8,007 | 23,664 |
| Other financial assets | 103 | 6,861 | - | - |
| Holding company (Note 5) | 252 | 195 | - | 10 |
| Subsidiaries (Notes 5 and 11) | - | - | 1,503 | 1,718 |
| Deposits | 1,078 | 1,287 | 46 | 44 |
| Prepayments | 1,933 | 1,336 | 8 | 23 |
| Advances to staff | 398 | 734 | - | - |
| Advances to suppliers | 6,961 | 12,206 | - | - |
| Outside parties | 5,231 | 6,335 | 68 | - |
| | **15,956** | **28,954** | **9,632** | **25,459** |
| **Analysed as:** | | | | |
| Current | 15,883 | 28,735 | 5,186 | 20,326 |
| Non-current | 73 | 219 | 4,446 | 5,133 |
| | **15,956** | **28,954** | **9,632** | **25,459** |

Other financial assets mainly consist of debt securities and treasury bills that bear interest at rates ranging from 7.5% to 8.0% (2024 : 25.4% to 27.0%) per annum with maturity within 1 year.

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 has assessed ECL to be immaterial.

## 10 Inventories

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Raw materials | 50,496 | 40,891 |
| Work-in-progress | 1,513 | 5,090 |
| Finished goods | 28,610 | 28,320 |
| | **80,619** | **74,301** |

Included in other operating expenses (Note 27) are allowance for obsolete inventories amounting to $1,156,000 (2024 : reversals of allowance for obsolete inventories amounting to $156,000). Inventories amounting to $25,847,000 (2024 : $9,972,000) have been pledged as security for bank loans (Note 16).

## 11 Subsidiaries

| | Company | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Unquoted equity shares, at cost | 172,985 | 275,253 |
| Accumulated impairment loss | -62,604 | -139,702 |
| Loan to a subsidiary | 6,137 | 6,176 |
| | **116,518** | **141,727** |

Movements in the accumulated impairment loss are as follows:

| | Company | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Balance at beginning of the year | 139,702 | 128,135 |
| Impairment loss made during the year | 4,469 | 11,567 |
| Disposal of subsidiaries (Note 33) | -81,567 | - |
| **Balance at end of the year** | **62,604** | **139,702** |

During the year, the Company carried out a review of the recoverable amount of certain subsidiaries where indicators of impairment exist. This resulted in additional impairment losses of $4,469,000 (2024 : $11,567,000) being recorded against the investments in subsidiaries.

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 | |
|---|---|---|---|---|---|
| | | 2025 | 2024 | 2025 | 2024 |
| | | % | % | % | % |
| 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. | 95.09 | 95.09 | 95.09 | 95.09 |
| Asian Paints (Middle East) SPC (Sultanate of Oman) | Manufacture, sale and distribution of paint and related products. | 100 | 100 | 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. (Egypt)(i) | Manufacture, sale and distribution of paint and related products. | 85.6 | 61.31 | 85.6 | 61.31 |
| 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 Asian Paints Indonesia(ii) (Indonesia) | Manufacture, sale and distribution of paint and related products. | - | 100 | - | 100 |
| PT Asian Paints Colour Indonesia(ii) (Indonesia) | Dormant. | - | 100 | - | 100 |
| Causeway Paints Lanka (Private) Limited (Sri Lanka) | Manufacture, sale and distribution of paint and related products. | 99.98 | 99.98 | 99.98 | 99.98 |
| Asian Paints Doha Trading W.L.L. (Qatar) | Sale and distribution of paint and related products. | 100 | 100 | 100 | 100 |
| **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 |

(i) On 5 June 2024, the Company acquired additional 24.29% shareholding from non-controlling shareholders for consideration of $5.6 million.

(ii) Disposed during the year (Note 33).

Details of non-wholly owned subsidiaries that currently have material non-controlling interests are shown in the table below.

| 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 | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | % | % | $'000 | $'000 | $'000 | $'000 |
| Kadisco Paint and AdhesiveIndustry S.C. (Ethiopia) | 49 | 49 | 876 | 4,052 | 4,288 | 12,307 |
| Asian Paints (South Pacific) Limited (Fiji Islands) | 45.93 | 45.93 | 1,049 | 1,119 | 5,585 | 5,581 |
| Others | | | 173 | 853 | 2,287 | 4,195 |
| **Total** | | | **2,098** | **6,024** | **12,160** | **22,083** |

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

| Name of subsidiary, country of incorporation and place of operations | Kadisco Paint and Adhesive Industry S.C. | | Asian Paints (South Pacific) Limited | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| Current assets | 14,966 | 40,293 | 11,504 | 12,697 |
| Non-current assets | 4,903 | 9,372 | 4,566 | 4,915 |
| Current liabilities | (10,898) | (23,184) | (3,610) | (5,122) |
| Non-current liabilities | (223) | (1,367) | (301) | (338) |
| Equity attributable to owner of the Company | 4,462 | 12,807 | 6,574 | 6,571 |
| Equity attributable to non-controlling interests | 4,286 | 12,307 | 5,585 | 5,581 |
| Revenue | 37,861 | 48,745 | 20,325 | 20,659 |
| Expenses | (36,073) | (40,476) | (18,040) | (18,224) |
| Profit for the year | 1,788 | 8,269 | 2,285 | 2,435 |
| Profit attributable to owner of the Company | 912 | 4,217 | 1,235 | 1,316 |
| Profit attributable to non-controlling interests | 876 | 4,052 | 1,050 | 1,119 |
| Profit for the year | **1,788** | **8,269** | **2,285** | **2,435** |
| Other comprehensive loss attributable to owner of the Company | (6,591) | (393) | (473) | (20) |
| Other comprehensive loss attributable to non-controlling interests | (6,333) | (378) | (402) | (17) |
| Other comprehensive loss for the year | (12,924) | (771) | (875) | (37) |
| Total comprehensive (loss) income attributable to owner of the Company | (5,679) | 3,824 | 762 | 1,296 |
| Total comprehensive (loss) income attributable to non-controlling interests | (5,457) | 3,674 | 648 | 1,102 |
| Total comprehensive income for the year | **(11,136)** | **7,498** | **1,410** | **2,398** |
| Dividends paid to non-controlling interests | 2,562 | 12 | 644 | 589 |
| Net cash (outflow) inflow from operating activities | (3,099) | 14,656 | 3,654 | 1,093 |
| Net cash outflow from investing activities | (412) | (582) | (400) | (729) |
| Net cash (outflow) inflow from financing activities | (8,662) | 1,614 | (2,056) | (1,306) |
| Net cash (outflow) inflow | **(12,173)** | **15,688** | **1,198** | **(942)** |

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.

## 12 Property, Plant and Equipment

| | Land | Buildings | Plant and equipment | Motor vehicles | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | |
| Cost: | | | | | |
| At 1 April 2023 | 11,778 | 54,233 | 73,794 | 3,445 | 143,250 |
| Translation differences | (563) | (815) | (1,142) | 100 | (2,420) |
| Additions | - | - | 4,195 | 530 | 4,725 |
| Reclassification | - | 620 | (620) | - | - |
| Disposals/Write offs | - | - | (129) | (122) | (251) |
| At 31 March 2024 | 11,215 | 54,038 | 76,098 | 3,953 | 145,304 |
| Translation differences | (481) | (2,448) | (5,447) | (1,299) | (9,675) |
| Additions | - | - | 5,278 | 275 | 5,553 |
| Reclassification | - | 466 | (466) | - | - |
| Disposals/Write offs | - | (80) | (2,994) | (55) | (3,129) |
| Disposal of subsidiaries (Note 33) | (9,486) | (5,122) | (10,436) | - | (25,044) |
| At 31 March 2025 | 1,248 | 46,854 | 62,033 | 2,874 | 113,009 |
| **Accumulated depreciation:** | | | | | |
| At 1 April 2023 | - | 12,430 | 41,212 | 2,916 | 56,558 |
| Translation differences | - | (167) | (716) | 116 | (767) |
| Depreciation for the year | - | 1,385 | 4,958 | 215 | 6,558 |
| Disposals/Write offs | - | - | (116) | (117) | (233) |
| At 31 March 2024 | - | 13,648 | 45,338 | 3,130 | 62,116 |
| Translation differences | - | 359 | (3,354) | (1,028) | (4,023) |
| Depreciation for the year | - | 1,312 | 4,391 | 214 | 5,917 |
| Disposals/Write offs | - | (4) | (1,532) | (54) | (1,590) |
| Disposal of subsidiaries (Note 33) | - | (1,116) | (5,718) | - | (6,834) |
| At 31 March 2025 | - | 14,199 | 39,125 | 2,262 | 55,586 |
| **Accumulated impairment:** | | | | | |
| At 1 April 2023 | - | - | 78 | - | 78 |
| Translation differences | - | - | (3) | - | (3) |
| At 31 March 2024 | - | - | 75 | - | 75 |
| Translation differences | - | - | (6) | - | (6) |
| At 31 March 2025 | - | - | 69 | - | 69 |
| **Carrying amount:** | | | | | |
| At 31 March 2025 | 1,248 | 32,655 | 22,839 | 612 | 57,354 |
| At 31 March 2024 | 11,215 | 40,390 | 30,685 | 823 | 83,113 |

Property, plant and equipment of certain subsidiaries amounting to $26.0 million (2024 : $32.0 million) have been pledged to secure banking facilities granted (Note 16).

**Company**

The Company's property, plant and equipment had cost of $492,000 (2024 : $492,000) and accumulated depreciation of $459,000 (2024 : $375,000). Additions for the year amounted to $Nil (2024 : $2,000) and depreciation for the year amounted to $84,000 (2024 : $112,000).

## 13 Right-of-use Assets

| | Land | Buildings | Plant and equipment | Motor vehicles | Employee accommodation | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | |
| **Group** | | | | | | |
| **Cost:** | | | | | | |
| **At 1 April 2023** | **11,620** | **9,424** | **10** | **2,168** | **1,087** | **24,309** |
| Translation differences | 54 | (293) | - | 19 | (52) | (272) |
| Additions | 795 | 4,494 | - | 741 | 1,471 | 7,501 |
| Expiry | - | (5,954) | - | (744) | (1,418) | (8,116) |
| **At 31 March 2024** | **12,469** | **7,671** | **10** | **2,184** | **1,088** | **23,422** |
| Translation differences | (1,719) | (567) | - | (36) | (61) | (2,383) |
| Additions | 1,907 | 4,087 | - | 640 | 1,653 | 8,287 |
| Expiry | (489) | (3,704) | - | (654) | (1,162) | (6,009) |
| Disposal of subsidiaries (Note 33) | - | (110) | - | (11) | (17) | (138) |
| **At 31 March 2025** | **12,168** | **7,377** | **10** | **2,123** | **1,501** | **23,179** |
| **Accumulated depreciation:** | | | | | | |
| **At 1 April 2023** | **2,525** | **6,199** | **5** | **1,159** | **599** | **10,487** |
| Translation differences | 25 | (108) | - | 8 | (40) | (115) |
| Depreciation for the year | 613 | 2,568 | 2 | 667 | 1,493 | 5,343 |
| Expiry | - | (5,634) | - | (744) | (1,391) | (7,769) |
| **At 31 March 2024** | **3,163** | **3,025** | **7** | **1,090** | **661** | **7,946** |
| Translation differences | (300) | (218) | - | (18) | (38) | (574) |
| Depreciation for the year | 671 | 2,996 | 2 | 591 | 1,375 | 5,635 |
| Expiry | (489) | (3,456) | - | (639) | (1,113) | (5,697) |
| Disposal of subsidiaries (Note 33) | - | (90) | - | (8) | (9) | (107) |
| **At 31 March 2025** | **3,045** | **2,257** | **9** | **1,016** | **876** | **7,203** |
| **Carrying amount:** | | | | | | |
| **At 31 March 2025** | **9,123** | **5,120** | **1** | **1,107** | **625** | **15,976** |
| **At 31 March 2024** | **9,306** | **4,646** | **3** | **1,094** | **427** | **15,476** |

**Company**

The Company's right-of-use assets had cost of $599,000 (2024 : $866,000) and accumulated depreciation of $121,000 (2024 : $734,000). Additions and expiry during the year amounted to $519,000 (2024 : $Nil) and $786,000 (2024 : $Nil) respectively. Depreciation for the year amounted to $173,000 (2024 : $168,000).

## 14 Intangible assets

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Goodwill | 10,602 | 16,476 |
| Other intangible assets | 14,662 | 17,744 |
| | **25,264** | **34,220** |

## Goodwill

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| At beginning of year | 16,476 | 15,266 |
| Translation differences | (2,502) | 1,210 |
| Impairment loss | (3,372) | - |
| At end of year | 10,602 | 16,476 |

Goodwill is stated net of accumulated impairment losses amounting to $10.0 million, $6.6 million and $6.4 million as at 31 March 2025, 31 March 2024 and 1 April 2023 respectively.

Goodwill acquired in business combination is allocated to the cash-generating units (CGUs) that are expected to benefit from that business combination, as follows:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| **Arising on acquisition of subsidiaries:** | | |
| Berger Paints Emirates LLC | 505 | 505 |
| Kadisco Paint and Adhesive Industry S.C. | 2,043 | 4,591 |
| Causeway Paints Lanka (Private) Limited | 5,285 | 8,595 |
| | | |
| **Arising on acquisition of subsidiaries under common control:** | | |
| Asian Paints (Vanuatu) Limited | 172 | 173 |
| Asian Paints (South Pacific) Limited | 350 | 352 |
| SCIB Chemicals, S.A.E. | 2,247 | 2,260 |
| | **10,602** | **16,476** |

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 profit margins. 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 country specific growth forecasts. Profit margins are estimated based on past practices and expectations of future changes in the market.

The table below shows the key assumptions used:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Period considered for discrete cash flow projections by management under value in use method | 5 years | 5 years |
| Projected revenue growth rate | 4% to 25% | 7% to 55% |
| Terminal growth rate | 2% to 13.3% | 1.6% to 12% |
| Discount rate | 11% to 35% | 12% to 35% |

Causeway Paints Lanka (Private) Limited CGU

Based on the value-in-use calculations for the financial year ended 31 March 2025, impairment loss of $3.4 million (2024 : $Nil) was recognised on goodwill attributable to the Causeway Paints Lanka (Private) Limited CGU.

As at 31 March 2025, changes to each of the key inputs may result in increase (decrease) to the impairment loss as follows:

| Key input | Current range | Changes | Increase (Decrease) in impairment loss |
|---|---|---|---|
| Discount rate | 22.80% | 1% increase | $3.2 million |
| | | 1% decrease | ($3.4 million) |
| Revenue growth rate | 15% | 5% decrease | $5.4 million |
| | | 5% increase | ($3.4 million) |
| Profit margins | 4% to 15.5% | 2% decrease | $9.5 million |
| | | 2% increase | ($3.4 million) |

Other intangible assets

| | Brands | Distribution network | Total |
|---|---|---|---|
| **Group** | | | |
| | | | |
| **Cost:** | | | |
| At 1 April 2023 | 10,729 | 9,224 | 19,953 |
| Translation differences | 577 | 875 | 1,452 |
| At 31 March 2024 | 11,306 | 10,099 | 21,405 |
| Translation differences | (2,296) | (586) | (2,882) |
| At 31 March 2025 | 9,010 | 9,513 | 18,523 |
| **Amortisation:** | | | |
| At 31 March 2024 | - | 2,897 | 2,897 |
| Translation differences | - | 287 | 287 |
| Amortisation for the year | - | 477 | 477 |
| At 31 March 2024 | - | 3,661 | 3,661 |
| Translation differences | - | (282) | (282) |
| Amortisation for the year | - | 482 | 482 |
| At 31 March 2025 | - | 3,861 | 3,861 |
| | | | |
| **Carrying amount:** | | | |
| At 31 March 2025 | 9,010 | 5,652 | 14,662 |
| At 31 March 2024 | 11,306 | 6,438 | 17,744 |

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 as a 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 | | Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| Deferred tax liabilities | (4,280) | (4,997) | (5) | (18) |
| Deferred tax assets | 273 | 792 | - | - |
| | **(4,007)** | **(4,205)** | **(5)** | **(18)** |

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 2023 | (1,562) | 418 | - | (5,118) | (610) | (19) | (313) | 2,720 | (4,484) |
| Translation differences | 83 | 31 | - | (348) | (5) | (8) | - | (383) | (630) |
| (Charge) Credit toprofit or loss (Note 29) | (111) | 56 | 15 | 143 | 32 | 16 | 12 | 796 | 959 |
| Charge to other comprehensive income | - | (50) | - | - | - | - | - | - | (50) |
| At 31 March 2024 | (1,590) | 455 | 15 | (5,323) | (583) | (11) | (301) | 3,133 | (4,205) |
| Translation differences | 111 | (69) | - | 779 | 217 | (1) | - | (677) | 360 |
| (Charge) Credit toprofit or loss (Note 29) | (332) | 77 | (15) | 145 | 22 | (16) | (253) | 168 | (204) |
| Charge to other comprehensive income | - | 42 | - | - | - | - | - | - | 42 |
| At 31 March 2025 | **(1,811)** | **505** | **-** | **(4,399)** | **(344)** | **(28)** | **(554)** | **2,624** | **(4,007)** |

**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 $4,416,000 (2024 : $4,129,000). 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.

## 16 Bank Loans and Overdrafts

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| **Unsecured** | | | | |
| Bank loans | 62,083 | 125,653 | 59,777 | 114,802 |
| **Secured** | | | | |
| Bank loans | 12,018 | 10,331 | - | - |
| Bank overdrafts | 7,262 | 6,229 | - | - |
| | **19,280** | **16,560** | **-** | **-** |
| | | | | |
| Total bank loans and overdrafts | 81,363 | 142,213 | 59,777 | 114,802 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | (80,244) | (140,124) | (59,777) | (114,802) |
| Amount due for settlement after 12 months | 1,119 | 2,089 | - | - |

Unsecured bank loans bear interest at rates ranging from 3.6% to 28.8% (2024 : 4.0% to 29.4%) per annum and are repayable within 12 months. Secured bank loans bear interest at rates 11.1% (2024 : 10.3%) per annum.

The average effective interest rate on bank overdrafts is 11.3% (2024 : 10.4%) per annum.

The security for bank loans and overdrafts relate to bank fixed deposits (Note 7), trade receivables (Note 8), inventories (Note 10), and property, plant and equipment (Note 12) of certain subsidiaries.

The Group has unutilised banking facilities of $153.1 million (2024 : $92.4 million) at the end of the reporting period.

The Company has unutilised banking facilities of $74.2 million (2024 : $19.2 million) at the end of the reporting period. The holding company has provided letters of awareness to financial institutions in respect of the Company's facilities.

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 | | | |
|---|---|---|---|---|---|---|
| | Beginning of year | Financing cash flows (i) | New lease liabilities | Disposal of subsidiaries (Note 33) | Currency translation differences | End of year |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2025** | | | | | | |
| Bank loans (Note 16) | 135,984 | (60,407) | - | - | (1,476) | 74,101 |
| Lease liabilities (Note 19) | 14,824 | (6,571) | 8,287 | (2) | (506) | 16,032 |
| | | | | | | |
| **2024** | | | | | | |
| Bank loans (Note 16) | 130,509 | 7,083 | - | - | (1,608) | 135,984 |
| Lease liabilities (Note 19) | 13,005 | (5,988) | 7,501 | - | 306 | 14,824 |

(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 | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| Outside parties | 100,506 | 95,704 | 1,598 | 2,192 |
| Holding company (Note 5) | 10,398 | 16,000 | 2,106 | 1,795 |
| | **110,904** | **111,704** | **3,704** | **3,987** |

The credit period on purchases of goods ranges from 30 to 150 days (2024 : 30 to 150 days).

## 18 Other Payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| Holding company (Note 5) | 2,305 | 1,971 | 1,236 | 929 |
| Subsidiaries (Notes 5 and 11) | - | - | 480 | 284 |
| Outside parties | 1,567 | 1,448 | - | - |
| Loans from subsidiaries | - | - | 6 | 6 |
| | **3,872** | **3,419** | **1,722** | **1,219** |

## 19 Lease liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| **Maturity analysis:** | | | | |
| Within 1 year | 3,797 | 3,798 | 182 | 129 |
| Within 2 to 5 years | 5,905 | 6,721 | 317 | 1 |
| More than 5 years | 8,947 | 10,331 | - | - |
| | **18,649** | **20,850** | **499** | **130** |
| Less: Unearned interest | (2,617) | (6,026) | (20) | (1) |
| | **16,032** | **14,824** | **479** | **129** |
| **Analysed as:** | | | | |
| Current | 3,309 | 3,094 | 171 | 128 |
| Non-current | 12,723 | 11,730 | 308 | 1 |
| | **16,032** | **14,824** | **479** | **129** |

## 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.

The defined benefit obligations 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 | |
|---|---|---|
| | 2025 | 2024 |
| Discount rate at end of year | 4.8% to 10.9% | 5.0% to 13.0% |
| Projected revenue growth rate | 4.0% to 15.0% | 5.0% to 15.0% |

Changes in the present value of the defined benefit obligation are as follows:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Opening defined benefit obligation | 6,526 | 5,926 |
| Amounts included in employee benefits expense | | |
| - Service cost | 593 | 864 |
| - Interest cost | 468 | 443 |
| Actuarial loss (gain) recognised in other comprehensive income | 497 | (252) |
| Exchange differences | (282) | 145 |
| Benefits paid | (543) | (600) |
| Disposal of subsidiaries (Note 33) | (275) | - |
| Closing defined benefit obligation | **6,984** | **6,526** |

Actuarial gains or losses arise from changes in financial and demographic assumptions. Management is of the view that reasonably possible changes of the respective assumptions occurring at the end of the reporting period will not have a material impact on the financial statements. As such, no further analysis has been performed.

## 21 Share Capital

| | Group and Company | | | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | Number of ordinary shares | | $'000 | $'000 |
| Issued and paid up: | | | | |
| At beginning of year | 427,875,387 | 427,875,387 | 150,306 | 150,306 |
| Issue of share capital | 47,900,000 | - | 32,130 | - |
| At end of year | **475,775,387** | **427,875,387** | **182,436** | **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 subsidiaries. The statutory reserves may only be distributed to shareholders upon liquidation of the subsidiaries or in the circumstances stipulated in the regulations.

## 23 Capital reserve

The capital reserve represents transfers from unappropriated profit upon bonus shares issued by a subsidiary. The capital reserve is not available for distribution.

## 24 Revenue

| Group | Continuing operations 2025 $'000 | Continuing operations 2024 $'000 | Discontinued operations 2025 $'000 | Discontinued operations 2024 $'000 | Total 2025 $'000 | Total 2024 $'000 |
|---|---|---|---|---|---|---|
| **Type of goods or services** | | | | | | |
| Paint and adhesive sales | 423,344 | 427,907 | 7,496 | 13,701 | 430,840 | 441,608 |
| Contracting revenue | 539 | 1,165 | - | - | 539 | 1,165 |
| | **423,883** | **429,072** | **7,496** | **13,701** | **431,379** | **442,773** |
| **Geographical markets** | | | | | | |
| Africa | 100,896 | 132,744 | - | - | 100,896 | 132,744 |
| Middle East | 162,681 | 140,393 | - | 8 | 162,681 | 140,401 |
| South Asia | 137,092 | 130,327 | - | 3 | 137,092 | 130,330 |
| Southeast Asia & Pacific Islands | 23,214 | 25,608 | 7,496 | 13,690 | 30,710 | 39,298 |
| | **423,883** | **429,072** | **7,496** | **13,701** | **431,379** | **442,773** |
| **Timing of revenue recognition** | | | | | | |
| At a point in time | 423,344 | 427,907 | 7,496 | 13,701 | 430,840 | 441,608 |
| Over time | 539 | 1,165 | - | - | 539 | 1,165 |
| | **423,883** | **429,072** | **7,496** | **13,701** | **431,379** | **442,773** |

## 25 Other operating income

| Group | Continuing operations 2025 $'000 | Continuing operations 2024 $'000 | Discontinued operations 2025 $'000 | Discontinued operations 2024 $'000 | Total 2025 $'000 | Total 2024 $'000 |
|---|---|---|---|---|---|---|
| Royalty income | 53 | 54 | - | - | 53 | 54 |
| Interest income | 1,327 | 3,422 | 34 | 103 | 1,361 | 3,525 |
| Other income | 1,776 | 1,819 | - | 20 | 1,776 | 1,839 |
| | **3,156** | **5,295** | **34** | **123** | **3,190** | **5,418** |

## 26 Employee benefits expense

| Group | Continuing operations 2025 $'000 | Continuing operations 2024 $'000 | Discontinued operations 2025 $'000 | Discontinued operations 2024 $'000 | Total 2025 $'000 | Total 2024 $'000 |
|---|---|---|---|---|---|---|
| Staff costs (including directors' remuneration) | 60,696 | 55,410 | 3,459 | 4,347 | 64,155 | 59,757 |
| Amounts recognised in respect of defined benefit obligations | 982 | 1,219 | 79 | 88 | 1,061 | 1,307 |
| Contributions to defined contribution plans | 2,284 | 2,048 | 189 | 236 | 2,473 | 2,284 |
| | **63,962** | **58,677** | **3,727** | **4,671** | **67,689** | **63,348** |

## 27 Other operating expenses

| Group | Continuing operations | | Discontinued operations | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Power and fuel | 1,510 | 1,996 | 29 | 57 | 1,539 | 2,053 |
| Freight and handling charges | 10,375 | 9,479 | 604 | 996 | 10,979 | 10,475 |
| Sales promotion expenses & advertisements | 15,423 | 13,609 | 3,168 | 4,489 | 18,591 | 18,098 |
| Insurance | 573 | 577 | 93 | 104 | 666 | 681 |
| Repairs and maintenance | 1,742 | 1,891 | 89 | 167 | 1,831 | 2,058 |
| Royalty expense | 13,010 | 12,843 | 209 | 429 | 13,219 | 13,272 |
| Printing, stationery, postage and telephone | 1,096 | 1,128 | 65 | 93 | 1,161 | 1,221 |
| Travelling expenses | 3,014 | 3,561 | 492 | 775 | 3,506 | 4,336 |
| Foreign exchange loss | 8,517 | 3,998 | 4 | 24 | 8,521 | 4,022 |
| Allowance for credit losses (Note 8) | 901 | 3,539 | 141 | 67 | 1,042 | 3,606 |
| Increase (Decrease) in allowance for obsolete inventories (Note 10) | 984 | 16 | 172 | -172 | 1,156 | -156 |
| Legal and professional expenses | 1,563 | 991 | 253 | 362 | 1,816 | 1,353 |
| Others | 3,344 | 2,956 | (139) | 180 | 3,205 | 3,136 |
| | **62,052** | **56,584** | **5,180** | **7,571** | **67,232** | **64,155** |

## 28 Finance costs

| Group | Continuing operations | | Discontinued operations | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Interest expense on lease liabilities | 967 | 817 | 3 | 15 | 970 | 832 |
| Interest expense on bank loans and overdrafts | 6,750 | 8,588 | 2 | - | 6,752 | 8,588 |
| | **7,717** | **9,405** | **5** | **15** | **7,722** | **9,420** |

## 29 Income tax expense

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Current year | 4,415 | 8,696 |
| (Over) Under provision of current tax in prior years | (487) | 37 |
| Deferred tax (Note 15) | 204 | (959) |
| Withholding tax | 868 | 676 |
| | **5,000** | **8,450** |

The income tax expense varies from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2024 : 17%) to profit before income tax as a result of the following differences:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Profit before income tax | 9,364 | 28,790 |
| | | |
| Income tax expense at statutory tax rate | 1,592 | 4,894 |
| Non-deductible items | 2,988 | 721 |
| Tax concessions | (93) | (295) |
| Withholding tax | 868 | 676 |
| Effects of different tax rates in different countries | 119 | 2,234 |
| Effects of change in tax rate | - | 61 |
| Deferred tax assets not recognised | - | 8 |
| (Over) Under provision of current tax in prior years | (487) | 37 |
| Others | 13 | 114 |
| | **5,000** | **8,450** |

## 30 Profit/(Loss) for the year

| Group | Continuing operations | | Discontinued operations | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Gain on disposal of plant and equipment | (71) | (13) | - | - | (71) | (13) |
| Directors' remuneration: Director fees - Company | 211 | 230 | - | - | 211 | 230 |
| Director remuneration – Company | 810 | 836 | - | - | 810 | 836 |
| Directors' remuneration – Subsidiaries | 2,522 | 1,539 | 781 | 735 | 3,303 | 2,274 |
| Foreign exchange adjustment loss | 8,517 | 3,998 | 4 | 24 | 8,521 | 4,022 |
| Cost of inventories recognised as expense | 258,942 | 259,917 | 4,606 | 8,755 | 263,548 | 268,672 |
| Increase (Decrease) in allowance for obsolete inventories (Note 10) | 984 | 16 | 172 | (172) | 1,156 | (156) |
| Allowance for credit losses (Note 8) | 901 | 3,539 | 141 | 67 | 1,042 | 3,606 |
| Impairment of goodwill (Note 14) | **3,372** | **-** | **-** | **-** | **3,372** | **-** |

Amount recognised in profit or loss relating to leases

| Group | Continuing operations | | Discontinued operations | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Depreciation expense on right-of-use assets (Note 13) | 5,357 | 4,978 | 278 | 365 | 5,635 | 5,343 |
| Interest expense on lease liabilities (Note 28) | 967 | 817 | 3 | 15 | 970 | 832 |
| Expense relating to short-term leases | 473 | 243 | 20 | 38 | 493 | 281 |

The total cash outflow of all lease payments is as follows:

| Group | Continuing operations | | Discontinued operations | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Fixed payments | 6,324 | 5,606 | 247 | 382 | 6,571 | 5,988 |
| Variable payments | 663 | 214 | 28 | 66 | 691 | 280 |
| **Total payments** | **6,987** | **5,820** | **275** | **448** | **7,262** | **6,268** |

## 31 Contingent Liabilities

(a) At the end of the reporting period, the Group has provided performance guarantees and guarantees to banks as follows:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Performance guarantees | 5,081 | 8,264 |

(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 $122,275 (2024 : $275,000). 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 2025, the Group is committed to $Nil (2024 : $4,000) for short-term leases.

As at 31 March 2025, the Group is committed to $1,334,000 (2024 : $508,000) for future capital expenditure.

## 33 Disposal of Subsidiaries/ Discontinued operations

On 14 February 2025, the Group entered into a sale agreement to dispose of PT Asian Paints Indonesia and PT Asian Paints Colour Indonesia (collectively referred to AP Indonesia). The disposal was completed on 20 March 2025, on which date where the control of AP Indonesia was passed to the acquirer.

### Carrying amounts of AP Indonesia's assets and liabilities prior to disposal

| | Group |
|---|---|
| | 2025 |
| | $'000 |
| **Current assets:** | |
| Cash and bank balances | 806 |
| Trade receivables | 2,288 |
| Other receivables | 2,265 |
| Inventories | 1,464 |
| Non-current assets: | |
| Property, plant and equipment | 18,210 |
| Right of use assets | 31 |
| Current liabilities: | |
| Trade payables | (2,270) |
| Other payables | (412) |
| Lease liabilities | (2) |
| **Non-current liabilities:** | |
| Retirement benefit liabilities | (275) |
| Net assets derecognised | 22,105 |

## Computation of loss on disposal of AP Indonesia

| | Group |
|---|---|
| | 2025 |
| | $'000 |
| Consideration received | 6,663 |
| Net assets derecognised | (22,105) |
| Cumulative exchange differences reclassified from translation reserve | (4,222) |
| Loss on disposal | (19,664) |

Net cash inflow from disposal of AP Indonesia

| | Group |
|---|---|
| | 2025 |
| | $'000 |
| Cash consideration received | 6,663 |
| Cash and cash equivalents disposed of | (806) |
| Net cash inflow from disposal | 5,857 |

## Results of AP Indonesia

The results of AP Indonesia have been presented separately on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2025 as Loss after tax from discontinued operations. Prior year comparatives have been re-presented accordingly.

The loss for the year from discontinued operations is analysed as follows:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Loss for the year | (7,545) | (9,237) |
| Loss on disposal | (19,664) | - |
| | **(27,209)** | **(9,237)** |

The loss for the year from AP Indonesia is analysed as follows:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Revenue | 7,496 | 13,701 |
| Other operating income | 34 | 123 |
| Changes in inventories of finished goods and work-in-progress | (693) | (491) |
| Raw materials and consumables used | (3,913) | (8,264) |
| Manufacturing expenses | (475) | (745) |
| Sub-contracting costs and cost of sundry sales | (42) | - |
| Employee benefits expense | (3,727) | (4,671) |
| Depreciation of property, plant and equipment | (762) | (939) |
| Depreciation of right of use assets | (278) | (365) |
| Other operating expenses | (5,180) | (7,571) |
| Finance costs | (5) | (15) |
| **Loss for the year** | **(7,545)** | **(9,237)** |

During the year, AP Indonesia contributed $5.2 million (2024 : paid $8.3 million) in respect of the Group's net operating cash flows. AP Indonesia did not have significant contribution to the Group's investing and financing cash flows.

# Samoa Paints Limited

# Contents

# Directors' Report

for the year ended 31st March, 2025

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 2025, 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 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
- Sireesh Rao Talluri
- GD Anand

## Principal activities

The principal activities of the Company in the course of the year were the distribution of paints and paint related products. There has been no significant change in the nature of these activities during the financial year.

## Results

The operating profit for the Company for the year was WST 325,975 (2024: WST 382,456) after providing for an income tax expense of WST 117,718 (2024: WST 138,630).

## Dividends

The Directors had declared and paid dividends of WST 450,000 during the year (2024: Nil).

## Reserves

The Directors propose that no transfer be made to reserves.

## Bad debts and impairment loss

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 the writing off of bad debts and the provision for expected credit loss. In the opinion of Directors, adequate provision has been made for expected credit losses.

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 allowance for expected loss 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 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.

## Significant events

There were no significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Branch, the results or cash flows of those operations, or the state of affairs of the Branch in future financial years.

Events subsequent to balance date

No matter or circumstances have arisen 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.

## 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.

## 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 the 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 23rd day of April 2025.**

| | |
|---|---|
| ____________ | ____________ |
| Director | Director |

# Directors' Statement

for the year ended 31st March, 2025

In accordance with a resolution of the Board of Directors of Samoa Paints Limited (the Company), 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 2025;

(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 2025;

(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 2025;

(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 2025;

(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 23rd day of April 2025.**

| | |
|---|---|
| ____________ | ____________ |
| Director | Director |

# Independent Auditor's Report

for the year ended 31st March, 2025

**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 2025, 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 material 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 2025, 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 (including International Independence Standards) (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.

## Report on Other Legal and Regulatory Requirements

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
Suva, Fiji
23 April 2025

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31st March, 2025

| | Notes | 2025 WST | 2024 WST |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from contracts with customers | 2(a) | 3,043,261 | 2,862,056 |
| Other income | 2(b) | 14,544 | 37,778 |
| | | **3,057,805** | **2,899,834** |
| **Cost and expenses** | | | |
| Cost of sales | | (2,163,618) | (1,942,846) |
| Depreciation and amortisation | 5 | (9,843) | (12,571) |
| Salaries and employee benefits | 2(c) | (165,739) | (202,668) |
| Operating expenses | 2(d) | (274,912) | (220,663) |
| | | **(2,614,112)** | **(2,378,748)** |
| **Profit before income tax** | | **443,693** | **521,086** |
| Income tax expense | 4(a) | (117,718) | (138,630) |
| **Net profit for the year** | | **325,975** | **382,456** |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year, net of tax** | | **325,975** | **382,456** |
| Earnings per share | 15 | 3.62 | 4.25 |

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.

# Statement of Financial Position

as at 31st March 2025

| | Notes | 2025<br>WST | 2024<br>WST |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 390,954 | 398,362 |
| Intangible assets | 6 | 2 | 2 |
| Deferred tax asset | 4(c) | 29,708 | 26,828 |
| | | **420,664** | **425,192** |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | 537,368 | 819,550 |
| Inventories | 7 | 785,890 | 649,653 |
| Trade receivables | 8 | 637,948 | 619,900 |
| Prepayments and other assets | 9 | 26,988 | 55,954 |
| Current tax asset | | 9,876 | 68,402 |
| | | **1,998,070** | **2,213,459** |
| **Total assets** | | **2,418,734** | **2,638,651** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 11(a) | 90,000 | 90,000 |
| Asset revaluation reserve | 11(b) | 287,934 | 287,934 |
| Retained earnings | | 1,334,946 | 1,458,971 |
| **Total shareholders' equity** | | **1,712,880** | **1,836,905** |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 705,854 | 801,746 |
| | | **705,854** | **801,746** |
| **Total liabilities** | | **705,854** | **801,746** |
| **Total equity and liabilities** | | **2,418,734** | **2,638,651** |

For and on behalf of the Board and in accordance with a resolution of the Directors.

**Director** **Director**

The accompanying notes form an integral part of this Statement of Financial Position.

# Statement of Changes in Equity

for the year ended 31st March 2025

| | Notes | 2025<br>WST | 2024<br>WST |
|---|---|---|---|
| **Retained earnings** | | | |
| Balance at the beginning of the year | | 1,458,971 | 1,076,515 |
| Net profit for the year | | 325,975 | 382,456 |
| | | **1,784,946** | **1,458,971** |
| Dividends declared and paid | 3 | (450,000) | - |
| Balance at the end of the year | | **1,334,946** | **1,458,971** |
| **Share capital** | | | |
| Balance at the beginning of the year | 11(a) | 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(b) | 287,934 | 287,934 |
| Balance at the end of the year | | **287,934** | **287,934** |
| **Total shareholders' equity** | | **1,712,880** | **1,836,905** |

The accompanying notes form an integral part of this Statement of Changes in Equity.

# Statement of Cash Flows

for the year ended 31st March 2025

| | Note | 2025 WST | 2024 WST |
|---|---|---|---|
| **Operating activities** | | | |
| Operating profit before income tax | | 443,693 | 521,086 |
| | | | |
| **Non-cash adjustments** | | | |
| Depreciation and amortisation | | 9,843 | 12,571 |
| Unrealised exchange loss | | - | 1,450 |
| Current year tax adjustment | | (1,028) | - |
| | | | |
| **Working capital adjustments:** | | | |
| Increase in trade receivables | | (18,048) | (88,614) |
| Increase/(decrease) in prepayments and other assets | | 28,966 | (41,105) |
| Increase in inventories | | (136,237) | (74,140) |
| (Decrease)/increase in trade and other payables | | (95,892) | 449,503 |
| Net income tax paid | | (61,044) | (264,913) |
| **Net cash flows from operating activities** | | **170,253** | **515,838** |
| | | | |
| **Investing activities** | | | |
| Acquisition of plant and equipment | | (2,435) | - |
| **Net cash flows used in investing activities** | | **(2,435)** | **-** |
| **Financing activities** | | | |
| Dividends paid | | (450,000) | - |
| **Net cash flows used in financing activities** | | **(450,000)** | **-** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(282,182)** | **515,838** |
| Cash and cash equivalents at the beginning of year | | 819,550 | 303,712 |
| **Cash and cash equivalents at the end of the year** | 10 | **537,368** | **819,550** |

The accompanying notes form an integral part of this Statement of Cash Flows.

# Notes to the Financial Statements

for the year ended 31st March 2025

## 1. Corporate information

The financial statements of Samoa Paints Limited (the Company) for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Directors dated 23 April 2025. Samoa Paints Limited is a limited liability company incorporated and domiciled in Samoa.

The principal activities of the Company are described in Note 22.

## 1.1 Basis of preparation of the financial statements

The financial statements have been prepared on a historical cost basis, except otherwise indicated. 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) accounting standards as issued by the International Accounting Standard Board (IASB).

### 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.

## 1.2 Summary of accounting policies

### a) Foreign currencies

The Company's financial statements are presented in Samoan Tala (WST), 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 from contracts with customers

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.

### 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 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 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.

## 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 useful lives of the assets as follows:

| | |
|---|---|
| Freehold land | Not depreciated |
| Buildings | 2% |
| 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 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) 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.

## f) 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.

The Company's intangible assets consist of software which was acquired and is amortised on a straight-line basis over the asset's useful if of 3 years.

## g) 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
- 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:

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (continued)

- 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 financial assets measured at amortised cost.

**Financial assets: Subsequent measurement and gains and loss**

Trade and other receivables and related party receivables are 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.

## h) 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.

## i) 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 B1 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.

## j) Cash and cash equivalents

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.

## k) 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.

## l) 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.

## m) 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 period.

## n) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current period.

## o) Dividends

Dividends are recorded in the Company's financial statements in the period in which the Directors approve them.

## p) Segment information

A business segment is a group 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 Samoa and is therefore one geographical area for reporting purposes.

### q) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash 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.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

## 1.3 Changes in accounting policies

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1st January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

| New pronouncement | Effective date |
|---|---|
| Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 | No impact |
| Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 | No impact |
| Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 | No impact |

## 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.

| New pronouncement | Effective date |
|---|---|
| Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 | 1 January 2026 |
| Annual improvements to IFRS Accounting Standards - Volume 11 | 1 January 2026 |
| IFRS 18 - Presentation and Disclosures in Financial Statements | 1 January 2027 |

## 1.5 Accounting judgements, 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.

### Judgements

In the process of applying the Company's accounting policies, management has made various judgements. Those which management has assessed to have the most material effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statements line items.

### 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 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.

### 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 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 intangibles with indefinite useful lives recognised by the Company.

### 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 is disclosed in Note 8.

## 2. Revenue and expenses

### (a) Revenue from contracts with customers

| | 2025 | 2024 |
|---|---:|---:|
| | WST | WST |
| Sales | 3,043,261 | 2,862,056 |
| **Timing of revenue recognition** | | |
| Goods and services transferred at a point of time | 3,043,261 | 2,862,056 |

### (b) Other income

| | 2025 | 2024 |
|---|---:|---:|
| | WST | WST |
| Interest received | 2,105 | 2,062 |
| Other income | 12,439 | 35,716 |
| | **14,544** | **37,778** |

### (c) Salaries and employee benefits

| | 2025 | 2024 |
|---|---:|---:|
| | WST | WST |
| Salaries | 155,683 | 188,364 |
| Superannuation expenses | 10,056 | 14,304 |
| | **165,739** | **202,668** |

### (d) Operating expenses

| | 2025 | 2024 |
|---|---:|---:|
| | WST | WST |
| Auditor's remuneration - audit fees | 13,751 | 9,450 |
| Auditor's remuneration - other fees | 2,652 | 2,100 |
| Realised exchange loss | 5,180 | 36,783 |
| Unrealised exchange loss | - | 1,450 |
| Other operating expenses | 253,329 | 170,880 |
| | **274,912** | **220,663** |

## 3. Dividends paid and proposed

| | 2025 | 2024 |
|---|---:|---:|
| | WST | WST |
| Declared and paid during the year: | 450,000 | - |

## 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 31st March 2025 is as follows:

| | 2025 WST | 2024 WST |
|---|---|---|
| Accounting profit before income tax | 443,693 | 521,086 |
| At the Samoan rate of 27% | 119,797 | 140,693 |
| Under/(over) provision in prior year | 1,026 | (2,873) |
| Tax effect of non-deductible items | (3,105) | 810 |
| Income tax attributable to operating profit | **117,718** | **138,630** |

(b) Current income tax:

| | 2025 WST | 2024 WST |
|---|---|---|
| Current income tax charge | 119,572 | 131,157 |
| Adjustments in respect of current year | 1,026 | (2,873) |
| Origination and reversal of temporary differences | (2,880) | 10,346 |
| Income tax attributable to operating profit | **117,718** | **138,630** |

(c) Deferred tax at 31st March 2025 and 31st March 2024 relates to the following:

| | 2025 WST | 2024 WST |
|---|---|---|
| Accelerated depreciation for book purposes | (2,363) | (5,990) |
| Provisions for inventory obsolescence | 16,405 | 14,145 |
| Provision for other expenses | 17,471 | 18,282 |
| Unrealised exchange loss | (1,805) | 391 |
| | **29,708** | **26,828** |
| **Reflected in the statement of financial position as follows:** | | |
| Deferred tax asset | **29,708** | **26,828** |

## 5. Property, plant and equipment

| | Land and buildings WST | Plant, office equipment and motor vehicle WST | Total WST |
|---|---|---|---|
| **Cost** | | | |
| At 31 March 2023 | 661,645 | 619,379 | 1,281,024 |
| At 31 March 2024 | 661,645 | 619,379 | 1,281,024 |
| Additions | - | 2,435 | 2,435 |
| **At 31 March 2025** | **661,645** | **621,814** | **1,283,459** |
| **Depreciation** | | | |
| At 31 March 2023 | 277,277 | 592,814 | 870,091 |
| Depreciation charge for the year | 3,445 | 9,126 | 12,571 |
| At 31 March 2024 | 280,722 | 601,940 | 882,662 |
| Depreciation charge for the year | 3,445 | 6,398 | 9,843 |
| **At 31 March 2025** | **284,167** | **608,338** | **892,505** |

| | Land and buildings | Plant, office equipment and motor vehicle | Total |
|---|---|---|---|
| | WST | WST | WST |
| **Net book value** | | | |
| At 31 March 2025 | 377,478 | 13,476 | 390,954 |
| At 31 March 2024 | **380,923** | **17,439** | **398,362** |

## 6. Intangible assets

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| **Cost** | | |
| Opening balance | 73,771 | 73,771 |
| **At 31 March 2025** | **73,771** | **73,771** |
| **Amortisation** | | |
| Opening balance | 73,769 | 73,769 |
| **At 31 March 2025** | **73,769** | **73,769** |
| **Net book value** | **2** | **2** |

## 7. Inventories

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| Finished goods | 785,890 | 649,637 |
| Packaging materials | - | 16 |
| **Total inventories at the lower of cost and net realisable value** | **785,890** | **649,653** |

## 8. Trade receivables

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| Trade receivables | **637,948** | **619,900** |

Trade receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 March 2025, trade receivables at nominal value of WST Nil  (2024: WST Nil) were impaired and fully provided for.

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 |
| 2025 | 637,948 | 396,802 | 210,777 | 30,369 | - |
| 2024 | 619,900 | 325,253 | 206,487 | 24,571 | 63,589 |

## 9. Prepayments and other assets

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| Prepayments | 13,114 | 13,114 |
| Advances paid to vendors | 13,874 | 42,840 |
| | **26,988** | **55,954** |

## 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:

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| Cash at banks | 445,006 | 729,375 |
| Cash on hand | 200 | 118 |
| Term deposits | 92,162 | 90,057 |
| | | |
| | **537,368** | **819,550** |

## 11. Share capital and reserves

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| **a) Authorised, issued and fully paid** | | |
| 90,000 ordinary shares of WST 1 each | 90,000 | 90,000 |

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| **b) 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 2025.

## 12. Trade and other payables

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| Trade payables | - | 1,648 |
| Owing to related parties [Note 14(c)] | 586,529 | 697,814 |
| VAGST payable | 40,917 | 23,471 |
| Accruals and liabilities | 78,408 | 78,813 |
| | **705,854** | **801,746** |

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

| | 2025 WST | 2024 WST |
|---|---|---|
| Opening balance | - | - |
| Arising during the year | 450,000 | - |
| Paid during the year | (450,000) | - |
| At 31 March | **-** | **-** |

## 14. Related party disclosures

### (a) Directors

Directors at the date of this report are:

- Vaatuitui Apete Meredith
- Sireesh Rao Talluri
- GD Anand

### (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:

| | 2025 WST | 2024 WST |
|---|---|---|
| **Inter group purchases** | | |
| Asian Paints (South Pacific) Pte Limited, Fiji | 1,913,645 | 1,697,705 |
| **Royalties** | | |
| Asian Paints Limited | 92,310 | 85,960 |
| **Regional expenses** | | |
| Asian Paints (South Pacific) Pte Limited, Fiji | 105,686 | 49,897 |

### (c) Amount owing to related parties

| | 2025 WST | 2024 WST |
|---|---|---|
| Asian Paints Limited | 165,493 | 86,433 |
| Asian Paints (South Pacific) Pte Limited, Fiji | 421,036 | 611,381 |
| | **586,529** | **697,814** |

### (d) Key management personnel

| | 2025 WST | 2024 WST |
|---|---|---|
| Short-term employee benefits | 45,164 | 77,822 |

## 15.Earnings per share

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| Operating profit after tax | 325,975 | 382,456 |
| Weight average number of shares outstanding | 90,000 | 90,000 |
| | **3.62** | **4.25** |

## 16. Contingent liabilities

Contingent liabilities as at 31 March 2025 are WST Nil (2024: WST Nil).

## 17. Expenditure commitments

a) Capital commitments as at 31 March 2025 are WST Nil (2024: WST Nil).

b) Finance lease commitments as at 31 March 2025 are WST Nil (2024: WST Nil).

c) Operating lease commitments as at 31 March 2025 are WST Nil (2024: WST Nil).

## 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

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 |
|---|---|---|
| | | WST |
| 2025 | +10% | (36,893) |
| | -10% | 45,092 |
| 2024 | +10% | (53,415) |
| | -10% | 65,285 |

## 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 2025 based on contractual undiscounted payments.

| Year ended 31 March 2025 | On demand | 1 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| | WST | WST | WST | WST | WST |
| Trade and other payables | - | 705,854 | - | - | 705,854 |
| | | **705,854** | **-** | **-** | **705,854** |

| Year ended 31 March 2024 | On demand | 1 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| | WST | WST | WST | WST | WST |
| Trade and other payables | - | 801,746 | - | - | 801,746 |
| | **-** | **801,746** | **-** | **-** | **801,746** |

## 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 2025.

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.

| | 2025 | 2024 |
|---|---|---|
| | WST | WST |
| Trade and other payables (Note 12) | 705,854 | 801,746 |
| Less: cash and short-term deposits (Note 10) | (537,368) | (819,550) |
| Net debt | **168,486** | **(17,804)** |
| Equity | 1,712,880 | 1,836,905 |
| **Total capital** | **1,712,880** | **1,836,905** |
| Capital and net debt | 1,881,366 | 1,819,101 |
| Gearing ratio | 9.84% | 0% |

## 19. Financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of all of the Company's financial instrument, other than those with carrying amounts that are reasonable approximations of fair values:

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | WST | WST | WST | WST |
| **Financial assets** | | | | |
| Cash and short-term deposits | 537,368 | 819,550 | 537,368 | 819,550 |
| Trade receivables | 637,948 | 619,900 | 637,948 | 619,900 |
| Prepayments and other assets | 26,988 | 55,954 | 26,988 | 55,954 |
| | **1,202,304** | **1,495,404** | **1,202,304** | **1,495,404** |
| **Financial liabilities** | | | | |
| Trade and other payables | 705,854 | 801,746 | 705,854 | 801,746 |

## 20. Significant events

There were no significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Branch, the results or cash flows of those operations, or the state of affairs of the Branch in future financial years.

## 21. Subsequent events

No matter or circumstances have arisen 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.

## 22. Principal activities

The principal activities of the Company in the course of the year were the distribution of paints and paint related products. There has been no significant change in the nature of these activities during the financial year.

## 23. 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 6 employees (2024: 6 employees).

## 24. Segment information

### Industry segment

The Company operates predominantly in sale of paints and related products.

### Geographical segment

The Company operates in Samoa and is therefore one geographical area for reporting purposes.

# 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 2025, 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 at the date of this report:

- Sireesh Rao Talluri
- Lee Siow Koon (resigned on 11 July 2024)
- Jaoji Koroi
- Ankit Surana (appointed on 11 July 2024)
- Rajesh Patel
- GD Anand
- Abhishek Mohnot
- Daksesh Patel (appointed on 26 April 2024, resigned on 20 March 2025)
- Arvind Kasabia

## 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 were no significant changes in the nature of these activities during the financial year.

## Results

The profit for the year was $3,869,891 (2024: $4,006,113) after providing for income tax expense of $1,129,386 (2024: $1,324,601).

## Dividends

The Directors declared dividends of $2,375,000 (2024: $1,900,000).

## Reserves

The Directors propose that no transfer be made to reserves.

## Bad debts and provision for impairment

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 the writing off of bad debts and the allowance for expected credit losses. In the opinion of Directors, adequate allowance has been made for expected credit losses.

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 allowance for expected credit losses 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 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.

## Significant events during the year

There were no significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Company, the results or cash flows of those operations, or the state of affairs of the Company in future financial years.

## Events subsequent to balance sheet date

No matters or circumstance has arisen 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.

## 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.

## 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 28 day of April 2025.

| | |
|---|---|
| ____________ | ____________ |
| 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 2025:

(i) give a true and fair view of the financial position of the Company as at 31 March 2025 and of the performance of the Company for the year ended 31 March 2025; 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 28 day of April 2025.

| | |
|---|---|
| ____________ | ____________ |
| Director | Director |

# Auditor's Independence Declaration to the Directors of Asian Paints (South Pacific) Pte Limited

As lead auditor for the audit of Asian Paints (South Pacific) Pte Limited for the financial year ended 31 March 2025, 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 financial year.

**Ernst & Young**
Chartered Accountants

**Rovil Mani**
Partner

Nadi, Fiji
28 April 2025

# 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 2025, 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 material 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 2025, 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 (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 Accountant's Code of Ethics for Professional Accountants (including International Independence Standards) (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 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 the management and those charged with governance for 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 International Standards of Auditing (ISAs) 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 the Directors' and management 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 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

**Rovil Mani**
Partner

Nadi, Fiji
28 April 2025

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | 2025 | 2024 |
|---|---|---|---|
| | | $ | $ |
| **Revenue** | | | |
| Revenue from contracts with customers | 2(a) | 34,424,085 | 33,982,751 |
| Other income | 2(b) | 198,180 | 148,830 |
| | | **34,622,265** | **34,131,581** |
| | | | |
| Cost of sales | | (19,078,288) | (19,129,132) |
| **Gross profit** | | **15,543,977** | **15,002,449** |
| | | | |
| Salaries and employee benefits | 3(a) | (4,974,566) | (4,067,150) |
| Depreciation and amortisation | | (996,317) | (988,945) |
| Movement in expected credit losses | | (6,608) | 51,239 |
| Other operating expenses | 3(b) | (4,567,209) | (4,666,879) |
| **Profit before income tax** | | **4,999,277** | **5,330,714** |
| | | | |
| Income tax expense | 4(a) | (1,129,386) | (1,324,601) |
| **Net profit for the year** | | **3,869,891** | **4,006,113** |
| | | | |
| **Other comprehensive income** | | | |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive income for the year, net of tax** | | **3,869,891** | **4,006,113** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 3,869,891 | 4,006,113 |
| | | | |
| Earnings per share | | | |
| Basic and diluted earnings per share | 24 | 8.15 | 8.43 |

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 2025

| | Notes | 2025<br>$ | 2024<br>$ |
|---|---|---|---|
| **Retained earnings** | | | |
| Balance at the beginning of the year | | 18,576,102 | 16,469,989 |
| Net profit for the year | | 3,869,891 | 4,006,113 |
| Dividends declared and paid | 5 | (2,375,000) | (1,900,000) |
| Balance at the end of the year | | 20,070,993 | 18,576,102 |
| | | | |
| **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 shareholders' equity** | | **21,506,994** | **20,012,103** |

The accompanying notes form an integral part of this Statement of Changes in Equity.

# Statement of Financial Position

as at 31 March 2025

| | Notes | 2025 $ | 2024 $ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | 7,068,552 | 7,090,041 |
| Intangible assets | 7 | 54,486 | 77,059 |
| Right-of-use assets | 14 | 848,918 | 803,049 |
| Other financial assets | 8 | 104,367 | 355,038 |
| Deferred tax asset | 4(c) | 134,257 | 125,354 |
| | | **8,210,580** | **8,450,541** |
| **Current assets** | | | |
| Inventories | 9 | 9,149,680 | 11,278,155 |
| Trade and other receivables | 10 | 7,173,235 | 7,016,353 |
| Other assets | 11 | 337,993 | 726,355 |
| Cash and cash equivalents | 12(a) | 3,686,810 | 1,657,854 |
| | | **20,347,718** | **20,678,717** |
| **Total assets** | | **28,558,298** | **29,129,258** |
| | | | |
| **Equity and liabilities** | | | |
| **Equity attributable to equity holders** | | | |
| Share capital | 13 | 1,436,001 | 1,436,001 |
| Retained earnings | | 20,070,993 | 18,576,102 |
| **Total equity** | | **21,506,994** | **20,012,103** |
| | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 20 | 598,952 | 639,360 |
| Deferred tax liability | 4(c) | 577,417 | 611,968 |
| Employee benefit liability | 17 | 32,842 | 27,753 |
| | | **1,209,211** | **1,279,081** |
| **Current liabilities** | | | |
| Lease liabilities | 20 | 326,569 | 279,990 |
| Current tax liability | | 201,887 | 232,664 |
| Trade and other payables | 15 | 5,218,959 | 7,251,518 |
| Employee benefit liability | 17 | 94,678 | 73,902 |
| | | **5,842,093** | **7,838,074** |
| | | | |
| **Total liabilities** | | **7,051,304** | **9,117,155** |
| **Total equity and liabilities** | | **28,558,298** | **29,129,258** |

The accompanying notes form an integral part of this Statement of Financial Position.

# Statement of Cash Flows

for the year ended 31 March 2025

| | Note | 2025<br>$ | 2024<br>$ |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax from continuing operations | | 4,999,277 | 5,330,714 |
| | | | |
| **Adjustment to reconcile profit before tax to net cash flows** | | | |
| **Non-cash:** | | | |
| Depreciation on property, plant and equipment and amortisation of intangible assets | | 722,041 | 722,632 |
| Depreciation on right-of-use assets | | 274,276 | 266,314 |
| Movement in provisions for employee benefit liability | | 25,865 | 38,507 |
| Movement in allowance for expected credit losses | | 6,607 | (3,092) |
| Loss on disposal of property, plant and equipment | | 938 | 8,536 |
| Income tax expense | | (1,129,386) | (1,324,601) |
| | | | |
| **Working capital adjustments:** | | | |
| Increase in trade and other receivables | | (163,489) | (467,796) |
| Decrease/(increase) in other assets | | 388,362 | (471,963) |
| Decrease/(increase) in other financial assets | | 250,671 | (263,144) |
| Decrease/(increase) in inventories | | 2,128,475 | (1,271,796) |
| Decrease in current tax asset | | - | 174,430 |
| Increase in deferred tax asset | | (8,903) | - |
| Decrease in trade and other payables | | (2,032,559) | (1,126,092) |
| Increase in current tax liability | | (30,777) | 232,664 |
| (Decrease)/increase in deferred tax liability | | (34,551) | 81,320 |
| **Net cash flows from operating activities** | | **5,396,847** | **1,926,633** |
| | | | |
| **Investing activities** | | | |
| Acquisition of property, plant and equipment | | (678,917) | (1,207,154) |
| **Net cash flows used in investing activities** | | **(678,917)** | **(1,207,154)** |
| | | | |
| **Financing activities** | | | |
| Repayments of lease liabilities (principal portion) | | (313,974) | (277,118) |
| Dividends paid to shareholders | | (2,375,000) | (1,992,168) |
| **Net cash flows used in financing activities** | | **(2,688,974)** | **(2,269,286)** |
| | | | |
| **Net increase/(decrease) in cash held** | | **2,028,956** | **(1,549,807)** |
| | | | |
| Cash and cash equivalents at beginning of year | | 1,657,854 | 3,207,661 |
| | | | |
| **Cash and cash equivalents at end of year** | 12(b) | **3,686,810** | **1,657,854** |

The accompanying notes form an integral part of this Statement of Cash Flows.

# Notes to the Financial Statements
for the year ended 31 March 2025

## 1.0 Corporate information

The financial statements of Asian Paints (South Pacific) Pte Limited (the Company) for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Directors dated 28 April 2025. Asian Paints (South Pacific) Pte Limited is a limited liability company incorporated and domiciled in the Republic of Fiji.

The principal activities of the Company are described in Note 27. Information on other related party relationships of the Company is provided in Note 18.

### 1.1 Basis of preparation of the financial statements

The financial statements have been prepared on a historical cost basis, except otherwise indicated. The financial statements are presented in Fijian dollars ($) and all values are rounded to the nearest dollar except when otherwise indicated.

#### Statement of compliance

The financial statements of Asian Paints (South Pacific) Pte Limited have been prepared in accordance with the International Financial Reporting Standards (IFRS) accounting standards as issued by the International Accounting Standards Board (IASB).

#### 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.

### 1.2 Summary of 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 is 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 from contracts with customers

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 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 offset 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Buildings | 2.5% |
| Plant and machinery | 10% - 33% |
| Motor vehicles | 15% - 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 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 Note 1.2 (i) 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 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.

### 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) 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. A summary of the policies applied to the Company's intangible assets is included in Note 7.

## g) 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 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:

**Financial assets:** Assessment whether contractual cash flows are solely payments of principal and interest continued

- 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 financial assets measured at amortised cost.

**Financial assets:** Subsequent measurement and gains and loss

Trade and other receivables and related party receivables are 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.

## h) 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.

## i) 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 B1 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.

## j) Cash and cash equivalents

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.

## k) 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.

## l) 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.

## m) 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 period.

## n) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current period.

### o) Dividends

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.

### p) Segment information

A business segment is a group 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 environments.

#### 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.

### q) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash 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.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

## 1.3 Changes in accounting policies

New standards, interpretations and amendments effective during the year

New and amended standards that have been adopted in the annual financial statements for the year ended 31 March 2025, but have not had a significant effect on the Company are:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current; and
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

## 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. These amendments are not expected to have a material impact on the Company.

| New pronouncement | Effective date |
|---|---|
| Lack of exchangeability – Amendments to IAS 21 | 1 January 2025 |
| IFRS 18 Presentation and Disclosure in Financial Statements | 1 January 2027 |

## 1.5 Significant accounting judgements, 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.

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most material 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.

Determining the lease term of contracts with renewal and termination options – Company as lessee continued

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 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 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 tax assets

Deferred 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 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 4.

## 2. Revenue and expenses

| | | 2025 | 2024 |
|---|---|---|---|
| | | $ | $ |
| (a) | **Revenue from contracts with customers** | | |
| | Sales | 34,424,085 | 33,982,751 |
| (b) | **Other income** | | |
| | Realised exchange gain | 176,774 | 60,472 |
| | Unrealised exchange gain | 7,945 | 85,226 |
| | Miscellaneous income | 13,461 | 3,132 |
| | | **198,180** | **148,830** |

## 3. Operational expenses

| | | 2025 | 2024 |
|---|---|---|---|
| | | $ | $ |
| (a) | **Salaries and employee benefits** | | |
| | Salaries and wages | 3,400,782 | 3,091,646 |
| | Superannuation | 220,965 | 154,601 |
| | OHS expenses | 61,206 | 51,006 |
| | Relocation and furlough expenses | 45,091 | 70,427 |
| | Lease expenses - vehicle and housing | 188,235 | 122,057 |
| | Other employee cost | 645,926 | 370,245 |
| | Other employee perquisites | 412,361 | 207,168 |
| | | **4,974,566** | **4,067,150** |
| (b) | **Other operating expenses** | | |
| | Auditor's remuneration - audit fees | 18,375 | 17,325 |
| | Auditor's remuneration - other fees | 2,100 | 2,100 |
| | Bank charges | 31,274 | 17,502 |
| | Operating lease expense | 7,422 | 23,923 |
| | Other operating expenses | 4,508,038 | 4,606,029 |
| | | **4,567,209** | **4,666,879** |

## 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 2025 and 31 March 2024 is as follows:

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Accounting profit before income tax | 4,999,277 | 5,330,714 |
| At the Fiji rate of 25% | 1,249,819 | 1,332,679 |
| Tax effect of temporary differences | (8,371) | 19 |
| Effect of increase in tax rate | - | 101,323 |
| (Over)/under provision in prior year | (4,470) | 31,238 |
| Export incentive | (107,592) | (140,658) |
| Income tax expense attributable to operating profit | **1,129,386** | **1,324,601** |

(b) Income statement

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Current income tax:** | | |
| Current income tax charge | 1,177,310 | 1,209,876 |
| Adjustments in respect of previous year | (4,470) | 31,238 |
| **Deferred income tax:** | | |
| Origination and reversal of temporary differences | (43,454) | 83,487 |
| Income tax expense attributable to operating profit | **1,129,386** | **1,324,601** |

(c) Deferred tax at 31 March 2025 and 31 March 2024 relates to the following:

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Deferred tax assets/(liability)** | | |
| Accelerated depreciation for tax purposes | (575,431) | (590,661) |
| Provisions for employee entitlements | 31,880 | 17,705 |
| Provisions for fringe benefit tax | 8,250 | 5,250 |
| Allowance for expected credit losses | 74,976 | 73,324 |
| Unrealised exchange gain | (1,986) | (21,307) |
| Difference between right-of-use-assets and lease liabilities | 19,151 | 29,075 |
| | **(443,160)** | **(486,614)** |
| **Reflected in the statement of financial position as follows:** | | |
| Deferred tax asset | 134,257 | 125,354 |
| Deferred tax liability | (577,417) | (611,968) |
| Deferred tax liability (net) | **(443,160)** | **(486,614)** |

## 5. Dividends proposed

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Dividends proposed during the year:** | | |
| **Ordinary shares** | | |
| Interim dividends - FY24-25 $2.5 per share (FY23-24: $4 per share) | 1,187,500 | 1,900,000 |
| Interim dividends - FY24-25 $2.5 per share (FY23-24: $Nil per share) | 1,187,500 | - |
| | **2,375,000** | **1,900,000** |

## 6. Property, plant and equipment

| | Buildings | Plant, office equipment and motor vehicle | Work in progress | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost** | | | | |
| At 1 April 2023 | 5,933,183 | 5,110,334 | 83,241 | 11,126,758 |
| Additions | 349,551 | 500,032 | 354,000 | 1,203,583 |
| Disposals | - | (29,358) | - | (29,358) |
| Reclassification | 83,241 | - | (83,241) | - |
| At 31 March 2024 | **6,365,975** | **5,581,008** | **354,000** | **12,300,983** |
| Additions | 42,757 | 574,380 | 61,780 | 678,917 |

| | Buildings | Plant, office equipment and motor vehicle | Work in progress | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Disposals | - | (36,946) | - | (36,946) |
| Reclassification | 99,460 | 254,540 | (354,000) | - |
| At 31 March 2025 | **6,508,192** | **6,372,982** | **61,780** | **12,942,954** |
| | | | | |
| **Depreciation** | | | | |
| At 1 April 2023 | 1,527,595 | 3,003,892 | - | 4,531,487 |
| Depreciation charge for the year | 245,212 | 455,065 | - | 700,277 |
| Disposals | - | (20,822) | - | (20,822) |
| At 31 March 2024 | **1,772,807** | **3,438,135** | **-** | **5,210,942** |
| Depreciation charge for the year | 258,540 | 440,928 | - | 699,468 |
| Disposals | - | (36,008) | - | (36,008) |
| At 31 March 2025 | **2,031,347** | **3,843,055** | **-** | **5,874,402** |
| | | | | |
| **Net book value** | | | | |
| At 31 March 2025 | 4,476,845 | 2,529,927 | 61,780 | 7,068,552 |
| At 31 March 2024 | **4,593,168** | **2,142,873** | **354,000** | **7,090,041** |

## 7. Intangible assets

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Software costs:** | | |
| Opening balance | 390,427 | 386,856 |
| Addition | - | 3,571 |
| Closing balance | **390,427** | **390,427** |
| | | |
| **Amortisation:** | | |
| Opening balance | 313,368 | 291,013 |
| Amortisation | 22,573 | 22,355 |
| Closing balance | **335,941** | **313,368** |
| | | |
| Net book value | **54,486** | **77,059** |

A summary of the policies applied to the Company's intangible assets is as follows:

| | |
|---|---|
| **Software** | |
| Useful life | 4 - 5 years |
| Amortisation method used | Amortised on a straight-line basis over the period of useful life |
| Internally generated or acquired | Acquired |

## 8. Other financial assets

| | 2025 | 2024 |
|---|---:|---:|
| | $ | $ |
| Security deposits | 104,367 | 124,664 |
| Other receivables | - | 230,374 |
| | **104,367** | **355,038** |
| **Reflected in the statement of financial position as follows:** | | |
| Non-current assets | **104,367** | **355,038** |

## 9. Inventories

| | 2025 | 2024 |
|---|---:|---:|
| | $ | $ |
| Finished goods | 3,891,702 | 3,002,446 |
| Semi-finished goods | 21,171 | 162,076 |
| Raw materials/packing materials/others | 5,236,807 | 8,113,633 |
| **Total inventories at the lower of cost and NRV** | 9,149,680 | 11,278,155 |

During the year, $Nil expense was recognised for inventories carried at net realisable value (2024: $Nil),

## 10. Trade and other receivables

| | 2025 | 2024 |
|---|---:|---:|
| | $ | $ |
| Trade receivables | 1,251,315 | 1,771,096 |
| Receivable from Directors' controlled entities [Note 18 (d)] | 5,475,958 | 4,099,706 |
| | **6,727,273** | **5,870,802** |
| Less: Allowance for expected credit losses | (299,902) | (293,295) |
| | **6,427,371** | **5,577,507** |
| Receivable from related parties [Note 18 (d)] | 745,864 | 1,438,846 |
| | **7,173,235** | **7,016,353** |

Trade receivables are non-interest bearing and are generally on 30 - 60 day terms. As at 31 March 2025, $299,902 (2024: $293,295) trade receivables were impaired for the Company and were fully provided for. An allowance for expected credit losses has already been accounted for in the balances above.

Movements in the provision for impairment of receivables were as follows:

| | 2025 | 2024 |
|---|---:|---:|
| | $ | $ |
| At 1 April 2024 | 293,295 | 296,387 |
| Reversal for the year | (15,772) | (3,388) |
| Expected credit losses recovered | - | (47,851) |
| Charge for the year | 22,379 | 48,147 |
| At 31 March 2025 | **299,902** | **293,295** |

The information about the credit exposures are disclosed in Note 22.

# Notes to the Financial Statements (Contd.)
for the year ended 31st March, 2025

## 11. Other assets

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Refundable deposits/prepayments | 259,023 | 551,825 |
| Receivables from related parties [Note 18 (e)] | 37,725 | 137,183 |
| Other receivables | 41,245 | 37,347 |
| | **337,993** | **726,355** |

## 12. Cash and cash equivalents

| | | 2025 | 2024 |
|---|---|---|---|
| | | $ | $ |
| **(a)** | **Cash and cash equivalents** | | |
| | Cash at banks | 3,684,470 | 1,656,811 |
| | Cash on hand | 2,340 | 1,043 |
| | | **3,686,810** | **1,657,854** |
| | 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:** | | |
| | Cash at banks and on hand | **3,686,810** | **1,657,854** |

## 13. Share capital

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Ordinary shares issued and fully paid** | | |
| 475,000 ordinary shares | **1,436,001** | **1,436,001** |

## 14. Right-of-use assets

| | Leasehold land and buildings | Motor vehicles | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Cost** | | | |
| As at 1 April 2023 | 1,612,360 | 482,875 | 2,095,235 |
| Additions | - | 39,106 | 39,106 |
| Termination/reassessment | - | (60,853) | (60,853) |
| At 31 March 2024 | **1,612,360** | **461,128** | **2,073,488** |
| Additions | - | 320,145 | 320,145 |
| Termination/reassessment | - | (217,739) | (217,739) |
| At 31 March 2025 | **1,612,360** | **563,534** | **2,175,894** |
| | | | |
| **Depreciation** | | | |
| As at 1 April 2023 | 796,388 | 268,590 | 1,064,978 |
| Depreciation expense | 149,085 | 117,229 | 266,314 |
| Reclassification | - | (60,853) | (60,853) |
| At 31 March 2024 | **945,473** | **324,966** | **1,270,439** |
| Depreciation expense | 148,693 | 125,583 | 274,276 |

| | Leasehold land and buildings | Motor vehicles | Total |
|---|---|---|---|
| | $ | $ | $ |
| Termination/reassessment | - | (217,739) | (217,739) |
| At 31 March 2025 | **1,094,166** | **232,810** | **1,326,976** |
| | | | |
| **Net book value** | | | |
| At 31 March 2025 | 518,194 | 330,724 | 848,918 |
| At 31 March 2024 | **666,887** | **136,162** | **803,049** |

## 15. Trade and other payables

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Trade and other payables | 4,632,722 | 6,129,144 |
| Owing to related parties [refer note 18 (c)] | 586,237 | 1,122,374 |
| | **5,218,959** | **7,251,518** |

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

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Opening balance | - | 92,168 |
| Arising during the year [Note 5] | 2,375,000 | 1,900,000 |
| Paid during the year | **(2,375,000)** | **(1,992,168)** |
| At 31 March | **0** | **0** |

## 17. Employee benefit liability

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Opening balance | 101,655 | 63,148 |
| Net movement during the year | 25,865 | 38,507 |
| At 31 March | **127,520** | **101,655** |
| | | |
| **Reflected in the statement of financial position as follows:** | | |
| Current | 94,678 | 73,902 |
| Non-current | **32,842** | **27,753** |

Employee benefits liability is recognised for employee entitlements in accordance with the policy in Note 1.2 (l).

## 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:

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Professional/management fee income** | | |
| Asian Paints International Private Limited | - | 17,049 |
| Asian Paints (S.I) Limited | 84,175 | 66,964 |
| Asian Paints (Vanuatu) Limited | 87,519 | 66,002 |
| Asian Paints Limited | - | 27,364 |
| Samoa Paints Limited | 83,456 | 39,053 |
| Kadisco Paint and Adhesive Industry Share Company | 9,351 | - |
| | **264,501** | **216,432** |
| **Professional/management fee expense** | | |
| Asian Paints International Private Limited | 127,420 | 67,496 |
| Berger Paints (Emirates) Limited | 128,727 | 135,053 |
| PT Asian Paints Indonesia | 151,377 | 148,930 |
| Asian Paints Limited | 41,422 | 96,459 |
| Causeway Paints Lanka (Private) Limited | 168,384 | 207,545 |
| | **617,330** | **655,483** |
| **Royalties** | | |
| Asian Paints Limited | 762,769 | 724,584 |
| | | |
| **Intra group sales** | | |
| Asian Paints (S.I) Limited | 1,373,541 | 2,436,264 |
| Asian Paints (Vanuatu) Limited | 957,092 | 1,341,558 |
| Samoa Paints Limited | 1,563,411 | 1,400,935 |
| | 3,894,044 | 5,178,757 |
| **Related party sales** | | |
| Revenue from Directors controlled entities | 21,904,303 | 18,758,009 |
| | | |
| **Intra group purchases** | | |
| PT Asian Paints Indonesia | 78,835 | 13,053 |
| Berger Paints (Emirates) Limited | - | 2,299 |
| Asian Paints Limited | 82,023 | 94,274 |
| SCIB Chemicals, S.A.E., Egypt | - | 19,655 |
| Causeway Paints Lanka (Private) Limited | - | 2,721 |
| | **160,858** | **132,002** |
| **Related party purchases** | | |
| Purchase of materials from Directors controlled entities | 481,383 | 423,661 |
| | | |
| **Rent expenses** | | |
| Rent paid to Director controlled entity | 36,000 | 16,535 |

## c) Amount owing to related parties (trade/non-trade)

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Asian Paints International Private Limited | 120,400 | 67,727 |
| Asian Paints Limited | 385,909 | 847,713 |
| Berger Paints (Emirates) Limited | 11,320 | - |
| PT Asian Paints Indonesia | - | 78,435 |
| Causeway Paints Lanka (Private) Limited | 11,713 | 83,360 |
| Directors controlled entities | 56,895 | 45,139 |
| | **586,237** | **1,122,374** |

## d) Due from related parties (trade)

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Asian Paints (S.I) Limited | 333,206 | 612,535 |
| Asian Paints (Vanuatu) Limited | 68,237 | 373,187 |
| Samoa Paints Limited | 344,421 | 453,124 |
| | **745,864** | **1,438,846** |
| Directors controlled entities | 5,475,958 | 4,099,706 |
| | **6,221,822** | **5,538,552** |

## e) Due from related parties (others)

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Asian Paints (S.I) Limited | 18,637 | 31,955 |
| Asian Paints (Vanuatu) Limited | 6,239 | 39,663 |
| Samoa Paints Limited | 3,120 | 47,660 |
| Asian Paints International Private Limited | - | 17,905 |
| Kadisco Paint and Adhesive Industry Share Company | 9,729 | - |
| | **37,725** | **137,183** |

## f) Compensation of key management personnel of the company

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Short-term and post employee benefits | 295,497 | 273,863 |

## g) Directors

The following were Directors of the Company at the date of this report:

- Sireesh Rao Talluri
- Jaoji Koroi
- Rajesh Patel
- Abhishek Mohnot
- Arvind Kasabia
- Lee Siow Koon (resigned on 11 July 2024)
- Ankit Surana (appointed on 11 July 2024)
- GD Anand
- Daksesh Patel (appointed on 26 April 2024, resigned on 20 March 2025)

# 19. Expenditure commitments

At 31 March 2025, the Company had capital commitments of $Nil (2024: $Nil).

## 20. Lease liabilities

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| As at 1 April | 919,350 | 1,157,362 |
| Additions | 320,145 | 39,106 |
| Accretion of interest | 74,029 | 90,435 |
| Payments | (388,003) | (367,553) |
| As at 31 March | **925,521** | **919,350** |
| | | |
| Current | 326,569 | 279,990 |
| Non-current | 598,952 | 639,360 |
| | **925,521** | **919,350** |

The maturity analysis of lease liabilities are disclosed in Note 22.

The following are the amounts recognised in profit or loss:

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Depreciation expense of right-of-use assets | 274,276 | 266,314 |
| Interest expense on lease liabilities | 74,029 | 90,435 |
| **Total amount recognised in profit or loss** | **348,305** | **356,749** |

The Company had total cash outflows for leases of $388,003 in 2025 (2024: $367,553).

## 21. Contingent liabilities

Contingent liabilities as at 31 March 2025 are $Nil (2024: $Nil).

## 22. Financial risk management objectives and policies

The Company's principal financial liabilities 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, financial assets at amortised cost and cash which arise directly from its operations.

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.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises foreign currency risk.

### Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales by the Company in currency other than Fijian dollars and purchases of raw materials in foreign currency. Foreign currency sales represent 13.4% (2024: 19.6%) 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 US$, AU$ and NZ$ exchange rate, with all other variables held constant, of the Company's profit before tax.

| | Change in USD rate | Effect on profit before tax | Change in NZD rate | Effect on profit before tax |
|---|---|---|---|---|
| | | $ | | $ |
| 2025 | +10% | (206,265) | +10% | (4,857) |
| | -10% | 252,102 | -10% | 5,936 |
| 2024 | +10% | (410,213) | +10% | (2,172) |
| | -10% | 501,371 | -10% | 2,765 |

| | Change in AUD rate | Effect on profit before tax |
|---|---|---|
| | | $ |
| 2025 | +10% | (16,402) |
| | -10% | 20,047 |
| 2024 | +10% | (14,540) |
| | -10% | 11,896 |

## 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. 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 and financial assets held at amortised cost, 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. Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

| 31 March 2025 | Trade receivables | | | | |
|---|---|---|---|---|---|
| | | Days past due | | | |
| | Current | 31 - 90 days | 91 - 180 days | > 180 days | Total |
| **Expected credit loss rate** | 0% | 0% | 0% | 53% | |
| Estimated total gross carrying amount at default | 1,035,596 | 4,248,271 | 875,619 | 567,787 | 6,727,273 |
| Expected credit loss | - | - | - | 299,902 | 299,902 |

| 31 March 2024 | Trade receivables | | | | |
|---|---|---|---|---|---|
| | | Days past due | | | |
| | Current | 31 - 90 days | 91 - 180 days | > 180 days | Total |
| **Expected credit loss rate** | 0% | 0% | 0% | 81% | |
| Estimated total gross carrying amount at default | 3,020,406 | 2,001,268 | 485,311 | 363,817 | 5,870,802 |
| Expected credit loss | - | - | - | 293,295 | 293,295 |

## 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 liabilities 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 2025 and 31 March 2024:

| Year ended 31 March 2025 | On demand | 1 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Trade and other payables | - | 5,218,959 | - | - | 5,218,959 |
| Lease liabilities | - | 385,059 | 641,662 | - | 1,026,721 |
| | - | 5,604,018 | 641,662 | - | 6,245,680 |

| Year ended 31 March 2024 | On demand | 1 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Trade and other payables | - | 7,251,518 | - | - | 7,251,518 |
| Lease liabilities | - | 346,252 | 708,468 | - | 1,054,720 |
| | - | 7,597,770 | 708,468 | - | 8,306,238 |

## 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 2025 and 31 March 2024. 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.

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Trade and other payables [Note 15] | 5,218,959 | 7,251,518 |
| Lease liabilities [Note 20] | 925,521 | 919,350 |
| Less: Cash and cash equivalents [Note 12] | (3,686,810) | (1,657,854) |
| Net debt | **2,457,670** | **6,513,014** |
| | | |
| Equity | 21,506,994 | 20,012,103 |
| **Total capital** | **21,506,994** | **20,012,103** |
| Capital and net debt | 23,964,664 | 26,525,117 |
| Gearing ratio | **10%** | **25%** |

## 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 | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Trade and other receivables | 7,173,235 | 7,016,353 | 7,173,235 | 7,016,353 |
| Other assets | 337,993 | 726,355 | 337,993 | 726,355 |
| Cash and cash equivalents | 3,686,810 | 1,657,854 | 3,686,810 | 1,657,854 |
| Other financial assets | 104,367 | 355,038 | 104,367 | 355,038 |
| | **11,302,405** | **9,755,600** | **11,302,405** | **9,755,600** |
| **Financial liabilities** | | | | |
| Trade and other payables [Note 15] | 5,218,959 | 7,251,518 | 5,218,959 | 7,251,518 |
| Lease liabilities [Note 20] | 925,521 | 1,054,720 | 925,521 | 1,054,720 |
| | **6,144,480** | **8,306,238** | **6,144,480** | **8,306,238** |

## 24. Earnings per share

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Net profit for the year | 3,869,891 | 4,006,113 |
| Weighted average number of ordinary shares | 475,000 | 475,000 |
| Basic and diluted earnings per share | **8.15** | **8.43** |

## 25. Significant events

There were no significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Company, the results or cash flows of those operations, or the state of affairs of the Company in future financial years.

## 26. Subsequent events

No matters or circumstance has arisen 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.

## 27. 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 were no significant changes in the nature of these activities during the financial year.

## 28. Company details

### Company incorporation

The Company was incorporated in Fiji under the Companies Act 2015.

### Company operations

The Company's operations are located at 7-9-11 Ruve Place, Tavakubu, Lautoka, Fiji.

### Number of employees

As at reporting date, the Company employed a total of 103 employees (2024: 108).

# Detailed Income Statement

for the year ended 31 March 2025

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Gross sales | 40,795,857 | 39,396,356 |
| Less: Discounts and rebates (trade and other discounts) | (5,442,002) | (4,708,652) |
| Less: Consumer / dealers (gifts, promotions, trips etc.) | (929,770) | (704,953) |
| **Net sales** | **34,424,085** | **33,982,751** |
| | | |
| Less: Cost of materials consumed | 19,078,288 | 19,129,132 |
| Gross margin | 15,345,797 | 14,853,619 |
| Gross margin % | 45% | 44% |
| | | |
| **Expenses** | | |
| Depreciation and amortisation | 996,317 | 988,945 |
| Employee remuneration and benefits | 4,974,566 | 4,067,150 |
| Manufacturing, selling, distribution, administration and financial expenses | 4,573,817 | 4,666,879 |
| **Total expenses** | **10,544,700** | **9,722,974** |
| | | |
| **Other income** | | |
| Expected credit losses | - | 51,239 |
| Realised foreign exchange gain | 176,774 | 60,472 |
| Unrealised foreign exchange gain | 7,945 | 85,226 |
| Other income | 13,461 | 3,132 |
| | **198,180** | **200,069** |
| | | |
| **Operating profit before income tax expense** | **4,999,277** | **5,330,714** |

The additional financial information, being the attached Detailed Income Statement has been compiled by management of Asian Paints (South Pacific) Pte Limited.

To the extent permitted by law, Ernst & Young does 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 (Contd.)

for the year ended 31 March 2025

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Expenses** | | |
| Advertising and promotion | 512,155 | 373,316 |
| Association fees | 89,331 | 53,910 |
| Auditor's remuneration - audit fees | 18,375 | 17,325 |
| Auditor's remuneration - other fees | 2,100 | 2,100 |
| Bank charges | 31,274 | 17,502 |
| Depreciation | 996,317 | 988,945 |
| Entertainment | - | 33,340 |
| Expected credit losses | 6,608 | - |
| Fiji National University levy | 46,420 | 25,991 |
| Fringe benefit tax | 128,569 | 59,638 |
| Freight | 1,047,741 | 1,075,684 |
| General expenses | 93,474 | 146,664 |
| Hazardous waste disposal | 38,466 | 10,786 |
| Interest on lease liabilities | 74,029 | 90,435 |
| Insurance | 191,066 | 160,937 |
| Lab tests | 22,937 | 4,227 |
| Lease expenses - vehicle and housing | 188,235 | 122,057 |
| Legal and professional expenses | 182,005 | 123,477 |
| License fees | 59,239 | 24,346 |
| Light and power | 130,914 | 126,677 |
| Loss on disposal of property, plant and equipment | 938 | 8,536 |
| Manpower service - fee/charges | 171,504 | 202,113 |
| OHS expenses | 61,206 | 51,006 |
| Printing and stationery | 56,653 | 117,300 |
| Regional expenses | 327,251 | 389,669 |
| Relocation and furlough expenses | 45,091 | 70,427 |
| Rent - factory and office | 7,422 | 23,923 |
| Repairs and maintenance | 527,451 | 412,660 |
| Research and development | - | 12,273 |
| Royalty fees | 762,769 | 724,584 |
| Salaries and wages | 3,100,709 | 2,829,895 |
| Security services | 250,370 | 230,041 |
| Staff superannuation | 220,965 | 154,601 |
| Staff perquisites | 412,361 | 207,168 |
| Systems expense | 206,303 | 130,637 |
| Staff training expense | 8,996 | 2,734 |
| Other employee cost expense | 304,741 | 357,794 |
| Telephone, fax and internet | 51,235 | 66,151 |
| Travelling expenses and accommodation | 144,091 | 257,055 |
| Water | 11,455 | 7,333 |
| Work permits and visa expenses | 13,934 | 9,717 |
| | **10,544,700** | **9,722,974** |

The Detailed Income Statement is to be read in conjunction with the disclaimer set out on page 40.

# Asian Paints (S.I.) Limited

# Contents

# Directors' Report

for the year ended 31st March, 2025

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 2025, 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:

- Francis Kelesi
- Sireesh Rao Talluri
- GD Anand

## Principal activities

The principal activities of the Company in the course of the year were the distribution of paints and paint related products. There has been no significant change in these activities during the year.

## Results

The operating profit for the Company for the year was SBD 3,135,563 (2024: SBD 5,252,369) after providing for income tax expense of SBD 97,245 (2024: SBD 24,255).

## Dividends

The Directors recommended that dividends of SBD 4,725,000 be declared and SBD 6,300,000 be paid for the year (2024: SBD 5,355,000 be declared and SBD 4,680,000 be paid).

## Reserves

The Directors recommended that no transfer be made to reserve within the meaning of the Companies Act (CAP 175) of Solomon Islands.

## Bad debts and provision for impairment

Prior to the completion of Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the allowance for expected credit loss. In the opinion of the Directors, adequate provision has been made for expected credit loss. 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 allowance for expected credit loss 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

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 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 arisen 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.

## Significant events during the year

There were no significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Company, the results or cash flows of those operations, or the state of affairs of the Company in future financial years.

## 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.

## 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 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 25th day of April 2025.**

____________ ____________

Director Director

# Directors' Statement

for the year ended 31st March 2025

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 2025;

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 2025;

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 2025;

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 2025; 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 25th day of April 2025.**

| ____________ | ____________ |
|---|---|
| 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 2025, 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 material 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 2025, 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 (including International Independence Standards) (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
Nadi, Fiji
25th April 2025

# Statement of Profit and Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | 2025 SBD | 2024 SBD |
|---|---|---|---|
| Revenue from contracts with customers | 2.1 | 13,534,830 | 14,623,941 |
| Other operating income | 2.2 | 49,757 | 45,000 |
| | | **13,584,587** | **14,668,941** |
| **Cost and expenses** | | | |
| Cost of goods sold | | (7,838,011) | (7,148,750) |
| Operating expenses | 2.3 | (1,421,853) | (1,368,088) |
| Salaries and employee benefits | 2.4 | (1,319,137) | (984,392) |
| Impairment on trade receivables | | 295,487 | 263,587 |
| Depreciation and amortisation | 2.5 | (68,265) | (154,674) |
| | | **(10,351,779)** | **(9,392,317)** |
| **Profit before tax** | | **3,232,808** | **5,276,624** |
| Income tax expense | 3(a) | (97,245) | (24,255) |
| **Net profit after income tax** | | **3,135,563** | **5,252,369** |
| | | | |
| Other comprehensive income for the year, net of tax | | - | - |
| | | | |
| **Total comprehensive income for the year, net of tax** | | **3,135,563** | **5,252,369** |
| | | | |
| **Earnings per share** | | | |
| Basic, profit for the year attributable to ordinary equity holders | 16 | 4.98 | 8.34 |

# Statement of Financial Position

as at 31 March 2025

| | Notes | 2025 SBD | 2024 SBD |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 281,891 | 350,156 |
| Intangible assets | 6 | 1,197 | 1,197 |
| Deferred tax asset | 3(d) | 475,409 | 572,654 |
| | | **758,497** | **924,007** |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 2,986,118 | 4,150,117 |
| Trade receivables | 8 | 1,417,825 | 1,775,871 |
| Inventories | 9 | 2,086,606 | 4,592,523 |
| Prepayments and other assets | 10 | 41,837 | 155,517 |
| | | 6,532,386 | 10,674,028 |
| **Total assets** | | **7,290,883** | **11,598,035** |
| | | | |
| **Equity and liabilities** | | | |
| **Equity attributable to equity holders** | | | |
| Share capital | 11 | 630,000 | 630,000 |
| Retained earnings | | 4,654,688 | 6,244,125 |
| **Total shareholders' equity** | | **5,284,688** | **6,874,125** |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 1,990,895 | 3,125,710 |
| Dividend payable | 13 | - | 1,575,000 |
| Employee benefit liability | 14 | 15,300 | 23,200 |
| | | 2,006,195 | 4,723,910 |
| **Total liabilities** | | 2,006,195 | 4,723,910 |
| **Total equity and liabilities** | | **7,290,883** | **11,598,035** |

For and on behalf of the Board and in accordance with a resolution of the Directors.

**Director** **Director**

# Statement of Changes in Equity

for the year ended 31 March 2025

| | Notes | 2025<br>SBD | 2024<br>SBD |
|---|---|---|---|
| **Issued capital** | | | |
| Balance at the beginning of the year | | 630,000 | 630,000 |
| Balance at 31 March | 11 | 630,000 | 630,000 |
| | | | |
| **Retained earnings** | | | |
| Balance at the beginning of the year | | 6,244,125 | 6,346,756 |
| Net profit for the year | | 3,135,563 | 5,252,369 |
| | | 9,379,688 | 11,599,125 |
| Dividends declared and paid | 4 | (4,725,000) | (5,355,000) |
| Balance at 31 March | | 4,654,688 | 6,244,125 |
| **Total shareholders' equity** | | **5,284,688** | **6,874,125** |

The accompanying notes form an integral part of this Statement of Changes in Equity.

# Statement of Cash Flows

for the year ended 31 March 2025

| | Notes | 2025 SBD | 2024 SBD |
|---|---|---|---|
| **Operating activities** | | | |
| Net profit before tax | | 3,232,808 | 5,276,624 |
| **Adjustment to reconcile profit before tax to net cash flows:** | | | |
| Depreciation and impairment of property, plant and equipment | | 68,265 | 154,674 |
| Movements in provision for expected credit loss | | (295,487) | (263,587) |
| Movements in provision for employee entitlements | | (7,900) | 4,740 |
| | | | |
| **Working capital adjustments:** | | | |
| Decrease in trade receivables | | 653,533 | 769,465 |
| Decrease/(increase) in inventories | | 2,505,917 | (2,275,287) |
| Decrease/(increase) in prepayments and other assets | | 113,680 | (123,517) |
| (Decrease)/increase in trade and other payables | | (1,134,815) | 1,113,690 |
| **Net cash flows from operating activities** | | **5,136,001** | **4,656,802** |
| | | | |
| **Investing activities** | | | |
| Acquisition of property, plant and equipment | | - | (134,000) |
| **Net cash flows used in investing activities** | | **-** | **(134,000)** |
| | | | |
| **Financing activities** | | | |
| Dividends paid | | (6,300,000) | (4,680,000) |
| **Net cash flows used in financing activities** | | **(6,300,000)** | **(4,680,000)** |
| | | | |
| **Net decrease in cash and cash equivalents** | | (1,163,999) | (157,198) |
| Cash and cash equivalents at the beginning of the year | | 4,150,117 | 4,307,315 |
| **Cash and cash equivalents at end of year** | 7 | **2,986,118** | **4,150,117** |

The accompanying notes form an integral part of this Statement of Cash Flows.

# Notes to the Financial Statements
for the year ended 31 March 2025

## 1. Corporate information

The financial statements of the Asian Paints (S.I) Limited (the Company) for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Directors on 25th April 2025. Asian Paints (S.I) Limited 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 otherwise indicated. The financial statements are presented in Solomon dollars and all values are rounded to the nearest dollar 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) accounting standards as issued by the International Accounting Standards Board (IASB).

### 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.

## 1.2 Summary of 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 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.

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 from contracts with customers

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).

#### 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 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 is 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 is met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Buildings | 5% |
| Plant and office 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 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 applies the provision of low-value assets and doesn't recognises lease liabilities. There was no initial upfront payment made on lease commencement dates and 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.

## f) 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.

The Company's intangible assets consist of software which was acquired and is amortised on a straight-line basis over the asset's useful life of 4 years.

## g) 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;

- 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 at amortised cost.

Financial assets: Subsequent measurement and gains and loss

Trade and other receivables are 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.

## h) 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.

## i) 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 B1 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.

## j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank and on hand, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## k) 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.

## l) 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.

## m) 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.

## n) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current period.

## o) Dividend payable

Dividends are recorded in the Company's financial statements in the period in which the Directors approve them.

## p) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash 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.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

### q) 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.

## 1.3 Changes in accounting policies

New standards, interpretations and amendments effective during the year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated).

| Changes in accounting policies | Impact |
|---|---|
| Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 | No material impact |
| Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 | No material impact |
| Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 | No material impact |

## 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.

**New pronouncement**

Lack of exchangeability – Amendments to IAS 21

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

Annual Improvements to IFRS accounting standards - Volume 11

Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7

IFRS 18 – Presentation and Disclosure in Financial Statements

## 1.5 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.

### Estimations and assumptions

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

### Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has been a significant increase in credit risks since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risks, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the Company's debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

### Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

### Deferred tax assets

Deferred 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. Management's judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likelihood and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 3.

# 2. Revenue and expenses

## 2.1 Revenue from contracts with customers

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Sales | 13,534,830 | 14,623,941 |
| **Sales** | | |
| Goods and services transferred at a point in time | **13,534,830** | **14,623,941** |

## 2.2 Other Operating Income

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Net exchange gain - unrealised | 11,617 | - |
| Net exchange gain - realised | 38,140 | - |
| Other income | **-** | **45,000** |
| | **49,757** | **45,000** |

## 2.3 Operating expenses

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Included in other operating expenses are: | | |
| Auditor's remuneration - audit fees | 32,729 | 35,515 |
| Auditor's remuneration - other fees | 13,348 | 8,357 |
| Net exchange loss - unrealised | - | 36,597 |
| Net exchange loss - realised | - | 33,103 |
| Bank charges | 1,979 | 981 |
| Royalties | 388,169 | 419,527 |
| Other operating expenses | 985,628 | 834,008 |
| | **1,421,853** | **1,368,088** |

## 2.4 Salaries and Employee benefits

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Salaries and wages | 943,975 | 833,771 |
| Superannuation contributions | 28,240 | 24,085 |
| Staff costs | 346,922 | 126,536 |
| | **1,319,137** | **984,392** |

## 2.5 Depreciation and amortisation

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Depreciation | 68,265 | 154,674 |

## 3. Income tax

The major components of income tax for the year ended are:

(a) A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the year ended is as follows:

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Accounting profit before income tax | 3,232,808 | 5,276,624 |
| At the rate of 30% | 969,842 | 1,582,987 |
| Tax effect of non deductible expenses | (969,842) | (1,606,500) |
| Tax losses not recognised | 97,245 | 47,768 |
| Income tax expense attributable to operating profit | **97,245** | **24,255** |

b) Current income tax:

| | | |
|---|---|---|
| Origination and reversal of temporary differences | 97,245 | 24,255 |
| Income tax expense attributable to operating profit | **97,245** | **24,255** |

c) Deferred tax relates to the following:

| | | |
|---|---|---|
| **Deferred tax assets** | | |
| Provision for expected credit loss | 469,159 | 557,805 |
| Provision for employee entitlements | 4,590 | 6,960 |
| Unrealised exchange loss | - | 10,979 |
| Net deferred tax assets | **473,749** | **575,744** |

d) Deferred tax liability

| | | |
|---|---|---|
| Accelerated depreciation for tax purposes | 5,145 | (3,090) |
| Unrealised exchange gain | (3,485) | - |
| Deferred tax liability | **1,660** | **(3,090)** |

Represented on the balance sheet as follows:

| | | |
|---|---|---|
| Deferred tax asset | 473,749 | 575,744 |
| Deferred tax liability | 1,660 | (3,090) |
| Deferred tax asset, net | **475,409** | **572,654** |

## 4. Dividends declared

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Declared during the year | 4,725,000 | 5,355,000 |

## 5. Property, plant and equipment

| | Buildings | Plant and office equipment | Motor vehicles | Furniture and fittings | Total |
|---|---|---|---|---|---|
| | SBD | SBD | SBD | SBD | SBD |
| **Cost** | | | 83,241 | 11,126,758 | |
| At 31 March 2023 | 450,691 | 557,824 | 534,500 | 190,580 | 1,733,595 |
| Additions | 134,000 | - | - | - | 134,000 |
| At 31 March 2024 | 584,691 | 557,824 | 534,500 | 190,580 | 1,867,595 |
| Reclassification | - | 148,691 | - | (148,691) | - |
| At 31 March 2025 | 584,691 | 706,515 | 534,500 | 41,889 | 1,867,595 |
| | | | | | |
| **Depreciation** | | | | | |
| At 31 March 2023 | 345,844 | 526,860 | 347,789 | 142,272 | 1,362,765 |
| Depreciation charge | 23,416 | 11,305 | 109,228 | 10,725 | 154,674 |
| At 31 March 2024 | 369,260 | 538,165 | 457,017 | 152,997 | 1,517,439 |
| Reclassification | (18,244) | 86,049 | 45,893 | (113,698) | - |
| Depreciation charge | 30,394 | 16,900 | 20,595 | 376 | 68,265 |
| At 31 March 2025 | 381,410 | 641,114 | 523,505 | 39,675 | 1,585,704 |
| | | | | | |
| **Net book value:** | | | | | |
| At 31 March 2025 | 203,281 | 65,401 | 10,995 | 2,214 | 281,891 |
| At 31 March 2024 | 215,431 | 19,659 | 77,483 | 37,583 | 350,156 |

## 6. Intangible assets

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Software costs | 103,291 | 103,291 |
| **Amortisation:** | | |
| Opening balance | 102,094 | 102,094 |
| Closing balance | **102,094** | **102,094** |
| **Net book value:** | **1,197** | **1,197** |

## 7. Cash and cash equivalents

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Cash and cash equivalents | **2,986,118** | **4,150,117** |

## 8. Trade receivables

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Trade receivables | 2,981,687 | 3,635,220 |
| Less: provisions for impairment of receivables | (1,563,862) | (1,859,349) |
| | **1,417,825** | **1,775,871** |

Trade receivables are non-interest bearing and are generally on 45-60 day terms. At 31 March 2025, trade receivables at nominal value of SBD 1,563,862 (2024: SBD 1,859,349) were impaired and fully provided for. Movements in provision for impairment of receivables were as follows:

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Opening balance | 1,859,349 | 2,122,936 |
| Reversal for the year | (295,487) | (263,587) |
| **Closing balance** | **1,563,862** | **1,859,349** |

The information about the credit exposures are disclosed in Note 18.

## 9. Inventories

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Finished goods | 2,086,606 | 4,592,523 |
| **Total inventories at the lower of cost and net realisable value** | **2,086,606** | **4,592,523** |

## 10. Prepayments and other assets

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Security deposits receivable | 14,000 | 14,000 |
| Prepayments | 27,837 | 51,211 |
| Advances for services | - | 90,306 |
| | **41,837** | **155,517** |

## 11. Share capital

| | 2025 | 2024 |
|---|---|---|
| | SBD | 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 |

## 12. Trade and other payables

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Trade payables | - | 1,576 |
| Related party payables [Note 17 (b)] | 1,459,601 | 2,812,457 |
| Other payables | 531,294 | 311,677 |
| | **1,990,895** | **3,125,710** |

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.

## 13. Dividend payable

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Opening balance | 1,575,000 | 900,000 |
| Arising during the year | 4,725,000 | 5,355,000 |
| Paid during the year | (6,300,000) | (4,680,000) |
| **Balance at end of the year** | **-** | **1,575,000** |

## 14. Employee benefit liability

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Opening balance | 23,200 | 18,460 |
| (Utilised)/arising during the year | (7,900) | 4,740 |
| Balance at end of the year | **15,300** | **23,200** |

## 15. Commitments and contingencies

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| **Operating lease commitments - Company as lessee** | | |
| 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 | 21,250 | 23,457 |
| More than five years | - | 5,612 |
| **Minimum lease payment** | **29,069** | **36,888** |

### Contingent liabilities

Contingent liabilities as at 31 March 2025 are SBD Nil (2024: SBD Nil).

### Capital commitments

Capital commitments as at 31 March 2025 are SBD Nil (2024: SBD Nil).

## 16. Earnings per share (EPS)

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Net profit for the year | 3,135,563 | 5,252,369 |
| Weighted average number of ordinary shares | 630,000 | 630,000 |
| Basic earnings per share | **4.98** | **8.34** |

There have been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date for authorisation of these financial statements.

## 17. Related party disclosures

### (a) Directors

The following were directors of the Company during the financial year and at the date of this report:

- Francis Kelesi
- Sireesh Rao Talluri
- GD Anand

### (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:

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| **Royalties** | | |
| Asian Paints Limited | 388,169 | 419,527 |
| **Technical/Management fee** | | |
| Asian Paints (South Pacific) Pte Limited, Fiji | 327,184 | 248,829 |
| **Intra group purchases** | | |
| Asian Paints (South Pacific) Pte Limited, Fiji | 5,058,960 | 9,124,858 |
| **Amount owing to related parties** | | |
| Asian Paints Limited | 204,883 | 419,527 |
| Asian Paints (South Pacific) Pte Limited, Fiji | 1,254,718 | 2,392,930 |
| | **1,459,601** | **2,812,457** |
| **Dividends payable to related parties** | | |
| Asian Paints International | - | 1,181,250 |

### (c) Key management personnel

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Short-term employee benefits | 318,562 | 139,655 |

## 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.

## Foreign currency risk continued

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.

| | Increase/ decrease in USD rate | Effect on profit before tax SBD |
|---|---|---|
| 2025 | +10% | (106,230) |
| | -10% | 129,836 |
| 2024 | +10% | (217,947) |
| | -10% | 266,379 |

## 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 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.

| | | | | | Days past due |
|---|---|---|---|---|---|
| | Current | 31 - 90 days | 91 - 180 days | > 180 days | Total |
| **31 March 2025** | | | | | |
| Expected credit loss rate | 0% | 0% | 0% | 87% | |
| Estimated total gross carrying amount at default | 949,831 | 42,936 | 194,883 | 1,794,037 | 2,981,687 |
| **Expected credit loss** | **-** | **-** | **-** | **1,563,862** | **1,563,862** |
| | | | | | |
| **31 March 2024** | | | | | |
| Expected credit loss rate | 0% | 0% | 26% | 99% | |
| Estimated total gross carrying amount at default | 935,224 | 780,524 | 49,655 | 1,869,817 | 3,635,220 |
| **Expected credit loss** | **-** | **-** | **12,985** | **1,846,364** | **1,859,349** |

## 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 2025 based on contractual undiscounted payments.

| Year ended 31 March 2025 | On demand | 1 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| | SBD | SBD | SBD | SBD | SBD |
| Trade and other payable | - | 1,990,895 | - | - | 1,990,895 |
| | **-** | **1,990,895** | **-** | **-** | **1,990,895** |

| Year ended 31 March 2024 | On demand | 1 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| | SBD | SBD | SBD | SBD | SBD |
| Trade and other payable | - | 3,125,710 | - | - | 3,125,710 |
| Dividend payable | - | 1,575,000 | - | - | 1,575,000 |
| | **-** | **4,700,710** | **-** | **-** | **4,700,710** |

## 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 2025 and 31 March 2024.

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.

| | 2025 | 2024 |
|---|---|---|
| | SBD | SBD |
| Trade and other payables [Note 12] | 1,990,895 | 3,125,710 |
| Dividend payable [Note 13] | - | 1,575,000 |
| Less: cash and cash equivalents [Note 7] | (2,986,118) | (4,150,117) |
| Net debt | (995,223) | 550,593 |
| Equity | 5,284,688 | 6,874,125 |
| **Total capital** | **5,284,688** | **6,874,125** |
| **Capital and net debt** | **4,289,465** | **7,424,718** |
| Gearing ratio | **Nil** | **7.42%** |

## 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 | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | SBD | SBD | SBD | SBD |
| **Financial assets** | | | | |
| Cash and cash equivalents | 2,986,118 | 4,150,117 | 2,986,118 | 4,150,117 |
| Trade receivables | 1,417,825 | 1,775,871 | 1,417,825 | 1,775,871 |
| Prepayments and other assets | 41,837 | 155,517 | 41,837 | 155,517 |
| | **4,445,780** | **6,081,505** | **4,445,780** | **6,081,505** |

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | SBD | SBD | SBD | SBD |
| **Financial liabilities** | | | | |
| Trade and other payables | 1,990,895 | 3,125,710 | 1,990,895 | 3,125,710 |
| Dividend payable | - | 1,575,000 | - | 1,575,000 |
| | **1,990,895** | **4,700,710** | **1,990,895** | **4,700,710** |

## 20. Events subsequent to balance date

No matters or circumstances have arisen 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. Significant events during the year

There were no significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Company, the results or cash flows of those operations, or the state of affairs of the Company in future financial years.

## 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 distribution of paints and paint related products. 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 (2024: 7 employees).

# Asian Paints (Vanuatu) Limited

# Contents

# Directors' Report

for the year ended 31st March, 2025

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 2025, 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:

- Sireesh Rao Talluri
- Alain Lew
- GD Anand

## Principal activities

The principal activities of the Company in the course of the year were the distribution of paints and paint related products. There has been no significant change in these activities during the year.

## Results

The operating profit for the Company for the year was VUV 1,134,572 (2024: VUV 19,815,463).

## Dividends

The Directors declared and paid VUV 9,450,000 dividends during the year (2024: VUV Nil).

## 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 debts and provision for impairment

Prior to the completion of Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the allowance for expected credit loss. In the opinion of the Directors, adequate provision has been made for expected credit loss.

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 allowance for expected credit loss 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

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 arisen 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.

## Significant events during the year

On 17th December 2024, the Company was impacted by a significant natural disaster an earthquake in Vanuatu which resulted in operational disruptions and inventory damage. The Company incurred a loss of VUV $6,132,982 as a consequence of this event. This loss has been recognized and recorded in the financial statements for the year end.

Apart from the above, there were no other significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Company, the results or cash flows of those operations, or the state of affairs of the Company in future financial years.

## 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.

## 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 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 30th day of April 2025.**

| | |
|---|---|
| ____________ | ____________ |
| Director | Director |

# Directors' Statement

for the year ended 31st March, 2025

In accordance with a resolution of the Board of Directors of Asian Paints (Vanuatu) Limited (the Company), 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 2025;

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 2025;

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 2025;

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 2025;

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 30th day of April 2025.**

| | |
|---|---|
| ____________ | ____________ |
| Director | 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 2025, 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 material 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 2024, 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 (including International Independence Standards) (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 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 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
Nadi, Fiji
30 April 2025

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | 2025 VUV | 2024 VUV |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from contracts with customers | 2.1 | 101,474,676 | 108,690,048 |
| Other operating income | 2.2 | 1,762,976 | 32,459 |
| | | **103,237,652** | **108,722,507** |
| **Cost and expenses** | | | |
| Cost of goods sold | | (70,380,219) | (60,219,361) |
| Operating expenses | 2.3 | (10,418,985) | (14,313,337) |
| Salaries and employee benefits | 2.4 | (17,777,893) | (13,220,004) |
| Impairment on trade receivables | 7 | (2,848,450) | (400,630) |
| Finance cost | 2.6 | - | (7,035) |
| Depreciation and amortisation | 2.5 | (677,533) | (746,677) |
| | | **(102,103,080)** | **(88,907,044)** |
| **Profit before tax** | | **1,134,572** | **19,815,463** |
| Income tax | 1.2 (c) | - | - |
| **Net profit after income tax** | | **1,134,572** | **19,815,463** |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year, net of tax** | | **1,134,572** | **19,815,463** |
| **Earnings per share** | | | |
| Basic, profit for the year attributable to ordinary equity holders | 15 | 0.04 | 0.64 |

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.

# Statement of Financial Position

as at 31 March 2025

| | Notes | 2025<br>VUV | 2024<br>VUV |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 25,087,410 | 25,612,271 |
| Intangible assets | 5 | 2 | 2 |
| Right-of-use assets | 17 | 1,113,418 | 1,147,415 |
| | | **26,200,830** | **26,759,688** |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 31,640,731 | 21,178,865 |
| Trade receivables | 7 | 8,890,654 | 26,646,832 |
| Inventories | 8 | 21,370,154 | 37,272,595 |
| Prepayments and other assets | 9 | 4,472,191 | 4,072,077 |
| | | **66,373,730** | **89,170,369** |
| **Total assets** | | **92,574,560** | **115,930,057** |
| **Equity and liabilities** | | | |
| **Shareholders' equity** | | | |
| Share capital | 10 | 30,939,300 | 30,939,300 |
| Retained earnings | | 48,766,072 | 57,081,500 |
| **Total shareholders' equity** | | **79,705,372** | **88,020,800** |
| **Current liabilities** | | | |
| Trade and other payables | 11 | 12,736,588 | 27,557,523 |
| Employee benefit liability | 13 | 132,600 | 351,734 |
| | | **12,869,188** | **27,909,257** |
| **Total liabilities** | | **12,869,188** | **27,909,257** |
| | | | |
| **Total equity and liabilities** | | **92,574,560** | **115,930,057** |

For and on behalf of the Board and in accordance with a resolution of the Directors.

**Director** **Director**

# Statement of Changes in Equity

for the year ended 31 March 2025

| | Notes | 2025<br>VUV | 2024<br>VUV |
|---|---|---|---|
| **Issued capital** | | | |
| Balance at the beginning of the year | | 30,939,300 | 30,939,300 |
| **Balance at 31 March** | 10 | **30,939,300** | **30,939,300** |
| **Retained earnings** | | | |
| Balance at the beginning of the year | | 57,081,500 | 37,266,037 |
| Net profit for the year | | 1,134,572 | 19,815,463 |
| | | **58,216,072** | **57,081,500** |
| Dividend declared and paid | | (9,450,000) | - |
| Balance at 31 March | | 48,766,072 | 57,081,500 |
| **Total shareholders' equity** | | **79,705,372** | **88,020,800** |

The accompanying notes form an integral part of this Statement of Changes in Equity.

# Statement of Cash Flows

for the year ended 31 March 2025

| | Notes | 2025 VUV | 2024 VUV |
|---|---|---|---|
| **Operating activities** | | | |
| Profit for the year | | 1,134,572 | 19,815,463 |
| | | | |
| **Adjustment to reconcile profit before tax to net cash flows:** | | | |
| **Non-cash adjustment:** | | | |
| Depreciation and impairment of property, plant and equipment | | 643,536 | 712,680 |
| Depreciation of right-of-use asset | | 33,997 | 33,997 |
| Movements in provision for expected credit loss | | 2,848,450 | 400,630 |
| Movements in provision for employee entitlements | | (219,134) | 34,496 |
| | | | |
| **Working capital adjustments:** | | | |
| Decrease/(increase) in trade receivables | | 14,907,728 | (15,929,377) |
| Decrease/(increase) in inventories | | 15,902,441 | (12,898,373) |
| Increase in prepayments and other assets | | (400,114) | (1,040,443) |
| (Decrease)/increase in trade and other payables | | (14,820,935) | 19,066,863 |
| **Net cash flows from operating activities** | | **20,030,541** | **10,195,936** |
| | | | |
| **Financing activities** | | | |
| Dividends paid | | (9,450,000) | - |
| **Net cash flows used in financing activities** | | **(9,450,000)** | **-** |
| | | | |
| **Net increase in cash and cash equivalents** | | 10,461,866 | 10,195,936 |
| Cash and cash equivalents at beginning of year | | 21,178,865 | 10,982,929 |
| **Cash and cash equivalents at end of year** | 6 | **31,640,731** | **21,178,865** |

The accompanying notes form an integral part of this Statement of Cash Flows.

# Notes to the Financial Statements
for the year ended 31 March 2025

## 1.0 Corporate information

The financial statements of Asian Paints (Vanuatu) Limited (the Company) for the year ended 31 March 2025 was authorised for issue in accordance with a resolution of the Directors dated 30th April 2025. 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 23.

## 1.1 Basis of preparation of the financial statements

The financial statements have been prepared on a historical cost basis, except otherwise indicated. The financial statements are presented in Vanuatu Vatu (VUV) and all values are rounded to the nearest Vatu except when otherwise indicated.

### Statement of compliance

The financial statements of Asian Paints (Vanuatu) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) accounting standards as issued by International Accounting Standards Board (IASB).

### 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.

## 1.2 Summary of 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.

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 from contracts with customers

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 (GST).

#### 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
- 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.

### Corporate tax

Vanuatu does not impose corporate tax on businesses. Therefore, the Company is exempt from corporate tax liabilities. This policy ensures compliance with local tax regulations and accurate financial reporting.

## 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 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% |

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

#### (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 Note 1.2 (ii) 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.

## 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.

The Company's intangible assets consist of software which was acquired and is amortised on a straight-line basis over the asset's useful life of 3 years.

## 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
- 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 at amortised cost.

Financial assets: Subsequent measurement and gains and loss

Trade and other receivables are 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.

### (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 considers this to be B1 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 cash equivalents

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 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) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash 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.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

### q) Dividend payable

Dividends are recorded in the Company's financial statements in the period in which the Directors approve them.

### r) 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.

## 1.3 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 material 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 material 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 a lease contract that includes 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.

### Estimations and assumptions

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

### Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has been a significant increase in credit risks since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## 1.4 Changes in accounting policies

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). These amendments did not have any material impact on the Company.

| Changes in accounting policies | Effective date |
|---|---|
| Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 | No material impact |
| Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 | No material impact |
| Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 | No material impact |

## 1.5 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.

| New standards and amendments | Effective date |
|---|---|
| Lack of exchangeability – Amendments to IAS 21 | 1 January 2025 |
| Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 | 1 January 2026 |
| Annual Improvements to IFRS accounting standards - Volume 11 | 1 January 2026 |
| Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7 | 1 January 2026 |
| IFRS 18 – Presentation and Disclosure in Financial Statements | 1 January 2027 |

## 2. Revenue and expenses

### 2.1 Revenue from contracts with customers

| | 2025 | 2024 |
|---|---|---|
| | VUV | VUV |
| Sales | 101,474,676 | 108,690,048 |

### 2.2 Other operating income

| | 2025 | 2024 |
|---|---|---|
| | VUV | VUV |
| Insurance claims | 606,065 | - |
| Net exchange gain - unrealised | 347,364 | - |
| Net exchange gain - realised | 474,369 | 32,459 |
| Sundry | 335,178 | - |
| | **1,762,976** | **32,459** |

### 2.3 Operating expenses

| | 2025 | 2024 |
|---|---|---|
| | VUV | VUV |
| Auditor's remuneration - audit fees | 534,209 | 506,137 |
| Auditor's remuneration - other fees | 163,711 | 119,091 |
| Bank charges | 58,793 | 103,012 |
| Royalties | 2,136,422 | 2,233,249 |
| Net exchange loss - unrealised | - | 401,740 |
| Other operating expenses | 7,525,850 | 10,950,108 |
| | **10,418,985** | **14,313,337** |

### 2.4 Salaries and employee benefits

| | 2025 | 2024 |
|---|---|---|
| | VUV | VUV |
| Salaries and wages | 8,012,278 | 5,622,040 |
| Superannuation contributions | 249,699 | 233,987 |
| Staff costs | 9,515,916 | 7,363,977 |
| | **17,777,893** | **13,220,004** |

### 2.5 Depreciation and amortisation

| | 2025 | 2024 |
|---|---|---|
| | VUV | VUV |
| Depreciation - property, plant and equipment | 643,536 | 712,680 |
| Depreciation - right-of-use assets | 33,997 | 33,997 |
| | **677,533** | **746,677** |

### 2.6 Finance cost

| | 2025 | 2024 |
|---|---|---|
| | VUV | VUV |
| Interest expense | - | 7035 |

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 3. Dividends declared/paid

| | 2025 | 2024 |
|---|---|---|
| | VUV | VUV |
| Dividend declared/paid during the year | 9,450,000 | - |

## 4. Property, plant and equipment

| | Building | Plant, office equipment and motor vehicle | Work in progress | Total |
|---|---|---|---|---|
| | VUV | VUV | VUV | VUV |
| **Cost** | | | | |
| At 1 April 2023 | 48,508,067 | 47,488,555 | - | 95,996,622 |
| At 31 March 2024 | 48,508,067 | 47,488,555 | - | 95,996,622 |
| Additions | - | 118,675 | - | 118,675 |
| At 31 March 2025 | **48,508,067** | **47,607,230** | **-** | **96,115,297** |
| | | | | |
| **Depreciation** | | | | |
| At 1 April 2023 | 22,566,028 | 47,105,643 | - | 69,671,671 |
| Depreciation charge | 501,290 | 211,390 | - | 712,680 |
| At 31 March 2024 | 23,067,318 | 47,317,033 | - | 70,384,351 |
| Depreciation charge | 501,289 | 142,247 | - | 643,536 |
| At 31 March 2025 | **23,568,607** | **47,459,280** | **-** | **71,027,887** |
| | | | | |
| **Net book value:** | | | | |
| At 31 March 2025 | 24,939,460 | 147,950 | - | 25,087,410 |
| At 31 March 2024 | **25,440,749** | **171,522** | **-** | **25,612,271** |

## 5. Intangible assets

| | 2025 | 2024 |
|---|---|---|
| | VUV | 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 and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 March:

| | 2025 | 2024 |
|---|---|---|
| | VUV | VUV |
| Cash at bank | 31,639,907 | 21,074,435 |
| Cash on hand | 824 | 104,430 |
| Cash at bank and on hand | **31,640,731** | **21,178,865** |

## 7. Trade receivables

| | 2025 VUV | 2024 VUV |
|---|---|---|
| Trade receivables | 10,700,816 | 13,790,292 |
| Less: allowance for expected credit losses | (5,370,249) | (2,521,799) |
| | **5,330,567** | **11,268,493** |
| Related party receivables [refer Note 16(b)] | 3,560,087 | 15,378,339 |
| | **8,890,654** | **26,646,832** |

Trade and other receivables are non-interest bearing and are generally on 30 - 90 day terms. At 31 March 2025, trade receivables at nominal value of VUV 5,370,249 (2024: VUV 2,521,799) were impaired and fully provided for.

### Movements in provision for impairment of receivables were as follows:

| | 2025 VUV | 2024 VUV |
|---|---|---|
| Opening balance | 2,521,799 | 2,121,169 |
| Charged for the year | 2,848,450 | 400,630 |
| **Closing balance** | **5,370,249** | **2,521,799** |

The information about the credit exposures are disclosed in Note 18.

## 8. Inventories

| | 2025 VUV | 2024 VUV |
|---|---|---|
| Finished goods | 21,045,792 | 37,174,269 |
| Raw materials, accessories, stores and spares | 324,362 | 98,326 |
| **Total inventories at the lower of cost and net realisable value** | **21,370,154** | **37,272,595** |

## 9. Prepayments and other assets

| | 2025 VUV | 2024 VUV |
|---|---|---|
| Prepayments | 3,958,485 | 2,843,979 |
| Security deposits receivable | 513,706 | 401,706 |
| Other receivables | - | 826,392 |
| | **4,472,191** | **4,072,077** |

## 10. Share capital

| | 2025 VUV | 2024 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 |

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 11. Trade and other payables

| | | 2025 VUV | 2024 VUV |
|---|---|---|---|
| Trade payables | | - | 12,499 |
| Related party payables | 16 (b) | 4,763,410 | 24,102,652 |
| Other payables | | 7,973,178 | 3,442,372 |
| | | **12,736,588** | **27,557,523** |

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

| | 2025 VUV | 2024 VUV |
|---|---|---|
| Opening balance | - | - |
| Arising during the year | 9,450,000 | - |
| Paid during the year | (9,450,000) | - |
| **Closing balance** | **-** | **-** |

## 13. Employee benefit liability

| | 2025 VUV | 2024 VUV |
|---|---|---|
| Opening balance | 351,734 | 317,238 |
| Net movement for the year | (219,134) | 34,496 |
| **Closing balance** | **132,600** | **351,734** |
| | | |
| **Disclosed as:** | | |
| Current | 132,600 | 351,734 |

## 14. Commitments and contingencies

### Operating lease commitments - Company as lessee

The Company has entered into commercial leases on land. This lease has an 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 2025 and March 2024 are as follows:

| | 2025 VUV | 2024 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 | 1,200,000 | 1,300,000 |
| Minimum lease payments | **1,700,000** | **1,800,000** |

**Contingent liabilities**

Contingent liabilities as at 31 March 2025 are VUV Nil (31 March 2024: VUV Nil).

## 15. Earnings per share (EPS)

| | 2025 VUV | 2024 VUV |
|---|---:|---:|
| Net profit for the year | 1,134,572 | 19,815,463 |
| Weighted average number of ordinary shares | 30,939,300 | 30,939,300 |
| Basic earnings per share | **0.04** | **0.64** |

There have been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date for authorisation of these financial statements.

## 16. Related party disclosures

### (a) Directors

Directors at the date of this report are:

- Sireesh Rao Talluri
- Alain Lew
- GD Anand

### (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:

| | 2025 VUV | 2024 VUV |
|---|---:|---:|
| **Royalties** | | |
| Asian Paints Limited | 2,136,422 | 2,233,249 |
| **Technical/Management fee** | | |
| Asian Paints (South Pacific) Pte Ltd, Fiji | 4,877,810 | 3,655,243 |
| **Intra group sales** | | |
| Port Villa Hardware Ltd, Vanuatu | 45,339,696 | 35,293,528 |
| **Intra group purchases** | | |
| Asian Paints (South Pacific) Pte Ltd, Fiji | 56,374,887 | 71,831,888 |
| Port Villa Hardware Ltd, Vanuatu | 241,593 | - |
| Au Bon Marche | 448,040 | 410,745 |
| | **57,064,520** | **72,242,633** |
| **Amount owing to related parties** | | |
| Asian Paints (South Pacific) Pte Ltd, Fiji | 3,960,148 | 21,869,404 |
| Asian Paints Limited | 803,262 | 2,233,248 |
| | **4,763,410** | **24,102,652** |
| **Due from related parties** | | |
| Port Villa Hardware Ltd, Vanuatu | 3,560,087 | 15,378,339 |

## (c) Key management personnel

| | 2025 VUV | 2024 VUV |
|---|---|---|
| Short-term employee benefits | 3,290,091 | 2,292,985 |

## 17. Right-of-use assets

| | Leasehold land | Total |
|---|---|---|
| | VUV | VUV |
| **As at 1 April 2023** | **1,181,412** | **1,181,412** |
| Depreciation expense | (33,997) | (33,997) |
| **As at 31 March 2024** | **1,147,415** | **1,147,415** |
| Depreciation expense | (33,997) | (33,997) |
| **As at 31 March 2025** | **1,113,418** | **1,113,418** |

## 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.

### 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.

| | Days past due | | | | |
|---|---|---|---|---|---|
| | Current | 31 - 90 days | 91 - 180 days | 91 - 180 days | Total |
| **31 March 2025** | | | | | |
| Expected credit loss rate | 0% | 0% | 0% | 77% | |
| Estimated total gross carrying amount at default | 4,791,604 | 926,930 | 1,576,141 | 6,966,228 | 14,260,903 |
| **Expected credit loss** | **-** | **-** | **-** | **5,370,249** | **5,370,249** |
| | | | | | |
| **31 March 2024** | | | | | |
| Expected credit loss rate | | | 0% | 32% | |
| Estimated total gross carrying amount at default | 7,556,941 | 6,803,342 | 6,854,361 | 7,953,987 | 29,168,631 |
| **Expected credit loss** | **-** | **-** | **-** | **2,521,799** | **2,521,799** |

## 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 |
|---|---|---|
| 2025 | +10% | 371,130 |
| | -10% | (371,130) |
| 2024 | +10% | 1,593,725 |
| | -10% | (1,593,725) |

## 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 2025 based on contractual undiscounted payments.

| Year ended 31 March 2025 | On demand | 1 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| | VUV | VUV | VUV | VUV | VUV |
| Trade and other payables | - | 12,736,588 | - | - | 12,736,588 |
| | **-** | **12,736,588** | **-** | **-** | **12,736,588** |

| Year ended 31 March 2024 | On demand | 1 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| | VUV | VUV | VUV | VUV | VUV |
| Trade and other payables | - | 27,557,523 | - | - | 27,557,523 |
| | **-** | **27,557,523** | **-** | **-** | **27,557,523** |

## 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 2025.

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.

| | 2025 VUV | 2024 VUV |
|---|---|---|
| Trade and other payables [Note 11] | 12,736,588 | 27,557,523 |
| Less: cash and cash equivalents [Note 6] | (31,640,731) | (21,178,865) |
| Net debt | (18,904,143) | 6,378,658 |
| Equity | 79,705,372 | 88,020,800 |
| **Total capital** | **79,705,372** | **88,020,800** |
| **Capital and net debt** | **60,801,229** | **94,399,458** |
| Gearing ratio | **Nil** | **7%** |

## 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 | |
|---|---|---|---|---|
| | 2025 VUV | 2024 VUV | 2025 VUV | 2024 VUV |
| **Financial assets** | | | | |
| Cash and cash equivalents | 31,640,731 | 21,178,865 | 31,640,731 | 21,178,865 |
| Trade receivables | 8,890,654 | 26,646,832 | 8,890,654 | 26,646,832 |
| Prepayments and other assets | 4,472,191 | 4,072,077 | 4,472,191 | 4,072,077 |
| | **45,003,576** | **51,897,774** | **45,003,576** | **51,897,774** |
| **Financial liabilities** | | | | |
| Trade and other payables | 12,736,588 | 27,557,523 | 12,736,588 | 27,557,523 |
| | **12,736,588** | **27,557,523** | **12,736,588** | **27,557,523** |

## 20. Events subsequent to balance date

No matters or circumstances have arisen 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. Significant events during the year

On 17th December 2024, the Company was impacted by a significant natural disaster an earthquake in Vanuatu which resulted in operational disruptions and inventory damage. The Company incurred a loss of VUV $6,132,982 as a consequence of this event. This loss has been recognized and recorded in the financial statements for the year end.

Apart from the above, there were no other significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Company, the results or cash flows of those operations, or the state of affairs of the Company in future financial years.

## 22. Segment information

### Industry segment

The Company operates predominantly in the distribution of paints and paint related items.

### Geographical segment

The Company operates in Vanuatu 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 distribution of paints and paint related products. There has been no significant change in these activities during the year.

## 24. 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 (2024: 6 employees)

# Asian Paints ( Middle East ) SPC

# Contents

# Manager's Report

The Manager submits his report and the audited financial statements for the year ended 31 March 2025.

## 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 financial statements have been prepared in accordance with IFRS Accounting Standards and the Commercial Companies Law and Regulations of the Sultanate of Oman.

## Results and appropriations

The results of the Company for the year ended 31 March 2025 are set out on page 8 of the financial statements.

The company achieved overall sales of RO 17,086,563 as compared to the sales of previous year RO 16,538,708 with a net increase of 3.31% in value terms in challenging market condition.

Margins improved from 39.19% to 40.07% in FY 24-25 majorly due to the deflationary trend in raw material prices. However, net profit is down from 14.37% to 13.33% impacted by high receivables provision and brand building expenses in 24-25.

Major brand building expenses covers, Décor Idea Store in Mall of Oman, digital marketing campaigns and the Colour Next launch.

Overall, the year witnessed growth in retail & protective coating segments, while projects segment remained stagnant.

During the year, the Company paid dividend of RO 2,622,114 for the year 2023-24.

## Auditors

The financial statements have been audited by BDO LLC who offer themselves for re-appointment.

| | |
|---|---|
| ____________ | ____________ |
| Director | Director |

# Administration and Contact Details

| | |
|---|---|
| Commercial registration number | 1571133 (Mortgaged) |
| Shareholder | Asian Paints International Private Limited |
| Board of Directors | Pragyan Kumar |
| | Joseph Eapen |
| | Gopalakrishnan Gowrisankar |
| Bankers | Ahli Bank SAOG |
| | Bank Muscat SAOG |
| | Sohar International Bank SAOG |
| Registered office | PO Box 462, Ghala<br>PC 133<br>Muscat<br>Sultanate of Oman |
| Auditors | BDO LLC<br>Suite No. 601 & 602, Pent House<br>Beach One Building, Way No. 2601<br>Shatti Al Qurum<br>PO Box 1176, PC 112, Ruwi<br>Muscat<br>Sultanate of Oman |

# Independent Auditor's Report

To the Shareholders of

**ASIAN PAINTS (MIDDLE EAST) SPC**

## Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of Asian Paints (Middle East) SPC ("the Company"), which comprise the statement of financial position as at 31 March 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

## 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 audits of the financial statements in the Sultanate of Oman. 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 Manager'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 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 IFRS Accounting Standards as issued by the IASB and the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman, 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.

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 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 2025, in all material respects, comply with the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman.

**Muscat**
1 May 2025

# Statement of Financial Position

as at 31 March 2025

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 3,409,902 | 3,522,331 |
| Right-of-use assets | 7 | 701,548 | 576,056 |
| **Total non-current assets** | | **4,111,450** | **4,098,387** |
| **Current assets** | | | |
| Inventories | 8 | 2,623,760 | 2,232,622 |
| Trade and other receivables | 9 | 4,010,770 | 3,585,925 |
| Lease receivables | 6 | 6,853 | 13,425 |
| Due from related parties | 10 | 1,904,488 | 2,101,437 |
| Cash and bank balances | 23 | 1,041,409 | 1,481,702 |
| **Total current assets** | | **9,587,280** | **9,415,111** |
| **Total assets** | | **13,698,730** | **13,513,498** |
| | | | |
| **Equity and Liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | 11 | 1,122,000 | 1,122,000 |
| Legal reserve | 12 | 374,000 | 374,000 |
| Retained earnings | | 6,540,035 | 6,873,187 |
| **Total capital and reserves** | | **8,036,035** | **8,369,187** |
| **Non-current liabilities** | | | |
| Lease liabilities | 13 | 569,752 | 557,293 |
| Employees' terminal benefits | 14 | 332,094 | 326,381 |
| Deferred tax liability | 22 | 22,566 | 29,648 |
| **Total non-current liabilities** | | **924,412** | **913,322** |
| **Current liabilities** | | | |
| Lease liabilities | 13 | 172,164 | 84,852 |
| Due to related parties | 10 | 507,731 | 438,215 |
| Trade and other payables | 15 | 3,639,593 | 3,320,585 |
| Income tax payable | 22 | 418,795 | 387,337 |
| **Total current liabilities** | | **4,738,283** | **4,230,989** |
| **Total liabilities** | | **5,662,695** | **5,144,311** |
| | | | |
| **Total equity and liabilities** | | **13,698,730** | **13,513,498** |

These financial statements, as set out on pages 8 to 32, were approved and authorised for issue by the Board of Directors on 1st May 2025 and signed on their behalf by:

Director

Director

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | 2025 | 2024 |
|---|---|---|---|
| Revenue | 16 | 17,086,563 | 16,538,708 |
| Cost of sales | 17 | (10,239,638) | (10,057,401) |
| Gross profit | | **6,846,925** | **6,481,307** |
| | | | |
| Other income | 18 | 25,961 | 22,766 |
| | | **6,872,886** | **6,504,073** |
| **Expenses** | | | |
| Salaries and other related staff costs | 19 | (1,996,267) | (1,880,865) |
| General, administrative, selling and distribution expenses | 20 | (2,055,718) | (2,016,915) |
| (Charge for)/ reversal of expected credit losses on trade receivables | 9 | (68,523) | 256,588 |
| Depreciation | 5 | (31,780) | (31,384) |
| | | **(4,152,288)** | **(3,672,576)** |
| | | | |
| **Profit from operations** | | 2,720,598 | 2,831,497 |
| Finance cost | 21 | (37,708) | (32,835) |
| Finance income | | 14,820 | - |
| | | **(22,888)** | **(32,835)** |
| **Profit before tax for the year** | | 2,697,710 | 2,798,662 |
| Income tax | 22 | (419,623) | (421,725) |
| **Net profit for the year** | | **2,278,087** | **2,376,937** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Actuarial gain on defined benefit plan | 14 | 12,794 | 67,258 |
| Deferred tax liabilities on above | 22 | (1,919) | (10,089) |
| **Total other comprehensive income for the year** | | **10,875** | **57,169** |
| | | | |
| **Total comprehensive income and net profit for the year** | | **2,288,962** | **2,434,106** |

# Statement of Changes in Equity

for the year ended 31 March 2025

| | Share capital | Legal reserve | Retained earnings | Total |
|---|---|---|---|---|
| At 31 March 2023 | 1,122,000 | 374,000 | 5,280,581 | 6,776,581 |
| Net profit for the year | - | - | 2,376,937 | 2,376,937 |
| | | | | |
| ***Other comprehensive income*** | | | | |
| Actuarial gain on defined benefit plan, net of tax | - | - | 57,169 | 57,169 |
| *Transaction with owners directly recorded in equity* | | | | |
| Dividend declared and paid during the year (Note 28) | - | - | (841,500) | (841,500) |
| At 31 March 2024 | 1,122,000 | 374,000 | 6,873,187 | 8,369,187 |
| Net profit for the year | - | - | 2,278,087 | 2,278,087 |
| | | | | |
| ***Other comprehensive income*** | | | | |
| Acturial gain on defined benefit plan, net of tax | - | - | 10,875 | 10,875 |
| *Transaction with owners directly recorded in equity* | | | | |
| Dividend declared and paid during the year (Note 28) | - | - | (2,622,114) | (2,622,114) |
| **At 31 March 2025** | **1,122,000** | **374,000** | **6,540,035** | **8,036,035** |

# Statement of Cash Flows

for the year ended 31 March 2025

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **Operating activities** | | | |
| Net profit for the year | | 2,278,087 | 2,376,937 |
| **Adjustments for:** | | | |
| Depreciation | 5 | 264,831 | 261,528 |
| Amortisation of right-of-use assets | 7 | 159,865 | 80,381 |
| Provision for employees' benefit liabilities (net) | 14 | 28,327 | 90,136 |
| Finance costs | 21 | 37,708 | 32,835 |
| Taxation | 22 | 419,623 | 421,725 |
| | | **3,188,441** | **3,263,542** |
| **Working capital changes** | | | |
| Inventories | | (391,138) | 269,052 |
| Trade and other receivables (including lease receivables) | | (418,273) | 1,027,280 |
| Due from related parties | | 196,949 | (1,524,315) |
| Trade and other payables | | 319,008 | (352,115) |
| Due to related parties | | 69,516 | (235,550) |
| Net cash flows generated from operating activities | | 2,964,503 | 2,447,894 |
| Employees' terminal benefits paid | 14 | (9,820) | (17,541) |
| Income tax paid | 22 | (397,166) | (259,168) |
| **Net cash flows generated from operating activities** | | **2,557,517** | **2,171,185** |
| | | | |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 5 | (152,402) | (111,072) |
| **Net cash used in investing activities** | | **(152,402)** | **(111,072)** |
| | | | |
| **Financing activities** | | | |
| Dividend paid | 28 | (2,622,114) | (841,500) |
| Payment of lease liabilities | 13 | (223,294) | (114,932) |
| Finance costs paid | 21 | - | (3,853) |
| **Net cash used in financing activities** | | **(2,845,408)** | **(960,285)** |
| | | | |
| **Net change in cash and cash equivalents** | | (440,293) | 1,099,828 |
| Cash and cash equivalents at beginning of year | | 1,481,702 | 381,874 |
| **Cash and cash equivalents at end of year** | 23 | **1,041,409** | **1,481,702** |

Disclosure as required by IAS 7 “Statement of Cash Flows” has been shown in Note 27 to the financial statements.

# Notes to the Financial Statements

for the year ended 31 March 2025

## 1. Legal status and principal activities

Asian Paints (Middle East) SPC ("the Company") is a sole proprietor 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 Limited 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

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the applicable provisions of the Commercial Companies Law (CCL) and Regulations (CCR) of the Sultanate of Oman.

### Basis of measurement

The financial statements have been prepared under the historical cost convention and going concern assumption. The preparation of financial statements is in conformity with IFRS Accounting Standards 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 and presentation currency

The financial statements are presented in Omani Rials (RO) which is the Company's functional and reporting currency.

## 3. Application of new and revised IFRS Accounting Standards

### Standards, amendments and interpretations effective and adopted in the year 2024-25

The following new standards, amendments to existing standards or interpretations to various IFRS Accounting Standards are mandatorily effective for the reporting period beginning on or after 1 January 2024:

| Standard or Interpretation | Title |
|---|---|
| Amendments to IFRS 16 | Leases: Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-Current Liabilities with Covenants |
| Amendments to IAS 7 | Statement of Cash Flows: Supplier Finance Arrangements |
| Amendments to IFRS 7 | Financial Instruments: Disclosures - Supplier Finance Arrangements |

### IFRS 16: Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback.

Prior to the amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the financial statements of the Company.

### Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.

- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the financial statements of the Company.

## Amendments to IAS 7 & IFRS 7: Supplier Finance Arrangements

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The Company has carried out an assessment of its contracts and operations and, concluded that, these amendments have had no effect on the financial statements, regardless of the transition relief provided.

## Standards, amendments and interpretations issued but not yet effective

The following new/amended accounting standards and interpretations have been issued by IASB that are effective in future accounting periods and the Company has decided not to adopt early:

| Standard or Interpretation | Title | Effective for annual periods beginning on or after |
|---|---|---|
| Amendments to IAS 21 | The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability | 1 January 2025 |
| Amendments to IFRS 9 | Amendments to the Classification and Measurement of Financial Instruments | 1 January 2026 |
| Amendments to IFRS 9 | Contracts Referencing Nature-dependent Electricity | 1 January 2026 |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

The Company does not expect these amendments and standards issued but not yet effective, to have a material impact on the financial statements of the Company, except for IFRS 18.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/ disaggregation and labelling of information, and disclosure of management-defined performance measures.

# 4. Material accounting policies

The accounting policies applied in preparing these financial statements are set out below. These policies has been consistently applied to all the years presented unless otherwise stated.

## (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 | 4 - 8 |
| 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 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 or other comprehensive income.

### (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.

**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 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 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 and lease liabilities. 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 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

### As lessee

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 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.

**As lessor**

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) 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.

## (g) 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.

## (h) 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.

## (i) 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.

## (j) Employees' terminal benefits

End of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law are recognised as an expense in profit or loss as incurred.

## (k) 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 the 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.

## (l) Other income

Other income is accounted for on accruals basis, unless collectability is in doubt.

## (m) 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 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 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.

## (n) 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.

## (o) 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.

## (p) Dividend distribution

Dividend distribution to the shareholder is recognised as a liability only in the period in which the dividend is approved.

## (q) Critical accounting judgments and key source of estimating uncertainty

Preparation of financial statements in accordance with IFRS Accounting Standards 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 Accounting Standards 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 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.

## 5. Property Plant and Equipment

### (a) The movement in property, plant and equipment is as set out below:

| 2025 | Freehold land | Building | Plant and machinery | Furniture and fixtures | Forklifts | Office equipment | Computer software | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 31 March 2024 | 159,302 | 2,917,525 | 2,742,975 | 225,884 | 180,085 | 115,635 | 53,547 | - | 6,394,953 |
| Additions during the year | - | - | 120,123 | 7,031 | - | 19,157 | - | 6,091 | 152,402 |
| **At 31 March 2025** | **159,302** | **2,917,525** | **2,863,098** | **232,915** | **180,085** | **134,792** | **53,547** | **6,091** | 6,547,355 |
| | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | |
| At 31 March 2024 | - | 585,382 | 1,793,358 | 175,468 | 168,807 | 97,977 | 51,630 | - | 2,872,622 |
| Charge for the year | - | 58,909 | 181,784 | 9,954 | 2,211 | 10,267 | 1,706 | - | 264,831 |
| **At 31 March 2025** | **-** | **644,291** | **1,975,142** | **185,422** | **171,018** | **108,244** | **53,336** | **-** | **3,137,453** |
| | | | | | | | | | |
| **Net book value** | | | | | | | | | |
| **At 31 March 2025** | **159,302** | **2,273,234** | **887,956** | **47,493** | **9,067** | **26,548** | **211** | **6,091** | **3,409,902** |

| 2024 | Freehold land | Building | Plant and machinery | Furniture and fixtures | Forklifts | Office equipment | Computer software | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 31 March 2023 | 159,302 | 2,907,575 | 2,654,835 | 225,329 | 180,085 | 103,533 | 53,232 | - | 6,283,881 |
| Additions during the year | - | 9,950 | 88,150 | 555 | - | 12,102 | 315 | - | 111,072 |
| **At 31 March 2024** | **159,302** | **2,917,525** | **2,742,975** | **225,884** | **180,085** | **115,635** | **53,547** | - | 6,394,953 |
| | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | |
| At 31 March 2023 | - | 526,936 | 1,613,633 | 164,988 | 166,596 | 89,588 | 49,353 | - | 2,611,094 |
| Charge for the year | - | 58,446 | 179,725 | 10,480 | 2,211 | 8,389 | 2,277 | - | 261,528 |
| **At 31 March 2024** | **-** | **585,382** | **1,793,358** | **175,468** | **168,807** | **97,977** | **51,630** | **-** | **2,872,622** |
| | | | | | | | | | |
| **Net book value** | | | | | | | | | |
| **At 31 March 2024** | **159,302** | **2,332,143** | **949,617** | **50,416** | **11,278** | **17,658** | **1,917** | **-** | **3,522,331** |

### (b) The depreciation charge for the year has been dealt with in profit or loss as follows:

| | 2025 | 2024 |
|---|---|---|
| Cost of sales (Note 17) | 233,051 | 230,144 |
| Profit or loss | 31,780 | 31,384 |
| | **264,831** | **261,528** |

## 6. Lease receivable

| | 2025 | 2024 |
|---|---|---|
| Lease receivable | **6,853** | **13,425** |

The Company enters into finance leasing arrangements for Automated Colour Dispensers, which generally are on 12 to 24 months repayment terms.

## 7. Right-of-use assets

(a) The Company has obtained land, building (marketing outlet and warehouse), motor vehicles and employee accommodation on lease. The average lease term for land is 25 years, building is 2 to 3 years, employee accommodation is 1 year and vehicles is 4 years.

| | Land | Building | Vehicles | Employee accommodation | Total |
|---|---|---|---|---|---|
| **At 1 April 2024** | 399,198 | - | 170,278 | 6,580 | 576,056 |
| Additions during the year | - | 220,873 | 51,160 | 13,324 | 285,357 |
| Amortisation for the year | (31,281) | (53,469) | (59,926) | (15,189) | (159,865) |
| **At 31 March 2025** | **367,917** | **167,404** | **161,512** | **4,715** | **701,548** |
| | | | | | |
| At 1 April 2023 | 281,702 | - | 60,732 | 6,401 | 348,835 |
| Additions during the year | 147,974 | - | 146,385 | 13,243 | 307,602 |
| Amortisation for the year | (30,478) | - | (36,839) | (13,064) | (80,381) |
| At 31 March 2024 | **399,198** | **-** | **170,278** | **6,580** | **576,056** |

(b) Amount recognised in profit or loss relating to leases

| | 2025 | 2024 |
|---|---|---|
| Amortisation of right-of-use assets | | |
| Charged to cost of sales (Note 17) | 31,281 | 30,478 |
| Charged to other related staff costs (Note 19) | 128,584 | 49,903 |
| Interest expense on lease liabilities (Note 13 & 21) | 37,708 | 28,982 |
| | **197,573** | **109,363** |

## 8. Inventories

| | 2025 | 2024 |
|---|---|---|
| Raw materials | 1,033,252 | 731,649 |
| Goods in transit | 320,433 | 360,578 |
| Packing materials | 124,850 | 102,625 |
| Work-in-progress | 35,551 | 27,576 |
| Finished goods | 1,052,956 | 983,545 |
| Colour World items | 103,163 | 64,787 |
| Less: provision for obsolete and slow-moving inventories | (46,445) | (38,138) |
| | **2,623,760** | **2,232,622** |

The movement in provision for obsolete and slow-moving inventories is as follows:

| | 2025 | 2024 |
|---|---|---|
| At 1 April | 38,138 | 59,506 |
| Provision/ (reversal) for the year | 8,307 | (21,368) |
| At 31 March | **46,445** | **38,138** |

## 9. Trade and other receivables

| | 2025 | 2024 |
|---|---|---|
| Trade receivables (gross) | 4,384,607 | 4,009,899 |
| Less: ECL | (616,167) | (547,644) |
| Trade receivables, net | 3,768,440 | 3,462,255 |
| Prepayments | 25,932 | 24,642 |
| Deposits | 16,626 | 1,350 |
| Advances to suppliers | 111,631 | 50,519 |
| Advances against capital expenditure | 39,116 | 8,017 |
| Other receivables | 49,025 | 39,142 |
| | **4,010,770** | **3,585,925** |

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 2025, 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 |
|---|---|---|---|---|
| Gross carrying amount | 3,655,452 | 191,185 | 537,970 | 4,384,607 |
| Loss provision | 30,606 | 47,591 | 537,970 | 616,167 |

At 31 March 2024, 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 |
|---|---|---|---|---|
| Gross carrying amount | 3,397,083 | 123,580 | 489,236 | 4,009,899 |
| Loss provision | 27,925 | 30,483 | 489,236 | 547,644 |

The movement in provision for ECL of trade receivables is as follows:

| | 2025 | 2024 |
|---|---|---|
| 1 April | 547,644 | 804,232 |
| Provision/ (reversal) for the year | 68,523 | (256,588) |
| 31 March | **616,167** | **547,644** |

## 10. 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.

### (a) Significant transactions during the year with related parties are as follows:

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| **Ultimate Parent** | | |
| Royalty | 317,587 | 302,582 |
| Purchases | 44,814 | 64,364 |
| Services | 1,258 | 13,837 |
| **Parent** | | |
| Royalty | 178,748 | 152,511 |
| Services | 34,447 | 14,404 |
| **Fellow subsidiaries** | | |
| Revenue | 741,672 | 989,626 |
| Purchases | 68,948 | 69,708 |
| Services | 173,272 | 481,902 |

### (b) Due from related parties

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Berger Paints Bahrain WLL | 12,575 | 9,761 |
| Scib Chemicals S.A.E | - | 417,703 |
| Berger Paints Emirates Ltd., United Arab Emirates | 1,671,859 | 1,639,938 |
| Asian Paints Doha Trading | 211,353 | 34,035 |
| Kadisco Paint & Adhesives (Ethiopia) | 167 | - |
| Asian Paints (Nepal) Pvt. Ltd. | 8,534 | - |
| | **1,904,488** | **2,101,437** |

### (c) Due to related parties

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| **Ultimate Parent** | | |
| Asian Paints Limited | 310,599 | 284,398 |
| **Parent** | | |
| Asian Paints International Private Limited, Singapore | 197,132 | 153,542 |
| **Fellow subsidiaries** | | |
| PT Asian Paints, Indonesia | - | 275 |
| | **507,731** | **438,215** |

## 11. 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 (2024: 1,122,000 shares of RO 1 each).

A break-down of the share capital as at 31 March 2025 and 2024 is as set out below:

| | Percentage share holding | Amount |
|---|---|---|
| Name of the shareholders | | |
| Asian Paints International Private Limited | 100% | 1,122,000 |
| | **100%** | **1,122,000** |

## 12. 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.

## 13. Lease liabilities

| | 2025 | 2024 |
|---|---|---|
| As at 1 April | 642,145 | 420,493 |
| Add: additions during the year | 285,357 | 307,602 |
| Add: interest on lease liabilities during the year (Note 21) | 37,708 | 28,982 |
| Less: paid during the year | (223,294) | (114,932) |
| Closing balance | **741,916** | **642,145** |
| Lease liabilities | 741,916 | 642,145 |
| Less: current portion | (172,164) | (84,852) |
| Non-current portion | 569,752 | 557,293 |
| Details regarding the contractual maturities of lease liabilities on an undiscounted basis | | |
| Less than a year | 206,194 | 116,050 |
| One to five years | 376,697 | 337,008 |
| More than 5 years | 322,632 | 372,096 |
| Closing balance on undiscounted basis | **905,523** | **825,154** |
| Less: interest for future period | (163,607) | (183,009) |
| Closing balance at present value | **741,916** | **642,145** |
| | | |
| Discount rate (weighted average) | 5.5% | 5.5% |

## 14. Employees' terminal benefits

| | 2025 | 2024 |
|---|---|---|
| At 1 April | 326,381 | 321,044 |
| Charge for the year | 28,327 | 90,136 |
| Unrealised actuarial gain | (12,794) | (67,258) |
| Payments during the year | (9,820) | (17,541) |
| At 31 March | 332,094 | 326,381 |
| **Total number of employees** | **181** | **173** |

## 15. Trade and other payables

| | 2025 | 2024 |
|---|---|---|
| Trade payables | 2,723,812 | 2,490,942 |
| Accrued expenses | 658,267 | 554,754 |
| Advance received from customers | 9,956 | 23,808 |
| Other payables | 247,558 | 251,081 |
| | **3,639,593** | **3,320,585** |

Trade payables are generally settled within 30 to 90 days of the suppliers' invoice date.

## 16. Revenue

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Sale of paints and allied products | 17,086,563 | 16,538,708 |

### Operating segments

The Company has a single reportable business segment and the geographical information of the sales for the reportable segment is as follows:

| | 2025 | 2024 |
|---|---|---|
| Local (Oman) | 16,257,307 | 15,488,149 |
| Export | 829,256 | 1,050,559 |
| | **17,086,563** | **16,538,708** |

## 17. Cost of sales

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Raw materials consumed | 8,983,454 | 9,015,276 |
| Wages | 711,632 | 662,242 |
| Factory overheads | 194,527 | 203,805 |
| Amortisation of right-of-use assets (Note 7) | 31,281 | 30,478 |
| Depreciation (Note 5) | 233,051 | 230,144 |
| Net movement in work-in-progress and finished goods | 77,386 | (63,176) |
| Provision for/ (reversal of) obsolete and slow-moving inventories | 8,307 | (21,368) |
| | **10,239,638** | **10,057,401** |

## 18. Other income

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Sale of scrap | 23,721 | 16,227 |
| Interest on leased machines | 514 | 1,211 |
| Other miscellaneous income | 1,726 | 5,328 |
| | **25,961** | **22,766** |

## 19. Salaries and other related staff costs

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Salaries | 1,112,314 | 1,079,448 |
| Other related staff costs | 755,369 | 751,514 |
| Amortisation of right-of-use assets (vehicles and employee- accommodation) (Note 7) | 128,584 | 49,903 |
| | **1,996,267** | **1,880,865** |

## 20. General, administrative, selling and distribution expenses

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Selling and distribution expenses | 1,317,507 | 1,335,499 |
| Royalty (Note 10) | 496,335 | 455,093 |
| Conveyance and vehicle expenses | 82,044 | 82,893 |
| System expenses | 41,991 | 20,506 |
| Legal and professional fees | 19,326 | 19,230 |
| Communication | 26,209 | 26,897 |
| Bank charges | 14,265 | 14,403 |
| Printing and stationary | 9,907 | 11,414 |
| Insurance | 12,143 | 10,745 |
| Recruitment expenses | 11,415 | 6,984 |
| Repairs and maintenance | 3,667 | 2,367 |
| Foreign exchange (gain)/ loss | (497) | 2,096 |
| Miscellaneous expenses | 21,406 | 28,788 |
| | **2,055,718** | **2,016,915** |

## 21. Finance costs

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Interest on lease liabilities (Note 13) | 37,708 | 28,982 |
| Interest on bank overdraft and loan against imports | - | 3,853 |
| | **37,708** | **32,835** |

## 22. 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 2021-22. 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 2025.

(b) The movement in current tax and deferred tax is as follows:

The movement in provision for tax is as follows:

| | 2025 | 2024 |
|---|---|---|
| At 1 April | 387,337 | 258,963 |
| Provision for the current year | 416,876 | 377,453 |
| Prior year | 9,829 | - |
| Recognised in other comprehensive income | 1,919 | 10,089 |
| Less: payment during the year | (397,166) | (259,168) |
| At 31 March | **418,795** | **387,337** |

**Reconciliation of effective tax rate**

| | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|
| Profit before tax for the year | 2,697,710 | 2,798,662 |
| Tax charge on accounting profit @ 15% | 404,657 | 419,799 |
| Others | 14,966 | 1,926 |
| Tax charge in profit or loss | **419,623** | **421,725** |

(c) The movement in deferred tax (asset) / liability is as follows:

| | 2025 | 2024 |
|---|---|---|
| At 1 April | 29,648 | (14,624) |
| Recognised during the year | (7,082) | 44,272 |
| At 31 March | **22,566** | **29,648** |

| | 2025 | 2024 |
|---|---|---|
| Provisions | (99,392) | (87,867) |
| Accelerated tax depreciation | 128,013 | 127,429 |
| Right of use asset net of lease liabilities | (6,055) | (9,914) |
| | **22,566** | **29,648** |

(d) Income tax expense is as follows:

| | 2025 | 2024 |
|---|---|---|
| Current tax | 416,876 | 377,453 |
| Prior year | 9,829 | - |
| Deferred tax | (7,082) | 44,272 |
| | **419,623** | **421,725** |

## 23. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

| | 2025 | 2024 |
|---|---|---|
| Cash in hand | 3,743 | 5,611 |
| Call deposit | 89,312 | - |
| Current account balances with banks | 948,354 | 1,476,091 |
| | **1,041,409** | **1,481,702** |

The current account balances with banks are non-interest bearing except call deposit of RO 89,312 at an interest rate of 3.5% per annum.

## 24. Contingent liabilities and capital commitments

(a) Contingent liabilities as at 31 March 2025 amounted to RO Nil (2024: RO 169,358) which represented inward bills for collection.

(b) Capital commitments contracted for at the statement of financial position date amounted to RO 196,538 (2024: RO 91,936)

## 25. 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 and other receivables, due from related parties, lease receivable, trade and other payables, due to related parties and lease liabilities. 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 of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise equity 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 2025 and 2024.

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.

### (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:

| In RO | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Euro | Euro |
| Trade payables | (128,470) | (42,996) |
| Net exposure | (128,470) | (42,996) |

The following significant exchange rates were applied during the year:

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Euro | 0.42424 | 0.42256 |

Some of the Company's financial assets and financial liabilities are either denominated in USD, AED and SAR which are fixed against the RO.

### Sensitivity Analysis

A 10 percent strengthening or weakening of Rial Omani against Euro at 31 March would have increased/(decreased) profit and equity by RO 10,920 (2024: RO 3,655). The analysis assumes that all other variables remain constant.

#### (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 not exposed to interest rate risk as the Company has no interest- bearing borrowings at reporting date.

#### (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 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:

| | Carrying value | Contractual cash flows | Less than a year | More than a year |
|---|---|---|---|---|
| **Liabilities as at 31 March 2025** | | | | |
| Trade and other payables | 3,639,593 | 3,639,593 | 3,639,593 | - |
| Due to related parties | 507,731 | 507,731 | 507,731 | - |
| Lease liabilities | 741,916 | 905,523 | 206,194 | 699,329 |
| | **4,889,240** | **5,052,847** | **4,353,518** | **699,329** |
| **Liabilities as at 31 March 2024** | | | | |
| Trade and other payables | 3,320,585 | 3,320,585 | 3,320,585 | - |
| Due to related parties | 438,215 | 438,215 | 438,215 | - |
| Lease liabilities | 642,145 | 825,154 | 116,050 | 709,104 |
| | **4,400,945** | **4,583,954** | **3,874,850** | **709,104** |

## 26. 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 and other receivables, trade and other payables, lease liabilities 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.

## 27. Note supporting the statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

| **2025** | | | | | |
|---|---|---|---|---|---|
| **Particulars** | **1 April 2024** | **Cash inflow** | **Cash outflows** | **Non-cash changes** | **31 March 2025** |
| Lease liabilities | 642,145 | - | (223,294) | 323,065 | 741,916 |

| **2024** | | | | | |
|---|---|---|---|---|---|
| **Particulars** | **1 April 2024** | **Cash inflow** | **Cash outflows** | **Non-cash changes** | **31 March 2025** |
| Lease liabilities | 420,493 | - | (114,932) | 336,584 | 642,145 |

## 28. Dividend

During the year, the Parent Company approved dividend of RO 2,622,114 for the year ended 31 March 2024 (2024: RO 841,500 for the year ended 31 March 2023).

## 29. 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 shareholder's equity.

## 30. Subsequent events

There were no events subsequent to 31 March 2025 and occurring before the date of the approval that are expected to have a significant impact on these financial statements.

# Asian Paints (Bangladesh) Limited

# Contents

# Independent Auditor's Report

To the Shareholders of
**Asian Paints (Bangladesh) Limited**

## Report on the Audit of the 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 2025, 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 material accounting policy 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 2025, 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.

## Responsibilities 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 returns.

For **Nurul Faruk Hasan & Co**
Chartered Accountants
FRC Enlistment Number: CAF-001-139

**Shamsur Rahman,**
FCA Partner
Enrollment Number: 941
DVC: 2504280941AS994939

Dhaka, Bangladesh
Date: 28 April 2025

# Statement of Financial Position

for the as at 31 March 2025

| | Notes | 31 March 2025 Taka | 31 March 2024 Taka |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 2,340,649,411 | 2,404,086,238 |
| Intangible asset | 9 | 1,223,293 | 1,151,318 |
| Right-of-use assets | 10 | 556,079,793 | 493,805,786 |
| Other non-current assets | 11 | 45,372,163 | 48,256,983 |
| Trade and other receivables | 14 | 19,454,279 | 23,406,027 |
| **Total non-current assets** | | **2,962,778,939** | **2,970,706,352** |
| **Current assets** | | | |
| Inventories | 13 | 1,105,002,092 | 815,490,303 |
| Trade and other receivables | 14 | 616,842,682 | 834,528,326 |
| Other current assets | 15 | 415,935,253 | 630,458,307 |
| Current tax assets | 16 | 303,229,469 | 148,424,603 |
| Cash and cash equivalents | 17 | 175,599,661 | 174,550,400 |
| **Total current assets** | | **2,616,609,157** | **2,603,451,939** |
| **Total assets** | | **5,579,388,096** | **5,574,158,291** |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | 18 | 1,847,766,000 | 1,847,766,000 |
| Retained earnings | | (790,972,623) | (494,549,757) |
| **Total equity** | | **1,056,793,377** | **1,353,216,243** |
| **Non-current liabilities** | | | |
| Long term loans | 23 | 101,720,475 | 169,460,251 |
| 8% non-convertible, cumulative, redeemable, preference shares | 25 | 400,000,000 | 400,000,000 |
| Lease liabilities | 19 | 640,160,518 | 530,329,553 |
| Defined benefit obligation | 20 | 90,639,097 | 62,365,722 |
| Unearned finance income | 21 | 4,394,830 | 5,702,940 |
| **Total non-current liabilities** | | **1,236,914,920** | **1,167,858,466** |
| **Current liabilities** | | | |
| Long term loans | 23 | 67,739,777 | 46,073,111 |
| Lease liabilities | 19 | 49,837,596 | 52,523,169 |
| Defined benefit obligation | 20 | 16,697,990 | 13,010,423 |
| Bank overdraft | 22 | 612,430,509 | 455,870,597 |
| Short term loans | 23 | 868,013,936 | 622,421,547 |
| Trade and other payables | 24 | 1,670,959,991 | 1,863,184,735 |
| **Total current liabilities** | | **3,285,679,799** | **3,053,083,582** |
| **Total liabilities** | | **4,522,594,719** | **4,220,942,048** |
| **Total equity and liabilities** | | **5,579,388,096** | **5,574,158,291** |

The accompanying notes 1 to 41 form an integral part of these financial statements.

**Head of Finance**

**Director**

**Director**

Per our annexed report of same date

Dhaka, Bangladesh
Dated: 28 April 2025

**For Nurul Faruk Hasan & Co.**
Chartered Accountants
FRC Enlistment Number: CAF-001-139

**Shamsur Rahman, FCA**
Partner
Enrollment No: 941
DVC:

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | 31 March 2025 Taka | 31 March 2024 Taka |
|---|---|---|---|
| **Revenue** | 26 | 5,452,366,932 | 5,401,546,025 |
| Cost of sales | 27 | (3,981,678,115) | (3,734,175,196) |
| **Gross profit** | | **1,470,688,817** | **1,667,370,829** |
| | | | |
| Other income | 28 | 40,225,240 | 30,380,557 |
| Selling and distribution expenses | 29 | (975,572,046) | (887,512,739) |
| Administrative expenses | 30 | (408,592,033) | (336,685,763) |
| Foreign exchange loss | 31 | (131,358,324) | (20,152,221) |
| **Operating profit** | | **(4,608,346)** | **453,400,663** |
| | | | |
| Finance income | 32 | 4,455,272 | 4,998,167 |
| Finance costs | 33 | (286,507,833) | (201,350,701) |
| **Net finance costs** | | **(282,052,561)** | **(196,352,534)** |
| **Profit/(Loss) before contribution to WPPF and tax** | | **(286,660,907)** | **257,048,129** |
| Contribution to WPPF | | - | (12,240,387) |
| **Profit/(Loss) before tax** | | **(286,660,907)** | **244,807,742** |
| Income tax | 34 | 4,342,947 | (112,541,565) |
| **Profit/(Loss) for the year** | | **(282,317,960)** | **132,266,177** |
| **Other comprehensive income for the year** | | | |
| Item that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit liability | 20 | (14,104,906) | 11,640,045 |
| Other comprehensive income/(loss) for the year, net of tax | | (14,104,906) | 11,640,045 |
| **Total comprehensive income/(loss) for the year** | | **(296,422,866)** | **143,906,222** |

The accompanying notes 1 to 41 form an integral part of these financial statements.

**Head of Finance**

**Director**

**Director**

Per our annexed report of same date

Dhaka, Bangladesh
Dated: 28 April 2025

**For Nurul Faruk Hasan & Co.**
Chartered Accountants
FRC Enlistment Number: CAF-001-139

**Shamsur Rahman, FCA**
Partner
Enrollment No: 941
DVC:

# Statement of Changes in Equity

For the year ended 31 March 2025

| | Share capital | Retained earnings | Total equity |
|---|---|---|---|
| | Taka | Taka | Taka |
| **Balance at 1 April 2023** | **1,847,766,000** | **(638,455,979)** | **1,209,310,021** |
| Profit for the year | - | 132,266,177 | 132,266,177 |
| Other comprehensive income for the year | - | 11,640,045 | 11,640,045 |
| **Total comprehensive income for the year** | **-** | **143,906,222** | **143,906,222** |
| **Balance at 31 March 2024** | **1,847,766,000** | **(494,549,757)** | **1,353,216,243** |
| | | | |
| **Balance at 1 April 2024** | **1,847,766,000** | **(494,549,757)** | **1,353,216,243** |
| Loss for the year | - | (282,317,960) | (282,317,960) |
| Other comprehensive loss for the year | - | (14,104,906) | (14,104,906) |
| **Total comprehensive income for the year** | **-** | **(296,422,866)** | **(296,422,866)** |
| **Balance at 31 March 2025** | **1,847,766,000** | **(790,972,623)** | **1,056,793,377** |

The accompanying notes 1 to 41 form an integral part of these financial statements.

**Head of Finance**

**Director**

**Director**

Per our annexed report of same date

Dhaka, Bangladesh
Dated: 28 April 2025

**For Nurul Faruk Hasan & Co.**
Chartered Accountants
FRC Enlistment Number: CAF-001-139

**Shamsur Rahman, FCA**

Partner
Enrollment No:  941
DVC:

# Statement of Cash Flows

for the year ended 31 March 2025

| | 31 March 2025 Taka | 31 March 2024 Taka |
|---|---|---|
| **Profit/(Loss) for the year** | (282,317,960) | 132,266,177 |
| Adjustments for: | | |
| Finance income | (3,881,644) | (4,293,264) |
| Finance costs | 286,507,833 | 201,350,701 |
| Provision for inventories | 25,483,320 | (28,296,804) |
| Provision for trade receivables | (233,788,356) | (216,607,061) |
| Interest income on security deposit | (573,628) | (704,903) |
| Income tax expenses | (4,342,947) | 112,541,565 |
| Depreciation of property, plant and equipment | 111,756,886 | 119,285,639 |
| Depreciation of right-of-use assets | 69,199,546 | 66,017,139 |
| Amortisation of intangible assets | 663,025 | 2,297,137 |
| Gain on disposal of property, plant and equipment | 635,441 | 3,277,645 |
| Foreign exchange loss | 131,358,324 | 20,152,221 |
| Gratuity | 19,141,285 | 16,048,041 |
| Actuarial (gain)/loss | 14,104,906 | (11,640,045) |
| Accrued dividend on 8% Non Convertible, Cumulative, Redeemable, Preference Shares | 19,200,000 | 19,199,999 |
| **Operating cash flows before movements in working capital** | **153,146,031** | **430,894,187** |
| | | |
| Decrease in inventories | (314,995,109) | 179,584,583 |
| Decrease in trade and other receivables | 455,425,748 | 184,158,130 |
| Decrease/(increase) in other non-current assets | 52,335,420 | 48,400,204 |
| Decrease/(increase) in other current assets | 214,523,054 | (439,248,161) |
| Increase/(decrease) in trade and other payables | (192,224,744) | 105,532,038 |
| Increase in defined benefits obligation | 31,960,942 | (4,147,301) |
| Increase in unearned finance income | 2,573,534 | 2,250,745 |
| **Cash generated by operations** | **402,744,876** | **507,424,425** |
| | | |
| Income tax paid | (150,461,919) | (133,572,198) |
| **Net cash (used in)/ from operating activities** | **252,282,957** | **373,852,227** |
| | | |
| **Investing activities** | | |
| Proceeds on disposal of property, plant and equipment | 635,441 | 3,300,780 |
| Purchases of property, plant and equipment | (173,828,243) | (180,441,978) |
| Purchases of intangible assets | (735,000) | (500,000) |
| **Net cash used in investing activities** | **(173,927,802)** | **(177,641,198)** |
| | | |
| **Financing activities** | | |
| Interest paid | (34,690,132) | (22,889,776) |
| Proceeds from issue of share capital | - | - |
| Proceeds from issue of preference share | - | 400,000,000 |
| Proceeds from/(repayment of) long term loan | (46,073,110) | (24,406,444) |
| Repayments of short term loan | (99,183,636) | (727,791,601) |
| Repayment of lease liabilities | (53,918,929) | (27,361,950) |
| **Net cash from financing activities** | **(233,865,807)** | **(402,449,771)** |
| | | |
| **Net increase/(decrease) in Cash and cash equivalents** | **(155,510,651)** | **(206,238,742)** |
| Cash and cash equivalents at beginning of year | (281,320,197) | (75,081,455) |
| **Cash and cash equivalents at end of year*** | **(436,830,848)** | **(281,320,197)** |

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

The accompanying notes 1 to 41 form an integral part of these financial statements.

**Head of Finance**

**Director**

**Director**
Per our annexed report of same date

Dhaka, Bangladesh
Dated: 28 April 2025

**For Nurul Faruk Hasan & Co.**
Chartered Accountants
FRC Enlistment Number: CAF-001-139

**Shamsur Rahman, FCA**
Partner
Enrollment No: 941
DVC:

# Notes to the Financial Statements

for the year ended 31 March 2025

## 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 Company received permission to start commercial operations (Manufacturing plant) in the Economic Zone located in National Special Economic Zone (Mirsarai), Chattogram from 10 April 2022.

The Company is involved in manufacturing and distributing a wide range of decorative, marine and industrial paint products with its expertise and cutting edge technology to satisfy the painting needs of consumers in Bangladesh. The Company has ten sales depots in Dhaka, 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

The following are the amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

| | |
|---|---|
| Amendments to IAS 7 | Statement of Cash Flows |
| Amendments to IFRS 7 | Financial Instruments: Disclosures titled Supplier Finance Arrangements |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Presentation of Financial Statements—Non-current Liabilities with Covenants |
| Amendments to IFRS 16 | Leases—Lease Liability in a Sale and Leaseback |

### 2.2 New and revised IFRS Standards in issue 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 and in some cases had not yet been adopted by the Company.

| | |
|---|---|
| Amendments to IAS 21 | Lack of Exchangeability |
| IFRS 18 | Presentation and Disclosures in Financial Statements |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures |

The directors do not expect that the adoption of the Standards listed above will 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 lower of 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

**Recognition and measurement**

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.

### Subsequent costs

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.

### Depreciation

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 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 measurement

### 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 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-of use 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 "Manufacturing overhead and administrative 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.

## 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 Labor 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 90 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 25% (change brought in Finance Act 2024).

### 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, Letter of credit 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.

# 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.

# 5. Comparatives and rearrangement

To facilitate comparison, certain relevant balances pertaining to the previous years have been rearranged or reclassified whenever considered necessary to conform to the current year's presentation.

# 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

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.

## 8. Property, plant and equipment

| | Land and land development | Building | Plant and machinery | Furniture and fixtures | Office equipment | Color World Machines | Motor vehicle | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka |
| **Cost** | | | | | | | | | |
| At 1 April 2023 | 11,171,550 | 1,598,644,598 | 1,219,656,055 | 78,219,301 | 65,555,203 | 7,613,676 | 21,330,481 | 1,122,254 | 3,003,313,118 |
| Additions | - | 917,503 | 32,417,867 | 6,889,141 | 2,410,857 | - | 7,975,000 | - | 50,610,368 |
| Transfers | - | - | - | - | - | - | - | (1,122,254) | (1,122,254) |
| Disposals | - | - | - | (97,092) | (145,682) | - | (8,444,320) | - | (8,687,094) |
| **At 31 March 2024** | **11,171,550** | **1,599,562,101** | **1,252,073,922** | **85,011,350** | **67,820,378** | **7,613,676** | **20,861,161** | **0** | **3,044,114,138** |
| At 1 April 2024 | 11,171,550 | 1,599,562,101 | 1,252,073,922 | 85,011,350 | 67,820,378 | 7,613,676 | 20,861,161 | 0 | 3,044,114,138 |
| Additions | | 10,103,849 | 41,779,455 | 4,822,044 | 4,829,014 | | | | 61,534,363 |
| Adjustment | | | | | | | | | - |
| Transfers | | | | | | | | | - |
| Disposals | | (7,036,011) | (7,500,337) | | | | (1,365,472) | | (15,901,820) |
| **At 31 March 2025** | **11,171,550** | **1,602,629,939** | **1,286,353,040** | **89,833,395** | **72,649,392** | **7,613,676** | **19,495,689** | **0** | **3,089,746,681** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 April 2023 | - | 83,333,679 | 321,575,349 | 45,243,837 | 50,382,816 | 7,539,628 | 21,330,481 | - | 529,405,790 |
| Charge for the year | - | 31,998,281 | 74,202,091 | 6,956,492 | 4,734,239 | - | 1,394,536 | - | 119,285,639 |
| Adjustment for disposals/ transfers | - | - | - | (73,530) | (145,680) | - | (8,444,319) | - | (8,663,529) |
| **At 31 March 2024** | **-** | **115,331,960** | **395,777,440** | **52,126,799** | **54,971,375** | **7,539,628** | **14,280,698** | **-** | **640,027,900** |
| At 1 April 2024 | - | 115,331,960 | 395,777,440 | 52,126,799 | 54,971,375 | 7,539,628 | 14,280,698 | - | 640,027,900 |
| Charge for the year | | 33,433,516 | 64,564,728 | 7,183,757 | 4,942,750 | 36,208 | 1,595,926 | - | 111,756,886 |
| Adjustment for disposals/ transfers | | (379,386) | (942,660) | | | | (1,365,470) | - | (2,687,516) |
| **At 31 March 2025** | **-** | **148,386,091** | **459,399,508** | **59,310,557** | **59,914,125** | **7,575,836** | **14,511,154** | **-** | **749,097,270** |
| **Carrying amount** | | | | | | | | | |
| **At 31 March 2025** | **11,171,550** | **1,454,243,849** | **826,953,532** | **30,522,838** | **12,735,267** | **37,840** | **4,984,535** | **0** | **2,340,649,411** |
| At 31 March 2024 | 11,171,550 | 1,484,230,141 | 856,296,482 | 32,884,551 | 12,849,003 | 74,048 | 6,580,463 | 0 | 2,404,086,238 |
| At 1 April 2023 | 11,171,550 | 1,515,310,919 | 898,080,706 | 32,975,464 | 15,172,387 | 74,048 | - | 1,122,254 | 2,473,907,328 |

National Special Economic Zone (Mirsarai, Feni & Sitakundo) (The "Economic Zone")

As of 31 March 2025, out of the total carrying amount, the portion of the Company's property, plant and equipment that can be attributed to the commercial operations in the Economic Zone amounts to Tk 1,961,795,845 (Last year: Tk 2,004,297,462).

### Depreciation charge for the year allocated to

| | Note | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | In Taka | In Taka |
| Manufacturing expenses | 27.1 | 102,953,480 | 110,362,733 |
| Administrative expenses | 30 | 5,275,203 | 5,349,873 |
| Selling and distribution expenses | 29 | 3,528,203 | 3,573,033 |
| | | **111,756,886** | **119,285,639** |

## 9. Intangible assets

| | Software |
|---|---|
| | In Taka |
| **Cost** | |
| At 1 April 2023 | 41,156,682 |
| Additions | 500,000 |
| **At 31 March 2024** | **41,656,682** |
| | |
| At 1 April 2024 | 41,656,682 |
| Additions | 735,000 |
| **At 31 March 2025** | **42,391,682** |
| | |
| **Accumulated amortisation** | |
| At 1 April 2023 | 38,208,227 |
| Charge for the year | 2,297,137 |
| **At 31 March 2024** | **40,505,364** |
| | |
| Balance at 1 April 2024 | 40,505,364 |
| Charge for the year | 663,025 |
| At 31 March 2025 | 41,168,389 |
| | |
| **Carrying amount** | |
| **At 31 March 2025** | 1,223,293 |
| At 31 March 2024 | 1,151,318 |
| At 1 April 2023 | **2,948,455** |

### Amortisation charge for the year allocated to

| | Note | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | In Taka | In Taka |
| Administrative expenses | 30 | 663,025 | 2,297,137 |
| | | **663,025** | **2,297,137** |

## 10. Right-of-use assets

| | Buildings | Land | Vehicles | Employee accommodation | Total |
|---|---|---|---|---|---|
| | Taka | Taka | Taka | Taka | Taka |
| **Cost** | | | | | |
| **At 1 April 2023** | **182,712,656** | **381,723,428** | **16,858,002** | **736,030** | **582,030,116** |
| Additions | 169,592,656 | 22,505,873 | 1,374,634 | - | 193,473,163 |
| Expiry of lease term | (117,525,768) | - | (16,858,001) | (736,030) | (135,119,798) |
| **At 31 March 2024** | **234,779,544** | **404,229,301** | **1,374,635** | **-** | **640,383,481** |
| | | | | | |
| **At 1 April 2024** | **234,779,544** | **404,229,301** | **1,374,635** | **-** | **640,383,481** |
| Additions | 36,588,441 | 96,340,099 | - | 2,654,832 | 135,583,372 |
| Expiry of lease term | (53,610,708) | (43,184,601) | - | | (96,795,309) |
| **At 31 March 2025** | **217,757,278** | **457,384,799** | **1,374,635** | **2,654,832** | **679,171,544** |
| | | | | | |
| **Accumulated depreciation** | | | | | |
| **At 1 April 2023** | **141,058,877** | **59,522,338** | **11,993,113** | **495,290** | **213,069,618** |
| Charge for the year | 37,144,063 | 23,597,151 | 5,272,747 | 3,178 | 66,017,139 |
| Expiry of lease term | (115,152,597) | - | (16,857,997) | (498,468) | (132,509,062) |
| **At 31 March 2024** | **63,050,343** | **83,119,489** | **407,863** | **-** | **146,577,695** |
| | | | | | |
| **At 1 April 2024** | **63,050,343** | **83,119,489** | **407,863** | **-** | **146,577,695** |
| Charge for the year | 39,341,152 | 28,425,255 | 698,908 | 734,232 | 69,199,546 |
| Expiry of lease term | (52,644,165) | (40,041,325) | | | (92,685,491) |
| **At 31 March 2025** | **49,747,330** | **71,503,418** | **1,106,771** | **734,232** | **123,091,751** |
| | | | | | |
| **Carrying amount** | | | | | |
| **At 31 March 2025** | **168,009,948** | **385,881,381** | **267,864** | **1,920,600** | **556,079,793** |
| **At 31 March 2024** | **171,729,201** | **321,109,812** | **966,772** | **-** | **493,805,786** |
| **At 31 March 2023** | **41,653,779** | **322,201,090** | **4,864,889** | **240,740** | **368,960,498** |

## National Special Economic Zone (Mirsarai) (The "Economic Zone")

As of 31 March 2025, out of the total carrying amount, the portion of the Company's right-of-use assets that can be attributed to the commercial operations in the Economic Zone amounts to Tk 233,448,651 (Last year: Tk 238,752,339)

The Company leases several assets including buildings, land and vehicles. The average lease term is years 7.30 (Last year: 7.78 years).

The maturity analysis of lease liabilities is presented in note 19.

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Amounts recognised in profit or loss | | |
| Depreciation expense on right-of-use assets | 69,199,546 | 66,017,139 |
| Interest expense on lease liabilities | 34,690,132 | 22,889,776 |
| | **103,889,679** | **88,906,915** |

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Amounts recognised in statement of cash flow | | |
| Interest payment on lease | 34,690,132 | 22,889,776 |
| Principal payment on lease | 53,918,929 | 27,361,950 |
| | **88,609,061** | **50,251,726** |

## Depreciation charge for the year allocated to

| | Note | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | In Taka | In Taka |
| Manufacturing expenses | 27.1 | 12,584,498 | 11,851,819 |
| Administrative expenses | 30 | 20,669,773 | 15,396,857 |
| Selling and distribution expenses | 29 | 35,945,275 | 38,768,463 |
| | | **69,199,546** | **66,017,139** |

# 11. Other financial assets

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Advances for acquisition of fixed assets | 5,240,010 | 2,855,830 |
| Security deposit for rent and others | 40,132,153 | 45,401,153 |
| | **45,372,163** | **48,256,983** |

# 12. Deferred tax assets

Management has reassessed the rationale of recognizing deferred tax assets during the financial year. It has been identified that it is not probable that adequate taxable profit will be available before the expiry of the carry forward period in the future against which the unused tax losses or unused tax credits can be utilised, therefore the deferred tax asset is not recognised.

# 13. Inventories

| | Note | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | In Taka | In Taka |
| Raw materials | 13.1 | 682,098,619 | 459,882,809 |
| Packing materials | 13.3 | 22,839,626 | 20,150,198 |
| Finished goods | 13.4 | 267,063,695 | 226,786,109 |
| Work-in-process | 13.5 | 39,546,177 | 32,496,251 |
| Goods in transit | | 88,449,203 | 69,567,241 |
| Stores, spares and consumables | 13.2 | 5,004,772 | 6,607,695 |
| | | **1,105,002,092** | **815,490,303** |

**National Economic Zone (Mirsarai) (The "Economic Zone")**

As of 31 March 2025, out of the total carrying amount, the portion of the Company's inventories that can be attributed to the commercial operations in the Economic Zone amounts to Tk 291,016,619 (Last year: Tk 305,842,573.)

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 13.1 Raw materials

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Raw materials | 727,306,969 | 481,952,850 |
| Provision for obsolescence | (45,208,350) | (22,070,041) |
| | **682,098,618** | **459,882,809** |

## 13.2 Stores, spares and consumables

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Stores, spares and consumables | 14,019,762 | 12,688,896 |
| Provision for obsolescence | (9,014,990) | (6,081,201) |
| | **5,004,772** | **6,607,695** |

## 13.3 Packing materials

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Packing materials | 24,926,737 | 20,612,108 |
| Provision for obsolescence | (2,087,111) | (461,910) |
| | **22,839,626** | **20,150,198** |

## 13.4 Finished goods

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Locally manufactured finished goods | 265,082,389 | 224,055,870 |
| Color World Machines | 8,796,838 | 12,227,937 |
| | **273,879,227** | **236,283,807** |
| Provision for obsolescence | (6,815,532) | (9,497,698) |
| | **267,063,695** | **226,786,109** |

## 13.5 Work-in-process

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Work-in-process | 40,124,516 | 32,606,403 |
| Provision for obsolescence | (578,339) | (110,152) |
| | **39,546,177** | **32,496,251** |

## 13.6 Movement in provision for inventories

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Opening balance | 38,221,002 | 66,517,806 |
| Provision made during the year | 25,483,320 | (28,296,804) |
| | **63,704,322** | **38,221,002** |

## 14. Trade and other receivables

| | | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | Taka | Taka |
| Trade receivables | 14.1 | 629,078,978 | 852,759,583 |
| Receivable from related party | | 7,217,982 | 5,174,770 |
| | | **636,296,960** | **857,934,353** |
| Non-current | | 19,454,279 | 23,406,027 |
| Current | | 616,842,682 | 834,528,326 |
| | | **636,296,960** | **857,934,353** |

### National Economic Zone (Mirsarai) (The “Economic Zone”)

As of 31 March 2025, out of the total carrying amount, the portion of the Company’s trade and other receivables that can be attributed to the commercial operations in the Economic Zone amounts to Tk 459,712,711 (Last year: Tk 586,197,941.)

### 14.1 Trade receivables

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Trade receivables - manufactured finished goods | 829,873,958 | 1,029,623,399 |
| Trade receivables - Color World Machines | 32,993,376 | 39,743,245 |
| | **862,867,334** | **1,069,366,644** |
| Provision for trade receivables | (233,788,356) | (216,607,061) |
| | **629,078,978** | **852,759,583** |

## 15. Other current assets

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| **Advances** | | |
| Advance to employees | 12,998,155 | 21,725,825 |
| Advance to suppliers against materials and services | 369,828,943 | 300,238,450 |
| Advance to other party | 3,638,342 | 3,634,526 |
| Letter of credit margin | - | 273,560,681 |
| | **386,465,440** | **599,159,482** |
| **Prepayments** | | |
| Prepaid expenses | 29,469,813 | 31,298,825 |
| | **29,469,813** | **31,298,825** |
| | **415,935,253** | **630,458,307** |

## 16. Current tax assets

| | | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | Taka | Taka |
| Advance income tax | 16.1 | 1,158,325,801 | 1,007,863,882 |
| Provision for income tax | 16.2 | (855,096,332) | (859,439,279) |
| | | **303,229,469** | **148,424,603** |

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 16.1 Advance income tax

| | 31 March 2025 Taka | 31 March 2024 Taka |
|---|---|---|
| Opening balance | 1,007,863,882 | 874,291,684 |
| Paid during the year for: | | |
| Income year 2024-25 | 147,720,283 | - |
| Income year 2023-24 | 2,741,636 | 133,572,198 |
| | **1,158,325,801** | **1,007,863,882** |

## 16.2 Provision for income tax

| | 31 March 2025 Taka | 31 March 2024 Taka |
|---|---|---|
| Opening balance | 859,439,279 | 746,897,714 |
| Provision for: | | |
| Current year | 39,827,146 | 112,541,565 |
| Prior year | (44,170,093) | - |
| | **855,096,332** | **859,439,279** |

## 17. Cash and cash equivalents

| | | 31 March 2025 Taka | 31 March 2024 Taka |
|---|---|---|---|
| **Cash at bank** | | 175,599,661 | 174,550,400 |
| **Cash and cash equivalents in the statement of financial position** | | **175,599,661** | **174,550,400** |
| Bank overdrafts | 22 | (612,430,509) | (455,870,597) |
| **Cash and cash equivalents in the statement of cash flows** | | **(436,830,848)** | **(281,320,197)** |

### National Economic Zone (Mirsarai) (The "Economic Zone")

As of 31 March 2025, out of the total carrying amount, the portion of the Company's cash at bank that can be attributed to the commercial operations in the Economic Zone amounts to Tk 16,873,913 (Last year: Tk 12,142,739.)

## 18. Share capital

| | | 31 March 2025 Taka | 31 March 2024 Taka |
|---|---|---|---|
| **Authorised:** | | | |
| 25,000,000 ordinary shares of Tk100 each | | 2,500,000,000 | 2,500,000,000 |
| **Issued and fully paid up:** | | | |
| 18,477,660 ordinary shares of Tk100 each | 18.1 | 1,847,766,000 | 1,847,766,000 |

## 18.1 Composition of shareholders at 31 March

| | Nationality/ Incorporated in | Number of Shares | | Holding % | |
|---|---|---|---|---|---|
| | | 2025 | 2024 | 2025 | 2024 |
| Asian Paints International Private Limited | Singapore | 17,570,232 | 17,570,232 | 95.09% | 95.09% |
| Confidence Cement PLC | Bangladesh | 412,312 | 412,312 | 2.23% | 2.23% |
| Late Shamsul Alam | Bangladesh | 82,462 | 82,462 | 0.45% | 0.45% |
| Rupam Kishore Barua | Bangladesh | 82,462 | 82,462 | 0.45% | 0.45% |
| Rezaul Karim | Bangladesh | 132,111 | 132,111 | 0.71% | 0.71% |
| Late Shah Md. Hasan | Bangladesh | 132,111 | 132,111 | 0.71% | 0.71% |
| Runu Anwar | Bangladesh | 65,970 | 65,970 | 0.36% | 0.36% |
| | | **18,477,660** | **18,477,660** | **100%** | **100%** |

## 19. Lease liabilities

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Opening balance | 582,852,722 | 424,340,503 |
| Additions | 165,747,757 | 188,422,210 |
| Termination | (4,683,437) | (2,548,041) |
| Finance cost accrued during the period | 34,690,132 | 22,889,776 |
| Payment of lease liabilities | (88,609,061) | (50,251,726) |
| | **689,998,113** | **582,852,722** |
| Non-current | 640,160,518 | 530,329,553 |
| Current | 49,837,595 | 52,523,169 |
| | **689,998,113** | **582,852,722** |

### National Economic Zone (Mirsarai) (The “Economic Zone”)

As of 31 March 2025, out of the total carrying amount, the portion of the Company’s lease liabilities that can be attributed to the commercial operations in the Economic Zone amounts to Tk 320,089,002 (Last year: Tk 292,837,307).

### Maturity analysis of lease liabilities on undiscounted basis

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Less than one year | 85,711,708 | 81,235,745 |
| One to five year | 308,315,621 | 269,680,232 |
| More than five year | 668,902,996 | 552,774,528 |
| Closing balance on undiscounted basis | 1,062,930,325 | 903,690,506 |
| Less: Impact of discounting | (372,932,211) | (320,837,784) |
| | **689,998,113** | **582,852,721** |

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 20. Defined benefit obligation

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Opening balance | 75,376,145 | 75,115,450 |
| Service cost | 10,226,208 | 9,548,694 |
| Interest cost | 8,915,077 | 6,499,347 |
| Actuarial (gain)/ loss recognised in other comprehensive income | 14,104,906 | (11,640,045) |
| Benefit paid | (1,285,249) | (4,147,301) |
| | **107,337,087** | **75,376,145** |
| Current | 16,697,990 | 13,010,423 |
| Non-current | 90,639,097 | 62,365,722 |
| | **107,337,087** | **75,376,145** |

## Significant actuarial assumptions

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Discount rate | 10.32% | 12.05% |
| Salary growth | 9.72% | 8.49% |
| Employee turnover | 20.00% | 20.10% |
| Mortality table | IALM (2012-14) | IALM (2012-14) |

Assumptions regarding future longevity have been based on published statistics and mortality tables.

## Sensitivity Analysis

Due to change in significant actuarial assumptions by 1%, potential impact would range from

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Discount rate +1% | (4,536,346) | (2,896,154) |
| Discount rate -1% | 4,960,252 | 3,144,145 |
| Salary growth +1% | 5,502,312 | 3,610,521 |
| Salary growth -1% | (5,113,778) | (3,373,207) |
| Life expectancy +1% | 157,737 | 110,769 |
| Life expectancy -1% | (146,529) | (102,898) |

## 21. Unearned finance income

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Opening balance | 5,702,940 | 7,745,459 |
| Addition during the year | 2,573,534 | 2,250,745 |
| Finance income recognised during the year | (3,881,644) | (4,293,264) |
| | **4,394,830** | **5,702,940** |

## 22. Bank overdraft

Bank overdrafts are repayable on demand and used for cash management purposes. See note 23.1 for detail.

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Bank overdrafts are repayable on demand and used for cash management purposes. See note 23.1 for detail. | 612,430,509 | 455,870,597 |

## 23. Bank loans

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Long term loans from commercial banks | 169,460,252 | 215,533,362 |
| Short term loans from commercial banks | 868,013,936 | 622,421,547 |
| | | |
| **Long term loans from commercial banks:** | | |
| Current | 67,739,777 | 46,073,111 |
| Non-current | 101,720,475 | 169,460,251 |
| | **169,460,252** | **215,533,362** |

### National Economic Zone (Mirsarai) (The "Economic Zone")

As of 31 March 2025, out of the total carrying amount, the portion of the Company's Long term loans from commercial banks that can be attributed to the commercial operations in the Economic Zone amounts to Tk 169,460,252 (Last year: Tk 215,533,362).

23.1 The detail informaiton regarding various short term facilities with commercial banks is provided below.

| Facilities as at 31 March 2025 | Interest rate | Carrying amount | Maturity |
|---|---|---|---|
| **Long term loan facilities** | | | |
| Long term loan (B) | 13.50% | 169,460,252 | 60 months |
| **Short term loan facilities** | | | |
| Short term loan (A) | 12.00% | 200,000,000 | 3 Months |
| Short term loan (B) | 11.00% | 200,000,000 | 4 Months |
| Short term loan (C) | 10.50% | 240,000,000 | 6 Months |
| UPAS loan | 8%-9% | 228,013,936 | 2-12 Months |
| | | **868,013,936** | |
| **Overdraft facilities** | | | |
| Overdraft (B) | 11.00% | 170,446,403 | On Demand |
| Overdraft (D) | 10.75% | 172,726,873 | On Demand |
| Overdraft (D) | 10.50% | 269,257,233 | On Demand |
| Overdraft | | **612,430,509** | |

**A.** a Hypothecation charge on pari-passu basis over fixed assets for Tk1.2 billion.

b Hypothecation charge on pari-passu basis over floating assets for Tk1.2 billion.

**B.** a 7.00 Registered hypothecation (first charge) for specific charge over plant and machinery for Tk1.4 billion.

b Registered hypothecation (first charge) for floating charge over stock and book debts on pari-passu basis with other lenders for Tk1.1 billion.

c Registered hypothecation (first charge) for floating charge over plant and machinery on pari-passu basis with other lendersok for Tk1.1 billion.

**C.** a Hypothecation charge on pari-passu basis over fixed & floating assets for Tk500 million.

b Hypothecation charge on pari-passu basis over floating assets for Tk750 million.

**D.** a First charge over stock of raw materials, work-in-progress, finished goods, book debts and receivables on pari-passu basis with other lenders for Tk800 million.

**E.** a First charge over stock of raw materials, work-in-progress, finished goods, book debts and receivables on pari-passu basis with other lenders for Tk500 million.

## 24. Trade and other payables

| | | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | Taka | Taka |
| Trade payables due to related parties | | 53,731,566 | 34,173,715 |
| Payable to local suppliers | | 141,190,420 | 151,315,193 |
| Payable to foreign suppliers | | 501,758,639 | 421,866,967 |
| Other payables | 24.1 | 974,279,367 | 1,255,828,860 |
| | | **1,670,959,991** | **1,863,184,735** |

### National Economic Zone (Mirsarai) (The "Economic Zone")

As of 31 March 2024, out of the total carrying amount, the portion of the Company's trade and other payables that can be attributed to the commercial operations in the Economic Zone amounts to Tk 174,700,931 (Last year: Tk 224,782,563).

### 24.1 Other payables

| | | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | Taka | Taka |
| Other payables due to related parties | 24.2.1 | 74,731,491 | 60,957,317 |
| Tax deducted at source | | 30,739,582 | 22,111,638 |
| VAT deducted at source | | 24,715,625 | 12,398,971 |
| VAT & SD payable | | 69,703,725 | 73,566,014 |
| Royalty payable to parent company | 24.2.2 | 155,940,045 | 317,384,747 |
| Accrued dividend on 8% Non Convertible, Cumulative, Redeemable, Preference Shares | | 38,399,999 | 19,199,999 |
| Payable to employees | 24.2.3 | 59,184,979 | 71,195,130 |
| Payable for capital items | | 9,092,341 | 13,840,043 |
| Payable for parties | | 14,121,345 | 14,121,345 |
| Accrued expenses | | 496,950,234 | 650,453,656 |
| Audit fees | | 700,000 | 600,000 |
| | | **974,279,366** | **1,255,828,860** |

### 24.2.1 Other payables due to related parties

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Asian Paints International Private Limited, Singapore | 38,285,145 | 29,861,568 |
| Asian Paints Limited, India | 34,573,574 | 29,376,217 |
| Berger Paints Emirates Ltd. | 1,872,772 | 1,716,707 |
| PT Asian Paints Indonesia | - | 2,825 |
| | **74,731,491** | **60,957,317** |

### 24.2.2 Royalty payable to parent company

| | | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| | | Taka | Taka |
| Opening balance | | 317,384,747 | 302,612,835 |
| Charge during the year | 29 | 155,940,045 | 156,394,925 |
| | | **473,324,792** | **459,007,760** |
| Paid during the year | | (317,384,747) | (141,623,013) |
| | | **155,940,045** | **317,384,747** |

## 24.2.3 Payable to employees

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Workers' profit participation fund | - | 12,240,387 |
| Short term benefits | 56,629,040 | 56,824,461 |
| Other long term benefits | 2,555,939 | 2,130,282 |
| | **59,184,979** | **71,195,130** |

## 25. 8% Non Convertible, Cumulative, Redeemable, Preference Shares

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Asian Paints International Private Limited, Singapore | 400,000,000 | 400,000,000 |

Asian Paints (Bangladesh) Limited offered, issued and alloted 40,00,000 Non-Convertible, Cumulative, Redeemable Preference Shares of Tk100 (Taka One Hundred only) each at par aggregating to Tk400,000,000 (Taka Four hundred million only ) to Asian Paints International Private Limited (APIPL) on preferential allotment basis, where no dividend up to the end of 31 March 2025, 8% dividend will be applicable from 1 April 2025 and 100% redemption at the end of March 2028. Asian Paints (Bangladesh) Limited has recorded the initial financial liability at face value (with no equity component) and interest has been accrued on the same amount using effective interest method.

## 26. Revenue

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Revenue from manufactured goods | 5,439,062,757 | 5,385,184,572 |
| Revenue from trading goods | 13,304,175 | 16,361,453 |
| | **5,452,366,932** | **5,401,546,025** |

## Revenue (category-wise)

| | Quantity | | Taka | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Paints & others | 32,100,249 Ltr. | 32,003,949 Ltr. | 5,439,062,757 | 5,385,184,572 |
| Color World Machine sales | 48 pieces | 64 pieces | 13,304,175 | 16,361,453 |
| | | | **5,452,366,932** | **5,401,546,025** |

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 27. Cost of sales

| | | 2025<br>Taka | 2024<br>Taka |
|---|---|---|---|
| **Manufactured portion:** | | | |
| Opening finished goods | | 214,558,172 | 309,708,163 |
| Cost of goods manufactured | 27.1 | 4,013,899,564 | 3,622,442,294 |
| Cost of finished goods available for sale | | 4,228,457,735 | 3,932,150,457 |
| Closing finished goods | | (258,266,858) | (214,558,172) |
| | | **3,970,190,878** | **3,717,592,285** |
| **Trading portion:** | | | |
| Opening finished goods | | 12,227,937 | 10,849,281 |
| Purchase during the year | | 8,056,138 | 17,961,567 |
| Cost of finished goods available for sale | | 20,284,075 | 28,810,848 |
| Closing finished goods | | (8,796,838) | (12,227,937) |
| | | **11,487,238** | **16,582,911** |
| | | **3,981,678,115** | **3,734,175,196** |

Employee benefits liability is recognised for employee entitlements in accordance with the policy in Note 1.2 (l).

## 27.1 Cost of goods manufactured

| | | 2025<br>Taka | 2024<br>Taka |
|---|---|---|---|
| **A. Raw materials and packing materials consumed** | **27.1.1** | 3,500,859,926 | 3,121,106,725 |
| | | **3,500,859,926** | 3,121,106,725 |
| **B. Manufacturing overhead:** | | | |
| Personnel expenses | | 141,624,573 | 124,829,412 |
| Outsourced personnel expenses | | 38,666,223 | 35,214,288 |
| OPC processing charges | | 15,584,565 | 16,847,983 |
| Utilities expenses | | 30,279,808 | 28,344,095 |
| Entertainment expenses | | 1,638,032 | 451,564 |
| Consumable stores and spare parts | | 18,679,863 | 23,038,064 |
| Printing and stationeries expenses | | 1,336,428 | 927,472 |
| Courier charges | | 135,055 | 198,417 |
| Travel and transportation expenses | | 11,136,275 | 1,160,074 |
| Security expenses | | 8,926,330 | 6,615,925 |
| Rent, rates and taxes | | 470,860 | (103,014) |
| Repairs and maintenance expenses | | 32,449,348 | 16,085,194 |
| Insurance expenses | | 6,054,585 | 5,110,653 |
| Depreciation on property, plant & equipment | | 102,953,480 | 110,362,733 |
| Depreciation on right-of-use assets | | 12,584,498 | 11,851,819 |
| Primary freight expenses | | 67,395,817 | 65,378,996 |
| Car hire charges | | (307,041) | 8,675,572 |
| Training expenses | | 37,809 | 29,614 |
| Legal and professional fees | | 3,116,990 | 1,007,939 |
| Medical expenses | | 985,747 | 1,448,355 |
| Staff and other welfare | | 9,675,489 | 10,912,392 |

| | 2025 | 2024 |
|---|---|---|
| | Taka | Taka |
| Foreign travel expenses | - | 63,046 |
| System expenses | 516,466 | 586,855 |
| Research and development expenses | 4,592,721 | 4,261,749 |
| Office maintenance | 127,778 | 405,882 |
| Licence fees | 11,427,864 | 8,170,791 |
| | **520,089,564** | **481,875,870** |
| **C. Opening work-in-process** | 32,496,251 | 51,955,950 |
| **D. Closing work-in-process** | (39,546,177) | (32,496,251) |
| **Cost of goods manufactured (A+B+C+D)** | **4,013,899,564** | **3,622,442,294** |

## 27.1.1 Raw materials and packing materials consumed

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Opening balance | 480,033,007 | 486,150,302 |
| Purchase during the year | 3,725,765,163 | 3,114,989,430 |
| | **4,205,798,170** | 3,601,139,732 |
| Closing balance | (704,938,244) | (480,033,007) |
| | **3,500,859,926** | **3,121,106,725** |

# 28. Other income

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Gain on disposal of fixed assets | 635,441 | 3,277,645 |
| Income from recovery, DN & charges etc | 24,557,181 | 26,291,188 |
| Recovery againts bad debts written off earlier | 1,230,977 | 100,000 |
| Insurance claim received | 13,801,641 | 662,595 |
| Forfeiture amount from provident fund account | - | 49,129 |
| | **40,225,240** | **30,380,557** |

## 28.1 Gain/(Loss) on sales/dismantling of assets

| | Original cost | Accumulated depreciation | Carrying amount | Write off | Sale value | Gain/(loss) on sale of fixed assets |
|---|---|---|---|---|---|---|
| | Taka | Taka | Taka | | Taka | Taka |
| **31 March 2025** | | | | | | |
| Motor vehicles | 1,365,470 | 1,365,470 | - | - | 635,441 | 635,441 |
| | 1,365,470 | 1,365,470 | - | - | 635,441 | 635,441 |
| **31 March 2024** | | | | | | |
| Office equipment | 145,682 | 145,680 | 2 | (2) | 11,303 | 11,303 |
| Motor Vehicles | 8,444,320 | 8,444,319 | 1 | - | 3,281,859 | 3,281,858 |
| Plant and machinery | 97,092 | 73,530 | 23,562 | (428) | 7,619 | (15,515) |
| | **8,687,094** | **8,663,529** | **23,565** | **(430)** | **3,300,781** | **3,277,645** |

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 29. Selling and distribution expenses

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Personnel expenses | 323,520,826 | 272,184,191 |
| Outsourced personnel expenses | 249,147,261 | 221,078,411 |
| Secondary freight expenses | 86,317,740 | 80,190,024 |
| Advertisement | 54,346,051 | 52,536,806 |
| Events/Workshops | 44,612,629 | 32,979,989 |
| Promotional expenses | 15,290,371 | 22,267,513 |
| Research and others | 6,923,645 | 7,539,384 |
| Royalty charge* | 155,940,045 | 156,394,925 |
| Depreciation on property, plant & equipment | 3,528,203 | 3,573,033 |
| Depreciation on right-of-use assets | 35,945,275 | 38,768,463 |
| | **975,572,046** | **887,512,739** |

*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.

## 30. Administrative expenses

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Personnel expenses | 135,913,335 | 127,944,351 |
| Outsourced personnel expenses | 3,243,696 | 3,090,456 |
| Medical expenses | 3,045,498 | 2,949,911 |
| Printing and stationery | 4,985,368 | 5,077,339 |
| Consumable stores and spare parts | 1,638,850 | 80,901 |
| Travel and transportation | 57,441,241 | 49,255,448 |
| Foreign travel expenses | 2,252,368 | 587,604 |
| Vehicle fuel and maintenance | 805,667 | 9,502,091 |
| Office maintenance | 7,815,647 | 8,813,018 |
| Electricity, gas and water | 4,779,768 | 3,864,538 |
| Rent, rates and taxes | 17,870,368 | 7,632,517 |
| Telephone and internet expenses | 8,379,967 | 8,551,295 |
| Insurance expenses | 5,226,053 | 5,221,880 |
| Bad debt written off | 22,685,480 | 11,121,610 |
| Provision for bad debts | 17,189,466 | (5,089,832) |
| Courier and postage expenses | 1,186,494 | 1,192,188 |
| Training expenses | 495,446 | 3,794,213 |
| Entertainment expenses | 2,659,389 | 2,525,182 |
| Recruitment expenses | 642,850 | 1,682,733 |
| Security expenses | 11,237,780 | 9,335,205 |
| Audit fees | 700,000 | 600,000 |
| Legal and professional fees | 25,079,496 | 8,421,584 |
| Depreciation on property, plant & equipment | 5,275,203 | 5,349,873 |
| Amortisation | 663,025 | 2,297,137 |
| Depreciation on right-of-use assets | 20,669,773 | 15,396,857 |

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Staff and other welfare | 12,649,325 | 7,935,753 |
| System expenses | 28,214,402 | 17,680,118 |
| License fee | 615,155 | 994,557 |
| Other administrative expenses | 5,145,723 | 20,858,833 |
| Repairs and maintenance expenses | 85,200 | 18,403 |
| | **408,592,033** | **336,685,763** |

## 31. Foreign exchange loss

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Unrealised exchange loss | (40,750,235) | (7,912,356) |
| Realised foreign exchange loss | (90,608,089) | (12,239,865) |
| | **(131,358,324)** | **(20,152,221)** |

## 32. Finance income

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Earned finance income | 3,881,644 | 4,293,264 |
| Interest income on security deposit | - | 767,593 |
| Income on remeasurement / termination of lease | 573,628 | (62,690) |
| | **4,455,272** | **4,998,167** |

## 33. Finance costs

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Interest on short & long term loan | 155,856,685 | 88,064,207 |
| Interest on bank overdraft | 62,193,093 | 36,955,346 |
| Other financial charges | 14,567,923 | 34,241,373 |
| Accrued dividend on 8% Non Convertible, Cumulative, Redeemable, Preference Shares | 19,200,000 | 19,199,999 |
| Interest on lease liability | 34,690,132 | 22,889,776 |
| | **286,507,833** | **201,350,701** |

## 34. Income tax expense

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Current tax expense | (4,342,947) | 112,541,565 |
| | **(4,342,947)** | **112,541,565** |

## 34.1 Current tax

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Current year | 39,827,146 | 112,541,565 |
| Adjustment for prior year | (44,170,093) | - |
| | **(4,342,947)** | **112,541,565** |

# 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 2025** | **Note** | **Financial assets at amortised cost** | **Total amount** |
|---|---|---|---|
| | | **Taka** | **Taka** |
| **Financial assets not measured at fair value** | | | |
| Trade and other receivables | 14 | 636,296,960 | 636,296,960 |
| Deposits | 11 &15 | 40,132,153 | 40,132,153 |
| Cash and cash equivalents | 17 | 175,599,661 | 175,599,661 |
| | | **852,028,775** | **852,028,775** |

| **31 March 2025** | **Note** | **Other financial liabilities** | **Total amount** |
|---|---|---|---|
| | | **Taka** | **Taka** |
| **Financial liabilities not measured at fair value** | | | |
| 8% non-convertible, cumulative, redeemable, preference shares | 25 | 400,000,000 | 400,000,000 |
| Long term loan | 23 | 169,460,252 | 169,460,252 |
| Short term loan | 23 | 868,013,936 | 868,013,936 |
| Bank overdraft | 22 | 612,430,509 | 612,430,509 |
| Trade and other payables | 24 | 1,670,959,991 | 1,670,959,991 |
| | | **3,720,864,689** | **3,720,864,689** |

| **31 March 2024** | **Note** | **Financial assets at amortised cost** | **Total amount** |
|---|---|---|---|
| | | **Taka** | **Taka** |
| **Financial assets not measured at fair value** | | | |
| Trade receivables | 14 | 857,934,353 | 857,934,353 |
| Deposits | 11 &15 | 45,401,153 | 45,401,153 |
| Cash and cash equivalents | 17 | 174,550,400 | 174,550,400 |
| | | **1,077,885,906** | **1,077,885,906** |

| 31 March 2025 | Note | Other financial liabilities | Total amount |
|---|---|---|---|
| | | Taka | Taka |
| **Financial liabilities not measured at fair value** | | | |
| 8% Non Convertible, Cumulative, Redeemable, Preference Shares | 25 | 400,000,000 | 400,000,000 |
| Long term loan | 23 | 215,533,362 | 215,533,362 |
| Short term loan | 23 | 622,421,547 | 622,421,547 |
| Bank overdraft | 22 | 455,870,597 | 455,870,597 |
| Trade and other payables | 24 | 1,863,184,735 | 1,863,184,735 |
| | | **3,557,010,241** | **3,557,010,241** |

## 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 2025 | 31 March 2024 |
|---|---|---|---|
| | | Taka | Taka |
| Trade and other receivables (net) | 14 | 636,296,960 | 857,934,353 |
| Deposits | 11 &15 | 40,132,153 | 45,401,153 |
| Cash and cash equivalents | 17 | 175,599,661 | 174,550,400 |
| | | **852,028,775** | **1,077,885,906** |

### b) Ageing of trade receivables (gross)

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| Invoiced 0-180 days | 515,991,892 | 742,364,787 |
| Invoiced 181-365 days | 104,240,024 | 117,833,217 |
| Invoiced 365 days | 242,635,418 | 209,168,639 |
| | **862,867,334** | **1,069,366,644** |

## 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 2025 | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Expected cash flows | Within 6 months or less | Within 6-12 months | More than 1 years |
| | Taka | Taka | Taka | | Taka |
| 8% Non Convertible, Cumulative, Redeemable, Preference Shares | 400,000,000 | 400,000,000 | - | - | 400,000,000 |
| Long term loan | 169,460,252 | 169,460,252 | 33,869,889 | 33,869,889 | 101,720,475 |
| Bank overdraft | 612,430,509 | 612,430,509 | 612,430,509 | - | - |
| Short term loan | 868,013,936 | 868,013,936 | 868,013,936 | - | - |
| Trade and other payables | 1,670,959,991 | 1,670,959,991 | 1,515,019,946 | 155,940,045 | - |
| | **3,720,864,689** | **3,720,864,689** | **3,029,334,281** | **189,809,933** | **501,720,475** |

| 31 March 2024 | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Expected cash flows | Within 6 months or less | Within 6-12 months | More than 1 years |
| | Taka | Taka | Taka | | Taka |
| 8% Non Convertible, Cumulative, Redeemable, Preference Shares | 400,000,000 | 400,000,000 | - | - | 400,000,000 |
| Long term loan | 215,533,362 | 215,533,362 | 12,203,222 | 12,203,222 | 191,126,918 |
| Bank overdraft | 455,870,597 | 455,870,597 | 455,870,597 | - | - |
| Short term loan | 622,421,547 | 622,421,547 | 622,421,547 | - | - |
| Trade and other payables | 1,863,184,735 | 1,863,184,735 | 1,706,789,810 | 156,394,925 | - |
| | **3,557,010,241** | **3,557,010,241** | **2,797,285,176** | **168,598,147** | **591,126,918** |

## 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 2025 | | | | 31 March 2025 | | |
|---|---|---|---|---|---|---|---|
| | GBP | INR | EUR | USD | INR | EUR | USD |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka |
| **Foreign currency denominated assets** | | | | | | | |
| Trade and other receivable from related party | | | | 59,164 | - | - | 47,043 |
| | **-** | **-** | **-** | **59,164** | **-** | **-** | **47,043** |
| **Foreign currency denominated liabilities** | | | | | | | |
| Short term loan | | | - | (1,873,734) | - | (5,960) | (1,651,922) |
| Trade payable due to related parties | | | | (412,367) | - | - | (310,670) |
| Other payable due to related parties | | (22,832,992) | | (353,663) | (13,182,579) | - | (292,570) |
| Other trade payables | (14,460) | | (150,617) | (3,360,883) | (793,827) | (159,067) | (3,822,672) |
| | **(14,460)** | **(22,832,992)** | **(150,617)** | **(6,000,646)** | **(13,976,406)** | **(165,027)** | **(6,077,834)** |
| **Net exposure** | **(14,460)** | **(22,832,992)** | **(150,617)** | **(5,941,482)** | **(13,976,406)** | **(165,027)** | **(6,030,791)** |

The following exchange rates are applied at reporting date:

| | Year end spot rate | |
|---|---|---|
| | 31 March 2025 | 31 March 2024 |
| | Taka | Taka |
| USD | 122.00 | 110.00 |
| INR | 1.42 | 1.32 |
| EUR | 134.38 | 119.15 |
| GBP | 161.43 | 138.90 |

### Sensitivity analysis

A reasonably possible strengthening (weakening) of USD ,INR, GBP 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.

| 31 March 2025 | Profit or (loss) | | Equity | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| USD (5% movement) | (36,243,040) | 36,243,040 | 36,243,040 | (36,243,040) |
| INR (3% movement) | (972,685) | 972,685 | 972,685 | (972,685) |
| EUR (3% movement) | (607,211) | 607,211 | 607,211 | (607,211) |
| GBP (3% movement) | (70,028) | 70,028 | (70,028) | 70,028 |
| | **(37,892,965)** | **37,892,965** | **37,752,908** | **(37,752,908)** |

| 31 March 2024 | Profit or (loss) | | Equity | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| USD (5% movement) | (33,169,348) | 33,169,348 | 33,169,348 | (33,169,348) |
| INR (3% movement) | (553,046) | 553,046 | 553,046 | (553,046) |
| EUR (3% movement) | (589,874) | 589,874 | 589,874 | (589,874) |
| | **(34,312,269)** | **34,312,269** | **34,312,269** | **(34,312,269)** |

### 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 2025 | 31 March 2024 |
|---|---|---|
| | Taka | Taka |
| **Financial asset** | | |
| Cash at bank | 175,599,661 | 174,550,400 |
| **Financial liabilities** | | |
| 8% Non Convertible, Cumulative, Redeemable, Preference Shares | 400,000,000 | 400,000,000 |
| Long term loan | 169,460,252 | 215,533,362 |
| Bank overdraft | 612,430,509 | 455,870,597 |
| Short term loan | 868,013,936 | 622,421,547 |
| | **2,049,904,698** | **1,693,825,506** |
| **The following significant interest rates are applied per annum** | | |
| Long term loan | 10.67% | 10.67% |
| Bank overdraft | 8.5% - 13.0% | 8.5% - 13.0% |
| Short term loan | 8.0% - 12.0% | 8.0% - 12.0% |

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. Budhaditya Mukherjee | Director/General Manager |

Mr. Budhaditya Mukherjee has authority and responsibility for planning, directing and controlling the activities of the Company.

## Transactions with Key Managerial Personnel

Key management personnel compensation comprised the following:

| | 31 March 2025 Taka | 31 March 2024 Taka |
|---|---|---|
| | | |
| | 23,440,297 | 17,579,666 |
| Employee benefits (salary and other allowances) | **23,440,297** | **17,579,666** |

## Other related party transactions

During the period, the Company carried out a number of transactions with related parties in the normal course of business. Nature of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosures.

| | Transaction values for the year ended 31 March | | Balance outstanding as at 31 March | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Group company** | | | | |
| Purchase of goods | 139,723,832 | 137,620,764 | 53,731,566 | 34,173,715 |
| Royalty | 155,940,045 | 156,394,925 | 155,940,045 | 317,384,747 |
| Service fees | | 2,815,239 | | 29,376,217 |
| Export sales | 2,810,352 | 797,150 | - | - |
| Others receivable- expenses reimbursement | 4,796,805 | 4,561,897 | 7,217,982 | 5,174,771 |
| Accrued dividend on 8% Non Convertible, Cumulative, Redeemable, Preference Shares | 19,200,000 | 19,199,999 | 38,399,999 | 19,199,999 |
| 8% non-convertible, cumulative, redeemable, preference shares | - | 400,000,000 | 400,000,000 | 400,000,000 |
| Sundry expenses | 25,312,742 | 14,972,760 | 74,500,508 | 29,864,393 |
| Others | 13,057,109 | 351,739 | 230,983 | 1,716,707 |
| **Shareholder's associated entity** | | | | |
| Receivable | 13,343,119 | 3,031,753 | 6,092,034 | 2,889,759 |

# 37. Contingencies and commitments

## 37.1 Contingent liabilities

There is contingent liability in respect of outstanding letters of credit of Tk 381,189,259 (Last year: Tk 490,510,524).

## 37.2 Commitment

There was capital commitment of Tk 23,282,763 for business as at 31 March 2025 (Last year: Tk 4,639,799).

# 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 472 (Last year: 493). The headcount at March'25 end was 410 (March'24: 422).

## 39. New Factory in Bangladesh Economic Zone

The Company received permission to start commercial operations in the National Special Economic Zone located in Mirsarai, Chattogram from 10 April 2022. In order to provide additional information to stakeholders, the Company has included a separate note in the financial statements that outlines the financial performance of its operations within the Economic Zone. This includes a breakdown of the revenue and costs associated with the Company's activities within the Economic Zone, along with the allocation of common costs based on sales volume or net sales value. Accroding to SRO 104-Law/Income Tax/2020 (repealed later) and SRO 244/Law/Income Tax-38/2024, a company who establishes commercial operation in the economic zone shall enjoy tax benefit arising on income generated from the operation established in the economic zone (first 3 years- 100% tax benefit, fourth year- 80%, fifth year- 70%, sixth year 60%, seventh year- 50%, eighth year- 40%, nineth year- 30% and tenth year- 20% tax benefit).

### Financial Performance

| | Economic Zone | |
|---|---|---|
| | 31 March 2025 | 31 March 2024 |
| | Taka | Taka |
| **Revenue** | 2,346,752,632 | 2,413,547,232 |
| Cost of sales | (1,744,666,454) | (1,648,822,033) |
| **Gross profit** | **602,086,178** | **764,725,199** |
| | | |
| Other income | 15,412,321 | 12,518,731 |
| Selling and distribution expenses | (431,055,490) | (391,312,675) |
| Administrative expenses | (170,223,964) | (145,952,005) |
| Foreign exchange loss | (34,168,558) | (18,877,573) |
| **Operating profit** | **(17,949,513)** | **221,101,677** |
| | | |
| Finance income | 552,780 | - |
| Finance costs | (126,855,875) | (79,648,543) |
| **Profit/(Loss) before contribution to WPPF and tax** | **(144,252,608)** | **141,453,134** |
| Contribution to WPPF | - | (6,735,864) |
| **Profit/(Loss) before tax** | **(144,252,608)** | **134,717,270** |

## 40. Events after the reporting period

There are no material events after the reporting date.

## 41. Approval of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 28 April 2025.

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, 2025, and the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year from April 1, 2024, till March 31, 2025, and summary of the significant accounting policies and other notes.

## Management Responsibility on the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## 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 the Egyptian Auditing Standards and in light of the relevant Egyptian laws. Those standards 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' judgment, including the assessment of the risks of material misstatement in the financial statements, due to fraud or errors, 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 the financial statements.

We believe that the audit evidence 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, 2025, and the results of its operations and cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the applicable Egyptian laws and regulations relating to the prJparation of these financial statements.

## Report 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 a 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.

Cairo, April 28, 2025

Kamel Magdy Saleh FCA
F. E. S. A. A. (R.A.A 8510)

# Statement of Financial Position

as of March 31, 2025

| | Note No. | 31/3/2025 EGP | 31/3/2024 EGP |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment (net) | (5) | 113 982 542 | 100 102 033 |
| Project under construction | (6) | 185 716 | - |
| Right to Use of assets (net) | (7) | 21 861 128 | 14 361 255 |
| Deferred tax Assets | (19) | 14 791 988 | 33 294 689 |
| **Total non-current assets** | | **150 821 374** | **147 757 977** |
| **Current Assets** | | | |
| Inventories (net) | (8) | 459 842 040 | 423 635 778 |
| Accounts and notes receivable (net) | (9) | 269 013 182 | 190 139 015 |
| Other debit accounts (net) | (10) | 59 840 655 | 84 099 053 |
| Investments in treasury bills | (12) | | 232 667 648 |
| Cash on hand and at banks | (11) | 95 185 238 | 137 489 146 |
| **Total current assets** | | **883 881 115** | **1068 030 640** |
| **Total assets** | | **1034 702 489** | **1215 788 617** |
| **Owners' Equity and Liabilities** | | | |
| **Owners' Equity** | | | |
| Issued and paid-up capital | (17) | 18 000 000 | 18 000 000 |
| Legal reserve | | 9 000 000 | 9 000 000 |
| General reserve | | 73 948 455 | 73 948 455 |
| Retained earnings | (18) | 110 320 407 | 92 634 018 |
| Income (losses) for the period / year | | 54 110 716 | 27 686 389 |
| **Total owners' equity** | | **265 379 578** | **221 268 862** |
| **Non-Current Liabilities** | | | |
| Deferred tax liabilities | (19) | 10 651 196 | 9 805 801 |
| Lease LIabilities - Long term | (16) | 18 140 215 | 9 570 148 |
| **Total non-current liabilities** | | **28 791 411** | **19 375 949** |
| **Current Liabilities** | | | |
| Provisions | (13) | 26 890 055 | 21 894 282 |
| Short term loan | (20) | - | 219 852 000 |
| Banks Over draft | | 87 030 378 | 143 030 811 |
| Lease Liabilities - Short term | (16) | 5 191 868 | 5 975 361 |
| Accounts and notes payable | (14) | 397 597 035 | 289 263 296 |
| Other credit accounts | (15) | 223 822 164 | 295 128 056 |
| **Total current liabilities** | | **740 531 500** | **975 143 806** |
| **Total liabilities and owners' equity** | | **1034 702 489** | **1215 788 617** |

The accompanying notes form an integral part of the financial statements and to be read therewith.

**Financial Controller** **Chief Executive**

* Review report attached.

# Statement of Profit or Loss

for the year from April 1, 2024 till March 31, 2025

| | Note No. | 31/3/2025 EGP | 31/3/2024 EGP |
|---|---|---|---|
| Sales of paints (net) | | 1853 802 650 | 1667 467 539 |
| Sales of coloring machines | | 1 449 033 | 2 437 309 |
| Sales of other materials | | 8 514 834 | 13 947 016 |
| | (23) | **1863 766 517** | **1683 851 864** |
| **Less:** | | | |
| Cost of sales | | (1428 985 095) | (1277 778 557) |
| Cost of coloring machines | | (824 670) | (1 596 511) |
| Cost of other materials | | (8 457 666) | (10 292 643) |
| | | **(1438 267 431)** | **(1289 667 711)** |
| **Gross profit** | | **425 499 086** | **394 184 153** |
| **Less:** | | | |
| Selling and marketing expenses | | (262 569 242) | (224 168 864) |
| General and administrative expenses | | (65 624 220) | (41 617 370) |
| Finance expenses | | (44 101 617) | (27 096 937) |
| Provisions no longer required | (13) | 1 004 887 | 1 890 081 |
| Provisions | (13) | (17 036 307) | (20 185 031) |
| Interest Income | | 9 399 331 | 15 175 199 |
| Other income | | 11 380 801 | 6 168 936 |
| Treasury bills interest | (21) | 6 712 611 | 23 223 650 |
| Capital gain | | 135 295 | 25 525 |
| Foreign currency exchange differences | | 7 183 084 | (90 421 467) |
| **Income (losses) for the period before taxes** | | **71 983 709** | **37 177 875** |
| Current tax | | (1 330 813) | (19 323 016) |
| Deferred tax | (19) | (16 542 180) | 9 831 530 |
| **Income (losses) for the period after taxes** | | **54 110 716** | **27 686 389** |

The accompanying notes form an integral part of the financial statements and to be read therewith.

**Financial Controller** **Chief Executive**

# Statement of Other Comprehensive Income

for the year from April 1, 2024 till, March 31, 2025

| | Note No. | 31/3/2025 EGP | 31/3/2024 EGP |
|---|---|---|---|
| Income (losses) for the year | | 54 110 716 | 27 686 389 |
| Other comprehensive income | | - | - |
| **Income (losses) for the year after taxes** | | **54 110 716** | **27 686 389** |

The accompanying notes form an integral part of the financial statements and to be read therewith

**Financial Controller** **Chief Executive**

# Statement of Cash Flows

for the year ended 31 March 2025

| | Note No. | 31/3/2025 EGP | 31/3/2024 EGP |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| income (losses) for the year before taxes | | 71 983 709 | 37 177 875 |
| **Adjustments for:** | | | |
| Depreciation | (5) | 9 747 484 | 10 095 844 |
| Right of use Asset Amortization | (7) | 8 553 610 | 6 978 640 |
| Provision formed | (13) | 9 559 199 | 9 123 936 |
| Provisions used | (13) | (4 563 426) | (8 304 958) |
| Impairment in accounts receivable and Other Debit Balance | (13) | 8 838 013 | 2 747 445 |
| Reversal of accounts Receivables and Other Debit balances | (13) | (4 563 426) | (1 890 081) |
| Inventory write-down | (13) | 4 690 378 | 8 313 650 |
| Interest Related to lease Contracts | | 3 799 174 | 2 258 506 |
| Capital gain | | (135 295) | (25 525) |
| **Operating (loss) profits before working capital changes** | | **107 909 420** | **66 475 332** |
| (Increase) in inventories | | (40 896 640) | (67 552 792) |
| (Increase) in accounts and notes receivable and other debit accounts | | (56 397 612) | (75 510 935) |
| Decrease (increase) in investments in treasury bills | | 232 667 648 | (232 667 648) |
| Increase in accounts and notes payable and other credit accounts | | 35 034 404 | (636 812) |
| Taxes paid* | | 413 280 | 17 063 352 |
| **Net cash flows provided from (used in) operating activities** | | **278 730 500** | **(292 829 503)** |
| **Cash flows from investing activities** | | | |
| Payments for the purchase of property, plant and equipment | (5) | (23 673 758) | (5 790 691) |
| Payments for the Assets under constructions | | (185 716) | |
| Proceeds from the sale of property, plant and equipment | | 181 050 | 25 525 |
| **Net cash (used in) investing activities** | | **(23 678 424)** | **(5 765 166)** |
| **Cash flows from financing activities** | | | |
| Payment for lease contract | | (11503551) | (7791063) |
| Proceed from loan | | - | 168 801 000 |
| Loan repayment | | (219 852 000) | - |
| Proceed from Overdraft | | - | 143 030 811 |
| Overdraft repayment | | (56 000 433) | - |
| Dividends distribution | | (10 000 000) | (10 000 000) |
| **Net cash (used in) financing activities** | | **(297 355 984)** | **294 040 748** |
| Net changes in cash and cash equivalents during the period | | (42 303 908) | (4 553 921) |
| **Cash and cash equivalents at the beginning of the period** | (11) | 137 489 146 | 142 043 067 |
| **Cash and cash equivalents at the end of the period** | (11) | **95 185 238** | **137 489 146** |

* 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.

**Financial Controller** **Chief Executive**

# Statement of Changes in Shareholders' Equity

for the year from April 1, 2024 till March 31, 2025

| | Capital | Legal Reserve | General Reserve | Retained Earnings | Profits (losses) for the year / period | Total |
|---|---|---|---|---|---|---|
| | EGP | EGP | EGP | EGP | EGP | EGP |
| Balance as of March 31, 2023 | 18 000 000 | 9 000 000 | 73 948 455 | 90 517 195 | 12 116 823 | 203 582 473 |
| Transferred to retained earnings | - | - | - | 12 116 823 | (12 116 823) | - |
| Dividends distribution according to the General Assembly Meeting Decree on June 6, 2023 | - | - | - | (10 000 000) | - | (10 000 000) |
| (losses) for the period | - | - | - | - | 27 686 389 | 27 686 389 |
| Balance as of March 31, 2024 | 18 000 000 | 9 000 000 | 73 948 455 | 92 634 018 | 27 686 389 | 221 268 862 |
| Transferred to retained earnings | - | - | - | 27 686 389 | (27 686 389) | - |
| Dividends distribution according to the General Assembly Meeting Decree on October 15, 2024 | - | - | - | (10 000 000) | - | (10 000 000) |
| (losses) for the period | - | - | - | - | 54 110 716 | 54 110 716 |
| Balance as of March 31, 2025 | **18 000 000** | **9 000 000** | **73 948 455** | **110 320 407** | **54 110 716** | **265 379 578** |

The accompanying notes form an integral part of the financial statements and to be read therewith.

**Financial Controller**

**Chief Executive**

# Notes to the Financial Statements

for the year from April 1, 2024 till March 31, 2025

## 1. The Company background

SCIB Chemicals Company SAE. 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 btilding 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 | 4,5 years | 25,20% |
| 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 year 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.

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Company when those inflows result in an increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Company, the revenue can be reliably measured, regardless of when the payment is being made, and the costs are identifiable and can be measured reliably.

The Company has applied for EAS 48 Revenue from Contracts with Customers for accounting of revenue. The core principle of the EAS 48 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. EAS 48 requires that entities apply a five step model to determine when to recognize revenue and at what amount.

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

Under EAS 48, an entity recognizes revenue when or as a performance obligation is satisfied. (e.g. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

### 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 year 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.

### 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 inforeign 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 tl'1e tax rates that are expected to apply in the year 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 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 estima\ed 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 year.

## 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.

**1. 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. 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 year during which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

## 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, 2025, the carrying value of tangible assets amounted to EGP 113 982 542 against EGP 100 102 033 as at March 31, 2024, (Note No. 5). 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 22 628 943 as of March 31, 2025, against EGP 17 938 564 as at March 31, 2024{Note 8).

### 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, 2025, accounts receivable impairment amounted to EGP 7 445 452 against EGP 5 539 700 as at March 31, 2024 (Note 9) and other debit accounts impairment amounted to EGP 1392560 as at March 31, 2025 against EGP 1516470 as at March 31, 2024 (Note 10).

### 4. Provision

The 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, 2025 amounted to EGP 26 890 055 compared to EGP 21 894 282 as at March 31, 2024 (Note 13).

### 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 14 791 988 as at March 31, 2025 against EGP 33 294 689 as at March 31, 2024. The deferred tax liabilities balance amounted to EGP 10 651 196 as at March 31, 2025 against 9 805 801 as at March 31, 2024 (Note No 19).

## 5. 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, 2023** | **11 436 000** | **69 244 244** | **95 296 669** | **8 870 052** | **5 535 611** | **622 991** | **191 005 566** |
| Additions during the year | - | 733 100 | 1 492 324 | 1 114 517 | 220 750 | 2 230 000 | 5 790 691 |
| Disposals | - | - | - | (188 179) | (97 091) | - | (285 270) |
| **As of March 31, 2024** | **11 436 000** | **69 977 344** | **96 788 993** | **9 796 390** | **5 659 270** | **2 852 991** | **196 510 987** |
| Additions during the year | - | 624 887 | 19 820 003 | 1 228 444 | 333 758 | 1 666 666 | 23 673 758 |
| Disposals | - | - | (853 945) | (181 970) | (105 593) | | (1 141 508) |
| **As of March 31, 2025** | **11 436 000** | **70 602 231** | **115 755 051** | **10 842 864** | **5 887 435** | **4 519 657** | **219 043 237** |
| **Accumulated depreciation** | | | | | | | |
| **As of April 1, 2023** | **-** | **16 679 138** | **57 502 776** | **7 044 302** | **4 748 991** | **622 991** | **86 598 198** |
| Depreciation | - | 1 406 720 | 7 218 499 | 1 006 325 | 229 114 | 235 186 | 10 095 844 |
| Accumulated depreciation for disposals | - | - | - | (188 156) | (96 932) | - | (285 088) |
| **As of March 31, 2024** | **-** | **18 085 858** | **64 721 275** | **7 862 471** | **4 881 173** | **858 177** | **96 408 954** |
| Depreciation | - | 1 428 338 | 6 908 988 | 740 650 | 214 222 | 455 286 | 9 747 484 |
| Accumulated depreciation for disposals | - | - | (808 225) | (181 957) | (105 561) | - | (1 095 743) |
| **As of March 31, 2025** | **-** | **19 514 196** | **70 822 038** | **8 421 164** | **4 989 834** | **1 313 463** | **105 060 695** |
| **Net Book Value as of March 31, 2025** | **11 436 000** | **51 088 035** | **44 933 013** | **2 421 700** | **897 600** | **3 206 194** | **113 982 542** |
| **Net Book Value as of March 31, 2024** | **11 436 000** | **51 891 486** | **32 067 718** | **1 933 919** | **778 096** | **1 994 814** | **100 102 033** |
| **Fully depreciated fixed assets** | **-** | **-** | **28 835 577** | **4 418 726** | **4 035 285** | **622 990** | **37 912 578** |

*The opening balance include an amount of EGP 10 509 450, related to land purchased at the 6th of October Govemorate during 2008. The company paid The company has paid the full amount as per the agreement with IDA but the title of the land has still not been transferred to the company till now, as the agreement stipulates 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:

| | 31/03/2025 EGP | 31/03/2024 EGP |
|---|---|---|
| Cost of sales | 8 046 662 | 8 662 958 |
| General and administrative expenses | 1 070 253 | 1 096 045 |
| Selling and marketing expenses | 630 569 | 336 841 |
| | **9 747 484** | **10 095 844** |

## 6. Project under construction

The project under construction amounted to EGP 185 716 as of March 31,2025 which represents Machinery and equipment under construction.

## 7. Right of Use assets - building (net}

| Description | 31/03/2025 EGP | 31/03/2024 EGP |
|---|---|---|
| **Cost at Beginning of the year** | 25 713 199 | 26 144 694 |
| Addition during the year | 20 112 957 | 6 643 596 |
| Disposal during the year | (10 462 416) | (7 075 091) |
| **Cost at Ending of the year** | **35 363 740** | **25 713 199** |
| **Accumulated depreciation at Beginning of the year** | 11 351 945 | 11 448 395 |
| Amortization during the year | 8 553 610 | 6 978 640 |
| Disposal during the year | (6 402 943) | (7 075 091) |
| **Accumulated depreciation at Ending of the year** | **13 502 612** | **11 351 945** |
| **Net at Ending of the year** | **21 861 128** | **14 361 255** |

## 8. Inventories (net)

| | 31/03/2025 EGP | 31/03/2024 EGP |
|---|---|---|
| Raw materials | 205 441 154 | 142 918 403 |
| Packing materials | 32 982 804 | 38 829 369 |
| Work in process | 5 992 910 | 14 792 429 |
| Finished goods | 161 662 726 | 175 335 369 |
| Tinting machines | 1 276 659 | 955 118 |
| Goods in transit | 75 114 730 | 68 743 654 |
| | **482 470 983** | **441 574 342** |
| Less: Inventory write-down (Note No. 13) | (22 628 943) | (17 938 564) |
| | **459 842 040** | **423 635 778** |

## 9. Accounts and notes receivables (net)

| | 31/03/2025 EGP | 31/03/2024 EGP |
|---|---|---|
| Accounts receivables | 226 783 674 | 141 050 603 |
| Notes receivable | 49 674 960 | 49 996 208 |
| **Related Parties** | | |
| Berger Paints (Emirates) Limited (Note No. 22) | - | 3 788 665 |
| Asian Paints (Middle East) LLC, Oman | - | 843 239 |
| | **276 458 634** | **195 678 715** |
| **Less:** Impairment in accounts and notes receivable (Note No. 13) | (7 445 452) | (5 539 700) |
| | **269 013 182** | **190 139 015** |

## 10. Other debit accounts

| | 31/03/2025 EGP | 31/03/2024 EGP |
|---|---|---|
| Advance payments to suppliers | 17 151 233 | 18 491 147 |
| Refundable deposits | 1 515 025 | 1 559 425 |
| Prepaid expenses | 5 872 775 | 5 116 399 |
| Employees loans | 4 049 690 | 4 452 659 |
| Employees Imprest | 69 351 | 166 320 |
| Tax Authority - Withholding taxes | 4 165 902 | 8 654 720 |
| Tax Authority - Withholding taxes Treasury Bills | 1 342 521 | 4 644 730 |
| Tax Authority - advance payments for current tax | 9 050 817 | 11 654 881 |
| Tax Authority - Value added Tax | 7 228 154 | 12 543 970 |
| Accrued Revenue | 10 673 119 | 10 673 119 |
| Accrued interest | - | 8 437 |
| APIPL Recoverable Expenses | - | 7 133 240 |
| Asian Paints Limited - India | 114 628 | - |
| Other debit balance | - | 516 476 |
| | **61 233 215** | **85 615 523** |
| **Less:** Impairment in debit accounts' value (Note No 13) | (1 392 560) | (1 516 470) |
| | **59 840 655** | **84 099 053** |

## 11. Cash on hand and at banks

| | 31/03/2025 EGP | 31/03/2024 EGP |
|---|---|---|
| Banks current accounts | 63 469 228 | 76 985 572 |
| Time Deposits | 31 583 809 | 60 401 636 |
| Cash on hand | 132 201 | 101 938 |
| | **95 185 238** | **137 489 146** |

For purpose of preparing the statement of cash flows cash and cash equivalents are comprised of the following:

| | 31/03/2025 EGP | 31/03/2024 EGP |
|---|---|---|
| **Cash and cash equivalents at Ending of the year** | | |
| Banks current accounts | 63 469 228 | 76 985 572 |
| Time Deposits | 31 583 809 | 60 401 636 |
| Cash on hand | 132 201 | 101 938 |
| **Less:** | | |
| Bank overdraft | (87 030 378) | (143 030 811) |
| | **8 154 860** | **(5 541 665)** |

## 12. Investments in treasury bills

During the period ended March 31 2025, the treasury bills are fully matured (March 31 2024: EGP 232 667 648).

## 13. Provisions impairment loss and Inventory write-down

| | Balance as of 01/04/2024 | Recognized during the year | Reversed during the year | Used during the year | Balance as of 31/03/2025 |
|---|---|---|---|---|---|
| | EGP | EGP | EGP | EGP | |
| Provisions | 15 971 264 | 8 397 239 | -- | (4 563 426) | 19 805 077 |
| Provisions for leaves | 5 923 018 | 1 161 960 | -- | -- | 7 084 978 |
| **Total Provision** | **21 894 282** | **9 559 199** | **--** | **(4 563 426)** | **26 890 055** |
| **Impairment** | | | | | |
| Impairment in accounts receivable | 5 539 700 | 2 786 729 | (880 977) | -- | 7 445 452 |
| Impairment in other debit accounts | 1 516 470 | -- | (123 910) | -- | 1 392 560 |
| Inventory write-down | 17 938 564 | 4 690 379 | -- | -- | 22 628 943 |
| **Total provision impairment and write-down** | **46 889 016** | **17 036 307** | **(1 004 887)** | **(4 563 426)** | **58 357 010** |

## 14. Accounts and notes payable

| | 31/03/2025 | 31/03/2024 |
|---|---|---|
| | EGP | EGP |
| Accounts payable | 219 015 554 | 177 362 115 |
| Notes payable | 167 338 473 | 55 953 652 |
| **Related Parties Supplier** | | |
| Asian Paints International Private Limited (Note No.22) | 6 235 167 | 3 073 767 |
| Asian Paints Limited (Note No.22) | 1 741 067 | 1 590 991 |
| Asian Paints (Middle East) LLC Oman (Note No.22) | -- | 51 282 771 |
| Causeway Paints Lanka (Private) Limited (Note No.22) | 976 481 | -- |
| Kadisco Paint and Adhesive Industry Share Company Ethiopia (Note No.22) | 73 081 | -- |
| Berger Paints (Emirates) Limited (Note No.22) | 2 217 212 | -- |
| | **397 597 035** | **289 263 296** |

## 15. Other credit accounts

| | 31/03/2025 | 31/03/2024 |
|---|---|---|
| | EGP | EGP |
| Accrued expenses | 146 485 465 | 131 759 710 |
| Tax Authority-Withholding Taxes Payable | 6 953 672 | 3 049 681 |
| Tax Authority-Payroll Taxes | 2 183 342 | 2 476 623 |
| Tax Authority- current tax | 1 330 813 | 19 896 321 |
| Asian Paints Limited | 55 754 018 | 116 275 015 |
| Asian Paints International Private Limited (Holding company) | 1 932 724 | 3 074 211 |
| Other credit balances | 9 182 130 | 18 596 495 |
| | **223 822 164** | **295 128 059** |

## 16. Lease Liabilities

| Description | 31/03/2024 EGP | 31/03/2023 EGP |
|---|---|---|
| Balance at beginning of year | (15 545 509) | (14 434 469) |
| **Movement during current year** | | |
| Payment | 11 503 551 | 7 791 063 |
| Additions | (20 262 527) | (6 643 596) |
| Disposals | 4 771 576 | |
| Accretion of interest | (3 799 174) | (2 258 507) |
| **Total at ending year** | **(23 332 083)** | **(15 545 509)** |
| **lease liabilities – Current (within one year)** | **5 191 868** | **5 975 361** |
| **lease liabilities – Non current (from 1 to 5 years)** | **18 140 215** | **9 570 148** |

## 17. 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

## 18. Retained earnings and dividends distribution

The Ordinary General Assembly Meetings held on October 15 2024 approved dividends distribution for the year ended as of March 31 2024 as follows

| | EGP |
|---|---|
| **Retained earnings as of April 1 2023** | 92 634 018 |
| Income (Losses) for the year ended March 31 2024 | 27 686 389 |
| **Distributable profit** | **120 320 407** |
| Dividends distribution according to the General Assembly Meeting Decree on October 15 2024 | (10 000 000) |
| **Retained earnings as of March 31 2025** | **110 320 407** |

## 19. Deferred Tax assets and (liabilities)

Deferred tax assets and liabilities are attributable to the following

| Description | Assets (Liabilities) 31/03/2025 EGP | Assets (Liabilities) 31/03/2024 EGP |
|---|---|---|
| Balance at the beginning of the year | 33 294 689 | 23 727 154 |
| Closing Deferred tax related carryforward losses | (18 502 701) | |
| Deferred tax Assets during the year | | 9 567 535 |
| **Balance at the end of the year** | **14 791 988** | **33 294 689** |
| Balance at the beginning of the year | (9 805 801) | (10 069 796) |
| Deferred tax liabilities during the year | (845 395) | 263 995 |
| **Balance at the end of the year** | **(10 651 196)** | **(9 805 801)** |

## 20. Short term loan

On November 10 2022 and November 19 2023 the company signed 3 short term loans agreement with Asian Paints International Private Limited which amounted to USD 550 000 each and Signed 6 short term loans amounted to USD 500 000 respectively to support in discharge of overdue USD liabilities to vendors all loans shall be repaid after 12 months from date of receipt of the loan proceeds The applicable interest rate is 3-months USD term SOFR plus 2.5% p a which may be subject to revision.

As of March 31 2025 these loans were fully paid (March 31 2024 is EGP 219 852 000 equivalent to USD 4 650 000)

## 21. Treasury bills revenue

| | 31/03/2025 | 31/03/2024 |
|---|---|---|
| | EGP | EGP |
| Income from treasury bills purchased during the previous year, and sold during the current year | 4 685 511 | -867 3212 |
| Income from treasury bills purchased and sold during the year<br>Accrued treasury bills revenue | 2 027 100 | 14 550 438 |
| | **6 712 611** | **23 223 650** |

## 22. Related Parties transaction

| Company Name | Nature of Relationship | Transaction Description | Volume during the year | Balance 31/03/2025 | Balance 31/03/2024 |
|---|---|---|---|---|---|
| | | | EGP | EGP | EGP |
| Berger paints Emirates limited | Customer | Paints Sales | 4 663 341 | - | 3788665 |
| Berger paints Emirates limited | Customer | Other expenses | 619 083 | - | - |
| Berger paints Emirates limited | Supplier | Other expenses | 8 357 918 | 2 217 212 | - |
| Asian Paints (South Pacific) Limited Fiji | Customer | Paints Sales | - | - | - |
| Asian Paints (Nepal) Limited | Customer | Paints Sales | 270 900 | - | - |
| Asian Paints (Nepal) Limited | Supplier | Purchases | 72 738 | - | - |
| Berger Paints Bahrain W.L. L | Customer | Paints Sales | 140 877 | - | - |
| Berger Paints Bahrain W.L. L | Customer | Other expenses | 28 542 | - | - |
| Asian Paints (Bangladesh) Ltd | Customer | Paints sales | 277 983 | - | - |
| Asian Paints (Bangladesh) Ltd | Customer | Other expenses | 139 401 | - | - |
| Asian Paints (Bangladesh) Ltd | Supplier | Purchases | 100 190 | - | - |
| Causeway Paints Lanka (Private) Limited | Supplier | Other expenses | 977 060 | 976 481 | - |
| Kadisco Paint and Adhesive Industry Share Company Ethiopia | Supplier | Other expenses | 73 081 | 73 081 | - |
| Kadisco Paint and Adhesive Industry Share Company Ethiopia | Customer | Other expenses | 48 413 | - | - |
| PT Asian Paints Indonesia* | Customer | Other expenses | 847 906 | 846 235 | - |
| Asian Paints International Private Limited (Holding company) | Supplier | Other expenses<br>Dividends<br>Royality | 6 405 281<br>7 704 360<br>1 932 724 | 6 235 167<br>-<br>1 932 724 | 3 073 767<br>-<br>3 074 211 |
| Asian Paints International Private Limited (Holding company) | Finance | Short term loans Accrued interest | -<br>12 145 412 | -<br>885 869 | 219 852 000<br>10 035 043 |
| Asian Paints International Private Limited (Holding company) | Customer | Other expenses | 494 431 | - | 7 133 240 |
| Asian Paints Limited | Supplier | Other expenses<br>Royality | 3 302 956<br>55 754 018 | 1 741 067<br>55 754 018 | 1 590 991<br>116 275 015 |
| Asian Paints Limited | Customer | Other expenses | 200 802 | 114 628 | - |
| Asian Paints (Middle East) LLC Oman | Customer | Paints Sales | 32 023 | - | 843 239 |
| Asian Paints (Middle East) LLC Oman | Supplier | Purchases<br>Other Expenses | 15 778 308<br>48 470 | - | 50 934 744<br>348 027 |

* PT Asian Paints Indonesia's balance as of 19th March 25 amounted to EGP 846 235 and from this date it's no longer considered a related party for SCIB Chemicals.

## 23. Sales (net)

The company's net sales amounting to EGP 1863766517 and analyzed as follows:

| | 31/03/2025 | 31/03/2024 |
|---|---|---|
| | EGP | EGP |
| Export Sales | 351 649 493 | 163 220 716 |
| Local Sales | 1 512 117 024 | 1 520 631 148 |
| | **1 863 766 517** | **1 683 851 864** |

## 24. Contingent Liabilities

Contingent liabilities balance represents the uncovered portion of letters of guarantee as of March 31, 2025 amounted to EGP 1 220 409 ( March 31, 2024 amounted to EGP 1 813 733).

## 25. 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 (3) includes significant accounting policies applied in recognition and measurement of those financial instruments, and its related revenues and expenses.

## 26. 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 is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its accounts and notes receivables, other receivables and from financing activities including deposits with banks and financial institutions.

### Trade and notes receivables

The customer credit risk is established by the Company' policies, procedures and controls relating to customer credit risk management. The credit quality of a customer is assessed and basis that individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored, An impairment analysis is performed at each reporting date on an individual basis.

### Other financial assets

With respect to credit risk arising from the other financial assets of the Company, which comprise mainly Bank balances and deposits, Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these assets.

The Company limits its exposure to credit risk by only placing balances with international banks and local banks with a good reputation. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

## Liquidity Risk

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

| Aging Payables and Receivables | Not Due | Less than a year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| Accounts and Notes Payable | 382 325 814 | 15 027 204 | 34 646 | 84,556 | 124,815 | **397,597,035** |
| Accounts and Notes Receivables | 172 058 015 | 96 081 257 | 3 739 755 | 1,084,196 | 3,495,411 | **276,458,634** |

## 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

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates with all other variables held constant The impact on the Company's profit before tax is due to changes in the value of monetary assets and liabilities The Company's exposure to foreign currency changes for all other currencies are not material.

### Financial assets and Liabilities in foreign currencies: -

| 31 March 2025 | | |
|---|---|---|
| | **Assets Foreign currency** | **Liabilities Foreign currency** |
| US Dollar | 1 858 551 | (2 888 216) |
| Euro | 20 538 | (323 948) |

### Financial assets and Liabilities in local currency:-

| 31 March 2025 | | |
|---|---|---|
| | **Assets** | **Liabilities** |
| | **EGP** | **EGP** |
| US Dollar | 94 135 603 | (146 288 118) |
| Euro | 1 121 797 | (17 694 034) |
| **Total** | **95 257 400** | **(163 982 152)** |

| Sensitivity analysis:- | Change in foreign currency percentage | Effect of applying sensitivity testing on Profit Before Tax EGP |
|---|---|---|
| US Dollar | +10% | (5 215 252) |
| US Dollar | -10% | 5 215 252 |
| Euro | +10% | (1 657 224) |
| Euro | -10% | 1 657 224 |

### Interest rate risk

The interest rate risk is the risk that the fair value of 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 the market interest rates relates primarily to the Company's obligations with floating interest rates and interest-bearing time deposits. The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variable held constant, of the company's profit before tax (through the impact on floating rate borrowings). There is no impact on the company's equity other than the profit impact stated below:-

| | **Floating rate financial assets/ liabilities** | **+1% change in interest rate on Profit Before Taic In EGP** | **-1% change in interest rate on Profit §efore Tax In EGP** |
|---|---:|---:|---:|
| Financial Assets | - | - | - |
| Financial liabilities | (87 030 378) | (870 304) | 870 304 |

## 27. 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 have been inspected, and due taxes were settled until December 31, 2005.

From the year 2006 to 2020, the company's books were inspected and approved.

No tax inspection took place for the company's records for the years from March 2021 till March 2025.

### Salary Tax

The company was inspected, and due taxes were settled until December 31, 2022.

No tax inspection took place for the company's records for the years from December 2023 till December 2024

### Stamp Tax

The company was inspected, and due taxes were settled until March 31, 2021.

No tax inspection took place for the company's records for the years from March 2022 till March 2025.

### Sales Tax (Value Added)

The company was inspected until March 31, 2023, and due taxes were settled.

No tax inspection took place for the company's records for the years from March 2024 till March 2025.

## 28. Subsequent Events to the date of financial statements

The Monetary Policy Committee of the Central Bank of Egypt, in its meeting on Thursday, April 17, 2025, decided to maintain the overnight deposit and lending rates as well as the central bank's main operation rate at 25%, 26%, and 25.50%, respectively. Additionally, the committee decided to lower the discount and credit rate at 25.50%.

**Financial Controller** **Chief Executive**

**Berger Paints Bahrain W.L.L**

## BERGER PAINTS BAHRAIN W.L.L.

| | |
|---|---|
| Commercial Registration No. | 11658 |
| General Manager | Mr. Gurpreet Singh Sarna |
| Registered Office | Building 412, Block 601, Road 108<br>P. O. Box 26688<br>Industrial Area, Sitra<br>Kingdom of Bahrain |
| Bankers | HSBC Bank Middle East<br>Ahli United Bank |
| Auditor | Deloitte & Touche – Middle East<br>P.O. Box 421<br>Manama<br>Kingdom of Bahrain |

# Contents

# Manager's Report
# on the activities of the Company

for the financial year ended 31st March 2025

The company achieved overall sales of BHD 5,552,637 as compared to the sales of previous year BHD 5,781,093 representing a decrease of 4 % in value terms in a challenging market.

Company reported 6% net profit (2023-24 net profit was 13.62%). Profits for the year majorly got impacted due to the increase in debtor provisions in Projects segment.

Multiple initiatives were taken up during the year to understand local customer requirements and marketing initiatives were implemented to promote sales. New products were launched, and some existing high-selling products were improved to provide larger range of products with good quality.

The year saw growth in Retail Segment and a decline in Projects and Protective coating segments.

Company also started exporting its products to Kingdom of Saudi Arabia.

The Supply side remained stable. RM prices were less Volatile.

Despite the various challenges of the year, we remain optimistic about the prospects of the coming year and look forward to growth starting from the first quarter of 25-26.

**Gurpreet Singh Sarna**
General Manager

# Independent Auditor's Report

To the Shareholders of
**Berger Paints Bahrain W.L.L.**
**Kingdom of Bahrain**

## 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, 2025, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

## 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 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 Manager's Report. The Manager's Report is obtained prior to 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 IFRS Accounting Standards as issued by the IASB, 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 Commercial Companies Law, we report that:

I. the Company has maintained proper accounting records and the financial statements are in agreement therewith;

II. the financial information included in the Manager's Report is consistent with the financial statements;

III. 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 Memorandum and Articles of Association which would have a material adverse effect on its activities for the year ended March 31, 2025 or its financial position as at that date; and

IV. satisfactory explanations and information have been provided to us by the management in response to all our requests.

Deloitte & Touche – Middle East
Registration No. 256
Manama, Kingdom of Bahrain

22 April, 2025

# Statement of Financial Position

as at March 31, 2025

| | Notes | 2025 BD | 2024 BD |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 351,533 | 378,982 |
| Intangible assets | | 3 | 3 |
| Right of use assets | 6.1 | 28,881 | 24,291 |
| **Total non-current assets** | | **380,417** | **403,276** |
| | | | |
| **Current assets** | | | |
| Inventories | 7 | 1,055,510 | 962,910 |
| Accounts receivable | 8 | 1,996,249 | 1,985,810 |
| Due from related parties | 15(b) | 25,535 | - |
| Prepayment and other receivables | | 17,419 | 25,576 |
| Cash and bank balances | 9 | 162,952 | 302,732 |
| **Total current assets** | | **3,257,665** | **3,277,028** |
| **Total assets** | | **3,638,082** | **3,680,304** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 10 | 418,000 | 418,000 |
| Statutory reserve | 11 | 209,000 | 209,000 |
| Retained earnings | | 1,337,808 | 1,438,098 |
| **Total equity** | | **1,964,808** | **2,065,098** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Provision for employees' end-of-service benefits | 12 | 305,401 | 357,682 |
| Lease liabilities | 6.2 | 13,950 | 12,416 |
| **Total non-current liabilities** | | **319,351** | **370,098** |
| | | | |
| **Current liabilities** | | | |
| Accounts payable | 13 | 894,760 | 799,208 |
| Accruals and other payables | 14 | 329,119 | 364,928 |
| Due to related parties | 15(b) | 112,948 | 66,484 |
| Lease liabilities | 6.2 | 17,096 | 14,488 |
| **Total current liabilities** | | **1,353,923** | **1,245,108** |
| **Total liabilities** | | **1,673,274** | **1,615,206** |
| **Total equity and liabilities** | | **3,638,082** | **3,680,304** |

These financial statements were approved and authorised for issue on 17 April, 2025 by the General Manager:

**Mr. Gurpreet Singh Sarna**
General Manager

The attached notes form an integral part of these financial statements

# Statement of Profit or Loss and Other Comprehensive Income

year ended 31 March 2025

| | Notes | 2025 BD | 2024 BD |
|---|---|---|---|
| **Sales** | 16 | 5,552,637 | 5,781,093 |
| Cost of goods sold | 17 | (2,784,001) | (2,886,760) |
| Gross profit | | **2,768,636** | **2,894,333** |
| | | | |
| General and administrative expenses | 18 | (1,632,806) | (1,401,007) |
| Selling and distribution expenses | 19 | (312,546) | (351,437) |
| Technical fee | 15(a) | (147,200) | (142,868) |
| Depreciation on property, plant and equipment | 5 | (70,291) | (72,942) |
| Amortisation of intangible assets | | - | (2,688) |
| Depreciation on right to use assets | 6.1 | (39,224) | (89,548) |
| Provision for impaired receivables | 8 | (247,793) | (68,000) |
| Operating profit | | **318,776** | **765,843** |
| | | | |
| Interest expense on lease liabilities | 6.2 | (2,480) | (2,921) |
| Other income | 20 | 18,414 | 24,181 |
| Profit for the year | | **334,710** | **787,103** |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive income for the year** | | **334,710** | **787,103** |

Mr. Gurpreet Singh Sarna
General Manager

The attached notes form an integral part of these financial statements

# Statement of Changes in Equity

year ended March 31, 2025

| | Share Capital | Statutory Reserve | Retained Earnings | Total |
|---|---|---|---|---|
| | BD | BD | BD | BD |
| Balance at April 1, 2023 | 418,000 | 209,000 | 1,475,995 | 2,102,995 |
| Total comprehensive income for the year | - | - | 787,103 | 787,103 |
| Dividends paid | - | - | (825,000) | (825,000) |
| Balance at March 31, 2024 | **418,000** | **209,000** | **1,438,098** | **2,065,098** |
| Total comprehensive income for the year | - | - | 334,710 | 334,710 |
| Dividends paid | - | - | (435,000) | (435,000) |
| Balance at March 31, 2025 | **418,000** | **209,000** | **1,337,808** | **1,964,808** |

The attached notes form an integral part of these financial statements

# Statement of Cash Flows

year ended 31 March 2025

| | Notes | 2025<br>BD | 2024<br>BD |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit for the year | | 334,710 | 787,103 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 5 | 70,291 | 72,942 |
| Depreciation of right to use assets | 6.1 | 39,224 | 89,548 |
| Amortisation of intangible assets | | - | 2,688 |
| Interest expense on lease liabilities | 6.2 | 2,480 | 2,921 |
| Loss on disposal of property, plant and equipment | | 44 | 5 |
| Provision for employees' end-of-service benefits | 12 | 44,418 | 54,948 |
| Impairment losses recognised on receivables | 8 | 247,793 | 68,000 |
| Interest income on short term deposits | 20 | (581) | (120) |
| Provision of allowance for obsolete and slow-moving inventory | 7 | (5,329) | 14,106 |
| | | **733,050** | **1,092,141** |
| Changes in operating assets and liabilities: | | | |
| (Increase) / decrease in inventories | | (87,271) | 136,436 |
| Increase in accounts receivable | | (258,232) | (263,232) |
| (Increase) / decrease in due from related parties | | (25,535) | 7,944 |
| Decrease / (increase) in prepayments and other receivables | | 8,157 | (110) |
| Increase / (decrease) in accounts payable | | 95,552 | (43,110) |
| (Decrease) / increase in accruals and other payables | | (35,809) | 16,378 |
| Increase / (decrease) in due to related parties | | 46,464 | (39,525) |
| Cash from operations | | **476,376** | **906,922** |
| | | | |
| Payment of employees' end-of-service benefits | 12 | (96,699) | (45,005) |
| Interest element of lease liabilities | 6.2 | (2,480) | (2,921) |
| Net cash generated from operating activities | | **377,197** | **858,996** |
| | | | |
| **Cash flows from investing activities:** | | | |
| Purchase of property, plant and equipment | 5 | (42,886) | (35,863) |
| Interest income on short term deposits | | 581 | 120 |
| Net cash used in investing activities | | **(42,305)** | **(35,743)** |
| | | | |
| **Cash flows from financing activities:** | | | |
| Payment of principal payment of lease liabilities | | (39,672) | (90,450) |
| Dividends paid | | (435,000) | (825,000) |
| Net cash used in financing activities | | **(474,672)** | **(915,450)** |
| | | | |
| **Net decrease in cash and cash equivalents** | | (139,780) | (92,197) |
| | | | |
| Cash and cash equivalents beginning of year | | 302,732 | 394,929 |
| **Cash and cash equivalents end of year** | 9 | **162,952** | **302,732** |

The attached notes form an integral part of these financial statements

# Notes to the Financial Statements
for the year ended 31 March 2025

## 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 Accounting Standards)

### 2.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

The Company has adopted the amendments to IAS 7 and IFRS 7 for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments;
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments 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.

- Amendments to IAS 1 Presentation of Financial Statements — Non-current Liabilities with Covenants

The Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current).

Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

- Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The Company has adopted the amendments to IFRS 16 for the first time in the current year.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

## 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 Accounting Standards that have been issued but are not yet effective:

| Effective date | New accounting standard or amendments |
|---|---|
| 1 January 2025 | Amendments to IAS 21 - Lack of Exchangeability |
| 1 January 2026 | Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments |
| 1 January 2027 | IFRS 18 - Presentation and Disclosures in Financial Statements |
| 1 January 2027 | IFRS 19 - Subsidiaries without Public Accountability: Disclosures |

Management is still assessing the impact of IFRS 18, and they do not expect that the adoption of the remaining standards listed above will have a material impact on the financial statements of the Company in future periods.

# 3. Material Accounting Policies Information

## Basis of preparation and accounting

The financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the IASB 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 material accounting policies adopted are as follows:

## Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulate d 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 |

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 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 a related 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 and due from 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.

With effect from March 2024, employers are required to remit the amount of end of service benefit of expatriate employees applicable to each month, based on the month's salary, to Social Insurance Organisation (SIO). Upon cessation of employment, employees will receive the amounts so remitted directly from the SIO and balance, if any, will be paid by the employers.

For Bahraini employees, the Company makes contribution to the SIO, 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.

## 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 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 Uncertainity

In the application of the Company's material 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 material accounting policies

In the process of applying the entity's material 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.

### Discounting of lease payments

The lease payments are discounted using the Incremental Borrowing Rate (IBR). For calculation of IBR, the Company has taken the Bahrain Inter bank Offered Rate (BIBOR) and the rate is adjusted for the Company's specific risk, term risk and underlying asset risk.

## 5. Property, Plant and Equipment

| | Buildings on Leased Land | Plant and Machinery | Furniture, Fixtures and Equipment | Total |
|---|---|---|---|---|
| | BD | BD | BD | BD |
| **Cost :** | | | | |
| At April 1, 2023 | 661,146 | 1,398,950 | 130,557 | 2,190,653 |
| Additions | - | 27,641 | 8,222 | 35,863 |
| Disposals | - | (510) | (1,679) | (2,189) |
| At March 31, 2024 | **661,146** | **1,426,081** | **137,100** | **2,224,327** |
| Additions | - | 25,947 | 16,939 | 42,886 |
| Disposals | - | (10,201) | (7,989) | (18,190) |
| **At March 31, 2025** | **661,146** | **1,441,827** | **146,050** | **2,249,023** |
| | | | | |
| **Accumulated depreciation:** | | | | |
| At April 1, 2023 | 512,405 | 1,144,724 | 117,458 | 1,774,587 |
| Depreciation expense | 9,047 | 59,128 | 4,767 | 72,942 |
| Disposals | - | (509) | (1,675) | (2,184) |
| At March 31, 2024 | **521,452** | **1,203,343** | **120,550** | **1,845,345** |
| Depreciation expense | 9,047 | 55,802 | 5,442 | 70,291 |
| Disposals | - | (10,196) | (7,950) | (18,146) |
| **At March 31, 2025** | **530,499** | **1,248,949** | **118,042** | **1,897,490** |
| | | | | |
| **Carrying amount:** | | | | |
| **At March 31, 2025** | 130,647 | 192,878 | 28,008 | 351,533 |
| **At March 31, 2024** | **139,694** | **222,738** | **16,550** | **378,982** |

Buildings are constructed on land leased from the Government of the Kingdom of Bahrain. The lease 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 recognised right-of-use assets relates to the below types of leased asset in the Company:

| | Land | Motor Vehicle | Premises | Total |
|---|---|---|---|---|
| | BD | BD | BD | BD |
| **At April 1, 2023** | 13,908 | 37,438 | - | 51,346 |
| Additions | - | - | 62,493 | 62,493 |
| Amortisation | (4,288) | (22,767) | (62,493) | (89,548) |
| Balance, March 31, 2024 | **9,620** | **14,671** | **-** | **24,291** |
| Additions | - | 22,750 | 21,064 | 43,814 |
| Amortisation | (4,277) | (13,883) | (21,064) | (39,224) |
| **At March 31, 2025** | **5,343** | **23,538** | **-** | **28,881** |

The following are the amounts recognised in profit and loss for the year:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Amortization expense on right of use assets | 39,224 | 89,548 |
| Interest element of lease liabilities | **2,480** | **2,921** |

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

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Balance at beginning of the year | 26,904 | 54,861 |
| Additions | 43,814 | 62,493 |
| Accretion of interest | 2,480 | 2,921 |
| Payments | (42,152) | (93,371) |
| **Balance at end of the year** | **31,046** | **26,904** |

Below is the allocation of lease liabilities as at March 31:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Current lease liabilities | 17,096 | 14,488 |
| Non-current lease liabilities | 13,950 | 12,416 |
| | **31,046** | **26,904** |

The maturity analysis of lease liabilities is as follows:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Not later than 1 year | 18,333 | 15,698 |
| Later than 1 year and not later than 5 years | 14,695 | 12,820 |
| | **33,028** | **28,518** |
| Less: unearned interest | (1,982) | (1,614) |
| | **31,046** | **26,904** |

## 7. Inventories

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Raw materials | 424,499 | 355,808 |
| Finished goods | 382,886 | 356,456 |
| Packing material | 65,613 | 79,822 |
| | **872,998** | **792,086** |
| Allowance for obsolete and slow-moving inventories | (39,673) | (45,002) |
| | **833,325** | **747,084** |
| Work-in-progress | 7,954 | 10,381 |
| Goods in transit | 207,402 | 198,430 |
| Colour world stock items | 6,829 | 7,015 |
| | **1,055,510** | **962,910** |

The cost of inventories recognised as an expense during the year ended March 31, 2025, in respect of operations, was BD 2,667,267 (2024: BD 2,793,021) (Note 17).

Movement in the allowance for obsolete and slow-moving inventories:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Balance at April 1, | 45,002 | 30,896 |
| (Reversal) / charge for the year | (5,329) | 14,106 |
| Balance at March 31, | **39,673** | **45,002** |

## 8. Accounts Receivable

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Trade receivables | 2,676,889 | 2,418,657 |
| Allowance for impaired receivables | (680,640) | (432,847) |
| | **1,996,249** | **1,985,810** |

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.

| Aging brackets | March 31, 2025 | | | March 31, 2024 | | |
|---|---|---|---|---|---|---|
| | (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 | 1,183,317 | 0.2% | 2,315 | 1,145,715 | 1% | 7,538 |
| Less than 90 days | 618,973 | 3% | 20,933 | 529,989 | 2% | 8,202 |
| 90 - 180 days | 149,498 | 11% | 16,500 | 203,071 | 7% | 14,298 |
| 180 - 365 days | 130,365 | 35% | 46,156 | 107,035 | 35% | 37,007 |
| More than 365 days | 594,736 | 100% | 594,736 | 432,847 | 85% | 365,802 |
| | **2,676,889** | | **680,640** | **2,418,657** | | **432,847** |

Movement in the allowance for impaired receivables is as follow:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Balance at beginning of the year | 432,847 | 364,847 |
| Charge for the year | 247,793 | 68,000 |
| Balance at end of the year | **680,640** | **432,847** |

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.

## 9. Cash and Bank Balances

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Cash on hand | 474 | 1,877 |
| Current accounts with banks | 162,478 | 300,855 |
| | **162,952** | **302,732** |

## 10. Share Capital

The share capital comprises 8,360 authorised, issued and fully paid shares of BD 50 each.

During the year, dividends of BD 435,000 (2024: BD 825,000) was declared and paid to the shareholders.

## 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 Employee' End-of-Service Benefits

The movement in the provision for employee's end-of-service benefits is as follows:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| At beginning of the year | 357,682 | 347,739 |
| Charge for the year | 44,418 | 54,948 |
| Payments to employees | (59,277) | (45,005) |
| Payments to SIO | (37,422) | - |
| At end of the year | **305,401** | **357,682** |

The provision for employees' end-of-service benefits is calculated under the Bahrain Labour Law approximates to BD 305,401 (2024: BD 349,788) whereas the liability calculated as per the actuarial valuation carried out at the reporting date amounts to BD 300,984 (2024: BD 357,682).

(a) The most recent actuarial valuation of the present value of the end-of-service benefits was carried out at March 31, 2025 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

| | 2025 | 2024 |
|---|---|---|
| Discount rate | 5.88% | 5.88% |
| Salary escalation rate | 5.50% | 5.50% |

## 13. Accounts Payable

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Trade accounts payable | 894,760 | 799,208 |

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

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Accruals for employee benefits | 151,618 | 140,551 |
| Value added tax payable | 26,790 | 35,117 |
| Accrued expenses and other payables | 150,711 | 189,260 |
| | **329,119** | **364,928** |

## 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:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Purchases | 73,410 | 58,816 |
| Sales | 36,098 | 31,117 |
| Technical fee | 147,200 | 142,868 |
| General and administrative expenses - charged by related parties | 137,913 | 58,629 |
| Selling and distribution expenses charged by related parties | **49,797** | **142,875** |

Technical fee is paid to Asian Paints International Private Limited, Singapore at the rate of 3% (2024: 3%) of net sales excluding traded items from related parties and other sundry sales.

(b) Related party balances consist of:

| | Relationship | 2025 | 2024 |
|---|---|---|---|
| | | BD | BD |
| **Due from:** | | | |
| Kadisco Paint and Adhesive Industry S.C. | Affiliate | 771 | - |
| Berger Paints Emirates LTD CO LLC | Affiliate | 24,764 | - |
| | | **25,535** | **-** |
| **Due to:** | | | |
| Asian Paints International Private Limited | Parent Company | 55,912 | 45,407 |
| Asian Paints Limited | Ultimate Parent | 9,658 | 8,005 |
| Berger Paints Emirates LTD CO LLC | Affiliate | 35,052 | 2,239 |
| Asian Paints (Middle East) SPC | Affiliate | 12,326 | 9,568 |
| PT Asian Paints Indonesia | Affiliate | - | 1,265 |
| | | **112,948** | **66,484** |

(c) Compensation of key management personnel

Remuneration of members of key management during the year was as follows:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Short term benefits | 52,607 | 57,446 |
| Long term benefits | 3,342 | 2,482 |
| | **55,949** | **59,928** |

The above compensation was in the form of salaries, allowances and bonuses.

## 16. Sales

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Local sales | 5,374,210 | 5,711,982 |
| Export sales | 178,427 | 69,111 |
| | **5,552,637** | **5,781,093** |

## 17. Cost of Goods Sold

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Costs of finished goods – (a) (Note 7) | 2,667,267 | 2,793,021 |
| Overheads | 116,734 | 93,739 |
| | **2,784,001** | **2,886,760** |

### (a) Details of cost of finished goods are as follows:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Raw material consumed – (b) | 2,027,070 | 1,893,677 |
| Packing material consumed – (c) | 386,531 | 379,316 |
| Cost of goods purchased for resale | 364,595 | 526,772 |
| Movement in finished goods manufactured | (110,929) | (6,744) |
| Materials consumption | **2,667,267** | **2,793,021** |

### (b) Details of raw material consumed are as follows:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Opening balance raw material including goods in transit – net of provision | 514,219 | 649,725 |
| Purchases | 2,022,091 | 1,758,171 |
| Closing balance of raw material – net of provision | (509,240) | (514,219) |
| Raw material consumed | **2,027,070** | **1,893,677** |

### (c) Details of packing material consumed are as follows:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Opening balance packing material – net of provision | 77,644 | 89,532 |
| Purchases | 372,778 | 367,428 |
| Closing balance of packing material – net of provision | (63,891) | (77,644) |
| Raw material consumed | **386,531** | **379,316** |

## 18. General and Administrative Expenses

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Staff costs – (a) | 1,451,110 | 1,247,530 |
| Power and fuel | 10,764 | 8,483 |
| System expense | 23,022 | 15,155 |
| Communication | 21,352 | 17,152 |
| Outsourced manpower expenses | 2,940 | 3,682 |
| Travel | 22,238 | 13,201 |
| Postage, printing and stationery | 13,774 | 9,260 |
| Legal and professional fees | 11,969 | 12,090 |
| Insurance | 8,063 | 7,654 |
| Repairs and maintenance | 729 | 122 |
| Other expenses | 66,845 | 66,678 |
| | **1,632,806** | **1,401,007** |

## (a) Movement in number of employees

| | 2025 | 2024 |
|---|---|---|
| At beginning of the year | 92 | 92 |
| Joined | 18 | 9 |
| Left | (9) | (9) |
| At end of the year | **101** | **92** |

## 19. Selling and Distribution Expenses

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Advertisement and promotion expense | 212,786 | 232,551 |
| Freight | 54,044 | 47,625 |
| Vehicle charges | 42,581 | 55,048 |
| Rent | 3,000 | 3,000 |
| Other | 135 | 13,213 |
| | **312,546** | **351,437** |

## 20. Other Income

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| Interest income from short term deposits | 581 | 120 |
| Scrap sales | 7,115 | 8,387 |
| Exchange gain | 7,693 | 7,046 |
| Miscellaneous income | 3,025 | 8,628 |
| | **18,414** | **24,181** |

## 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:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| **Financial assets** | | |
| Receivables at amortised cost (excluding prepayments) | 2,193,507 | 2,293,990 |
| | | |
| **Financial liabilities** | | |
| Amortised cost | **1,341,083** | **1,222,402** |

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 significant 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 risk

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 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 | 1 year to 5 years | Total |
|---|---|---|---|---|---|---|
| | | BD | BD | BD | BD | BD |
| **2025** | Average interest rate | | | | | |
| Non-interest bearing | - | 567,811 | 741,379 | - | - | 1,309,190 |
| Interest earning | 5.375% | - | - | 17,096 | 15,692 | 32,788 |
| | | **567,811** | **741,379** | **17,096** | **15,692** | **1,341,978** |
| | | | | | | |
| **2024** | | | | | | |
| Non-interest earning | - | 287,147 | 388,508 | 519,843 | - | 1,195,498 |
| Interest earning | 5.375% | - | - | 15,072 | 15,085 | 30,157 |
| | | **287,147** | **388,508** | **534,915** | **15,085** | **1,225,655** |

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.

| | Less than 1 month | 1-3 months | 3 months to 1 year | Total |
|---|---|---|---|---|
| | BD | BD | BD | BD |
| **2025** | | | | |
| Non-interest earning | 1,343,954 | 598,040 | 251,513 | 2,193,507 |
| **2024** | | | | |
| Non-interest earning | 1,440,909 | 521,787 | 331,294 | 2,293,990 |

### 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 except for lease liabilities.

## 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. Domestic Minimum Tax

The Global Anti-Base Erosion Pillar Two Model Rules ("GloBE rules") established by the Organisation for Economic Cooperation and Development ("OECD") apply to multinational enterprise ("MNE") groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree-Law No. (11) of 2024 ('Bahrain DMTT Law") on 1st September 2024 introducing a Domestic Minimun Top-up Tax ("DMTT") of up to 15% of the taxable income of the Bahrain resident entities within the Group for fiscal years commencing on or after 1st January 2025.

Since, the newly enacted regulations are only effective from fiscal years commencing on or after 1 January 2025, the Company has no current tax impact for the year ended 31 March 2025.The Company has applied in January 2025 for DMTT registration with the National Bureau for Revenue ("NBR").

# Berger Paints Emirates Ltd Co (L.L.C)

# Contents

# Managers' Report

The Manager presents the report together with the audited financial statements of Berger Paints Emirates Ltd Co (L.L.C) ("the Company") for the year ended 31 March 2025.

## Principal activities

The principal activities of the Company are manufacturing, marketing and distribution of paints and chemicals.

## Financial results

The Company has generated a net revenue of AED 265,314,318 (2024: AED 231,057,824) and earned a net profit of AED 7,833,462 (2024: net loss of AED 890,455) during the year.

## Dividends

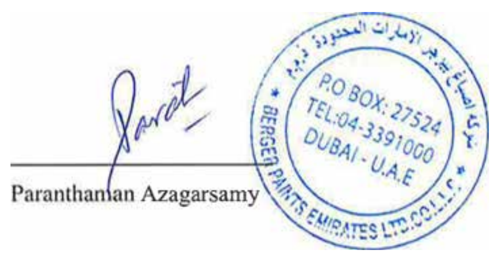
No dividends were declared and paid during the year (2024: Nil).

## Auditors

M/s KPMG were appointed as auditors of the Company for the year ended 31 March 2025, and being eligible for re-appointment, have expressed their willingness to continue in the office.

For and on behalf of the Company

6 May 2025




Paranthaman Azagarsamy

# Independent Auditor's Report

To the Shareholders of
**Berger Paints Emirates Ltd Co (L.L.C)**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Berger Paints Emirates Ltd Co (L.L.C) ("the Company"), which comprise the statement of financial position as at 31 March 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### 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 Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, 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 Manager's report set out on page 1.

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 IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 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.

### 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 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 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.

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 March 2025:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;

iii) the Company has maintained proper books of account;

iv) as disclosed in note 30 to the financial statements, the Company has not purchased any shares during the year ended 31 March 2025;

v) note 17 to the financial statements discloses material related party transactions and the terms under which they were conducted; and

vi) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2025 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or its Articles of Association, which would materially affect its activities or its financial position as at 31 March 2025.

**KPMG Lower Gulf Limited**

Fawzi AbuRass

Registration No.: 968

Dubai, United Arab Emirates

Date: 7 May 2025

# Statement of Profit or Loss and Other Comprehensive Income

year ended 31 March, 2025

| | Notes | 2025<br>AED | 2024<br>AED |
|---|---|---|---|
| **Revenue** | 5 | 265,314,318 | 231,057,824 |
| Cost of sales | 6 | (190,598,378) | (161,110,831) |
| **Gross profit** | | **74,715,940** | **69,946,993** |
| Selling and distribution expenses | 7 | (58,646,650) | (65,130,763) |
| General and administrative expenses | 8 | (8,843,684) | (8,629,847) |
| Reversal of impairment loss on trade receivables | 28 | 516,520 | 1,067 |
| Other income ( net | 9 | 2,537,420 | 5,083,073 |
| **Operating profit** | | **10,279,546** | **1,270,523** |
| | | | |
| Finance costs | 10 | (1,576,086) | (2,160,978) |
| Profit/ (loss) before tax | | 8,703,460 | (890,455) |
| Income tax expense | 11 | (869,998) | |
| **Profit/ (loss) for the year** | | **7,833,462** | **(890,455)** |
| **Other comprehensive income for the year** | | | |
| **Total comprehensive income/ (loss) for the year** | | **7,833,462** | **(890,455)** |

The notes set out on pages 11 to 36 form an integral part of these financial statements.

The independent auditors' report is set out on pages 5 to 6.

# Statement of Financial Position

as at 31 March, 2025

| | Notes | 2025 AED | 2024 AED |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 10,697,912 | 10,479,927 |
| Right-of-use assets | 13 | 10,605,862 | 10,703,435 |
| Intangible assets | 14 | 42,354 | 118,623 |
| | | **21,346,128** | **21,301,985** |
| **Current assets** | | | |
| Inventories | 15 | 37,615,537 | 28,130,364 |
| Trade and other receivables | 16 | 95,827,654 | 88,656,021 |
| Due from related parties | 17 | 4,665,790 | 1,013,914 |
| Other financial assets | 18 | | 825,002 |
| Cash and cash equivalents | 19 | 11,340,214 | 14,813,799 |
| | | **149,449,195** | **133,439,100** |
| **Total assets** | | **170,795,323** | **154,741,085** |
| **Equity and liabilities** | | | |
| Share capital | 20 | 1,000,000 | 1,000,000 |
| Statutory reserve | 21 | 500,000 | 500,000 |
| General reserve | 22 | 10,851,738 | 10,851,738 |
| Retained earnings | | 15,641,686 | 7,808,224 |
| Subordinated loan from a related party | 17 | 16,797,741 | 16,797,741 |
| **Total equity** | | **44,791,165** | **36,957,703** |
| **Non-current liabilities** | | | |
| Lease liabilities | 25 | 5,990,725 | 6,411,574 |
| Provision for staff terminal benefits | 23 | 5,516,345 | 4,465,093 |
| | | **11,507,070** | **10,876,667** |
| **Current liabilities** | | | |
| Trade and other payables | 26 | 86,091,007 | 68,016,764 |
| Due to related parties | 17 | 21,782,249 | 21,062,597 |
| Current maturity of lease liabilities | 25 | 4,074,280 | 4,009,028 |
| Bank borrowings | 24 | 1,679,554 | 13,818,326 |
| Income tax payable | 11 | 869,998 | |
| | | **114,497,088** | **106,906,715** |
| **Total liabilities** | | **126,004,158** | **117,783,382** |
| **Total equity and liabilities** | | **170,795,323** | **154,741,085** |

The notes set out on pages 11 to 36 form an integral part of these financial statements.

The independent auditors' report is set out on pages 5 to 6.

To the best of our knowledge, the financial statements present fairly, in all material respects, the financial position, results of operations and cashflows of the Com!)anv as of and for the year ended 31 March 2025.

These financial statements were approved by the General Manager of the company on 06 May 2025

____________________
Paranthaman Azagarsamy

# Statement of Cash Flows

Year ended 31 March 2025

| | Notes | 2025<br>AED | 2024<br>AED |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/ (loss) for the year | | 7,833,462 | (890,455) |
| Adjustments for: | | | |
| Depreciation ofright-of-use assets | 13 | 7,872,522 | 6,931,776 |
| Depreciation of property, plant and equipment | 12 | 2,251,826 | 2,244,622 |
| Provision for staff terminal benefits | 23 | 1,677,692 | 1,487,983 |
| Interest accrued on lease liabilities | 25 | 582,835 | 604,395 |
| Provision for stock obsolescence | 15 | 518,170 | 455,830 |
| Amortisation of intangible assets | 14 | 102,581 | 112,396 |
| Loss on termination of leases | 9 | 53,643 | 22,955 |
| Reversal of impairment loss on trade receivables | 28 | (516,520) | (1,067) |
| Gain/ (loss) on disposal of property, plant and equipment | 9 | (10,564) | 32 |
| Operating profit before working capital changes Changes in: | | 20,365,647 | 10,968,467 |
| - inventories | | (10,003,343) | (4,112,554) |
| - trade and other receivables | | (6,655,113) | 1,687,228 |
| - due from related parties | | (3,651,876) | 3,414,473 |
| - other financial assets | | 825,002 | 1,032,486 |
| - trade, taxation and other payables | | 18,944,241 | 3,717,374 |
| - due to related parties | | 719,652 | 5,518,499 |
| | | **20,544,210** | **22,225,973** |
| Staff terminal benefits paid | 23 | (626,440) | (734,659) |
| Net cash from operating activities | | **19,917,770** | **21,491,314** |
| | | | |
| **Investing activities** | | | |
| Acquisition of property, plant and equipment and intangible assets | | (2,562,495) | (1,388,326) |
| Proceeds from disposal of property, plant and equipment | | 76,936 | 9,431 |
| Net cash used in investing activities | | **(2,485,559)** | **(1,378,895)** |
| **Financing activities** | | | |
| Refund of lease rental upon early termination | | 96,713 | |
| Repayment of bank borrowings | 24 | (12,138,772) | (3,323,920) |
| Payment of lease liabilities | 25 | (8,863,737) | (8,264,515) |
| Net cash used in financing activities | | **(20,905,796)** | **(11,588,435)** |
| **Net movement in cash and cash equivalents** | | **(3,473,585)** | **8,523,984** |
| Cash and cash equivalents at the beginning of the year | | 14,813,799 | 6,289,815 |
| **Cash and cash equivalents at the end of the year** | 19 | **11,340,214** | **14,813,799** |

The notes set out on pages 11 to 36 form an integral part of these financial statements.

The independent auditors' report is set out on pages 5 to 6.

# Statement of Changes in Equity

year ended March 31, 2025

| | Share Capital | Statutory Reserve | General reserve | Retained earnings | Subordinated loan from a related party | Total |
|---|---|---|---|---|---|---|
| | **AED** | **AED** | **AED** | **AED** | **AED** | **AED** |
| Balance at April 1, 2023 | 1,000,000 | 500,000 | 10,851,738 | 8,698,679 | 16,797,741 | 37,848,158 |
| **Total comprehensive loss for the year** | | | | | | |
| Loss for the year | - | - | - | (890,455) | - | (890,455) |
| At 31 March 2024 | **1,000,000** | **500,000** | **10,851,738** | **7,808,224** | **16,797,741** | **36,957,703** |
| At 1 April 2024 | 1,000,000 | 500,000 | 10,851,738 | 7,808,224 | 16,797,741 | 36,957,703 |
| **Total comprehensive income for the year** | | | | | | |
| Profit for the year | - | - | - | 7,833,462 | - | 7,833,462 |
| Balance at March 31, 2025 | **1,000,000** | **500,000** | **10,851,738** | **15,641,686** | **16,797,741** | **44,791,165** |

The notes set out on pages 11 to 36 form an integral part of these financial statements.

# Notes to the Financial Statements
for the year ended 31 March 2025

## 1. General information

Berger Paints Emirates Limited Co (L.L.C) ("the Company") is registered as a Limited Liability Company in the Emirate of Dubai, United Arab Emirates ('UAE'), and was incorporated 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 |

*Holds beneficially on behalf of Asian Paints International Private Limited, Singapore ("the Holding Company"). The Ultimate Holding Company and the controlling party is Asian Paints Limited, India (the "Ultimate Holding Company"). •

The registered address of the Company is P.O. Box 27524, Dubai, UAE. The principal activities of the Company are manufacturing, marketing and distribution of paints and chemicals.

## 2. Basis of preparation

### a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the applicable requirements ofUAE Federal Decree Law No. 32 of 2021.

### b) Basis of measurement

The financial statements have been prepared under the historical cost convention.

### c) Functional and presentation currency

These 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.

### d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company'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 significant areas of judgements, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 29.

## 3. Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise. Certain comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year. Such reclassifications did not affect the previously reported net profit, other comprehensive income, or total equity.

### Revenue recognition

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. For contracts that petmit 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. 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.

### Sale of goods

Revenue from 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 Company and are recognised at the time of delivery when persuasive evidence exists that the control passes from the Company to the customer, and the amount of revenue can be measured reliably. Discounts are recognised as a reduction of revenue as the sales are recognised.

### Contract revenue

Contract revenue relates to the labor services for the application of paint on construction contracts, provided by subcontractors.

Contract revenue is recognized using the output method in accordance with IFRS 15, upon certification of the work by the subcontractor. The related costs are recognized in profit or loss on the same basis. No profit is recognized on these services, as the amounts invoiced reflect the actual costs incurred. Advances received in relation to contract revenue are recognized as contract liabilities.

## 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 uses the definition of a lease in IFRS 16.

### 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 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 lease contracts which contain both lease and non-lease components, the Company has elected to account for the components as a single lease and not to separate the components.

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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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, plant 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.

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 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, ifthere is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or ifthere 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 Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

### Short-term leases and leases of low-value assets

The Company has elected not to recognise tight-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company 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 Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company 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 amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, 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. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

## Employee benefits

### Staff terminal benefits

The provision for staff terminal benefits is based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the Company's policy which is in line with UAE Federal Labour Law. Management considers these as long-term obligations and accordingly, they are classified as long-term liabilities.

### Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be measured reliably.

### UAE nationals - Pension and Social Security

In accordance with Federal Labour Law No.7 of 1999 for pension and social security, employers are required to contribute 12.5% of the 'contribution calculated on salary' of those employees who are UAE nationals. These employees are'also required to contribute 5% of the 'contribution calculated on salary' to the scheme. The Company's contribution is recognised as an expense in the profit or loss as incuned. The employees and employers' contribution, to the extent remaining unpaid at the reporting date, has been shown under other liabilities.

## Property, plant and equipment and depreciation

### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation, and impairment losses, if any. Cost includes expenditure that is 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.

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 net in profit or loss.

### Subsequent cost

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

### Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values 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 tenn and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current year and comparative year of significant items of property, plant and equipment are as follows:

| Assets | Life (years) |
|---|---|
| Leasehold improvements | 20 - 25 |
| Plant and machinery and office equipment | 3 - 10 |
| Motor vehicles | 4-5 |
| Furniture, fixtures, and IT equipment | 5-8 |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## Capital work in progress

Capital work in progress is stated at cost and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment or intangible assets. No depreciation is charged on capital-work-in-progress.

## Intangible assets

### Recognition and measurement

Intangible assets primarily include expenditure incurred towards the Company's enterprise resource planning system and related software applications. These intangible assets that are acquired / developed by the Company, have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

### Research and development cost related to internally developed software

Expenditure on research activities related to intangible assets is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses (if any).

### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it is related. All other expenditure is recognised in profit or loss as incurred.

### 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 Company 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.

## Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

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 based on weighted average principle, and includes insurance, freight and other incidental charges incurred.

## Finished goods and work in progress

The cost of finished goods and work in progress based on weighted average principle 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 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 pre-tax rate 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 cost.

## Finance costs

Finance costs comprise interest on bank borrowings, interest expense accrued on lease liabilities and bank charges.

Interest expense is recognised in profit or loss as they accrue, using the effective interest method.

## Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

### 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 of 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. Tt is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Cunent tax assets and liabilities are offset only if certain criteria are met.

### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
    - is not a business combination; and
    - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. 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; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due.

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

## Other expenses and other income

Other expenses and other income comprise commission income / expense from Qatar operation, loss/ gain on termination ofleases, loss/ gain on disposal of property, plant and equipment and foreign cmTency translation differences. When the Company acts in the capacity of an agent rather than as the principal in a transaction, the (expense)/ income recognised is the net amount of commission (paid)/ earned by the Company.

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 Company classifies non-derivative financial assets and liabilities into financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("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 Company.

All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. The Company 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 Company 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 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.

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.

### (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 comptise cash and cash equivalents, trade and other receivables, other financial assets and balance due from related parties.

### Financial assets at FVOCI

A financial asset 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.

### Financial assets at FVTPL

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.

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at banks in current accounts.

#### (i) 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, related party payables, bank borrowings and lease liabilities.

### Share capital - ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Hybrid instruments are accounted as equity instruments and there is no contractual obligation to pay cash.

### Modification

### Financial assets

If the terms of a financial asset are modified, the

Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different.

The Company assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Company analogizes to the guidance on the derecognition of financial liabilities

If the cash flows of the modified asset canied at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

## Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Company applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification (or exchange) does not result in the derecognition of the financial asset, i.e. the Company recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors.

## Impairment

### Non-derivative financial assets

#### Financial instruments

The Company measures 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 ECL, except for due from related parties and 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. There assets are measured as 12-month ECL.

Loss allowances for trade receivables 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 90 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 270 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross cmrying amount of the assets.

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 using a pre-tax discount rate 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 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;
- 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.

**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 when the Company has no reasonable expectations ofrecovering a financial asset in its entirety or a portion thereof. For its customers, the Company individually makes an assessment with respect to the timing and amount ofwrite off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written 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.

## Non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than inventories) 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 generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value, pre-tax rate that reflects current market assessments of the time value of money and the risks specific to assets.

An impairment loss is recognized if the carrying amount of an assets exceeds its recoverable amount. Impairment losses are recognized in profit or loss and co1Tespondingly reduces the carrying value of the asset.

An impai1ment 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, ifno impairment loss had been recognised.

**New standards, amendments and interpretations adopted by the Company**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after I January 2024 and have been applied in preparing these financial statements:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Non-Current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16)

The application of these revised IFRS Accounting Standards does not have any significant impact on the amounts reported for the current and prior year but may affect the accounting for future transactions or arrangements.

## Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Company has not early adopted the following new or amended accounting standards in preparing these financial statements.

### A. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting period beginning on or after I January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is group in the financial statements, including for items currently labelled as 'other'.

### B. Other accounting standards

The following new and amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

| | Effective date |
|---|---|
| Lack of Exchangeability (Amendments to IAS 21) | 1 January 2025 |
| Classification and Measurement of Financial Instruments -Amendments to IFRS 9 and IFRS 7 | 1 January 2026 |
| Annual Improvements to IFRS Accounting Standards - Volume 11 IFRS 19 | 1 January 2026 |
| Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

## 4. Financial risk and capital management

### Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk; and
- market risk

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.

### Risk management framework

The Board of Directors of the Holding Company has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies. The Company's senior management reports to the Board of Directors of the Holding Company on its activities.

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.

### 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. Credit risk is mainly attributable to the Company's trade and other receivables, due from related parties, other financial assets and cash at banks.

Trade and other receivables and related party balances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company earns its revenue from a large number of customers across the Middle East and various regions in Africa. The Company seeks to limit its credit risk with respect to customers by reviewing credit to individual customers, tracking their historical business relationship, default risk and using trade finance arrangements.

The Company 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, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed annually.

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experienced over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The Company carries out business transaction with related parties. Amounts due from related parties are considered fully recoverable by management.

### Cash at banks

The cash and cash equivalents are held with banks and financial institution counterparties with appropriate reputation. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and accordingly, the expected credit loss is considered negligible.

### 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. Liquidity risk mainly relates to trade and other payables, due to related parties, lease liabilities and bank borrowings.

### Management of liquidity risk

The Company'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 Company's reputation. The Company's overall liquidity risks are monitored on an ongoing basis by the Board of Directors of the Holding Company.

### Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or 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 Company is mainly exposed to currency risk on purchases and payables that are denominated in a currency other than the functional currency of the Company, primarily Euro (“EUR”). The Company also has transactions denominated in United States Dollar (“USD”); however, the Company is not exposed to the currency risk for USD as AED is pegged to the USD.

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.

### Interest rate risk

Interest rate risk is the risk that value of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to interest rate risk is primarily on lease liabilities and bank borrowings. The interest rate on the Company’s financial instruments is based on market rates. Interest rate risk arises from the possibility that changes in interest rates will affect the interest expense of the Company.

### Capital management

The policy of the Holding Company’s Board of Directors is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. The Holding Company’s Board of Directors monitors the return on capital through operating cash flow management. There was no change in the Company’s approach to capital management during the year and the Company is not subject to any externally imposed capital requirements.

## 5. Revenue

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Sale of goods | | |
| Local sales | 226,799,526 | 204,888,948 |
| Export sales (refer note (i) below) | 48,671,420 | 42,686,923 |
| Less: discounts | (11,594,164) | (19,683,369) |
| | 263,876,782 | 227,892,502 |
| Contract revenue | 1,437,536 | 3,165,322 |
| | **265,314,318** | **231,057,824** |

(i) Revenue by geographical segments is summarized below:

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Africa region | 34,973,181 | 31,826,090 |
| Gulf region | 13,292,675 | 10,149,741 |
| South Asia region | 405,564 | 665,228 |
| Southeast Asia & South Pacific region | - | 45,864 |
| | **48,671,420** | **42,686,923** |

## 6. Cost of sales

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Raw materials and work in progress at the beginning of the year | 16,042,033 | 12,450,464 |
| Add: Raw materials purchased during the year | 153,034,430 | 121,972,151 |
| Less: Cost of raw materials sold | (2,294,444) | (2,597,183) |
| Less: Raw materials and work in progress at the end of the year | (21,045,427) | (16,042,033) |
| | | |
| Cost of raw materials consumed | 145,736,592 | 115,783,399 |
| Employees' salaries and benefits | 14,680,399 | 11,416,181 |
| Rent and utilities | 1,741,264 | 1,359,895 |
| Depreciation of right-of-use assets (refer note 13) | 1,564,048 | 1,339,846 |
| Depreciation of property, plant and equipment (refer note 12) | 1,562,539 | 1,549,114 |
| Repairs and maintenance | 711,026 | 884,515 |
| Other direct expenses | 6,296,279 | 4,996,226 |
| | **172,292,147** | **137,329,176** |
| **Cost of goods manufactured** | | |
| Movement in finished goods | 13,934,105 | 13,413,120 |
| Finished goods at the beginning of the year | 19,574,200 | 18,556,909 |
| Add: Finished goods purchased during the year | (18,934,054) | (13,934,105) |
| Less: Finished goods at the end of the year | 186,886,398 | 155,365,100 |
| | | |
| **Cost of sales** | | |
| Cost of raw materials sold | 2,294,444 | 2,597,183 |
| Contract costs | 1,437,536 | 3,148,548 |
| | **190,598,378** | **161,110,831** |

## 7. Selling and distribution expenses

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Employees' salaries and benefits | 26,240,370 | 23,090,268 |
| Advertising, promotion and marketing expenses | 9,024,573 | 8,034,349 |
| Freight and documentation charges | 7,155,201 | 6,008,609 |
| Royalties for technical expertise (refer notes 17 and (i) below) | 6,887,658 | 5,889,016 |
| Depreciation of right-of-use assets (refer note 13) | 4,058,167 | 3,627,175 |
| Outsourced manpower expenses | 1,612,465 | 348,242 |
| Depreciation of property, plant and equipment (refer note 12) | 261,488 | 310,258 |
| Recharge by a related party (refer notes 16 and (ii) below) | - | 12,666,817 |
| Other selling and distribution costs | 3,406,728 | 5,156,029 |
| | **58,646,650** | **65,130,763** |

(i) Royalty is charged at 3% of revenue from the sale of manufactured goods, net of discounts, as determined in accordance with the service agreement with the Holding Company.

(ii) In the previous year, the Company recognized a recharge from Asian Paints Middle East LLC (APME), Oman, a related party in relation to provision for doubtful debts arising from sales to Darwish Trading (agency) in Qatar, pursuant to an agreement between the Company and APME. As this anangement has been discontinued, no such recharge or related expense has been incurred in the current year.

## 8. General and administrative expenses

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Employees' salaries and benefits | 4,027,229 | 3,680,083 |
| Depreciation of right-of-use assets (refer note 13) | 2,250,307 | 1,964,755 |
| Legal and professional expenses | 860,623 | 1,090,672 |
| IT expenses | 595,194 | 373,707 |
| Depreciation of property, plant and equipment (refer note 12) | 427,799 | 385,250 |
| Travelling expenses | 421,858 | 224,293 |
| Management fee (refer note 17) | 368,000 | 368,000 |
| Communication expenses | 333,365 | 286,160 |
| Insurance expense | 247,281 | 277,630 |
| Amortization of intangible assets (refer note 14) | 102,581 | 112,396 |
| Utilities | 63,879 | 37,576 |
| Printing, stationery and office supplies | 50,393 | 78,392 |
| Repairs and maintenance | 21,883 | 73,485 |
| Other general and administrative expenses (net of recharges) | (926,708) | (322,552) |
| | **8,843,684** | **8,629,847** |

## 9. Other income - net

| | 2025 | 2024 |
|---|---:|---:|
| | AED | AED |
| Recharge of management personnel costs (refer note (i) below) | 1,386,790 | 1,381,033 |
| Scrap sales | 547,466 | 428,944 |
| Unclaimed aged balances written back | 383,259 | |
| Commission income (refer note (ii) below) | 151,741 | 2,672,621 |
| Foreign exchange fluctuation gain - net | 20,374 | 19,841 |
| Gain/ (loss) on disposal of property, plant and equipment | 10,564 | (32) |
| Loss on termination of leases | (53,643) | (22,955) |
| Other miscellaneous income | 90,869 | 603,621 |
| | **2,537,420** | **5,083,073** |

(i) The Company provides employee-related support services to related parties. Associated costs are recharged with a mark-up, which is recognized as income in the statement of profit or loss.

(ii) Commission income is receivable from a related party, Asian Paints Middle East, and is calculated based on a mutually agreed mechanism in relation to customer management services provided by the Company to related party.

## 10. Finance costs

| | 2025 | 2024 |
|---|---:|---:|
| | AED | AED |
| Interest on bank borrowings | 653,841 | 1,196,921 |
| Interest on lease liabilities (refer note 25) | 582,835 | 604,395 |
| Bank charges | 339,410 | 359,662 |
| | **1,576,086** | **2,160,978** |

## 11. Income tax expense

On December 9, 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective for accounting periods beginning on or after June 1, 2023. As the Company's accounting year ends on 31 March, the first tax period is I April 2024 to 31 March 2025, with the first return to be filed on or before 31 December 2025.

The Cabinet of Ministers Decision No. 116/2022 effective from January 2023, has confirmed the threshold of income over which the 9% tax rate would apply, and the Law is considered to be substantively enacted. A rate of 9% is applicable to taxable income exceeding AED 375,000. A rate of0% will apply to taxable income not exceeding AED 375,000.

### a. Amounts recognised in profit or loss

| | 2025 | 2024 |
|---|---:|---:|
| | AED | AED |
| Current tax expense | | |
| Current year | **869,998** | - |

## b. Amounts recognised in the statement of financial position

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Income tax payable | | |
| At 1 April | - | - |
| Add: Income tax provision for the year | 869,998 | - |
| At 31 March | **869,998** | - |

## c. Reconciliation of effective tax rate

| Particulars | Effective tax rate | 2025 | 2024 |
|---|---|---|---|
| | | AED | AED |
| Profit / (loss) before tax | | 8,703,460 | (890,455) |
| Tax using the Company's domestic tax rate | 9% | 783,311 | - |
| Tax effect of: | | | - |
| Base tax exemption | (0.39%) | (33,750) | - |
| Non-deductible expenses | 1.38% | 120,437 | - |
| Effective tax rate / income tax expense | 9.99% | 869,998 | - |

## 12. Property, plant and equipment

| | Leasehold improvements | Plant and machinery and office equipment | Motor Vehicles | Furniture, fixtures, and IT equipment | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED | AED |
| **Cost** | | | | | | |
| **At 1 April 2023** | **12,592,127** | **30,215,861** | **52,384** | **3,926,828** | **-** | **46,787,200** |
| Additions | - | - | - | - | 1,388,326 | 1,388,326 |
| Transfers | - | 1,104,785 | - | 225,141 | (1,329,926) | - |
| Disposals / write offs | - | (26,719) | - | (91,413) | - | (118,132) |
| At 31 March 2024 | 12,592,127 | 31,293,927 | 52,384 | 4,060,556 | 58,400 | 48,057,394 |
| At 1 April 2024 | 12,592,127 | 31,293,927 | 52,384 | 4,060,556 | 58,400 | 48,057,394 |
| Additions | - | - | - | - | 2,536,183 | 2,536,183 |
| Transfers | 284,600 | 1,749,174 | - | 500,962 | (2,534,736) | - |
| Disposals / write offs | - | (2,276,365) | (51,002) | (451,686) | - | (2,779,053) |
| Reclassification to intangible assets | - | - | - | (209,600) | - | (209,600) |
| **At 31 March 2025** | **12,876,727** | **30,766,736** | **1,382** | **3,900,232** | **59,847** | **47,604,924** |
| **Accumulated depreciation** | | | | | | |
| At I April 2023 | 10,315,449 | 22,421,959 | 51,921 | 2,652,185 | - | 35,441,514 |
| Charge for the year | 202,749 | 1,656,623 | 459 | 384,791 | - | 2,244,622 |
| On disposal / write offs | - | (26,712) | - | (81,957) | - | (108,669) |
| At 31 March 2024 | 10,518,198 | 24,051,870 | 52,380 | 2,955,019 | - | 37,577,467 |
| At 1 April 2024 | 10,518,198 | 24,051,870 | 52,380 | 2,955,019 | 37,577,467 | |
| Charge for the year | 230,645 | 1,593,382 | - | 427,799 | - | 2,251,826 |
| On disposals/ write offs | - | (2,253,291) | (50,999) | (408,391) | - | (2,712,681) |
| Reclassification to intangible assets | - | - | - | (209,600) | - | (209,600) |
| **At 31 March 2025** | **10,748,843** | **23,391,961** | **1,381** | **2,764,827** | **-** | **36,907,012** |
| **Net book value** | | | | | | |
| At 31 March 2025 | 2,127,884 | 7,374,775 | 1 | 1,135,405 | 59,847 | 10,697,912 |
| **At 31 March 2024** | **2,073,929** | **7,242,057** | **4** | **1,105,537** | **58,400** | **10,479,927** |

## Depreciation charge for the year has been allocated as follows:

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Cost of sales (refer note 6) | 1,562,539 | 1,549,114 |
| General and administrative expenses (refer note 8) | 486,683 | 492,759 |
| Selling and distribution expenses (refer note 7) | 202,604 | 202,749 |
| | **2,251,826** | **2;244,622** |

## 13. Right-of-use assets

| | Factory land | Warehouses, office and others | Motor Vehicles | Total |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| Cost | | | | |
| At 1 April 2023 | 7,826,533 | 11,753,808 | 2,226,608 | 21,806,949 |
| Additions (including lease renewals) | - | 7,307,979 | 312,828 | 7,620,807 |
| Lease terminations / expiration | - | (12,502,900) | (417,835) | (12,920,735) |
| At 31 March 2024 | 7,826,533 | 6,558,887 | 2,121,601 | 16,507,021 |
| At 1 April 2024 | 7,826,533 | 6,558,887 | 2,121,601 | 16,507,021 |
| Additions (including lease renewals) | - | 7,618,154 | 451,884 | 8,070,038 |
| Lease terminations/ expiration | - | (6,633,244) | (959,746) | (7,592,990) |
| **At 31 March 2025** | **7,826,533** | **7,543,797** | **1,613,739** | **16,984,069** |
| | | | | |
| **Accumulated depreciation** | | | | |
| At 1 April 2023 | 2,071,452 | 8,479,797 | 950,006 | 11,501,255 |
| Charge for the year | 390,863 | 5,803,184 | 737,729 | 6,931,776 |
| On lease terminations/ expiration | - | (12,211,610) | (417,835) | (12,629,445) |
| At 31 March 2024 | 2,462,315 | 2,071,371 | 1,269,900 | 5,803,586 |
| | | | | |
| At 1 April 2024 | 2,462,315 | 2,071,371 | 1,269,900 | 5,803,586 |
| Charge for the year | 389,796 | 6,905,141 | 577,585 | 7,872,522 |
| Lease terminations / expiration | - | (6,338,156) | (959,745) | (7,297,901) |
| **At 31 March 2025** | **2,852,111** | **2,852,111** | **887,740** | **6,378,207** |
| **Net book value** | | | | |
| At 31 March 2025 | 4,974,422 | 4,905,441 | 725,999 | 10,605,862 |
| At 31 March 2024 | 5,364,218 | 4,487,516 | 851,701 | 10,703,435 |

Depreciation charge for the year has been allocated as follows:

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Selling and distribution expenses (refer note 7) | 4,058,167 | 3,627,175 |
| General and administrative expenses (refer note 8) | 2,250,307 | 1,964,755 |
| Cost of sales (refer note 6) | 1,564,048 | 1,339,846 |
| | **7,872,522** | **6,931,776** |

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 14. Intangible assets

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Cost | | |
| Opening | 559,129 | 555,659 |
| Additions | 26,312 | 3,470 |
| Reclassification from property, plant, and equipment | 209,600 | - |
| At 31 March | **795,041** | **559,129** |
| **Amortisation** | | |
| Opening | 440,506 | 328,110 |
| Charge for the year | 102,581 | 112,396 |
| Reclassification from property, plant, and equipment | (209,600) | - |
| At 31 March | 752,687 | 440,506 |
| **Net book value** | **42,354** | **118,623** |

## 15. Inventories

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Raw materials | 16,856,441 | 12,211,063 |
| Work in progress | 809,255 | 488,304 |
| Finished goods | 18,694,640 | 13,747,737 |
| | **36,360,336** | **26,447,104** |
| Less: provision for obsolescence | (2,363,944) | (1,845,774) |
| | **33,996,392** | **24,601,330** |
| Goods in transit | 3,619,145 | 3,529,034 |
| | **37,615,537** | **28,130,364** |

## Movement in the provision for obsolescence (included in cost of sales):

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Opening balance | 1,845,774 | 1,389,944 |
| Add: provision made during the year | 518,170 | 455,830 |
| **Closing balance** | **2,363,945** | **1,845,774** |

The Company estimates provision for obsolescence using a method based on ageing, rotation and profitability of an item. Inventory aged over one year is generally considered obsolete and is fully provided for. Besides the above, specific provision is made on a case-to-case basis as deemed appropriate by management based on analysis performed for slow-moving inventories.

## 16. Trade and other receivables

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Trade receivables | 120,673,359 | 117,280,469 |
| Less: provision for impairment losses | (31,450,743) | (31,967,263) |
| | **89,222,616** | **85,313,206** |
| Prepayments | 2,723,605 | 1,058,301 |
| Advances to suppliers | 2,235,962 | 688,862 |
| Refundable deposits | 969,128 | 1,078,687 |
| Other receivables | 676,343 | 516,965 |
| | **95,827,654** | **88,656,021** |

## 17. Related party transactions and balances

The Company, 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 Company's management and are at mutually agreed rates.

The Company 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.

### Compensation to key management personnel is as follows:

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Salaries and other short-term benefits | 2,852,650 | 2,357,860 |
| Share based payment | 147,402 | 102,556 |
| Post-employment benefits | 84,905 | 74,452 |
| | **3,084,957** | **2,534,868** |

### Other related party transactions during the year are as follows:

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Sales of goods | 9,074,035 | 4,346,109 |
| Royalties for technical expertise (refer note 7) | 6,887,658 | 5,889,016 |
| Purchases of materials and recharge of expenses (net) | 5,155,413 | 3,754,506 |
| Rent expense | 1,272,454 | 1,206,582 |
| Management fees (refer note 8) | 368,000 | 368,000 |
| PRO services | 365,400 | 365,400 |
| Commission income - net (refer note 9) | 151,741 | 2,672,621 |
| Transfer of fixed assets | 51,124 | - |
| Recharges by a related party (refer note 7) | - | 12,666,817 |
| Recharge of expenses to related parties | (14,585,680) | (14,066,822) |

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Due from related parties | | |
| Asian Paints Doha Trading | 2,106,861 | 627,238 |
| Asian Paints International Private Limited, Singapore | 1,187,391 | - |
| Berger Paints Bahrain WLL, Kingdom of Bahrain | 357,293 | 21,797 |
| Asian Paints Limited, India | 279,293 | 5,000 |
| Asian Paints (Middle East) LLC, Sultanate of Oman | 288,667 | 43,992 |
| SCIB Chemicals, S.A.E., Egypt | 160,874 | - |
| Asian Paints (Bangladesh) Limited | 122,578 | 57,379 |
| Causeway Paints Lanka (Pvt) Ltd | 99,529 | 49,033 |
| Kadisco Paint and Adhesive Industry Share Company, Ethiopia | 24,167 | 209,475 |
| Asian White Inc. FZE | 21,616 | - |
| Asian Paints (South Pacific) Limited, Fiji | 17,521 | - |
| | **4,665,790** | **1,013,914** |

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| **Due to related parties** | | |
| Asian Paints (Middle East) LLC, Sultanate of Oman | 16,204,483 | 15,655,283 |
| Asian Paints International Private Limited, Singapore | 4,130,860 | 4,177,066 |
| Asian Paints Limited, India | 1,185,719 | 1,230,248 |
| Berger Paints Bahrain WLL, Kingdom of Bahrain | 257,133 | - |
| Kadisco Paint and Adhesive Industry Share Company, Ethiopia | 4,055 | - |
| | **21,782,250** | **21,062,597** |

The above related party balances are non-interest bearing, unsecured, have no minimum contractual term and are repayable based on terms mutually agreed between the related parties.

## Subordinated loan from a related party

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Asian Paints International Private Limited, Singapore | 16,797,741 | 16,797,741 |

The Company has classified the subordinated loan from a related party as an equity instrument. The Company 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 contractual right to demand early repayment or enforce liquidation of the Company.

## 18. Other financial assets

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Other financial assets | - | 825,002 |
| | **-** | **825,002** |

As at 31 March 2024, this represented margin deposits held against performance guarantees issued on behalf of the Company. During the year, the bank refunded the margin due to the Company's strengthened financial position, while the guarantees continue to remain outstanding.

## 19. Cash and cash equivalents

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Cash in hand | 14,349 | 5,979 |
| Cash at banks | 11,325,865 | 14,807,820 |
| | **11,340,214** | **14,813,799** |

## 20. Share capital

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Authorised, issued and fully paid up capital 1,000 ordinary shares of AED 1,000 each | 1,000,000 | 1,000,000 |

## 21. Statutory reserve

In accordance with the Articles of Association of the Company and the UAE Commercial Companies Law, a minimum of 5% of the net profit of the Company is required to be allocated every year to a statutory reserve, which is not distributable. Such allocation may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. This reserve can be utilized only in the manner specified under the Law and is not available for distribution. No transfers were made to the reserves, as the reserves have reached the prescribed limit (2024: Nil).

## 22. General reserve

During 2011, Enterprise Paints Limited, one of the Shareholders 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.

## 23. Provision for staff terminal benefits

| | 2025 | 2024 |
|---|---:|---:|
| | AED | AED |
| Opening balance | 4,465,093 | 3,711,769 |
| Add: provision made during the year | 1,677,692 | 1,487,983 |
| Less: payments made during the year | (626,440) | (734,659) |
| **Closing balance** | **5,516,345** | **4,465,093** |

The key assumptions used for calculation of the provision for staff terminal benefits at the reporting date are as follows:

| | |
|---|---|
| Discount rate | 5% (2024: 5%) |
| Future salary increases | 5% (2024: 5%) |
| Annual rate of employees expected to leave | Based on the historical trend of attrition. |

## 24. Bank borrowings

The Company has a financing facility with banks for AED 50 million (2024: AED 46 million) in the form of short-term loan, letters of credit, letters of guarantee and performance / bid bonds with commercial banks bearing interest rates which vary with the market funds rate.

Bank borrowings are secured by inventories and trade receivables and are supported by a property all-risk insurance policy covering property, plant, and equipment.

As at 31 March 2025, the Company has an outstanding funded bank facility of AED 1.68 million (2023: AED 13.8 million) in the form of a short-term loan, repayable within six months.

## 25. Lease liabilities

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Opening | 10,420,602 | 10,792,230 |
| Additions (including lease renewals) | 8,070,038 | 7,288,492 |
| Interest accrued | 582,835 | 604,395 |
| Lease terminations | (144,733) | - |
| Payments made against lease liabilities | (8,863,737) | (8,264,515) |
| **At 31 March** | **10,065,005** | **10,420,602** |
| Less: current maturity of lease liabilities | (4,074,280) | (4,009,028) |
| Lease liabilities (non-current) | **5,990,725** | **6,411,574** |

Maturity analysis of lease liabilities is as follows:

| | Future minimum lease payments | Interest | Present value of minimum lease payments |
|---|---|---|---|
| | AED | AED | AED |
| 31 March 2025 | | | |
| Less than one year | 4,530,912 | 456,632 | 4,074,280 |
| Between one and five years | 3,067,992 | 1,181,757 | 1,886,235 |
| More than five years | 5,095,321 | 990,831 | 4,104,490 |
| | **12,694,225** | **2,629,220** | **10,065,005** |

| | Future minimum lease payments | Interest | Present value of minimum lease payments |
|---|---|---|---|
| | AED | AED | AED |
| 31 March 2024 | | | |
| Less than one year | 4,506,123 | 497,095 | 4,009,028 |
| Between one and five years | 3,167,960 | 1,269,930 | 1,898,030 |
| More than five years | 5,759,455 | 1,245,911 | 4,513,544 |
| | **13,433,538** | **3,012,936** | **10,420,602** |

## Significant accounting estimates and judgements

### Lease term

In determining the lease term, the Company 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 Company is typically reasonably certain to extend (or not terminate);
- If the lease improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate); and
- The Company 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 Company, the management considers all aforementioned facts and circumstances that create an economic incentive to exercise the option.

### Incremental borrowing rate

Generally, the Company uses its incremental borrowing rate as the discount rate. Incremental borrowing rates are based on interest rates on facilities obtained by the Company from financial institutions, adjusted for lease terms of respective lease contracts. The Company has discounted lease payments using incremental borrowing

## 26. Trade and other payables

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Trade payables | 73,100,866 | 46,661,224 |
| Accrued expenses and other payables | 8,540,332 | 17,100,120 |
| Bonus provision | 2,723,948 | 2,764,452 |
| Value added tax payable | 1,029,575 | 897,291 |
| Advances received from customers | 696,286 | 593,677 |
| | **86,091,007** | **68,016,764** |

## 27. Commitments and contingent liabilities

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Bank performance guarantees | 1,801,438 | 3,435,631 |
| Capital commitments* | 810,288 | - |

* The capital commitments mainly represent cost committed, but yet to be incurred towards acquisition of property, plant and equipment.

## 28. Financial instruments

## (a) Credit risk

### 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 is as follows:

| | 2025 | 2024 |
|---|---|---|
| | AED | AED |
| Cash at banks | 11,325,865 | 14,807,820 |
| Trade receivables | 89,222,616 | 85,313,206 |
| Due from related parties | 4,665,790 | 1,013,914 |
| Deposits and other receivables | 1,413,921 | 1,424,301 |
| Other financial assets | - | 825,002 |
| | **106,628,192** | **103,384,243** |

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

| 31 March 2025 | Weighted-average loss rate | Gross | Impairment | Credit-impaired |
|---|---|---|---|---|
| | % | AED | AED | |
| 0 – 90 days | 1.0% | 87,047,783 | 883,438 | No |
| 91 – 180 days | 22.9% | 1,425,633 | 326,818 | No |
| 181 – 270 days | 45.0% | 615,127 | 276,694 | No |
| 271 – 365 days | 69.1% | 502,621 | 347,527 | No |
| More than 365 days | 95.3% | 31,082,195 | 29,616,266 | Yes |
| **Total** | | **120,673,359** | **31,450,743** | |

| 31 March 2025 | Weighted-average loss rate | Gross | Impairment | Credit-impaired |
|---|---|---|---|---|
| | % | AED | AED | |
| 0 – 90 days | 2.5% | 82,020,410 | 2,055,047 | No |
| 91 – 180 days | 24.3% | 1,994,376 | 484,011 | No |
| 181 – 270 days | 43.2% | 966,181 | 416,941 | No |
| 271 – 365 days | 53.4% | 1,299,699 | 693,652 | No |
| More than 365 days | 91.3% | 30,999,803 | 28,317,612 | Yes |
| **Total** | | **117,280,469** | **31,967,263** | |

## Impairment losses

The movement in the provision for impairment in respect of trade receivables during the year was as follows:

| | 2025 | 2024 |
|---|---|---|
| | BD | BD |
| At 1 April | 31,967,263 | 31,968,330 |
| Impairment loss reversed during the year | (516,520) | (1,067) |
| At 31 March (refer note 16) | **31,450,743** | **31,967,263** |

The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management and these are considered recoverable by the management. Management does not expect any credit loss from other receivables.

## Liquidity risk

The following are the contractual maturities of financial liabilities

| At 31 March 2025 | Carrying Amount | Contractual cash flows | Less than one year | Between one to five years | More than five years |
|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED |
| Trade and other payables* | 85,394,720 | 85,394,720 | 85,394,720 | - | - |
| Due to related parties | 21,782,249 | 21,782,249 | 21,782,249 | - | - |
| Lease liabilities | 10,065,005 | 12,694,225 | 4,530,912 | 3,067,992 | 5,095,321 |
| Bank borrowings | 1,679,554 | 1,679,554 | 1,679,554 | - | - |
| **Total** | **118,921,528** | **121,550,748** | **113,387,435** | **3,067,992** | **5,095,321** |

* Excluding advances from customers.

| At 31 March 2025 | Carrying Amount | Contractual cash flows | Less than one year | Between one to five years | More than five years |
|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED |
| Trade and other payables* | 67,423,087 | 67,423,087 | 67,423,087 | - | - |
| Due to related parties | 21,062,597 | 21,062,597 | 21,062,597 | - | - |
| Lease liabilities | 10,420,602 | 13,433,538 | 4,506,123 | 3,167,960 | 5,759,455 |
| Bank borrowings | 13,818,326 | 13,818,326 | 13,818,326 | - | - |
| **Total** | **112,724,612** | **115,737,548** | **106,810,133** | **3,167,960** | **5,759,455** |

* Excluding advances from customers.

## Market risk

### (a) Currency risk

### Exposure to currency risk

The Company's exposure to foreign currency risk is as follows:

| | 2025 | 2024 |
|---|---|---|
| | EUR | EUR |
| Trade payables | 241,093 | 64,483 |

The following significant exchange rates were applied during the year:

| | Average rate | | Reporting date spot rate | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | AED | AED | AED | AED |
| Euro | 3.94 | 4.18 | 3.98 | 3.96 |

## Sensitivity analysis

A 10 percent strengthening of the AED against foreign currency mentioned above as at 31 March 2025 would have increased net profit for the year by AED 0.1 million (2024: decreased net loss for the year by AED 0.03 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10 percent weakening of the AED against foreign currency mentioned above as at 31 March 2025 would have had the equal but opposite effect, on the basis that all other variables remain constant.

## (b) Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

| | Carrying amount | |
|---|---|---|
| | 2025 | 2024 |
| | AED | AED |
| **Fixed rate instruments** | | |
| **Financial liabilities** | | |
| Lease liabilities | 10,065,004 | 10,420,602 |
| **Variable rate instruments** | | |
| **Financial liabilities** | | |
| Bank borrowings | 1,679,554 | 13,818,326 |

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates during the year would have increased / (decreased) net profit by AED 0.1 million (2024: (increased) / decreased net loss by AED 0.2 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2024.

### Fair values

The fair value of the Company's financial assets and liabilities approximate their carrying amounts as all the financial instruments are current in nature and mostly have contractual settlement periods of less than twelve months.

## 29. Use of accounting estimates and judgements

## a) Accounting classifications and fair values

The Company does not disclose the fair values of financial instruments such as trade and other receivables, other financial assets, trade and other payables, due from / due to related parties and bank borrowings because their fair values approximate their book values due to the current nature of these instruments as the effect of discounting is immaterial. In case they are non-current in nature, the fair value is estimated based on the present value of future cash flows, discounted at the market rate of interest at the reporting date.

## b) Estimates and judgments

Judgments made by the management in the application of IFRS Accounting Standards that have significant effect on the financial statements and estimates with a risk of material adjustment in the next year mainly comprise the following:

### Impairment losses on trade and other receivables

The Company reviews its trade and other receivables to assess impairment at least on an annual basis. In determining whether impairment losses should be recorded in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made in accordance with ECL model. This requires judgment about how the changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

### Provision for obsolete inventories

The Company reviews its inventory to assess loss on account of obsolescence and any write down for net realisable value adjustment on a regular basis. In determining whether a provision for obsolescence should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is any future saleability and usability of the product and the net realisable value for such product. Write-down to net realisable value is made where the net realisable value is less than cost based on best estimates by management.

Also refer to notes 15, 23 and 25 for other key judgements and estimates used in preparing these financial statements.

## 30. Purchase of shares

The Company has not purchased or invested in any shares during the year ended 31 March 2025 (2024: Nil).

## 31. Subsequent events

There have been no significant events subsequent to 31 March 2025 up to the date of authorisation of the financial statements which would have a material effect on these financial statements

# Nirvana Investments Limited

# Contents

# Directors' Report

for the year ended 31 March 2025

The directors present their annual report and the audited financial statements for the year ended 31 March 2025 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 £nil (2024: £nil) and dividends of £nil (2024: £111,159) were paid.

## Directors

The following directors held office during the period:

Phaedra Bird
Andrew John Michael McLarney

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
**Nirvana Investments Limited**

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 2025 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

Date

# Income Statement

for the year ended 31 March 2025

| | Notes | 2025 | 2024 |
|---|---|---|---|
| | | £ | £ |
| **INCOME** | | | |
| Dividends received | | - | - |
| Administrative expenses | | - | - |
| Foreign exchange gain | | - | - |
| **OPERATING PROFIT** | | - | - |
| Interest receivable and similar income | | - | - |
| | | **-** | **-** |
| Profit before taxation | | - | - |
| Taxation | | - | - |
| **PROFIT FOR THE FINANCIAL YEAR** | | **-** | **-** |

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..

# Balance Sheet

as at 31 March 2025

| | Notes | 2025 £ | 2024 £ |
|---|---|---|---|
| **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 | 3,673 | 3,673 |
| **CURRENT ASSETS** | | **3,673** | **3,673** |
| **TOTAL ASSETS** | | **77,875** | **77,875** |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 7 | 2 | 2 |
| Profit and loss account | 9 | 77,873 | 77,873 |
| **EQUITY SHAREHOLDERS' FUNDS** | 10 | **77,875** | **77,875** |

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:

Directors
**Phaedra Bird**
Andrew John Michael McLarney
Company Registration No. 45691C

The notes on pages 7 to 9 form part of these audited financial statements.

# Notes to the Financial Statements
for the year ended 31 March 2025

## 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 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 2025 was £1,671,729 (2024: £192,878 loss) and at that date BPEL had net assets of £5,899,410 (2024: £4,345,335).

## 4. Investments

| | 2025 | 2024 |
|---|---:|---:|
| | £ | £ |
| Loan: | | |
| Sultan Bin Sulayem | 74,202 | 74,202 |

## 5. Debtors: Amounts Due Within One Year

| | 2025 | 2024 |
|---|---:|---:|
| | £ | £ |
| Asian Paints International Private Limited | 3,673 | 3,673 |
| Enterprise Paints Limited | - | - |
| | **3,673** | **3,673** |

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

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| **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

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| At beginning of the period | 77,873 | 189,032 |
| Profit for the period | - | - |
| Dividend paid | - | (111,159) |
| At end of the period | **77,873** | **77,873** |

## 10. Reconciliation of movements in Shareholders' funds

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Opening shareholders' funds | 77,875 | 189,034 |
| Profit for the period | - | - |
| Divided paid | - | (111,159) |
| Closing shareholders' deficit | **77,875** | **77,875** |

## 11. Average number of employees

During the year the average number of employees was 2. (2023: 2).

Enterprise Paints Limited

# Contents

# Directors' Report

for the year ended 31 March 2025

The directors present their annual report and the audited financial statements for the year ended 31 March 2025, 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 £nil (2024: £111,159) and dividends of £nil (2024: £nil) were paid.

## Directors

The following directors held office during the year:

Phaedra Bird
Andrew John Michael McLarney

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
**Enterprise Paints Limited**

We have audited the financial statements as set out on pages 5 to 10 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 2025 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

Date

# Income Statement

for the year ended 31 March 2025

| | Notes | 2025 £ | 2024 £ |
|---|---|---|---|
| **INCOME** | | | |
| Dividend received | | - | 111,159 |
| Admin expenses | | - | - |
| Foreign exchange gain/(loss) | | - | - |
| **OPERATING PROFIT/(LOSS)** | | - | 111,159 |
| Interest receivable and similar income | | - | - |
| Profit before taxation | | - | 111,159 |
| Taxation | | - | - |
| **PROFIT/(LOSS) FOR FINANCIAL PERIOD** | | **-** | **111,159** |

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.

# Balance Sheet

as at 31 March 2025

| | Notes | 2025 £ | 2024 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Investments | 4 | - | - |
| DEBTORS: amounts due within one year | | | |
| Loan | 5 | 344 | 344 |
| **CASH AT BANK** | | - | - |
| CREDITORS: amounts falling due within one year | | | |
| Loans | 6 | (1,439,310) | (1,439,310) |
| **NET CURRENT LIABILITIES** | | (1,438,966) | (1,438,966) |
| **NET LIABILITIES** | | (1,438,966) | (1,438,966) |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 7 | 145,504 | 145,504 |
| Profit and loss account | 9 | (1,584,470) | (1,584,470) |
| **EQUITY SHAREHOLDERS' DEFICIT** | 10 | **(1,438,966)** | **(1,438,966)** |

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:

Directors
**Phaedra Bird**
Andrew John Michael McLarney
Company Registration No. 43644C

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 2025

## 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 £1,438,966 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 31st March, 2025

## 4. DEBTORS: Amounts due after more than one year

| | 2025 £ | 2024 £ |
|---|---|---|
| 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 receive 70% of its profits. The net profit for the period ended 31 March 2025 was £1,671,729 (2024: £192,878 loss), and at that date BPEL had net assets of £5,899,410 (2024: £4,345,335).

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 £77,875 (2024: £77,875).

## 5. Loan

| | 2025 £ | 2024 £ |
|---|---|---|
| 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

| | 2025 £ | 2024 £ |
|---|---|---|
| Loan from Universal Paints Limited1 | 1,439,310 | 1,439,310 |
| Loan from Nirvana Investments Limited1 | - | - |
| | **1,439,310** | **1,439,310** |

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

| | 2025 £ | 2024 £ |
|---|---|---|
| **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

| | 2025<br>£ | 2024<br>£ |
|---|---|---|
| At beginning of the period | (1,584,470) | (1,695,629) |
| Profit / (Loss) for the period | - | 111,159 |
| Dividend paid | **-** | - |
| At end of the period | **(1,584,470)** | **(1,584,470)** |

## 10. Reconciliation of Movements In Shareholders' Deficit

| | 2025<br>£ | 2024<br>£ |
|---|---|---|
| Opening shareholders' deficit | (1,438,966) | (1,550,125) |
| Profit / (Loss) for the period | - | 111,159 |
| Dividend paid | **-** | - |
| Closing shareholders' deficit | **(1,438,966)** | **(1,438,966)** |

## 11. Average Number of Employees

During the year the average number of employees was 2. (2024: 2)

Universal Paints Limited

# Contents

# Directors' Report

for the year ended 31 March 2025

The directors present their annual report and the audited financial statements for the year ended 31 March 2025 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 £887,464 (2024: £1,732,446) and dividends of £887,464 (2024: £1,732,446) were paid.

## Directors

The following directors held office during the period:

Phaedra Bird
Andrew John Michael McLarney

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 Shareholder 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 2025 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

Date.

# Income Statement
for the year ended 31 March 2025

| | Notes | 2025 £ | 2024 £ |
|---|---|---|---|
| **INCOME** | | | |
| Dividends received | | 887,464 | 1,732,446 |
| Admin expenses | | - | |
| Exchange gain/(loss) | | - | |
| **OPERATING PROFIT** | | **887,464** | **1,732,446** |
| Interest receivable and similar income | | - | - |
| Profit before taxation | | **887,464** | **1,732,446** |
| Taxation | 3 | - | - |
| **PROFIT FOR THE FINANCIAL PERIOD** | | **887,464** | **1,732,446** |

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.

# Balance Sheet

as at 31 March 2025

| | Notes | 2025<br>£ | 2024<br>£ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Investment in subsidiary | 4 | 398,787 | 398,787 |
| **CURRENT ASSETS** | | | |
| Bank and cash | | - | - |
| Loans | 5 | 1,440,842 | 1,440,842 |
| **TOTAL ASSETS** | | **1,839,629** | **1,839,629** |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 6 | 429,232 | 429,232 |
| Profit and loss account | 9 | 1,410,397 | 1,410,397 |
| **EQUITY SHAREHOLDERS' FUNDS** | 8 | **1,839,629** | **1,839,629** |

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 the and were signed on their behalf by:

Directors
**Phaedra Bird**
Andrew John Michael McLarney

Company registration No. 43644C

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 2025

## 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.

# Notes to the Financial Statements (Contd.)

for the year ended 31st March, 2025

## 4. Investment in Subsidiary

| | 2025 £ | 2024 £ |
|---|---|---|
| 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 assets of value for the period ended on 31 March 2025 was £4,034,656 (2024: £4,345,335), and the net income for the period end was £696,066 (2024: £1,661,668)

## 5. Debtors: Amounts due within one year

| | 2025 £ | 2024 £ |
|---|---|---|
| Amounts due from group undertakings | | |
| i) Asian Paints International Private Limited | 1,532 | 1,532 |
| ii) Enterprise Paints Limited | 1,439,310 | 1,439,310 |
| | **1,440,842** | **1,440,842** |

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

| | 2025 £ | 2024 £ |
|---|---|---|
| **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

| | 2025 £ | 2024 £ |
|---|---|---|
| At beginning of the period | 1,839,629 | 1,839,629 |
| Profit for the period | 887,464 | 1,732,446 |
| Dividends paid | (887,464) | (1,732,446) |
| At end of the period | **1,839,629** | **1,839,629** |

## 9. Profit and Loss account

| | 2025 £ | 2024 £ |
|---|---|---|
| Opening shareholders' funds | 1,410,397 | 1,410,397 |
| Profit for the period | 887,464 | 1,732,446 |
| Dividends paid | (887,464) | (1,732,446) |
| Closing shareholders' deficit | **1,410,397** | **1,410,397** |

## 10. Average number of employees

During the year the average number of employees was 2. (2023: 2).

# Kadisco Paint And Adhesive Industry Share Company

# General Information

| | |
|---|---|
| **Country of incorporation and domicile** | Ethiopia |
| **Nature of business and principal activities** | Kadisco Paint and Adhesive Industry Share Company (the company) is incorporated in Ethiopia under the Commercial Code of Ethiopia and is domiciled in Ethiopia.<br>Kadisco Paint and Adhesive Industry Share 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. |
| **Directors and key management** | Parag Rane<br>Director<br>Joseph Eapen<br>Director<br>Salahadin Khalifa<br>Director<br>A M Prashant<br>Director and General Manager<br>Seifudin Khalifa<br>Director and Senior Deputy General Manager<br>Fauzia Khalifa (Dr.)<br>Senior Deputy General Manager<br>Frewoyni B/Meskel<br>Deputy General Manager<br>Prem Nayak<br>Finance Manager |
| **Registered office** | Akaki/Kality Sub City<br>Wereda 05, Addis Ababa, Ethiopia |
| **Holding company** | Asian Paints International Private Limited<br>incorporated in Singapore |
| **Ultimate holding company** | Asian Paints Limited<br>incorporated in India |
| **Bankers** | Commercial Bank of Ethiopia<br>P.O. Box 255, Addis Ababa, Ethiopia<br>Dashen Bank Share Company<br>P.O. Box 12752, Addis Ababa, Ethiopia<br>Berhan International Bank Share Company<br>P.O. Box 387 Code 1110, Addis Ababa, Ethiopia<br>Bank of Abyssinia Share Company<br>P.O. Box 12947, Addis Ababa, Ethiopia<br>Awash International Bank Share Company<br>P.O. Box 12638, Addis Ababa, Ethiopia<br>NIB International Bank Share Company<br>P.O. Box: 2439, Addis Ababa, Ethiopia<br>Zemen Bank Share Company<br>P.O. Box: 1212, Addis Ababa, Ethiopia<br>Oromia Bank Share Company<br>P.O. Box: 27530, Addis Ababa, Ethiopia |
| **Auditors** | HST Audit Limited Liability Partnership,<br>Chartered Certified Accountants and Authorized Auditors<br>5th Floor, Mina Building, Wollo Sefer<br>Addis Ababa, Ethiopia<br>P.O. Box 1608 |
| **Legal advisors** | Tesfaye Deresse |
| | Kumlachew Dagne |
| **Tax Identification Number** | 0000015683 |

# Contents

# Statement of Directors' Responsibilities

The Commercial Code of Ethiopia 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 and in the manner required by the Commercial Code of Ethiopia 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 the International Financial Reporting Standards and in the manner required by the Commercial Code of Ethiopia. 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 responsibilities include;

- Designing, implementing and maintaining such internal control as directors determines necessary to enable the presentation of financial statements that are free from material misstatement, whether due to error or fraud;
- Selecting suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied; and
- Keeping proper accounting records that disclose, with reasonable accuracy, the financial position of the Company.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages6 to 7.

The financial statements set out on pages 8 to 48, which have been prepared on the going concern basis, were approved by the directors on 30 April, 2025 and were signed on their behalf by:

**A M Prashant**
Director and General Manager
April 30, 2025

**Seifudin Khalifa**
Director and Senior Deputy General Manager
April 30, 2025

# Directors' Report

The directors have pleasure in submitting their report on the financial statements of Kadisco Paint and Adhesive Industry Share Company for the year ended 31 March, 2025.

## 1. Incorporation

Kadisco Paint and Adhesive Industry Share Company (the company) is incorporated in Ethiopia under the Commercial Code of 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.

The company is domiciled in Ethiopia where it is incorporated as a private company limited by shares under the Commercial Code of Ethiopia. The address of the registered office is set out on page 1.

## 2. Nature of business

Kadisco Paint and Adhesive Industry Share Company was incorporated in Ethiopia with interests in the Manufacturing industry. The company operates in Ethiopia.

There have been no material changes to the nature of the company's business from the prior year.

## 3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Commercial Code of Ethiopia. The accounting policies have been applied consistently compared to the prior year.

In the fiscal year ending 31 March, 2025, the company achieved commendable financial results despite challenges in the market. Total revenue increased by 25% compared to the previous year, reflecting our continued growth trajectory. The company recorded a net profit after tax for the year ended 31 March, 2025 of ETB 123,622,132. This represented a decrease of ETB 221,679,935 from the net profit after tax of the prior year of ETB 345,302,067.

Company revenue has increased by ETB 499,565,912 from ETB 2,003,513,696 in the prior year to ETB 2,503,079,608 for the year ended 31 March, 2025.

| | 2025 | 2024 |
|---|---|---|
| | **ETB '000** | **ETB '000** |
| Sale of goods | 2,503,080 | 2,003,514 |
| Profit before tax | 180,563 | 474,229 |
| Tax expense | (56,941) | (128,924) |
| Profit after tax | 123,622 | 345,302 |
| Other comprehensive loss | (1,448) | (428) |
| Total comprehensive income for the year | 122,174 | 344,874 |

## 4. Share capital

| | 2025 | 2024 |
|---|---|---|
| **Issued** | **ETB '000** | **ETB '000** |
| Ordinary shares | 472,000 | 472,000 |
| Number of shares | 472 | 472 |

The company has registered and paid up capital of ETB 472,000,000 divided in to 472,000 ordinary shares of par value ETB 1,000.

## 5. Future plans

Looking ahead, we are focused on ensuring stability and continued growth. These include expanding into new markets, launching innovative products, and enhancing operational efficiency. By leveraging our strengths and embracing emerging opportunities, we aim to sustain our growth momentum and create long term value for our stakeholders.

## 6. Human Development

Our employees are integral to our success, and we remain dedicated to nurturing their talent and skills. In the past year, we implemented various training and development programs, employee exchange to enhance employee capabilities and foster a culture of continuous learning. Additionally, initiatives such as staff get together and celebrations were introduced to promote employee well being and satisfaction.

## 7. Corporate Governance

Maintaining high standards of corporate governance is fundamental to our operations. We adhere to a robust framework of policies and practices to ensure transparency, accountability, and ethical conduct across all levels of the organization. We have also adopted Code of Conduct for our employees and vendors during the year. Our Board of Directors oversee the implementation of these principles, fostering trust among our stakeholders and safeguarding their interests..

## 8. Ultimate holding company

The company's ultimate holding company is Asian Paints Limited which is incorporated in India.

## 9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

## 10. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on 30 April, 2025. No authority was given to anyone to amend the financial statements after the date of issue.

## 11. Financial Reporting in Hyper Inflationary Economies

The financial statements do not include any adjustments that might result from the adoption of Financial Reporting in Hyper Inflationary Economies (IAS 29). The Accounting and Auditing Board of Ethiopia (AABE), the regulatory body in Ethiopia, concluded in its pronouncement on 25 April 2023 that Ethiopia is not a hyperinflation economy and accordingly any adjustments that may arise from the implementation of IAS 29 has not been included in these financial statements for the year ended 31 March 2025.

## 12. Acknowledgements

Thanks and appreciation are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the company.

The financial statements set out on pages 8 to 48, which have been prepared on the going concern basis, were approved by the directors on 30 April, 2025, and were signed on its behalf by:

**A M Prashant**
Director and General Manager
April 30, 2025

**Seifudin Khalifa**
Director and Senior Deputy General Manager
April 30, 2025

# Independent Auditor's Report

To the Shareholders of
**Kadisco Paint and Adhesive Industry Share Company**

## Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of Kadisco Paint and Adhesive Industry Share Company (the company) set out on pages 9 to 47, which comprise the statement of financial position as at 31 March, 2025; and the 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; and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kadisco Paint and Adhesive Industry Share Company as at 31 March, 2025, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Ethiopia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Ethiopia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter

We draw attention to Note 1.2 to the financial statements which describes why the directors have not applied IAS 29, Financial Reporting Under Hyper Inflationary Economies in these financial statements. Pursuant to the pronouncement issued by the Accounting and Auditing Board of Ethiopia on 25 April 2023 which rules out the IMF World Economic Outlook Report Database in October 2024 that Ethiopia is a hyper inflationary economy; no hyperinflation adjustment have been made to these financial statements. Our opinion is not modified in respect of this matter.

## Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the 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 directors 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 the directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, 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 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 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 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 requirement

As required by the Commercial Code of Ethiopia and based on our audit, we report as follows:

(i) Pursuant to Article 349 (1) of the Commercial Code of Ethiopia, 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 349 (2) of the Commercial Code of Ethiopia, we recommend the financial statements for approval.

The engagement partner responsible for the audit resulting in this independent auditor's report is Yonas Harun.

**Yonas Harun**
Partner

HST Audit Limited Liability Partnership,
Chartered Certified Accountants and Authorized Auditors
(Auditors of Kadisco Paint and Adhesive Industry Share Company)

Addis Ababa, Ethiopia
30 April, 2025

# Statement of Financial Position

for the year ended 31 March 2025

| | Notes | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 4 | 78,925 | 66,287 |
| Right-of-use assets | 5 | 55,613 | 7,720 |
| Intangible assets | 6 | 208 | 292 |
| Investment securities | 7 | 8,000 | 8,000 |
| Deferred tax | 8 | 68,671 | 35,683 |
| | | **211,417** | **117,982** |
| **Current Assets** | | | |
| Inventories | 9 | 677,907 | 244,397 |
| Trade and other receivables | 10 | 412,229 | 273,857 |
| Cash and cash equivalents | 11 | 374,750 | 1,216,650 |
| | | **1,464,886** | **1,734,904** |
| **Total Assets** | | **1,676,303** | **1,852,886** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 12 | 472,000 | 472,000 |
| Retained income | | 125,803 | 347,055 |
| Reserve for remeasurement of defined benefit obligation | 13 | (3,629) | (2,180) |
| Legal reserve | 14 | 49,106 | 49,106 |
| | | **643,280** | **865,981** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Lease liabilities | 15 | 21,978 | 1,448 |
| Provision for defined benefit obligation and leave pay | 16 | 20,462 | 14,171 |
| | | **42,440** | **15,619** |
| **Current Liabilities** | | | |
| Lease liabilities | 15 | 4,054 | 121 |
| Provision for defined benefit obligation and leave pay | 16 | 3,648 | 2,116 |
| Borrowings | 17 | 279,350 | 418,435 |
| Trade and other payables | 18 | 582,024 | 402,166 |
| Current tax payable | 19 | 72,081 | 135,449 |
| Bank overdraft | 11 | 49,426 | 12,999 |
| | | **990,583** | **971,286** |
| **Total Liabilities** | | **1,033,023** | **986,905** |
| **Total Equity and Liabilities** | | **1,676,303** | **1,852,886** |

The accounting policies on pages 15 to 25 and the notes on pages 26 to 48 form an integral part of the financial statements.

**A M Prashant**
Director and General Manager

**Seifudin Khalifa**
Director and Senior Deputy General Manager

The accounting policies on pages 15 to 25 and the notes on pages 26 to 48 form an integral part of the financial statements.

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | 2025 ETB '000 | 2024 ETB '000 |
|---|---|---|---|
| **Revenue** | 20 | 2,503,080 | 2,003,514 |
| Cost of sales | 21 | (1,546,31) | (1,303,572) |
| **Gross profit** | | **956,762** | **699,942** |
| Other income | 22 | 99,643 | 50,633 |
| Impairment allowance on trade receivables | 23 | (2,003) | 4,966 |
| Impairment on inventory | 24 | (10,969) | 7,760 |
| Selling and administrative expenses | 25 | (269,920) | (190,463) |
| **Operating profit** | | **773,513** | **572,838** |
| Finance costs | 27 | (592,950) | (98,609) |
| **Profit before taxation** | | **180,563** | **474,229** |
| Tax expense | 28 | (56,941) | (128,924) |
| **Profit for the year** | | **123,622** | **345,302** |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Remeasurement gain (loss) on net defined benefit liability/asset | 16 | (2,068) | (611) |
| Deferred tax asset/(liability) on remeasurement gain or loss | 8 | 620 | 183 |
| | | | |
| **Other comprehensive income for the year net of taxation** | | **(1,448)** | **(428)** |
| | | | |
| **Total comprehensive income for the year** | | **122,174** | **344,874** |

The accounting policies on pages 15 to 25 and the notes on pages 26 to 48 form an integral part of the financial statements.

# Statement of Changes in Equity

for the year ended 31 March 2025

| Figures in Ethiopian Birr thousand | Share capital | Legal Reserve | Reserve for remeasurement of defined benefit obligation | Total reserves | Retained income | Total equity |
|---|---|---|---|---|---|---|
| | ETB '000 | ETB '000 | ETB '000 | ETB '000 | ETB '000 | ETB '000 |
| **Balance at 1 April, 2023** | **364,000** | **49,106** | **(1,751)** | **47,355** | **110,068** | **521,423** |
| Profit for the year | - | - | - | - | 345,302 | 345,302 |
| Other comprehensive income | - | - | (428) | (428) | - | (428) |
| **Total comprehensive income for the year** | **-** | **-** | **(428)** | **(428)** | **345,302** | **344,874** |
| Dividend capitalised | 108,000 | - | - | - | (108,000) | - |
| Dividend distributed to shareholders | - | - | - | - | (315) | (315) |
| Total contributions by and distributions to owners of company recognised directly in equity | 108,000 | - | - | - | (108,315) | (315) |
| **Balance at 1 April, 2024** | **472,000** | **49,106** | **(2,180)** | **46,926** | **347,055** | **865,981** |
| Profit for the year | - | - | - | - | 123,622 | 123,622 |
| Other comprehensive income | - | - | (1,448) | (1,448) | - | (1,448) |
| **Total comprehensive income for the year** | **-** | **-** | **(1,448)** | **(1,448)** | **123,622** | **122,174** |
| Dividends | - | - | - | - | (344,874) | (344,874) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | - | (344,874) | (344,874) |
| **Balance at 31 March, 2025** | **472,000** | **49,106** | **(3,629)** | **45,477** | **125,803** | **643,280** |

The accounting policies on pages 15 to 25 and the notes on pages 26 to 48 form an integral part of the financial statements.

# Statement of Cash Flows

for the year ended 31 March 2025

| | Notes | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash (used in)/generated from operations | 29 | 70,749 | 545,850 |
| Tax paid | 30 | (152,676) | (59,576) |
| **Net cash from operating activities** | | **(81,927)** | **486,274** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 4 | (27,668) | (23,627) |
| Disposal of property, plant and equipment | 4 | 1,747 | - |
| Additions to right of use assets | 5 | (27,351) | - |
| Purchases of intangible assets | 6 | - | (335) |
| | | | |
| **Net cash from investing activities** | | **(53,272)** | **(23,962)** |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | 17 | 97,850 | 304,596 |
| Repayments of borrowings | 17 | (368,508) | (258,641) |
| Interest paid | 17 | (66,932) | (24,539) |
| Dividend and dividend tax paid | 18 | (405,538) | (44,087) |
| **Net cash from financing activities** | | **(743,128)** | **(22,671)** |
| Total cash movement for the year | | (878,327) | 439,641 |
| Cash and cash equivalents at the beginning of the year | | 1,203,651 | 764,009 |
| | | | |
| Cash and cash equivalents at the end of the year | 11 | **325,324** | **1,203,650** |

The accounting policies on pages 15 to 25 and the notes on pages 26 to 48 form an integral part of the financial statements.

# Accounting Policies

for the year ended 31 March 2025

## 1. Material accounting policies

Directors have considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these financial statements.

### 1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Ethiopian Birr, which is the company's functional currency.

These accounting policies are consistent with the previous period.

### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires directors, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 estimates are revised and in any future periods affected.

#### Critical judgements in applying accounting policies

The directors did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

#### Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

#### Critical judgment in applying IAS 29 Financial Reporting in Hyperinflationary Economies

The IMF World Economic Outlook Report Database includes Ethiopia in the list of countries with three year cumulative inflation rate exceeding 100% in October 2024 and is classified as hyperinflationary economy. According to IAS 29, Financial statements of entities whose functional currency is of a hyperinflationary economy should prepare their financial statements in terms of the measuring unit current at the balance sheet date. Entities must express their financial  statements in the currency that reflects the general pricing power of the functional currency at the specific balance sheet date. IAS 29:4 states all entities that report in the currency of hyperinflationary economy should, ideally, apply IAS 29 from the same date to achieve consistency in financial reporting between entities though it places responsibility on individual entities to consider potential impact on their financial statements. IAS 29:4 also states that whether a country is experiencing hyperinflation for the purpose of IAS 29 will generally be determined by consensus of the accounting profession rather than by each entity individually. In view of this, the Accounting and Auditing Board of Ethiopia (AABE) has concluded and circulated a pronouncement to the accounting practitioners and the reporting entities that Ethiopia does not fulfill the characteristics of hyperinflation economy, hence no restatement is required in the financial statements. As a result, these financial statements are not restated for the effect of the hyper inflationary adjustment, had the directors applied IAS 29 in the preparation of these financial statements.

#### 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.

### Allowance for slow moving, damaged and obsolete inventory

The directors assess whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

### Impairment testing

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, the 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 assess the recoverable amount for the cash generating unit to which the asset belongs.

### Useful lives of property, plant and equipment

The directors assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

### Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

### Defined benefit obligation (DBO)

The directors' estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. For instance, the discount rate used in DBO is set by reference to the highest interest rate available to the Company on long term loans from the Commercial Bank of Ethiopia and salary increment is set by reference to the average increase in salaries over the previous five years. These and other related assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company financial statements within the next year.

Further information on the carrying amounts of the Company defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 16.

## 1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Depreciation is calculated using the methods and rates per annum as follows:

| Item | Depreciation method | Depreciation rates |
|---|---|---|
| Buildings | Straight line | 3% |
| Plant and machinery | Straight line | 7% |
| Furniture and fixtures | Straight line | 13% |
| Motor vehicles | Straight line | 20% |
| Office equipment | Straight line | 20% |
| IT equipment | Straight line | 25% |

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## 1.4 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determines whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use.

Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

### Company as lessee

A lease liability and corresponding right of use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short term leases of 12 months or less, or 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 asset are consumed.

The various lease and non lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand alone prices of the lease components and the aggregate stand alone price of the non lease components (where non lease components exist).

Details of leasing arrangements where the company is a lessee are presented in note 5 Leases (company as lessee).

### 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 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:

- 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 company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- 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, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on 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 lease payments made. Interest charged on the lease liability is included in finance costs (note 27).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case 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);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been 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 payments using a revised discount rate.

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 recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

### Right of use assets

Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the lease term of the underlying asset using straight line item. However, 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. Depreciation starts at the commencement date of a lease.

Right of use assets are depreciated over the lease periods, which is the lower of the useful life of the underlying leased asset.

The useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right of use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

## 1.5 Intangible assets

**An intangible asset is recognised when:**

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

**Intangible assets are initially recognised at cost.**

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period end.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

The company has computer software and amortisation is provided to write down these intangible assets, on a straight line basis over their useful lives, ranging from two to seven years.

## 1.6 Inventories

Inventories are measured at the lower of cost and net realisable value on weighted average basis.

Net realisable 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.

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 of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised 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 realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## 1.7 Financial instruments

Financial instruments are recognised when the company becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The material accounting policies for each type of financial instrument held by the company are presented below:

### Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write offs accounting policy.

### Impairment Expected credit losses and write offs

A provision matrix is used as a practical expedient when determining expected credit losses. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions.

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

The company writes off an instrument 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. Instruments written off may still be subject to enforcement activities under the company's recovery procedures. Any recoveries made are recognised in profit or loss.

### Borrowings and loans from related parties

Loans from group companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Interest expense on borrowings is calculated on the effective interest method, and is included in profit or loss.

Borrowings include loans denominated in US Dollar. Foreign exchange gains or losses arising on these loans are recognised in profit or loss.

### Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

For trade and other payables which contain a significant financing component, interest expense is calculated using the effective interest method, and is included in profit or loss.

Trade and other payables include amounts which have been denominated in foreign currencies. Foreign exchange gains or losses are recognised in profit or loss.

### Cash and cash equivalents

Cash and cash equivalents comprise balances with less than tree months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other 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 balances with banks.

### Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Derecognition

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, 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 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The company derecognises financial liabilities when its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Reclassification

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities are not reclassified.

## 1.8 Share capital and equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

## 1.9 Legal reserve

In accordance with article 528 of the Commercial Code of Ethiopia, the company transfers five percent (5%) of its net profit to the legal reserve fund until such fund amount to five percent (5%) of the capital.

## 1.10 Reserve for remeasurement of defined benefit obligation

Gain and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Reserve for remeasurement of defined benefit obligation includes remeasurement of net defined benefit liability, which comprises the actuarial losses arises as a result of change in demographic assumptions, financial assumptions, and loss arises as a result of experience differs from the assumptions made at the previous valuation.

## 1.11 Employee benefits

### Short term employee benefits

Short term employee benefits, which consist of paid annual leave, sick leave, bonuses, and medical care, are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

### Defined contribution plans

Payments are charged as an expense as they fall due.

The company operates one defined contribution plans which is a pension scheme in line with the provision of Ethiopia

Pension of Private Organization Employees Proclamation No. 1268/2022. 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 recognised in the profit or loss account.

### Defined benefit plans

The severance benefits are based on the statutory severance benefit as set out in Labor Proclamation No. 1156/2019. The company operates an unfunded severance pay plan for its 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). The final pay out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 months salary for the first year in employment plus 1/3 of monthly salary for each subsequent years in employment to a maximum of 12 months final monthly salary.

Current service costs are recognised are recognised as an expense in the period in which the related services are performed.

Net interest income or expense are recognised in investment income and finance costs respectively.

## 1.12 Provisions and contingencies

The company recognises provisions in circumstances where it has a present obligation resulting from past events, which can be measured reliably and for which it is probable that the company will be required to settle the obligation.

There is always a degree of estimation uncertainty involved with provisions as they are measured at directors' best estimate of the amount which will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in 31.

## 1.13 Impairment of assets

The directors assess, at the end of each reporting period, whether there is any indication that property, plant and equipment and investment property on the cost model may be impaired. If any such indication exists, then the recoverable amount of the asset is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised immediately in profit or loss.

## 1.14 Revenue from contracts with customers

The company's revenue arises mainly from the sale of paint and other related products.

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 of a product or service to a customer.

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

### Sales of goods and services

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.

## 1.15 Cost of sales and expenses

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised 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 realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Expenses are recognised based on accrual accounting. This means that expenses are recognised when a product is received or a service is provided to the Company regardless of when the cash outflow takes place.

## 1.16 Translation of foreign currencies

### Foreign currency transactions

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.

Foreign currency monetary items are translated at the end of the reporting period using the closing rate.

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.

Refer to the individual accounting policies for financial instruments for the detailed foreign exchange accounting policies.

## 1.17 Other income

Other income is comprised of income generated from activities which are not part of the Company's primary business operations. The income is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of income, and associated costs incurred or to be incurred can be measured reliably. The recorded income is the fair value of the consideration received or receivable from the transactions and excludes amounts collected on behalf of third parties.

## 1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs on funds specifically borrowed for the purpose of obtaining the qualifying asset less any temporary investment of those borrowings.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

## 1.19 Tax

### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by the directors have not resulted in the reduction of the deferred tax assets.

### Tax expenses

The income tax expense consists of current and deferred tax. It is recognised in profit or loss, except for the tax on transactions recognised directly in equity or other comprehensive income. Tax on these transactions is also recognised in equity or other comprehensive income.

# 2. New Standards and Interpretations

## 2.1 Standards and interpretations effective and adopted in 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:

### Supplier finance arrangements   amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 1st January, 2024.

The company has adopted the amendment for the first time in the 2025 financial statements.

The impact of the amendment is not material.

### Non current liabilities with covenants amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exist at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 1st January, 2024.

The company has adopted the amendment for the first time in the 2025 financial statements.

The impact of the amendment is not material.

### Lease liability in a sale and leaseback

The amendment requires that a seller lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller lessee.

The effective date of the amendment is for years beginning on or after 1st January, 2024.

The company has adopted the amendment for the first time in the 2025 financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

## 2.2 Standards and Interpretations early adopted

The company has not chosen to early adopt any standards and interpretations.

## 2.3 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1st April, 2025 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS accounting standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS accounting standards.  A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The effective date of the amendment is for years beginning on or after 1st January, 2027.

The company expects to adopt the amendment for the first time in the 2028 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 1st January, 2027.

The company expects to adopt the amendment for the first time in the 2028 financial statements.

The impact of this amendment is currently being assessed.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 1st January, 2026.

The company expects to adopt the amendment for the first time in the 2027 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

### Lack of exchangeability amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency.  Additional disclosures are also required to enable users of financial statements to understand the impact of the non exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 1st January, 2025.

The company expects to adopt the amendment for the first time in the 2026 financial statements.

The impact of this amendment is currently being assessed.

# Notes to the Financial Statements

for the year ended 31st march 2025

## 3. Financial instruments and Risk management

### Categories of financial assets

| 2025 | Note(s) | Amortised cost | Total |
|---|---|---|---|
| Cash and cash equivalents | 11 | 374,750 | 374,750 |
| Trade and other receivables | 10 | 90,362 | 90,362 |
| Investments at fair value | 7 | 8,000 | 8,000 |
| | | **473,112** | **473,112** |

| 2024 | Note(s) | Amortised cost | Total |
|---|---|---|---|
| Cash and cash equivalents | 11 | 1,216,650 | 1,216,650 |
| Trade and other receivables | 10 | 86,321 | 86,321 |
| Investments at fair value | 7 | 8,000 | 8,000 |
| | | **1,310,971** | **1,310,971** |

### Categories of financial liabilities

| 2025 | Note(s) | Amortised cost | Leases | Total |
|---|---|---|---|---|
| Trade and other payables | 18 | 470,620 | - | 470,620 |
| Borrowings | 17 | 279,350 | - | 279,350 |
| Bank overdraft | 11 | 49,426 | - | 49,426 |
| Lease obligations | 15 | - | 26,032 | 26,032 |
| | | **799,396** | **26,032** | **825,428** |

| 2024 | Note(s) | Amortised cost | Leases | Total |
|---|---|---|---|---|
| Trade and other payables | 18 | 294,152 | - | 294,152 |
| Borrowings | 17 | 418,435 | - | 418,435 |
| Bank overdraft | 11 | 12,999 | - | 12,999 |
| Lease obligations | 15 | - | 1,569 | 1,569 |
| | | **725,586** | **1,569** | **727,155** |

### Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The company monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.

The capital structure and gearing ratio of the company at the reporting date was as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| | | ETB '000 | ETB '000 |
| Borrowings | 17 | 279,350 | 418,435 |
| Bank overdraft | 11 | 49,426 | 12,999 |
| Lease liabilities | 5 | 26,032 | 1,569 |
| **Total borrowings** | | **354,808** | **433,003** |
| Cash and cash equivalents | 11 | (325,324) | (1,203,650) |
| **Net borrowings** | | **29,484** | **(770,647)** |
| Equity | | 643,280 | 865,980 |
| Gearing ratio | | (% ) | (89%) |

## Financial risk management

### Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

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.

### 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.

The company is exposed to credit risk on trade and other receivables, and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the credit worthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed through dealing with well established financial institutions with high credit ratings.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

The maximum exposure to credit risk is presented in the table below:

| | | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|---|
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Cash and cash equivalents | 11 | 374,750 | - | 374,750 | 1,216,650 | - | 1,216,650 |
| Trade and other receivables | 10 | 93,675 | (3,313) | 90,362 | 87,631 | (1,310) | 86,321 |
| | | **476,425** | **(3,313)** | **473,112** | **1,312,281** | **(1,310)** | **1,310,971** |

## Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions. There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

| **2025** | | **Less than 1 year** | **1 to 3 years** | **3 to 5 years** | **Over 5 years** | **Total** | **Carrying amount** |
|---|---|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | | | |
| Lease liabilities | 5 | - | 5,832 | 8,688 | 92,993 | 107,513 | 21,978 |
| | | | | | | | |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 18 | 470,620 | - | - | - | 470,620 | 470,620 |
| Borrowings | 17 | 279,350 | - | - | - | 279,350 | 279,350 |
| Lease liabilities | 5 | 4,293 | - | - | - | 4,293 | 4,054 |
| Bank overdraft | 11 | 49,426 | - | - | - | 49,426 | 49,426 |
| | | **803,689** | **5,832** | **8,688** | **92,993** | **911,202** | **825,428** |

| **2024** | | **Less than 1 year** | **1 to 3 years** | **3 to 5 years** | **Over 5 years** | **Total** | **Carrying amount** |
|---|---|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | | | |
| Lease liabilities | 5 | - | 3,573 | - | - | 3,573 | 1,448 |
| | | | | | | | |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 18 | 294,361 | - | - | - | 294,361 | 294,361 |
| Borrowings | 17 | 417,910 | - | - | - | 417,910 | 417,910 |
| Lease liabilities | 5 | 433 | - | - | - | 433 | 121 |
| Bank overdraft | 11 | 12,999 | - | - | - | 12,999 | 12,999 |
| | | **725,703** | **3,573** | **-** | **-** | **729,276** | **726,839** |

### Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. The foreign currencies in which the company deals primarily is US Dollars.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

#### Exposure in Ethiopian Birr

The net carrying amounts, in Ethiopian Birr, of the various exposures, are denominated in the following currencies. The amounts have been presented in Ethiopian Birr by converting the foreign currency amounts at the closing rate at the reporting date:

#### Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

US Dollar exposure:

| | | 2025 | 2024 |
|---|---|---|---|
| | | ETB '000 | ETB '000 |
| **Current assets:** | | | |
| Cash and cash equivalents | 11 | (1) | (319) |
| **Non current liabilities:** | | | |
| Borrowings | 17 | 2,208 | 7,231 |
| **Current liabilities:** | | | |
| Trade and other payables | 18 | 50 | 136 |
| | | | |
| Net US Dollar exposure | | 2,257 | 7,048 |
| **Exchange rates** | | | |
| **Ethiopian Birr per unit of foreign currency:** | | | |
| US Dollar | | 126.488 | 56.628 |

### Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents the directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to

| Increase or decrease in rate | 2025 | 2025 | 2024 | 2024 |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| **Pre-tax impact on profit or loss:** | | | | |
| US Dollar 10% (2024:10 %) | (28,548) | 28,548 | (39,914) | 39,914 |
| **Impact on equity:** | | | | |
| US Dollar 10% (2024:10 %) | (28,548) | 28,548 | (39,914) | 39,914 |
| US Dollar | | 126.488 | 56.628 | |

### Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

### Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

| | Note | Carrying amount 2025 ETB '000 | Carrying amount 2024 ETB '000 |
|---|---|---|---|
| **Fixed rate instruments:** | | | |
| Liabilities | 17 | 277,279 | 417,910 |
| Borrowings | 11 | 46,429 | 12,999 |
| Bank overdraft | | **323,708** | **430,909** |

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which 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. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

| Increase or decrease in rate | 2025 Increase | 2025 Decrease | 2024 Increase | 2024 Decrease |
|---|---|---|---|---|
| **Pre tax impact on profit or loss:** | | | | |
| Change of 1% (2024: 1%) | (3,237) | 3,237 | (4,309) | 4,309 |

## 4. Property, plant and equipment

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Buildings | 35,800 | (18,677.00) | 17,123 | 30,738 | (17,179.00) | 13,559 |
| Plant and machinery | 69,222 | (41,732.00) | 27,490 | 63,779 | (37,507.00) | 26,272 |
| Furniture and fixtures | 1,885 | (1,143.00) | 742 | 1,420 | (1,039.00) | 381 |
| Motor vehicles | 51,873 | (24,246.00) | 27,627 | 36,710 | (18,911.00) | 17,799 |
| Office equipment | 288 | (288.00) | - | 288 | (288.00) | - |
| IT equipment | 13,855 | (7,963.00) | 5,892 | 11,789 | (6,292.00) | 5,497 |
| Capital Work in progress | 51 | - | 51 | 2,777 | - | 2,777 |
| **Total** | **172,974** | **(94,049.00)** | **78,925** | **147,501** | **(81,216.00)** | **66,287** |

## Reconciliation of property, plant and equipment

| 2025 | Opening balance | Additions | Disposals | Transfers | Adjustments | Depreciation | Total |
|---|---|---|---|---|---|---|---|
| Buildings | 13,559 | 5,062 | - | - | - | (1,498) | 17,123 |
| Plant and machinery | 26,272 | 2,684 | - | 2,759 | - | (4,225) | 27,490 |
| Furniture and fixtures | 381 | 465 | - | - | - | (104) | 742 |
| Motor vehicles | 17,799 | 16,910 | (1,747) | - | - | (5,335) | 27,627 |
| IT equipment | 5,497 | 2,066 | - | - | - | (1,671) | 5,892 |
| Capital - Work in progress | 2,777 | 481 | - | (2,759) | (448) | - | 51 |
| | **66,285** | **27,668** | **(1,747)** | **-** | **(448)** | **(12,833)** | **78,925** |

## Reconciliation of property, plant and equipment

| 2024 | Opening balance | Additions | Disposals | Transfers | Adjustments | Depreciation | Total |
|---|---|---|---|---|---|---|---|
| Buildings | 9,700 | 5,184 | - | - | - | (1,325) | 13,559 |
| Plant and machinery | 28,881 | 1,540 | (44) | - | - | (4,105) | 26,272 |
| Furniture and fixtures | 241 | 202 | (1) | - | - | (61) | 381 |
| Motor vehicles | 7,115 | 13,909 | - | - | - | (3,225) | 17,799 |
| Office equipment | 3 | - | - | - | - | (3) | - |
| IT equipment | 5,110 | 1,697 | - | - | - | (1,310) | 5,497 |
| Capital - Work in progress | 1,682 | 1,095 | - | - | - | - | 2,777 |
| | **52,732** | **23,627** | **(45)** | **-** | **-** | **(10,029)** | **66,287** |

### Impairment and reversal of impairment

Upon impairment review, the net book value of Property, Plant and Equipment do not exceed its recoverable amount as at the reporting date. Thus, the directors are of the opinion that allowance for impairment is not required.

## 5. 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 obligation is discounted at a rate of 11.5%.

### Building

The company also has leased various residential buildings and warehouses in Addis Ababa that have a lease term ranging from one to four years. The obligation is discounted at a rate of 11.5%.

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Cost:** | | |
| At the beginning of the year | 14,341 | 20,796 |
| Addition | 53,930 | 10,107 |
| Lease contracts elapsed | (7,403) | (16,562) |
| | **60,868** | **14,341** |
| **Accumulated amortization:** | | |
| At the beginning of the year | 6,621 | 5,425 |
| Charge for the year | 17,646 | 9,219 |
| Accumulated depreciation on lease contracts elapsed | (19,012) | (8,023) |
| **At the end of the year** | **5,255** | **6,621** |
| | **55,613** | **7,720** |

## 6. Intangible assets

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Computer software | 2,861 | (2,653) | 208 | 2,861 | (2,569) | 292 |

## Reconciliation of intangible assets - 2025

| | Opening balance | Additions | Opening balance | Additions |
|---|---|---|---|---|
| Computer software | 292 | - | (84) | 208 |

## Reconciliation of intangible assets - 2024

| | Opening balance | Additions | Opening balance | Additions |
|---|---|---|---|---|
| Computer software | 485 | 335 | (528) | 292 |

## 7. Investment securities

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| **Held to maturity** | | |
| Bonds | 8,000 | 8,000 |
| **Split between non current and current portions** | | |
| Non current assets | 8,000 | 8,000 |

The balance represents four Ethiopian Government Saving Bonds with a face value of ETB 2,500,000 bearing interest rate of 8% with maturity date on 28 May, 2028, ETB 2,500,000 bearing interest rate of 8% with maturity date on 3 April, 2027, ETB 2,000,000 bearing interest rate of 8% with maturity date on 22 July 2025 and ETB 1,000,000 bearing interest rate of 8% with maturity date on 30 August, 2027. Interest income from the investments is exempted from income tax and is collected annually. There is no active trading for the saving bonds.

## 8. Deferred tax

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| **Deferred tax liability** | | |
| Unrealised foreign exchange loss (gain) | 31,361 | 925 |
| Provision for Customs and VAT Case | 18,693 | 18,693 |
| Provision for stock obsolescence | 10,755 | 7,464 |
| Defined benefit obligation and leave pay | 7,233 | 4,484 |
| Provision for bank charges | 5,792 | 8,682 |
| Provision for impairment of receivables | 994 | 393 |
| Sales reversed and added back net of expenditure | 55 | - |
| Impairment loss on right of use assets | (51) | (15) |
| Property plant and equipment and intangible assets | (6,161) | (4,944) |
| | | |
| **Total deferred tax liability** | **68,671** | **35,683** |

Deferred taxation is calculated on all temporary differences using the enacted principal tax rate of 30%. The temporary difference is a result of variance in rates of depreciation of property, plant and equipment for financial reporting and tax purposes as well as difference in timing of Right of use of asset, and defined benefit obligations.

## Reconciliation of deferred tax asset / (liability)

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| At beginning of year | 35,683 | 16,038 |
| | | |
| **Deferred tax recognized in profit or loss:** | | |
| Temporary difference on unrealised foreign exchange loss/(gain) | 30,436 | 2,432 |
| Temporary differences provision for stock obsolescence | 3,291 | (2,328) |
| Temporary differences in defined benefit obligation recognized in profit or loss | 2,130 | 208 |
| Provision for impairment of receivables | 601 | (1,639) |
| Sales reversed and added back net of expenditure | 55 | - |
| Temporary difference on provision for Customs and VAT case | - | 18,693 |
| Temporary differences on impairment loss on right of use assets | (36) | 932 |
| Temporary differences in property, plant and equipment recognized in Profit or Loss | (1,217) | (742) |
| Temporary differences in provision for bank charges | (2,891) | 1,906 |
| | | |
| **Deferred tax recognized in other comprehensive income:** | | |
| Temporary differences in defined benefit obligation and leave pay recognized in Other comprehensive income | 620 | 183 |
| | **68,672** | **35,683** |

## 9. Inventories

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| Raw materials, components | 479,661 | 155,993 |
| Goods in transit | 150,950 | 55,769 |
| Finished goods | 64,499 | 30,530 |
| Packing materials | 9,849 | 24,316 |
| Work in progress | 8,801 | 2,670 |
| | **713,757** | **269,278** |
| Inventories (write-downs) | (35,850) | (24,881) |
| | **677,907** | **244,397** |

## 10. Trade and other receivables

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| **Financial instruments:** | | |
| Trade receivables | 80,369 | 80,360 |
| Trade receivables - related parties | 13,306 | 7,271 |
| Loss allowance | (3,313) | (1,310) |
| Trade receivables at amortised cost | 90,362 | 86,321 |

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| **Non-financial instruments:** | | |
| Advance and prepayments | 320,063 | 186,342 |
| Interest receivables | 1,804 | 1,194 |
| | **321,867** | **187,536** |
| **Split between non-current and current portions** | | |
| Current assets | **412,229** | **273,857** |
| **Financial instrument and non-financial instrument components of trade and other receivables** | | |
| At amortised cost | 90,362 | 86,321 |
| Non-financial instruments | 321,867 | 187,536 |
| | **412,229** | **273,857** |

## Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 30 days (2024: 30 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

| | 2025 | 2025 | 2024 | 2024 |
|---|---|---|---|---|
| | **Estimated gross carrying amount at default** | **Loss allowance (Lifetime expected credit loss)** | **Estimated gross carrying amount at default** | **Loss allowance (Lifetime expected credit loss)** |
| **Expected credit loss rate:** | | | | |
| Not past due: 13% (2024: 0%) | 44,839 | - | 37,427 | 49 |
| 0 - 90 days past due: 0.3% | 50,660 | 166 | 43,938 | 249 |
| 91 - 180 days past due: 3% | 993 | 30 | 4,797 | 102 |
| 181 - 270 days past due: 9% | 757 | 68 | 616 | 58 |
| 271 - 365 days past due: 13.7% | 316 | 43 | 92 | 92 |
| More than 365 days past due: 90.9% | 3,308 | 3,006 | 760 | 760 |
| **Total** | **100,873** | **3,313** | **87,630** | **1,310** |

### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

| | 2025 | 2024 |
|---|---|---|
| | **ETB '000** | **ETB '000** |
| Opening balance in accordance with IFRS 9 | (1,310) | (6,767) |
| Impairment loss/(reversal) on trade receivables | (2,003) | 5,457 |
| | **(3,313)** | **(1,310)** |

## 11. Cash and cash equivalents

| | 2025 | 2024 |
|---|---|---|
| | **ETB '000** | **ETB '000** |
| Cash and cash equivalents consist of: | | |
| Bank balances | 374,739 | 1,216,641 |
| Cash on hand | 11 | 9 |
| Bank overdraft | (49,426) | (12,999) |
| | **325,324** | **1,203,650** |
| Current assets | 374,750 | 1,216,650 |
| Current liabilities | (49,426) | (12,999) |
| | **325,324** | **1,203,650** |

The company has an overdraft facility amounting to ETB 50 million from the Commercial Bank of Ethiopia with an interest rate of 14%, secured by a plant located in Kality.

## Exposure to currency risk

Refer to note 3 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

## 12. Share capital

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| **Authorised** | | |
| 472,000 (2024: 472,000) Ordinary shares with par value of ETB 1,000 each | 472,000 | 472,000 |
| **Reconciliation of number of shares issued:** | | |
| As at 1 January | 472,000 | 472,000 |

## 13. Reserve for remeasurement of defined benefit obligation

Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Reserve for remeasurement of the defined benefit obligation includes the remeasurement of the net defined benefit liability, comprising actuarial losses arising from changes in demographic and financial assumptions, as well as losses resulting from experience that differs from the assumptions made in the previous valuation.

The total loss to be recognized for the year ending 31st March 2025 was calculated to be ETB 1,448 as shown below:

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| Movement for the year | 2,180 | 1,752 |
| As at 1 January | 1,448 | 428 |
| Remeasurement loss on defined benefit obligation | 3,629 | 2,180 |

## 14. Legal reserve

5% of profit after tax for each year is transferred to legal reserve, a non distributable profit, until the total reserve reaches 5% of the paid up capital.

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| At 1 April | 49,106 | 49,106 |

## 15. Lease liabilities

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| At the beginning of the year | 1,569 | 10,568 |
| Addition during the year | 43,777 | 10,107 |
| Interest accrued during the year | 2,561 | 654 |
| Termination/reassessment of lease | (20,317) | (9,658) |
| Settlement during the year | (1,558) | (10,102) |
| | **26,032** | **1,569** |
| Non current liabilities | 21,978 | 1,448 |
| Current liabilities | 4,054 | 121 |
| | **26,032** | **1,569** |

## 16. Provision for defined benefit obligation and leave pay

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| Defined benefit obligations | 13,172 | 9,662 |
| Leave pay | 10,938 | 6,625 |
| | **24,110** | **16,287** |
| Non current liabilities | 20,462 | 14,171 |
| Current liabilities | 3,648 | 2,116 |
| | **24,110** | **16,287** |

Defined 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.

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.

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| **Carrying value** | | |
| Present value of the defined benefit obligation-wholly unfunded | 13,172 | 9,662 |
| **Movements for the year** | | |
| Opening balance | 9,663 | 8,004 |
| Current service cost | 1,021 | 846 |
| Remeasurement (gain)/loss | 2,068 | 611 |
| Interest cost | 765 | 613 |
| Benefit paid | (345) | (413) |
| | **13,172** | **9,662** |
| **Net expense recognised in profit or loss** | | |
| Current service cost | 1,021 | 846 |
| Interest cost | 765 | 613 |
| | 1,786 | 1,459 |
| **Net expense recognised in other comprehensive income** | | |
| (Gains)/losses due to change in Demographic assumptions | 1,376 | (835) |
| Experience (gains)/losses on Defined Benefit Obligation | 971 | 1,446 |
| Effect of change in financial assumptions | (279) | - |
| | **2,068** | **611** |

## Key assumptions used

Assumptions used on last valuation on March 31st, 2025.

## Economic assumption

The discount rate and salary increases assumed are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

### i. Discount rate

The discounting rate is based on the gross redemption yield on medium to long term risk free investments.The term of the risk free investments has to be consistent with the estimated term of benefit obligations.The estimated term of the benefit obligations works out to 7.74 years. For the current valuation, a discount rate of 7.5% p.a. compound has been used.

### i. Salary escalation rate

The salary escalation rate/s usually consists of at least three components, viz. regular increments, price inflation and promotional increases. In addition to this any commitments by the directors regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again, a long term view as to the trend in salary escalation rates has to be taken rather than guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors. The assumptions used are summarized in the following table.

| | 2025 | 2024 |
|---|---|---|
| Discount rates used | 7.50% | 8.00% |
| Basic salary increases allowing for regular increases/price inflation/promotional increases | 15.00% | 15.00% |
| **Demographic assumptions** | | |
| Mortality | As per WHO 2012 study | As per WHO 2012 study |
| Disability | None | None |
| Employee turnover | Management Category : 19% | Management Category : 15% |
| | Non management Category : 9.7% | Non management Category : 8% |
| Normal retirement age | 60 years | 60 years |

### Leave pay provision

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.

The key financial assumptions used in the calculation of annual live liability are the discount rate and the rate of salary increases.

## Carrying value

| Movements for the year | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|
| Opening balance | 6,626 | 5,643 |
| Current service cost | 2,205 | 783 |
| Remeasurement (gain)/losses | 1,877 | 196 |
| Interest cost | 418 | 357 |
| | (188) | (353) |
| | **10,938** | **6,626** |
| **Net expense recognised in profit or loss** | | |
| Remeasurement (gain)/losses | 1,877 | 196 |
| Current service cost | 2,205 | 783 |
| Interest cost | 418 | 357 |
| | **4,500** | **1,336** |

## Key assumptions used

Assumptions used on last valuation on March 31, 2025.

## Economic assumption

The discount rate and salary increase rate are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

### i. Discount rate

The discounting rate is based on the gross redemption yield on medium to long term risk free investments.The term of the risk free investments has to be consistent with the estimated term of benefit obligations.The estimated term of the benefit obligations works out to 7.74 years. For the current valuation, a discount rate of 7.5 % p.a. compound has been used.

### i. Salary escalation rate

The salary escalation rate/s usually consists of at least three components, viz. regular increments, price inflation and promotional increases. In addition to this any commitments by the directors regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again, a long term view as to the trend in salary escalation rates has to be taken rather than guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.The assumptions used are summarized in the following table.

Details of interest rate and salary increment assumptions are presented in the below table.

| | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|
| Discount rates used | 7.50% | 8.00% |
| Basic salary increases allowing for regular increases/price inflation/promotional increases | 15.00% | 15.00% |

# Notes to Financial Statements (Contd.)

for the year ended 31st March, 2025

### Demographic assumptions

| | 2025 | 2024 |
|---|---|---|
| Discount rates used | 7.50% | 8.00% |
| Basic salary increases allowing for regular increases/price inflation/promotional increases | 15.00% | 15.00% |
| **Demographic assumptions** | | |
| Mortality | As per WHO 2012 study | As per WHO 2012 study |
| Disability | None | None |
| Employee turnover | Management Category : | Management Category : |
| | 19% Non management Category : 9.7% | 15%Non management Category : 8% |
| Normal retirement age | 60 years | 60 years |

**Leave availment pattern**

To estimate liabilities towards leaves availment, an assumption towards leave availment is needed. 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 leave 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.

## 17. Borrowings

| | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|
| **Held at amortised cost** | | |
| Borrowings | 279,350 | 418,435 |

The company has an outstanding loan of USD 8,600,000 from its parent company, Asian Paint International Private Limited. The loan accrues interest at SOFR +2% on drawn balances, with no commission or commitment fees charged on the unused facility. The loan is obtained without collateral. credit losses has already been accounted for in the balances above.

Split between non current and current portions

| | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|
| Current liabilities | | |
| Defaults | 279,350 | 418,435 |
| | | |
| Opening balance | 418,435 | 362,245 |
| Received during the year | 97,850 | 304,596 |
| Settlement of principal | (368,508) | (258,641) |
| Interest expense | 44,601 | 34,250 |
| Settlement of interest | (66,932) | (24,539) |
| Attributed to foreign exchange translation | 153,904 | 525 |
| | **279,350** | **418,435** |

### Exposure to liquidity risk

Refer to note 3 Financial instruments and financial risk management for details of liquidity risk exposure and management.

### Exposure to currency risk

Refer to note 3 Financial instruments and financial risk management for details of currency risk management for borrowings.

### Exposure to interest rate risk

Refer to note 3 for details of interest rate risk management for borrowings.

## 18. Trade and other payables

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| **Financial instruments:** | | |
| Trade payables | 193,013 | 77,559 |
| Royalty | 142,830 | 92,785 |
| Accruals | 114,349 | 51,995 |
| Related party | 19,938 | 8,895 |
| Sundry payables | 270 | 458 |
| Staff payables | 220 | 1,481 |
| Dividend payable | - | 60,979 |
| **Non financial instruments:** | | |
| Provisions | 83,588 | 83,533 |
| VAT | 10,595 | 15,071 |
| Custom duty | 7,718 | 2,704 |
| Withholding tax payable | 6,360 | 4,963 |
| Personal income tax | 3,143 | 1,743 |
| | **582,024** | **402,166** |

## Financial instrument and non financial instrument components of trade and other payables

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| At amortised cost | 470,620 | 294,152 |
| Non financial instruments | 111,404 | 108,014 |
| | **582,024** | **402,166** |

The average credit period on purchases of goods is 30 days (2024: 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.

The balance for royalty is payable to Asian Paints Limited.

Provisions relate to Customs Tax and VAT assessed by the Ministry of Revenue.

## Exposure to currency risk

Refer to note 3 Financial instruments and financial risk management for details of currency risk management for trade payables.

## Dividend payable

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) is located, a 5% dividend tax is charged on dividend paid/payable to Asian Paint International Private Limited.

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| At the beginning of the year | 60,664 | 104,751 |
| Dividend declared during the year | 344,874 | - |
| Dividend tax | (25,693) | (24) |
| Paid during the year | (379,845) | (43,748) |
| | **-** | **60,979** |

## 19. Current tax payable (receivable)

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| Profit tax | **72,081** | **135,449** |

## 20. Revenue

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| **Revenue from contracts with customers** | | |
| Sale of goods | **2,503,080** | **2,003,514** |

Disaggregation of revenue from contracts with customers

## The company disaggregates revenue from customers as follows:

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| Sale of goods | | |
| Construction products | 2,050,262 | 1,641,511 |
| Automotive products | 157,165 | 182,145 |
| Industrial products | 310,348 | 173,488 |
| Wood work products | 101,876 | 76,688 |
| Adhesive products | 88,552 | 59,857 |
| Universal paste | 12,365 | 7,680 |
| Sales discount and return | (217,488) | (137,855) |
| | **2,503,080** | **2,003,514** |
| **Timing of revenue recognition** | | |
| **At a point in time** | | |
| Sale of goods | **2,503,080** | **2,003,514** |

## 21. Cost of sales

| | 2025 ETB '000 | 2024 ETB '000 |
|---|---|---|
| Raw materials consumed | 1,501,460 | 1,268,695 |
| Employee costs | 27,305 | 22,826 |
| Manufacturing expenses | 11,830 | 6,621 |
| Depreciation and impairment | 5,723 | 5,429 |
| | **1,546,318** | **1,303,572** |
| **Manufacturing - Raw materials consumed** | | |
| Raw materials consumed | **1,501,460** | **1,268,695** |
| **Manufacturing - Employee costs** | | |
| Basic | 23,333 | 17,999 |
| Overtime | 1,681 | 2,736 |
| Pension | 1,482 | 1,317 |
| Uniform expenses | 809 | 774 |
| | **27,305** | **22,826** |
| **Manufacturing - Depreciation and impairment** | | |
| Property, plant and equipment | **5,723** | **5,429** |
| **Manufacturing expenses** | | |
| Utilities | 6,616 | 4,199 |
| Repairs and maintenance | 2,768 | 794 |
| Insurance | 2,446 | 1,628 |
| | **11,830** | **6,621** |

## 22. Other income

| | 2025 ETB '000 | 2024 ETB '000 |
|---|---|---|
| Unrealized foreign currency exchange gain | 49,873 | 1,727 |
| Interest income | 38,809 | 43,434 |
| Sales of used empty drums | 10,961 | 5,472 |
| | **99,643** | **50,633** |

## 23. Impairment allowance on trade receivables

| | 2025 ETB '000 | 2024 ETB '000 |
|---|---|---|
| Impairment loss/(reversal) on trade receivables | 2,003 | (5,317) |
| Receivables write offs | - | 351 |
| | **2,003** | **(4,966)** |

## 24. Impairment of inventory

| | 2025 ETB '000 | 2024 ETB '000 |
|---|---|---|
| Impairment loss/(reversal) on inventory | **10,969** | **(7,760)** |

## 25. Selling and administrative expenses

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| Employee costs | 113,796 | 62,384 |
| Royalties/TSF-Group | 59,792 | 45,630 |
| Depreciation, amortisation and impairments | 26,587 | 14,347 |
| Legal and professional fees | 23,587 | 2,097 |
| Canteen expense | 8,677 | 6,955 |
| Systems expenses | 8,049 | 3,381 |
| Advertising | 5,578 | 7,397 |
| Miscellaneous expenses | 5,077 | 1,275 |
| Travel expenses | 4,420 | 3,266 |
| Rent | 3,745 | - |
| Security | 3,483 | 2,231 |
| Stationery and office supplies | 1,495 | 941 |
| Fuel expenses | 1,114 | 750 |
| Sundry | 1,023 | 610 |
| Cleaning | 928 | 1,085 |
| Communications | 829 | 785 |
| Donations | 467 | 195 |
| Repairs and maintenance | 455 | 3,342 |
| Hotel lodging and boarding | 276 | 589 |
| Subscriptions | 200 | 106 |
| Entertainment | 162 | 37 |
| Fines and penalties | 72 | 3,978 |
| Demurrage | 62 | 241 |
| Training | 46 | 230 |
| Interest on Customs Tax provision | - | 28,609 |
| | **269,920** | **190,463** |

**Royalty**

The company pays 3% royalty to Asian Paints Limited, the ultimate holding company. The payment is on the incremental net sales over base sales of all products excluding adhesives products manufactured and sold by the company.

**Professional fees**

Legal and professional fees include ETB 21,063 paid to Berger Paints Emirates Ltd Co LLC, a related party, for professional services related to the establishment and expansion of operations, as well as sales and marketing activities. The agreement remains effective until 31 March 2025.

## 26. Employee costs

| | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|
| **Direct employee costs (Cost of sales)** | | |
| Basic | 23,333 | 17,999 |
| Overtime | 1,681 | 2,736 |
| Pension and provident fund contribution | 1,482 | 1,317 |
| Uniform expense | 809 | 774 |
| | **27,305** | **22,826** |
| **Indirect employee costs (Selling and administrative expenses)** | | |
| Basic | 73,940 | 40,069 |
| Other benefits | 16,866 | 6,389 |
| Defined benefit plan | 6,571 | 3,063 |
| Bonus | 6,064 | 4,942 |
| Medical aid company contributions | 5,463 | 5,013 |
| Pension and provident fund contribution | 1,927 | 1,674 |
| Overtime | 1,001 | 57 |
| Employee share option plan | 996 | 581 |
| Personal protective equipment | 968 | 596 |
| | **113,796** | **62,384** |
| **Total employee costs** | | |
| Direct employee costs | 27,305 | 22,826 |
| Indirect employee costs | 113,796 | 62,384 |
| | **141,101** | **85,210** |

## 27. Finance costs

| | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|
| Realized foreign currency exchange loss | 321,393 | 11,324 |
| Unrealized foreign currency exchange loss | 154,411 | 1,481 |
| Bank charges | 61,488 | 49,807 |
| Interest on borrowings | 53,068 | 35,147 |
| Interest on lease liabilities | 2,561 | 654 |
| Interest on prior period tax obligations | 29 | 196 |
| | **592,950** | **98,609** |

## 28. Tax expense

| | 2025<br>ETB '000 | 2024<br>ETB '000 |
|---|---|---|
| **Current** | | |
| Current tax expense | 89,228 | 147,896 |
| Prior year profit tax expenses | 80 | 490 |
| | **89,308** | **148,386** |
| **Deferred** | | |
| Deferred tax | (32,367) | (19,462) |

# Notes to Financial Statements (Contd.)

for the year ended 31st March, 2025

| | | 2025 | 2024 |
|---|---|---|---|
| | | ETB '000 | ETB '000 |
| | | **56,941** | **128,924** |
| **Current tax expense** | | | |
| Profit before tax | | 180,563 | 474,229 |
| **Adjustments on taxable income** | | | |
| Unrealized foreign currency exchange loss | 27 | 154,412 | 553 |
| Bank service charges on dividend and royalty remittance | 27 | 19,876 | 5,418 |
| Depreciation of right of use asset | 5 | 17,646 | 9,220 |
| Depreciation per company policy | 4&6 | 14,664 | 10,555 |
| Impairment loss or writeback of inventories | | 10,969 | (7,760) |
| Provision for employee benefits | 26 | 19,625 | 9,901 |
| Interest on lease liabilities | 27 | 2,561 | 654 |
| Impairment allowance on trade receivables | | 2,003 | (5,456) |
| Additional prior periods tax expenses | 25 | 1,336 | 336 |
| Education fees | 25 | 710 | 261 |
| Donation | 25 | 467 | 195 |
| Sales reversed and added back net of expenditure | | 182 | - |
| Entertainment | 25 | 162 | 90 |
| Loss on sale of asset | 10 | 109 | - |
| Fines and penalties - non-deductible | | 72 | 3,978 |
| Demurrage | 25 | 61 | 351 |
| Provision for interest and penalty for customs and VAT Case | | - | 62,311 |
| Sundry balances written off | | - | 1,270 |
| Less: | | | |
| Defined benefit and annual leave paid | 16 | (541) | (1,358) |
| Tax holiday on in-house emulsion production | | (1,147) | (9,881) |
| Provision for bank charges | | (9,518) | 6,352 |
| Tax allowed rent, lease interest, and leasehold land amortisation expense | | (11,133) | (10,171) |
| Depreciation as per Tax Law (Annex-I) | | (16,973) | (12,896) |
| Interest income taxed at source | 27 | (38,809) | (43,434) |
| Unrealized foreign currency exchange gain | 27 | (49,873) | (1,727) |
| | | | |
| **Taxable profit** | | 297,424 | 492,991 |
| Tax expense at 30% | | **89,228** | **147,897** |

**Tax assessment**

The Company was under comprehensive tax assessment for the period from 2018/19 to 2019/20. The assessment was finalized and an assessment report was communicated to the Company in 2021/22. The assessment resulted in an additional payment request of ETB 11.4m, containing principal tax amount, interest and penalty. Out of this balance, the Company has settled ETB 2.1m and got Covid amnesty for ETB 4.3 million. The Company has submitted an appeal for the remaining balance. Additionally, a tax assessment conducted in 2023 resulted in an additional payment obligation of ETB 95,290.

**Tax holiday on In house emulsion production**

As an incentive for emulsion production facility expansion, which started operation in May 2019, the Ministry of Revenue, through letter number 3.1.1/151/12 dated November 1st 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.

## 29. Cash generated from operations

| | | 2025 | 2024 |
|---|---|---|---|
| | | **ETB '000** | **ETB '000** |
| Profit before taxation | | 180,563 | 474,226 |
| **Adjustments for non-cash items:** | | | |
| Loss on foreign exchange revaluation in borrowing | | 153,904 | - |
| Interest on borrowing | 17 | 44,601 | 34,250 |
| Net movement in lease liability | 15 | 24,463 | (8,999) |
| Amortization of right of use asset | 5 | 17,646 | 9,219 |
| Depreciation of property, plant and equipment | 4 | 12,833 | 10,027 |
| Net movement for defined benefit obligation and leave pay | 16 | 5,755 | 2,029 |
| Capital - Work in process adjustment | 4 | 448 | - |
| Amortization of intangible assets | 6 | 84 | 528 |
| Loss on disposal of property, plant and equipment | | - | 44 |
| Dividend balance adjustment | | (315) | - |
| Net movement in right of use asset due to termination of lease contract | 5 | (38,189) | (1,568) |
| **Changes in working capital:** | | | |
| (Increase) decrease in inventories | 9 | (433,510) | 76,059 |
| (Increase) decrease in trade and other receivables | 10 | (138,372) | (141,594) |
| Increase (decrease) in trade and other payables, excluding dividend payables | 18 | 240,837 | 91,629 |
| | | **70,748** | **545,850** |

## 30. Tax paid

| | 2025 | 2024 |
|---|---|---|
| | **ETB '000** | **ETB '000** |
| Balance at beginning of the year | (135,449) | (46,639) |
| Current tax recognised in profit or loss | (89,228) | (147,896) |
| Prior year profit tax expenses | (80) | (490) |
| Balance at end of the year | 72,081 | 135,449 |
| | **(152,676)** | **(59,576)** |

# Notes to Financial Statements (Contd.)

for the year ended 31st March, 2025

## 31. Contingencies

The company was under comprehensive tax audit for the years ended March 31, 2016 to March 31, 2018 and for import duty tax audit for the years ended August 12, 2015 to August 12, 2020 and from August 13, 2020 to July 2, 2022. In that respect, a penalty of ETB 11.5 million has been levied on the company. The directors strongly believe that the penalty will be cancelled.

## 32. Related parties

| Relationships | Related Company |
|---|---|
| Controls the company | Board of Directors and senior executives |
| Controls the company | Shareholders |
| Ultimate holding company | Asian Paints Limited |
| Holding company | Asian Paints International Private Limited |
| Controlled by the holding company | Berger Paints Emirates Ltd Co LLC |
| Controlled by Directors | Kadisco General Hospital |
| Controlled by Directors | Kadco Group PBDA P.L.C |
| Controlled by Directors | KADISCO General Hospital P.L.C |
| Controlled by Directors | KADCO Group |
| Close family member | Afatco Trading P.L.C |
| Close family member | Elham Abdela |
| Close family member | 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 | Ismael Khalifa |

## Related party balances

| Due to related parties | Opening balance | Advance (Settlement) | Closing balance |
|---|---:|---:|---:|
| Asian Paints Limited | (4,391) | (4,271) | (8,662) |
| Loan due to Asian Paints International Pvt. Ltd | (418,435) | 139,085 | (279,350) |
| Royality due to Asian Paints Limited | (92,785) | (50,045) | (142,830) |
| Asian Paints International Pvt. Ltd | (2,804) | (3,914) | (6,718) |
| Elham Abdela | (1,676) | (2,835) | (4,511) |
| Kadisco General Hospital PLC | 2 | (49) | (47) |
| Kadco Group PBDA P.L.C. | (27) | 27 | - |
| | **(520,116)** | **77,998** | **(442,118)** |

## Related party balances (Contd.)

| Due to related parties | Opening balance | Advance (Settlement) | Closing balance |
|---|---|---|---|
| Due from related parties reported in trade and other receivables | | | |
| Frewoini B/Meskel | 2,568 | 1,025 | 3,593 |
| Azeb Mohammed | 1,381 | 610 | 1,991 |
| Kadisco General Hospital PLC | 121 | (27,603) | 94 |
| KADCO Group | 71 | 66 | 137 |
| Seifudin Khalifa | - | 49 | 49 |
| Abdulrezack Ibrahim Abdulkadir | - | 274 | 275 |
| Anhar Seid | - | 4,178 | 4,178 |
| ASAMCO Trading and Industry PLC | 3,131 | - | 3,131 |
| Alamin Mohammed | 275 | (141) | 134 |
| Nesredin Mohammed Adem | (1) | - | (1) |
| Yesuf Abdulhamid Zeidi T/Haimanot | (275) | - | (275) |
| | **7,271** | **(21,542)** | **13,306** |
| **Related party transactions** | | | |
| **Compensation to directors and other key management** | | | |
| Salary and benefits | | 19,765 | 14,090 |
| Post employment benefits | | 1,226 | 742 |
| Share based payments | | 996 | 158 |
| | | **21,987** | **14,990** |

## 33. Comparative figures

During the current year, the directors have identified that certain amounts presented in the prior year under cash and bank balances would have been more appropriately classified as prepayments and advances within trade and other receivables. The reclassification has been made to enhance the presentation of the financial statements in line with the nature of the underlying assets. The impact of the reclassification is not considered material since it has no impact on profit or loss, total current assets, total equity, or the overall financial position. The effects of the reclassification are as follows:

| | 2025 | 2024 |
|---|---|---|
| | ETB '000 | ETB '000 |
| Statement of Financial Position | | |
| Trade and other receivables | - | 83,775 |
| Cash and cash equivalents | - | (83,775) |

## 34. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

# Annex-I Property, Plant And Equipment

for the year ended 31st March, 2025

| | Buildings ETB '000 | Machinery ETB '000 | Motor Vehicles ETB '000 | Furniture & Fixtures ETB '000 | Office Equipment ETB '000 | Computer & accessories ETB '000 | Software ETB '000 | Total ETB '000 |
|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | |
| At 1 April 2023 | 25,554 | 62,410 | 22,801 | 1,227 | 288 | 10,091 | 2,527 | 124,899 |
| Addition for the year | 5,184 | 1,539 | 13,909 | 202 | - | 1,698 | 335 | 22,867 |
| Disposal | - | (171) | - | (9) | - | - | - | (180) |
| **At 31 March 2024** | **30,738** | **63,779** | **36,710** | **1,420** | **288** | **11,789** | **2,862** | **147,586** |
| At 1 April 2024 | 30,738 | 63,779 | 36,710 | 1,420 | 288 | 11,789 | 2,862 | 147,586 |
| Addition for the year | 5,062 | 2,684 | 16,910 | 465 | - | 2,066 | - | 27,186 |
| Transfer | - | 2,759 | - | - | - | - | - | 2,759 |
| Disposal | - | - | (1,747) | - | - | - | - | (1,747) |
| **At 31 March 2025** | **35,800** | **69,222** | **51,872** | **1,885** | **288** | **13,855** | **2,862** | **175,784** |
| **Accumulated Depreciation** | | | | | | | | |
| At 1 April 2023 | 16,773 | 45,996 | 13,154 | 976 | 266 | 8,163 | 2,041 | 87,369 |
| Charge for the year | 1,364 | 5,569 | 2,907 | 69 | 15 | 2,298 | 674 | 12,896 |
| **At 31 March 2024** | **18,137** | **51,564** | **16,061** | **1,045** | **281** | **10,461** | **2,715** | **100,265** |
| At 1 April 2024 | 18,137 | 51,564 | 16,061 | 1,045 | 281 | 10,461 | 2,715 | 100,265 |
| Charge for the year | 1,602 | 5,941 | 6,426 | 125 | 7 | 2,726 | 147 | 16,974 |
| **At 31 March 2025** | **19,740** | **57,505** | **22,487** | **1,170** | **288** | **13,187** | **2,861** | **117,239** |
| **Net book value** | | | | | | | | |
| **At 31 March 2024** | **12,601** | **12,214** | **20,648** | **376** | **7** | **1,328** | **147** | **47,321** |
| **At 31 March 2025** | **16,060** | **11,717** | **29,385** | **715** | **-** | **668** | **-** | **58,545** |

# Causeway Paints Lanka (Pvt.) Ltd.

# Contents

# Independent Auditors’ Report

To the Shareholders of
**Causeway Paints Lanka (Pvt) Ltd**

## 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 2025, 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 material accounting policy 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 2025, 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 for Professional Accountants issued by the Institute of Chartered Accountants of 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 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.

**Deloitte Associates**
Chartered Accountants

Colombo
30 April 2025

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2025

| | Notes | 2024/2025 | 2023/2024 |
|---|---|---|---|
| | | ₹ | ₹ |
| **Revenue** | 5 | 16,912,182,422 | 15,073,390,224 |
| Cost of materials consumed | | (12,044,034,329) | (10,261,792,492) |
| Other income | 6 | 250,707,120 | 593,454,656 |
| Employee benefits expenses | | (1,874,280,509) | (1,764,793,705) |
| Other expenses | | (2,520,622,666) | (2,094,384,391) |
| Depreciation and amortization | | (202,243,330) | (199,660,762) |
| Finance and other costs | | (97,022,952) | (270,723,572) |
| **Profit before taxation** | 7 | **424,685,756** | **1,075,489,958** |
| Income tax expense | 8 | (94,695,623) | (146,965,739) |
| **Profit for the year** | | **329,990,133** | **928,524,219** |
| **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 | | (20,574,961) | 10,850,482 |
| **Total comprehensive income for the year** | | **309,415,172** | **939,374,700** |
| **Earnings per share** | 9 | 7.77 | 21.86 |
| **Dividend per share** | 10 | 3.35 | 9.42 |

Accounting policies and notes from 1 to 29 form an integral part of these financial statements.

# Statement of Financial Position

as at 31 March 2025

| | Notes | 31.03.2025 ₹ | 31.03.2024 ₹ |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 11 | 1,274,252,930 | 1,370,702,789 |
| Intangible assets | 11.1 | 5,643,710 | 5,927,438 |
| Right of use assets | 11.2 | 80,552,079 | 93,009,803 |
| Deferred tax asset | 8.4 | 138,914,117 | 174,636,568 |
| | | **1,499,362,835** | **1,644,276,597** |
| **Current assets** | | | |
| Inventory | 12 | 3,655,851,894 | 3,179,859,675 |
| Trade and other receivables | 13 | 4,855,357,943 | 5,716,531,104 |
| Income tax receivable | 19 | - | 38,969,515 |
| Other financial investments | 14 | 9,892,051 | 8,624,029 |
| Cash in hand and at bank | 15 | 1,997,365,348 | 1,426,917,724 |
| | | **10,518,467,236** | **10,370,902,047** |
| **Total assets** | | **12,017,830,071** | **12,015,178,644** |
| | | | |
| **Equity and liabilities** | | | |
| **Shareholders' equity** | | | |
| Stated capital | 16 | 2,101,449,061 | 2,101,449,061 |
| Retained earnings | | 5,052,253,239 | 4,885,113,990 |
| **Total equity** | | **7,153,702,300** | **6,986,563,051** |
| **Non current liabilities** | | | |
| Retirement benefit obligations | 17 | 307,775,858 | 242,464,422 |
| Lease liability | 20 | 20,950,241 | 25,469,470 |
| | | **328,726,099** | **267,933,892** |
| **Current liabilities** | | | |
| Trade and other payables | 18 | 4,454,851,045 | 3,605,052,601 |
| Interest bearing loan | 28 | 8,980,500 | 1,071,020,816 |
| Income tax payable | 19 | 10,471,114 | - |
| Lease liability | 20 | 16,459,536 | 17,563,837 |
| Bank overdrafts | 21 | 44,639,475 | 67,044,447 |
| | | **4,535,401,672** | **4,760,681,701** |
| **Total liabilities** | | **4,864,127,772** | **5,028,615,593** |
| **Total equity and liabilities** | | **12,017,830,071** | **12,015,178,644** |

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

**Jitendra Patel**
Head - Finance

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 2025.

**Sireesh Rao**
Director

**Parag Rane**
Director

Accounting policies and notes from 1 to 29 form an integral part of these financial statements.

# Statement of Changes in Equity

for the year ended 31 March 2025

| | Stated capital | Retained earnings | Total |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Balance as at 1 April 2023 | 2,101,449,061 | 4,345,810,693 | 6,447,259,754 |
| Profit for the year | - | 928,524,219 | 928,524,219 |
| Other comprehensive gain | - | 10,850,482 | 10,850,482 |
| **Total comprehensive income for the year** | **-** | **939,374,700** | **939,374,700** |
| Payment of dividend for 2023 (Final) | - | (400,071,404) | (400,071,404) |
| Balance as at 31 March 2024 | 2,101,449,061 | 4,885,113,990 | 6,986,563,051 |
| Profit for the year | - | 329,990,133 | 329,990,133 |
| Other comprehensive gain/(loss) | - | (20,574,961) | (20,574,961) |
| **Total comprehensive income for the year** | | **309,415,172** | **309,415,172** |
| Payment of dividend for 2024 (Final) | - | (142,275,924) | (142,275,924) |
| **Balance as at 31 March 2025** | **2,101,449,061** | **5,052,253,239** | **7,153,702,300** |

Accounting policies and notes from 1 to 29 form an integral part of these financial statements.

# Statement of Cash Flows

for the year ended 31 March 2025

| | Notes | 2024/2025<br>₹ | 2023/2024<br>₹ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit / (loss) before taxation | | 424,685,756 | 1,075,489,958 |
| | | | |
| **Adjustments for:** | | | |
| Interest income | 6 | (42,716,055) | (161,986,435) |
| Interest expense | | 21,983,424 | 210,702,517 |
| Profit on disposal of PPE | | (492,234) | (398,148) |
| Loss on disposal of PPE | | - | 5,898,026 |
| Retirement benefit obligations | 17 | 46,320,535 | 52,371,387 |
| Provision for accumulated leave balance | | 10,873,306 | 6,258,714 |
| Provision for sick leave | | 114,370 | 1,797,013 |
| Depreciation and amortisation of property plant and equipment | | 202,243,330 | 199,660,762 |
| Allowance for impairment of inventory | | (29,959,992) | (9,044,851) |
| Provision/(reversal) for doubtful debts | | (72,693,433) | (110,630,581) |
| Write off for bad debts | | 84,712,310 | 54,429,240 |
| **Operating cash flows before working capital changes** | | **645,071,317** | **1,324,547,604** |
| | | | |
| **Changes in working capital** | | | |
| Decrease / (increase) in inventories | | (446,032,227) | 471,747,310 |
| Decrease / (increase) in trade and other receivables | | 843,524,191 | (1,578,257,168) |
| (Increase) / decrease in trade and other payables | | 840,396,054 | 1,754,038,570 |
| **Cash flows from operating activities** | | **1,882,959,335** | **1,972,076,314** |
| | | | |
| Interest paid | | (21,983,424) | (210,702,517) |
| Gratuity paid | 17 | (10,401,901) | (28,285,233) |
| Annual leave payment | | (3,005,474) | (1,675,196) |
| Income tax paid | 19 | - | (623,016,811) |
| **Net cash flows generated from operating activities** | | **1,847,568,535** | **1,108,396,553** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment and intangibles | | (77,649,874) | (110,851,889) |
| Disposal of property, plant and equipment | | - | 398,157 |
| (Investing)/divesting in other financial assets | | (1,268,022) | 1,505,964,778 |
| Interest income received | | 56,738,315 | 166,938,556 |
| **Net cash used in investing activities** | | **(22,179,580)** | **1,562,449,603** |
| | | | |
| **Cash flows from financing activities** | | | |
| Dividend paid | | (142,275,924) | (400,071,404) |
| Settlement of lease liability | 20 | (28,220,119) | (31,230,712) |
| Payments of long term loan | | (1,062,040,316) | (2,383,854,184) |
| **Net cash used in financing activities** | | **(1,232,536,360)** | **(2,815,156,300)** |
| | | | |
| Net increase / (decrease) in cash and cash equivalents during the year | | 592,852,596 | (144,310,145) |
| Cash and cash equivalents at the beginning of the year | | 1,359,873,277 | 1,504,183,422 |
| Cash and cash equivalents at the end of the year (Note 22) | | 1,952,725,873 | 1,359,873,277 |

Accounting policies and notes from 1 to 29 form an integral part of these financial statements.

# Notes to the Financial Statements

for the year ended 31 March 2025

## 1. Reporting entity

### 1.1 Domicile and legal form

Causeway Paints Lanka (Pvt) Ltd, ("the Company") is a limited liability Company incorporated and domiciled in Sri Lanka. The Company's registered office and its 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 29th April 2025.

### 1.5 Amalgamation of Asian Paints Lanka Limited (APLL) with Causeway Paints Lanka (Pvt) Limited

Asian Paints Lanka Limited (APLL) amalgamated with Causeway Paints Lanka (Pvt) Ltd (CPLL) with effect from 1st April 2021 and continued its operations under the name Causeway Paints Lanka (Pvt) Ltd. The amalgamation was effective by way of an agreed share swap, whereby the shareholders of APLL were offered ordinary voting shares in CPLL in accordance with the amalgamation proposal.

## 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.

#### 2.1.1 New standards and amendments – applicable for the first time for periods commencing 1 January 2024

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024.

i. Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements

ii. Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

iii. Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

iv. Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

However, the above standards do not have material impact over the financial statement.

#### 2.1.2 New standards and amendments – Issued but not effective

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka.

i. Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

ii. IFRS 7 Financial Instruments: Classification and Measurement of Financial Instruments

iii. IFRS 9 Financial Instruments: Classification and Measurement of Financial Instruments

iv. IFRS 18 Presentation and Disclosures in Financial Statements

v. IFRS 19 Subsidiaries without Public Accountability: Disclosures

The company anticipate that the application of these improvements may not have a material impact on the Company's financial statements in future periods.

## 2.2 Going concern

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 have 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. Material 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 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.

### 3.1.3 Stated 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 life 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.

The estimated useful life for the current and comparative years is 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 – 5 years |
| Furniture and fittings | 4 years |
| Vehicles | 10 years |
| Colour world machine | 9 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 life and residual value is 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.

### 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 transfer 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 life and residual value is 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 life 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 carrying value of right-of-use asset 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.

### 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. |

| | | |
|---|---|---|
| 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 has indefinite useful life 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 include 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 and with the subsequent amendments.

### 3.13.2 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.

## 3.13 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.

# Notes to the Financial Statements (Contd.)
for the year ended 31 March, 2025

## 5. Revenue

| | 2024/2025 | 2023/2024 |
|---|---|---|
| | ₹ | ₹ |
| Local sales | 16,621,617,001 | 14,846,985,414 |
| Export sales | 290,565,421 | 226,404,811 |
| | **16,912,182,422** | **15,073,390,224** |

## 6. Other income

| | 2024/2025 | 2023/2024 |
|---|---|---|
| | ₹ | ₹ |
| Interest income | 42,716,055 | 161,986,435 |
| Profit on disposal of property and equipment | 492,234 | 398,148 |
| Reversal of trade receivables impairment | 72,693,433 | 110,630,581 |
| Scrap sales | 32,710,517 | 23,823,618 |
| Rental of colourworld machine | - | 1,583,627 |
| Commission income and others | 5,401,330 | 1,702,712 |
| Sundry balance write back | 19,978,689 | 1,553,916 |
| Exchange gain | 76,714,862 | 291,775,618 |
| | **250,707,120** | **593,454,656** |

## 7. Profit / (loss) before tax

Profit / (loss) before tax is stated after accounting for all expenses including the following:

| | 2024/2025 | 2023/2024 |
|---|---|---|
| | ₹ | ₹ |
| Salaries and wages | 1,547,241,942 | 1,459,801,904 |
| Defined contribution plan | 159,451,123 | 142,662,777 |
| Retirement benefit obligations | 46,320,536 | 52,371,387 |
| Depreciation and amortisation | 202,243,330 | 199,660,762 |
| Auditor's remuneration | 3,428,282 | 2,869,877 |
| Impairment allowance on inventory / (reverse) | (29,959,992) | (9,044,851) |
| Increase / (reversals) in loss allowance on trade receivables | (72,693,433) | (110,630,581) |

## 8. Income tax expense

### 8.1 Income tax recognised in profit or loss

| | 2024/2025 | 2023/2024 |
|---|---|---|
| | ₹ | ₹ |
| **Current tax** | | |
| In respect of current year | 54,596,073 | 148,429,718 |
| Under/(over) provision of previous year taxes | (4,440,742) | 6,626,119 |
| | **50,155,331** | **155,055,836** |
| **Deferred tax** | | |
| Relating to the origination and (reversal) of temporary differences | 44,540,292 | (8,090,097) |
| **Total income tax recognised in the current year** | **94,695,623** | **146,965,739** |

## 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:

| | 2024/2025 | 2023/2024 |
|---|---|---|
| | ₹ | ₹ |
| Accounting profit before taxation | 424,685,756 | 1,075,489,958 |
| Less: Allowable expenses: | | |
| Gratuity paid | (10,401,901) | (28,285,233) |
| Capital allowance | (176,010,436) | (223,794,644) |
| Write off for bad debts | (84,712,310) | (22,475,329) |
| Realised foreign exchange gain/(loss) | (77,380,696) | (255,299,985) |
| Others | (31,970,887) | (35,626,074) |
| Add: Disallowable expenses | | |
| Depreciation | 202,243,330 | 199,660,762 |
| Provision for gratuity | 46,320,537 | 52,371,387 |
| Provision for doubtful debt | 12,274,842 | (56,201,341) |
| Impairment allowance on inventory | (29,959,992) | (9,044,851) |
| Foreign exchange gain | (76,714,862) | (291,775,618) |
| Others | (16,386,471) | 89,746,692 |
| **Adjusted trade profit** | **181,986,909** | **494,765,725** |
| | | |
| **Liable income** | | |
| Profit on business and investment income | 181,986,909 | 494,765,725 |
| Statutory income | 181,986,909 | 494,765,725 |
| **Assessable income** | **181,986,909** | **494,765,725** |
| | | |
| **Tax payable on** | | |
| Tax on assessable income @ 30% | 54,596,073 | 148,429,718 |
| **Income tax expense** | **54,596,073** | **148,429,718** |
| Effective tax rate | 12.9% | 13.8% |

## 8.3 Deferred tax expense

| | 2024/2025 | 2023/2024 |
|---|---|---|
| | ₹ | ₹ |
| **Recognized income statement** | | |
| Deferred tax expense arising from; | | |
| Property, plant and equipment | (488,246) | (18,736,072) |
| Retirement benefit obligation | 10,775,591 | 7,225,846 |
| Provision for doubtful debts | (21,808,030) | (33,189,174) |
| Provision for obsolete inventory | (2,050,437) | (2,713,455) |
| Provision for accumulated leave balance | 11,831,782 | 1,397,066 |
| Provision for sick leave | 34,311 | 494,493 |
| Right of use assets | 2,050,258 | 27,567 |
| Unrealised exchange (gain)/loss | (46,595,540) | 51,892,182 |
| Other provisions | 1,710,018 | 1,691,644 |
| | **(44,540,292)** | **8,090,097** |
| **Recognized in other comprehensive income** | | |
| Deferred tax expense arising from; | | |
| Re-measurement of employee benefit obligation | 8,817,841 | (4,650,206) |
| | **8,817,841** | **(4,650,206)** |

## 8.4 Deferred tax assets

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| At the beginning of the year | 174,636,568 | 171,196,678 |
| Charge for the year (Note 8.3) | (35,722,451) | 3,439,890 |
| **At the end of the year** | **138,914,117** | **174,636,568** |

The following are the major deferred tax (liabilities) and assets recognized by the company and movements thereon during the current and prior reporting period.

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Tax amount of temporary differences arising from accounting depreciation | (153,645,310) | (153,157,064) |
| Tax amount of temporary differences arising from retirement benefit obligation | 92,332,758 | 72,739,327 |
| Tax amount of temporary differences arising from provision for doubtful debtors | 88,305,633 | 110,113,663 |
| Tax amount of temporary differences arising from provision for obsolete inventory | 92,597,654 | 94,648,090 |
| Tax amount of temporary differences arising from provision for accumulated leave balance | 18,448,442 | 6,616,660 |
| Tax amount of temporary differences arising from provision for sick leave | 804,048 | 769,737 |
| Tax amount of temporary differences arising from right to use assets | (12,942,690) | (14,992,949) |
| Tax amount of temporary differences arising from unrealised exchange (gain)/loss | 5,296,642 | 51,892,182 |
| Tax amount of temporary differences arising from other provisions | 7,716,940 | 6,006,921 |
| | **138,914,117** | **174,636,568** |
| Effective tax rate used for deferred tax calculation | 30.0% | 30.0% |

## 9. Earnings / (loss) per share

The calculation of basic and diluted earnings / (loss) per share is based on the net profit / (loss) for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

| | 2024/2025 | 2023/2024 |
|---|---|---|
| | ₹ | ₹ |
| Profit / (loss) attributable to shareholders | 329,990,133 | 928,524,219 |
| Weighted average number of ordinary shares used as denominator | 42,470,425 | 42,470,425 |
| Basic and diluted earnings / (loss) per share | 7.77 | 21.86 |

Diluted earnings / (loss) per share and the basic earnings/(loss) per share are same due to non availability of potential dilutive ordinary shares.

## 10. Dividend per share

| | 2024/2025 | 2023/2024 |
|---|---|---|
| | ₹ | ₹ |
| Final Rs. 3.35 per share (2023/2024 - Rs. 9.42 per share) | 142,275,924 | 400,071,404 |
| Dividend per share | 3.35 | 9.42 |

The company has paid total dividend of Rs. 142,275,924 (Rs 3.35 per share) on 20 January 2025

## 11. Property, plant and equipment

| | Land | Buildings | Vehicles | Plant & machinery | Office equipment | Furniture & fittings | Lab equipment | Computers | Tinting machine | Capital WIP | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹. | ₹. | ₹. |
| **Cost** | | | | | | | | | | | |
| **Balance as at 1 April 2023** | **32,277,655** | **761,493,008** | **233,064,642** | **1,024,279,189** | **52,245,771** | **50,948,912** | **35,663,562** | **76,050,524** | **220,697,122** | **-** | **2,486,720,386** |
| Additions during the year | - | 29,364,506 | - | 27,341,230 | 17,305,841 | 4,109,908 | - | 25,055,770 | - | 958,061 | 104,135,317 |
| Disposal during the year | - | - | - | (1,624,000) | - | - | - | (347,000) | (11,121,050) | - | (13,092,050) |
| **Balance as at 31 March 2024** | **32,277,655** | **790,857,515** | **233,064,642** | **1,049,996,420** | **69,551,611** | **55,058,820** | **35,663,562** | **100,759,294** | **209,576,073** | **958,061** | **2,577,763,653** |
| Additions during the year | - | 15,877,963 | - | 32,115,411 | 3,222,250 | 1,688,135 | 4,759,124 | 18,611,991 | - | - | 76,274,874 |
| Transfers during the year | - | - | - | - | - | - | - | - | - | (958,061) | (958,061) |
| Disposal during the year | - | - | - | (2,514,502) | - | - | - | (98,000) | (98,946,806) | - | (101,559,308) |
| **Balance as at 31 March 2025** | 32,277,655 | 806,735,478 | 233,064,642 | 1,079,597,328 | 72,773,862 | 56,746,955 | 40,422,686 | 119,273,285 | 110,629,267 | - | 2,551,521,158 |
| | | | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | | | |
| **Balance as at 1 April 2023** | **-** | **125,489,758** | **181,798,673** | **388,244,196** | **32,308,764** | **41,341,154** | **26,296,440** | **66,521,728** | **193,191,142** | **-** | **1,055,191,857** |
| Depreciation / amortization | - | 34,749,677 | 9,868,514 | 86,558,803 | 7,775,897 | 5,600,322 | 2,958,329 | 7,728,314 | 7,823,166 | - | 163,063,022 |
| Disposal during the year | - | - | | (154,287) | - | - | - | (118,749) | (10,920,980) | - | (11,194,016) |
| **Balance as at 31 March 2024** | **-** | **160,239,436** | **191,667,187** | **474,648,712** | **40,084,661** | **46,941,476** | **29,254,769** | **74,131,293** | **190,093,329** | **-** | **1,207,060,863** |
| Depreciation / amortization | - | 35,404,903 | 9,401,392 | 90,862,388 | 9,166,266 | 2,923,066 | 3,472,804 | 10,462,642 | 6,565,446 | - | 168,258,907 |
| Disposal during the year | - | - | - | (1,423,063) | - | - | - | (98,000) | (96,530,479) | - | (98,051,542) |
| **Balance as at 31 March 2025** | **-** | **195,644,338** | **201,068,579** | **564,088,037** | **49,250,927** | **49,864,542** | **32,727,573** | **84,495,935** | **100,128,296** | **-** | **1,277,268,228** |
| | | | | | | | | | | | |
| **Carrying value** | | | | | | | | | | | |
| **As at 31 March 2024** | **32,277,655** | **630,618,079** | **41,397,455** | **575,347,707** | **29,466,950** | **8,117,344** | **6,408,793** | **26,628,001** | **19,482,744** | **958,061** | **1,370,702,789** |
| **As at 31 March 2025** | **32,277,655** | **611,091,140** | **31,996,063** | **515,509,291** | **23,522,934** | **6,882,413** | **7,695,113** | **34,777,350** | **10,500,971** | **-** | **1,274,252,930** |

Property, plant and equipment include fully depreciated asset having a cost of Rs. 719,002,826.56 (2024 - Rs. 650,583,641.64).

# Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2025

## 11.1 Intangible assets

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| **Computer software and systems** | | |
| Balance at the beginning of the year | 5,927,438 | 3,213,231 |
| Additions during the year | 1,375,000 | 6,716,572 |
| Amortized during the year | (1,658,728) | (4,002,365) |
| **Balance at the end of the year** | **5,643,710** | **5,927,438** |

## 11.2 Right of use assets

### 11.2.1 Cost

| | Leasehold Land | Leasehold Apartments | Leasehold Vehicles | Total |
|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| Balance as at 1 April 2023 | 73,396,184 | 56,612,955 | 1,598,720 | 131,607,858 |
| Additions during the year | - | 55,145,805 | 1,956,285 | 57,102,090 |
| Derecognition during the year | **-** | **(50,591,798)** | **(1,598,719)** | **(52,190,517)** |
| **Balance as at 31 March 2024** | 73,396,184 | 61,166,961 | 1,956,286 | 136,519,431 |
| Additions during the year | - | 17,794,365 | 2,073,606 | 19,867,971 |
| Derecognition during the year | - | (21,812,411) | (1,956,285) | (23,768,695) |
| **Balance as at 31 March 2025** | **73,396,184** | **57,148,915** | **2,073,607** | **132,618,706** |

### 11.2.2 Accumulated depreciation

| | Leasehold Land | Leasehold Apartments | Leasehold Vehicles | Total |
|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| Balance as at 1 April 2023 | 23,537,374 | 38,930,782 | 636,616 | 63,104,771 |
| Charge for the year | 2,147,955 | 28,603,385 | 1,844,035 | 32,595,374 |
| Derecognition during the year | - | (50,591,798) | (1,598,719) | (52,190,517) |
| **Balance as at 31 March 2024** | **25,685,329** | **16,942,368** | **881,932** | **43,509,628** |
| Charge for the year | 2,147,956 | 28,171,683 | 2,006,056 | 32,325,695 |
| Derecognition during the year | | (21,812,411) | (1,956,285) | (23,768,695) |
| **Balance as at 31 March 2025** | **27,833,285** | **23,301,641** | **931,703** | **52,066,628** |
| Carrying value as at 31 March 2024 | 47,710,855 | 44,224,593 | 1,074,354 | 93,009,803 |
| Carrying value as at 31 March 2025 | 45,562,899 | 33,847,275 | 1,141,905 | 80,552,079 |

## 12. Inventory

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Raw materials and packing materials | 1,672,378,460 | 1,502,029,447 |
| Work-in-progress | 107,721,651 | 59,383,430 |
| Finished goods | 1,436,971,883 | 1,494,712,126 |
| Accessories stock | 143,653,979 | 107,489,622 |
| Goods in transit | 603,784,767 | 354,863,888 |
| | **3,964,510,739** | **3,518,478,512** |
| Less: Allowance for impairment of inventory (Note 12.1) | (308,658,845) | (338,618,837) |
| | **3,655,851,894** | **3,179,859,675** |

Details of inventory mortgaged against bank overdrafts are disclosed under note 21.

## 12.1 Movement in allowance for impairment of inventories

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Balance at the beginning of the year | 338,618,837 | 347,663,688 |
| Net increase / (decrease) in impairment allowance | (29,959,992) | (9,044,851) |
| **Balance at the end of the year** | **308,658,845** | **338,618,837** |

# 13. Trade and other receivables

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Trade receivables | 4,957,379,137 | 5,445,283,527 |
| Less: Loss allowance for impairment (Note 13.1) | (294,352,111) | (367,045,544) |
| | **4,663,027,025** | **5,078,237,982** |
| Discounts receivable | 25,389,448 | 31,847,635 |
| Prepaid expenses | 28,729,885 | 16,042,262 |
| Advance to employees | 6,670,427 | 15,359,353 |
| Advance towards capital expenditure | 1,096,083 | 8,979,688 |
| Advance to suppliers | 90,206,783 | 326,377,007 |
| VAT receivable | - | 163,186,533 |
| Other receivables | 14,274,879 | 35,379,357 |
| Amounts due from related companies (Note 13.2) | 25,963,413 | 41,121,285 |
| | **4,855,357,943** | **5,716,531,104** |

The details of trade receivables mortgaged against bank overdrafts are disclosed under note 21.

## 13.1 Movement in loss allowance for receivables

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Balance at the beginning of the year | 367,045,544 | 477,676,125 |
| Net increase / (decrease) in loss allowance | (72,693,433) | (110,630,581) |
| **Balance at the end of the year** | **294,352,111** | **367,045,544** |

## 13.2 Amounts due from related companies

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Asian Paints International Private Limited | 9,624,219 | 10,117,396 |
| Asian Paints (Bangladesh) Limited | 566,957 | - |
| Asian Paints Limited | 8,489,844 | 21,767,063 |
| Asian Paints (South Pacific) Limited, Fiji | 1,476,846 | 9,236,826 |
| Asian Paints (Nepal) Limited | 34,414 | - |
| SCIB Chemicals, S.A.E., Egypt | 5,771,133 | - |
| | **25,963,413** | **41,121,285** |

The transactions with related parties have been disclosed in Note 27.2 to these financial statements.

# Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2025

## 14. Other financial investments

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Term deposits with banks | 9,892,051 | 8,624,029 |

₹ 156,772,840.73 term 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

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Cash at bank (Note 15.1) | 1,996,610,253 | 1,424,714,576 |
| Cash in hand | 755,095 | 2,203,148 |
| | **1,997,365,348** | **1,426,917,724** |

### 15.1 Cash at bank

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Current accounts | 694,697,767 | 351,476,608 |
| Savings accounts | 495,029,494 | 114,435,601 |
| | **1,189,727,261** | **465,912,208** |
| Term deposits with banks | 806,882,992 | 958,802,368 |
| | **1,996,610,253** | **1,424,714,576** |

## 16. Stated capital

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Fully paid ordinary shares (42,470,425) | **2,101,449,061** | **2,101,449,061** |

## 17. Retirement benefit obligations

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Defined benefit plan - Gratuity | | |
| Balance at the beginning of the year | 242,464,422 | 233,878,956 |
| **Add:** Current services cost | 16,590,483 | 17,090,825 |
| Interest charge for the year | 29,730,052 | 35,280,562 |
| **Less:** Payments made during the year | (10,401,901) | (28,285,233) |
| Actuarial (gains) / losses | 29,392,802 | (15,500,688) |
| **Balance at the end of the year** | **307,775,858** | **242,464,422** |

An actuarial valuation was carried out by an independent professional valuer, Messrs, TransValue Consultants as of 31 March 2025, 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 2025, from the commencement of employment.

The following assumptions were used in determining the post-employment benefit obligations:

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| Discount rate | 10.9% | 13.0% |
| Expected future salary increment rate | 9.0% | 9.0% |
| Staff turnover rate | 14.7% | 16.0% |
| Retirement age | 60 years | 60 years |

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.

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Defined benefit obligation on current assumption | 307,775,858 | 242,464,422 |
| Impact of increase in rate of discounting by 100 basis point | (13,037,208) | (9,087,347) |
| Impact of decrease in rate of discounting by 100 basis point | 14,210,901 | 9,826,204 |
| Impact of increase in rate of salary increase by 100 basis point | 15,594,204 | 11,141,747 |
| Impact of decrease in rate of salary increase by 100 basis point | (14,542,561) | (10,459,378) |

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

The following payments are expected on employee benefit liabilities in future years:

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Less than 1 year | 50,977,572 | 46,914,996 |
| Over 1 year and less than or equal to 2 years | 48,099,316 | 43,672,921 |
| Over 2 years and less than or equal to 5 years | 136,029,910 | 120,816,376 |
| Over 5 years and less than or equal to 10 years | 176,271,546 | 151,008,380 |

## 18. Trade and other payables

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Trade creditors | 2,562,179,717 | 1,966,758,199 |
| Amounts due to related companies -Trade and other payables (Note 18.1) | 105,177,900 | 119,826,646 |
| Amounts due to related companies - Royalty payables (Note 18.2) | 297,519,159 | 247,197,877 |
| Other payables and accrued expenses | 1,489,974,269 | 1,271,269,878 |
| | **4,454,851,045** | **3,605,052,601** |

## 18.1 Amounts due to related companies - Trade and other payables

| | 31.03.2025 | 31.03.2024 |
|---|---:|---:|
| | ₹ | ₹ |
| Asian Paints Ltd | 52,400,774 | 89,044,250 |
| Asian Paints International Private Ltd | 44,669,938 | 26,768,288 |
| Berger Paints (Emirates) Ltd | 8,107,188 | 4,014,108 |
| | **105,177,900** | **119,826,646** |

## 18.2 Amounts due to related companies - Royalty fee

| | 31.03.2025 | 31.03.2024 |
|---|---:|---:|
| | ₹ | ₹ |
| Asian Paints Limited | 297,519,159 | 247,197,877 |

## 19. Income tax payable / (receivable)

| | 31.03.2025 | 31.03.2024 |
|---|---:|---:|
| | ₹ | ₹ |
| Balance at the beginning of the year | (38,969,515) | 428,991,460 |
| Provision for the year | 54,596,073 | 148,429,718 |
| Under/(Over) provision for previous year | (4,440,742) | 6,626,119 |
| Tax payments during the year | - | (623,016,811) |
| WHT deducted on Interest Income | (714,702) | - |
| **Balance as at the end of the year** | **10,471,114** | **(38,969,515)** |

## 20. Lease liability

| | 31.03.2025 | 31.03.2024 |
|---|---:|---:|
| | ₹ | ₹ |
| At the beginning of the year | 43,033,307 | 16,183,249 |
| Additions | 15,747,971 | 50,828,703 |
| Interest | 6,848,619 | 7,252,068 |
| Payments | (28,220,119) | (31,230,712) |
| At the end of the year | **37,409,778** | **43,033,307** |
| | | |
| Lease liability current | 16,459,536 | 17,563,837 |
| Lease liability non-current | **20,950,241** | **25,469,470** |

Leasehold land represents leases of land obtained from UDA under different lease agreements, which have tenures ranging from 20 years to 50 years.

| Lease agreements | Period |
|---|---:|
| 1. 19-11-1997 - 18/11/2047 | 50 years |
| 2. 01-08-2005 - 31/07/2055 | 50 years |
| 3. 02-01-2014 - 02/01/2034 | 20 years |

## 21. Bank overdrafts

| Lending institution | Interest rate p.a. | 31.03.2025 | 31.03.2024 |
|---|---|---|---|
| | | ₹ | ₹ |
| Hatton National Bank | Current Year - Nil (Last year - AWPLR+ 1%) | - | 67,044,447 |
| MCB Bank | | 44,639,475 | - |
| | | **44,639,475** | **67,044,447** |

The following securities have been pledged against the above facilities:

## 22. Notes to the cash flow statement

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| **Cash and cash equivalents** | | |
| Cash at bank and in hand (Note 15) | 1,997,365,348 | 1,426,917,724 |
| Bank overdrafts (Note 21) | (44,639,475) | (67,044,447) |
| | **1,952,725,873** | **1,359,873,277** |

## 23. 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:

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Contingent liabilities | | |
| Bank guarantees issued | 6,393,582 | 69,098,611 |
| Outstanding letters of credit | 37,416,954 | - |
| Capital commitments | 19,409,330 | 14,002,149 |

## 24. Litigation and claims against the company

- **Magistrate's Court of Hingurakgoda case no. 50385**

  The above action was instituted by the Consumer Affairs Authority against Causeway Paints Lanka (Private) Limited for violating section 60(5)(b) read together with section 10(3) of the Consumer Affairs Authority Act No.9 of 2003. The trial of the case is in progress as the management of Causeway Paints Lanka (Private) Limited intends to contest the matter vigorously in Court. Prosecution witness number four has been summoned on the next date to give evidence before the Hon. Magistrate of Hingurakgoda. An unfavourable outcome is unlikely considering the evidence in favour of Causeway Paints Lanka (Private) Limited.

- **Magistrate's Court of Naula case no. 27737**

  The above action was instituted by the Consumer Affairs Authority against Causeway Paints Lanka (Private) 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 amend the charge sheet in order to discharge Causeway Paints Lanka (Private) Limited from the case and frame charges only against the distributor of the relevant area. A submission was also made to the Hon. Magistrate of Naula requesting the same. This case has been laid by until the Consumer Affairs Authority takes steps to file an amended charge sheet. In light of the above, an unfavourable outcome and potential loss with regard to this action is unlikely.

## 25. Open tax assessments

| | |
|---|---|
| 2017/18 (AP Lanka) | Letter of intimation dated 28.05.2020 and Assessment notice dated 01.06.2020 was issued by IRD on disallowing certain expenses basis those expenses were not money expended for production of income. IRD issued an assessment dated 1.6.2020 disallowing dealers trip scheme expenses, gift expenses, family tour expenses, and employee's children educational expenses. Further Rs.1.83Mn income tax refund brought forward from Y/A 2014/2015 have been disregarded in full. Amount charged under assessment was Rs. 11.105 Mn (Tax Rs.8.59Mn, penalty Rs.2.52Mn).<br>We received this assessment under registered post on 15th June 2020. As per our tax consultant since the income tax return for Y/A 2017/2018 we have filed on the due date of 30.11.2018,Y/A 2017/2018 becomes time barred on 29.05.2020 hence IRD should have sent the assessment on or before 29.05.2020. Tax consultant filed the appeal on 30.06.2020 stating that assessment is invalid in law as assessment was issued well after the statutory limit given under section 163(5) of IR act. |
| 2018/19 (AP Lanka) | Letter of intimation and notice of assessment dated 25.05.2022 received from IRD disallowing some expenses mentioning not incurred in the production of income. Amount charge under assessment was Rs. 59.168 Mn (Tax Rs. 34.601 Mn, Penalty Rs. 24.567 Mn.). Further expenses related to rental payments, employees' children expenses and medical expenses on the basis of request of further information. |
| 2019/20 (CP Lanka) | Received an assessment pertaining to 2019/20 year of assessment disallowing provision & reversal, Gratuity, Royality fee, Turnover difference of ESC. The assessment was raised for a sum of Rs. 27,647,915.00 and for a penalty of Rs. 1,611,997.00. |

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.

## 26. Financial instruments

### 26.1 Categories of financial instruments

| | 31.03.2025 | 31.03.2024 |
|---|---:|---:|
| | ₹ | ₹ |
| **Financial assets** | | |
| Cash and bank balances | 1,997,365,348 | 1,426,917,724 |
| **Amortised cost** | | |
| Other financial investments | 9,892,051 | 8,624,029 |
| **Financial liabilities** | | |
| **Amortized cost** | | |
| Interest bearing loan | 8,980,500 | 1,071,020,816 |

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 values. 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.

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

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Cash at bank (Note 15.1) | 1,996,610,253 | 1,424,714,576 |
| Other financial assets (Note 14) | 9,892,051 | 8,624,029 |
| Trade receivables (Note 13) | 4,663,027,025 | 5,078,237,982 |
| Other receivables | 166,367,505 | 433,985,303 |
| Amounts due from related parties (Note 13.2) | 25,963,413 | 41,121,285 |
| | **6,861,860,247** | **6,986,683,175** |

**b) The aging of trade receivables at the reporting date**

| | Gross Receivables | Loss allowance |
|---|---|---|
| | 31.03.2025 | 31.03.2024 |
| | ₹ | ₹ |
| Not dues | 3,564,133,163 | - |
| Past dues: | | |
| Past due 0-3 months | 961,813,779 | - |
| Past due 4-6 months | 147,307,990 | 10,227,906 |
| Past due 7-9 months | 48,312,483 | 48,312,483 |
| Past due 10-12 months | 41,739,236 | 41,739,236 |
| More than 12 months | 194,072,486 | 194,072,486 |
| **Total** | **4,957,379,137** | **294,352,111** |

| | Gross Receivables | Loss allowance |
|---|---|---|
| | 31.03.2025 | 31.03.2024 |
| | ₹ | ₹ |
| Not dues | 4,256,517,561 | - |
| Past dues: | | |
| Past due 0-3 months | 676,243,034 | - |
| Past due 4-6 months | 124,111,727 | - |
| Past due 7-9 months | 53,545,406 | 32,179,744 |
| Past due 10-12 months | 18,104,268 | 18,104,268 |
| More than 12 months | 316,761,531 | 316,761,531 |
| **Total** | **5,445,283,527** | **367,045,543** |

## c) Movement in the impairment allowance

| | 31.03.2025 | 31.03.2024 |
|---|---|---|
| | ₹ | ₹ |
| Balance at the beginning of the year | 367,045,544 | 477,676,125 |
| Allowance for impairment recognized during the year | (72,693,433) | (110,630,581) |
| Balance at the end of the year | 294,352,111 | 367,045,544 |

## 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 ₹ 1,952 Mn as at 31 March 2025 (31 March 2024 - ₹ 1,424 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.

Respective credit ratings of banks in which the company balances are held is as follows;

| | |
|---|---|
| Commercial Bank of Ceylon PLC | AA- |
| Bank of China | A |
| DFCC Bank | A (lka) |
| Indian Overseas Bank | AA |
| Bank of Ceylon | AA- (lka) |
| State Bank of India | BBB- |

| | |
|---|---|
| Hatton National Bank | AA- (lka) |
| MCB Bank | AA- (lka) |
| HSBC | AA- |
| Standard Chartered Bank | A+ |
| Citi Bank | A |
| People's Bank | AA- (lka) |
| Nations Trust Bank | A (lka) |
| Cargills Bank | A(lka) |
| Pan Asia Banking Corporation | BBB (lka) |
| National Development Bank | A (lka) |
| Union bank | A- |

## 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.

## 26.4 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 2025 | Contractual maturities of financial liabilities | | | |
|---|---|---|---|---|
| | **Carrying amount** | **Up to 3 Months** | **3-12 Months** | **More than 1 Year** |
| | ₹ | ₹ | ₹ | ₹ |
| Lease Liability | 37,409,778 | - | 16,459,536 | 20,950,241 |
| Trade payables | 2,562,179,717 | 2,562,179,717 | - | - |
| Royalty fee payable | 297,519,159 | 297,519,159 | - | - |
| Leave encashments | 61,494,809 | - | 18,886,828 | 42,607,981 |
| Dealer discounts | 440,696,732 | 440,696,732 | - | - |
| Sick leave provisions | 2,680,159 | - | - | 2,680,159 |
| CW deposits received | 17,891,607 | - | - | 17,891,607 |
| | **3,419,871,960** | **3,300,395,608** | **35,346,365** | **84,129,988** |

| 31 March 2024 | Contractual maturities of financial liabilities | | | |
|---|---|---|---|---|
| | **Carrying amount** | **Up to 3 Months** | **3-12 Months** | **More than 1 Year** |
| | ₹ | ₹ | ₹ | ₹ |
| Lease Liability | 43,033,307 | 4,547,323 | 13,016,514 | 25,469,470 |
| Trade payables | 1,966,758,199 | 1,966,758,199 | - | - |
| Royalty fee payable | 247,197,877 | 247,197,877 | - | - |
| Leave encashments | 49,440,043 | - | 6,832,062 | 42,607,981 |
| Dealer discounts | 416,275,444 | 416,275,444 | - | - |
| Sick leave provisions | 2,565,789 | - | - | 2,565,789 |
| CW deposits received | 17,891,607 | - | - | 17,891,607 |
| | **2,743,162,266** | **2,634,778,844** | **19,848,576** | **88,534,846** |

## 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 local banks. If the interest rate had appreciated / depreciated by 1% the profit before tax for the period ended 31 March 2025 would increase / decrease by Rs. 929,456.

### 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. Sireesh Rao, Mr. Aashish Kshetry and Mr. Parag Rane continued to be directors for the financial year.

## 27.1Key management personnel compensation

According to LKAS 24 - Related Party Disclosures, Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Accordingly, the Board of Directors have been classified as Key Management Personnel of the Company.

| | 31.03.2025<br>₹ | 31.03.2024<br>₹ |
|---|---|---|
| Remuneration paid to key management personnel | 128,280,696 | 118,795,848 |

## 27.2 Related party transactions

The related party transactions during the period are as follows:

| Company | Relationship | Nature of transactions | 2024/2025<br>₹ | 2023/2024<br>₹ |
|---|---|---|---|---|
| Asian Paints Limited | Ultimate Parent Company | Royalty fees | (297,519,159) | (247,197,878) |
| | | Reimbursement of expenses incurred on behalf of company | (26,023,202) | (34,278,006) |
| | | Reimbursement of time cost of executives on behalf of company | - | (74,859) |
| | | Recovery of expenses incurred by the company | 425,506 | 4,545,149 |
| | | Purchase of materials | (214,112,526) | (135,060,167) |
| | | Recovery of time cost of executives | 41,273,537 | 27,178,339 |
| Asian Paints International Private Limited | Immediate Parent Company | Recovery of time cost of executives. | 53,217,044 | 93,169,765 |
| | | Reimbursement of time cost of executives on behalf of company | - | 29,684,639 |
| | | Reimbursement of information technology cost | (45,005,530) | - |
| | | Interest bearing loan | (659,674,250) | (1,514,166,684) |
| | | Loan interest | (26,565,126) | (99,056,414) |
| | | Recovery of expenses incurred by the company | 1,905,011 | 2,179,975 |
| | | Dividend Paid | (142,252,169) | (400,004,606) |

| Company | Relationship | Nature of transactions | 2024/2025 ₹ | 2023/2024 ₹ |
|---|---|---|---|---|
| Asian Paints (South Pacific) Limited, Fiji | Related Company | Recovery of time cost of executives | 20,738,178 | 25,043,387 |
| | | Sale of goods | - | 389,828 |
| | | Reimbursement of expenses incurred on behalf of company | - | 59,778 |
| | | Recovery of expenses incurred by the company | 169,534 | - |
| Berger Paints (Emirates) Limited | Related Company | Reimbursement of time cost of executives on behalf of company | (29,726,977) | (24,432,626) |
| | | Purchase of goods | (9,632,531) | (6,856,190) |
| | | Recovery of expenses incurred by the company | - | 3,250,178 |
| | | Reimbursement of expenses incurred on behalf of company | (258,895) | (626,066) |
| | | Sale of materials | - | 4,175,938 |
| | | | | |
| Asian Paints (Middle East) LLC, Oman | Related Company | Sale of goods | - | 1,503,235 |
| Asian Paints Nepal Pvt Limited | Related Company | Purchase of goods | (380,070) | - |
| | | Recovery of expenses incurred by the company | 51,426 | - |
| SCIB Chemicals U.A.E | Related Company | Recovery of expenses incurred by the company | 5,688,234 | - |
| Asian Paints (Bangladesh) Limited | Related Company | Sale of materials | | 1,445,659 |
| | | Purchase of goods | 1,128,631 | - |
| | | Recovery of expenses incurred by the company | 27,601 | - |
| | | Reimbursement of time cost of executives on behalf of company | 32,122,557 | - |

Related party transactions are made on agreed commercial terms. Please refer to notes 13.2 for balances due from related parties and 18.1 and 18.2 for balances due to related parties. Refer to the note 28 for loan balances from related parties.

## 28. Event after reporting period date

No significant events have occurred after the statement of financial position date which requires adjustments to or disclosures in the financial statements other than following:

The board of Directors at its meeting held on 29 April 2025 have recommended payment of final dividend of Rs. 5.88 per equity share. Total amounts to LKR 249,726,099/-.

Mr. Sireesh Rao, the Director/Unit Head had tendered his resignation on 16th April 2025 and last working day will be 15th July 2025.

## 29. Interest bearing loans

| | 2024/2025 ₹ | 2023/2024 ₹ |
|---|---|---|
| Bank loans- HSBC | - | 379,062,500 |
| Loan from related party | 8,980,500 | 691,958,316 |
| | **8,980,500** | **1,071,020,816** |
| **Payable after one year** | | - |
| Payable within one year | 8,980,500 | 1,071,020,816 |

**Securities:**

Bank loans- HSBC Letter of awareness issued by Asian Paints Limited.

# Detailed Notes to the Financial Statements

for the year ended 31 March 2025

| | | 2024/25 | 2023/24 |
|---|---|---|---|
| | | ₹ | ₹ |
| 1. | **Cost of materials consumed** | | |
| | Opening stock of materials | 3,179,859,675 | 3,642,562,134 |
| | Purchases | 12,520,026,548 | 9,799,090,033 |
| | Closing stock of materials | (3,655,851,894) | (3,179,859,675) |
| | | **12,044,034,329** | **10,261,792,492** |
| 2. | **Employee benefits expenses** | | |
| | Directors remuneration | 77,418,135 | 71,676,052 |
| | Salaries, wages and allowances | 1,469,823,808 | 1,388,125,852 |
| | Contribution towards EPF and ETF | 159,451,123 | 142,662,777 |
| | Gratuity | 46,320,536 | 52,371,387 |
| | Staff welfare | 121,266,907 | 109,957,636 |
| | | **1,874,280,509** | **1,764,793,705** |
| 3. | **Finance and other costs** | | |
| | Interest expense | 21,983,424 | 210,702,517 |
| | Bank charges | 75,039,528 | 60,021,055 |
| | | **97,022,952** | **270,723,572** |
| 4. | **Exchange (gain)/loss** | | |
| | Exchange loss | (76,714,862) | (291,775,618) |
| | | | |
| 5. | **Other expenses** | | |
| | Repairs and maintenance machinery | 59,445,157 | 44,774,167 |
| | Power and fuel | 56,419,348 | 68,143,073 |
| | Processing charges | 27,036,063 | 15,542,269 |
| | Water charges | 6,281,875 | 5,000,811 |
| | Vehicle fuel, maintenance & delivery expenses | 379,457,949 | 339,154,266 |
| | Customer helpers incentive | 59,947,315 | 43,502,557 |
| | Freight and handling charges | 167,329,343 | 82,232,547 |
| | Advertisement | 610,455,387 | 491,912,270 |
| | Write off for bad debts | 84,712,310 | 54,429,240 |
| | Travelling expenses | 40,726,029 | 37,117,130 |
| | Rates and taxes | 6,502,257 | 5,817,322 |
| | Security expenses | 25,723,150 | 21,524,691 |
| | Legal and professional expenses | 44,207,899 | 32,214,596 |
| | Printing stationery and communication expenses | 40,578,422 | 35,653,594 |
| | Systems expenses | 31,628,409 | 54,789,020 |
| | Conference seminar and workshops | 33,812,563 | 56,460,881 |
| | Royalty | 297,519,159 | 247,197,877 |
| | Auditor's remuneration | 3,428,282 | 2,869,877 |
| | Repairs and maintenance others | 34,667,906 | 22,314,855 |
| | Insurance | 8,310,681 | 8,798,349 |
| | Donations | 116,698 | 139,426 |
| | Lab expenses | 15,044,484 | 6,503,661 |
| | Training and recruitment expenses | 3,096,412 | 3,707,039 |
| | Loss on disposal of property and equipment | - | 5,898,026 |
| | VAT expense | 333,303 | 9,482,019 |
| | Material handling expenses | 3,038,591 | - |
| | Fines and penalties | - | 20,392,400 |
| | Rent | 14,650,178 | 1,867,134 |
| | Outsourced manpower | 54,740,822 | 34,474,003 |
| | Social security contribution on sales | 364,965,810 | 321,742,609 |
| | Testing and other safety | 11,321,792 | 9,307,088 |
| | Clearing charges | 3,516,086 | 8,245,823 |
| | License fee | 19,316,895 | 3,054,292 |

| | | 2024/25 | 2023/24 |
|---|---|---|---|
| | | ₹ | ₹ |
| | Provision for doubtful advances | - | - |
| | Other miscellaneous expenses | 12,292,091 | 121,479 |
| | | **2,520,622,666** | **2,094,384,391** |
| | | | |
| **6.** | **Other payables and accrued expenses** | | |
| | VAT payable | 261,829,280 | - |
| | Salary payable | 72,050,896 | 81,662,636 |
| | PAYE | 26,147,717 | 23,944,158 |
| | EPF and ETF payable | 16,077,171 | 14,696,357 |
| | Employee bonus | 51,403,673 | 51,000,000 |
| | Provision for annual leave encashment | 6,619,362 | 6,832,062 |
| | Provision for accumulated leave balance (Note 6.1.1) | 29,921,628 | 22,053,797 |
| | Expat leave balance | 24,953,819 | 20,554,184 |
| | Sick leave provision (Note 6.1.2) | 2,680,159 | 2,565,789 |
| | Dealer discounts | 440,696,732 | 416,275,444 |
| | Payable to sundry creditors | 264,240,414 | 171,010,789 |
| | Payable for capital expenditure | 495,793 | 626,586 |
| | CW deposits received | 17,891,607 | 17,891,607 |
| | SSCL payable | 39,938,420 | 42,679,577 |
| | Interest payable | - | 63,304,160 |
| | Outstanding expenses payable | 146,664,837 | 154,750,442 |
| | Employee cost provisions | 88,360,926 | 181,422,238 |
| | Others | 1,835 | 53 |
| | | **1,489,974,269** | **1,271,269,878** |
| | | | |
| **6.1.1** | **Provision for accumulated leave balance** | | |
| | Balance at the beginning of the year | 22,053,797 | 17,470,279 |
| | Provision for the year (Note 6.1.1.1) | 10,873,306 | 6,258,714 |
| | Actuarial loss / (gain) during the year (Note 6.1.1.2) | - | - |
| | Payments made during the year | (3,005,474) | (1,675,196) |
| | Balance at the end of the year | **29,921,628** | **22,053,797** |

An actuarial valuation was carried for leave encashment liability as at March 31, 2025 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".

| | | 2024/25 | 2023/24 |
|---|---|---|---|
| **6.1.1.1** | **Provision recognized in the profit or loss** | | |
| | Current service cost | 4,350,915 | 1,816,909 |
| | Interest on obligation | 2,814,240 | 2,609,236 |
| | Remeasurements | 3,708,151 | 1,832,569 |
| | | **10,873,306** | **6,258,714** |
| | | | |
| **6.1.1.2** | **Provision recognized in the other comprehensive income** | | |
| | Actuarial loss / (gain) during the year | - | - |
| | | | |
| **6.1.1.3** | **The principal assumptions used in determining the cost of leave encashment were as follows;** | | |
| | Discount rate | 10.91% | 13.0% |
| | Future salary increment rate | 9.0% | 9.0% |
| | | | |
| **6.1.2** | **Provision for sick leave** | | |

| | | 2024/25 | 2023/24 |
|---|---|---|---|
| | | ₹ | ₹ |
| | Balance at the beginning of the year | 2,565,789 | 768,776 |
| | Provision for the year (Note 6.1.2.1) | 114,370 | 1,797,013 |
| | Actuarial loss / (gain) during the year (Note 6.1.2.2) | - | - |
| | Payments made during the year | - | - |
| | Balance at the end of the year | 2,680,159 | 2,565,789 |

An actuarial valuation was carried for leave encashment liability as at March 31, 2025 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".

| | | 2024/25 | 2023/24 |
|---|---|---|---|
| **6.1.2.1** | **Provision recognized in the profit or loss** | | |
| | Current service cost | 324,629 | 99,800 |
| | Interest on obligation | 314,640 | 116,082 |
| | Remeasurements | (524,899) | 1,581,131 |
| | | **114,370** | **1,797,013** |
| **6.1.2.2** | **Provision recognized in the other comprehensive income** | | |
| | Actuarial loss / (gain) during the year | - | - |
| **6.1.2.3** | **The principal assumptions used in determining the cost of leave encashment were as follows;** | | |
| | Discount rate | 10.91% | 13.0% |
| | Future salary increment rate | 9.0% | 9.0% |

# Asian Paints Doha Trading W.L.L.

# Contents

# Managers' Report

## General information

On behalf of the Management, I am presenting the audited financial statements of Asian Paints Doha Trading W.L.L. for the financial period ended on 31 March 2025.

## Principal activity

During the period ended on 31st March 2025, the company was mainly engaged in the business of Trading in Painls & Allied Products as well as Sales of Construction Material.

| Financial results | 2025 | 2024 |
|---|---|---|
| | QAR | QAR |
| Revenue | 15,797,788 | 521,308 |
| Gross profit | 6,059,382 | 183,529 |
| Profit/(Loss) for the period | 216,437 | (375,521) |
| Net asset value | 840,916 | 624,479 |
| Working capital | 806,046 | 567,319 |
| Contribution | 38.3% | 35.2% |

## Year ahead

The Management have noted the business results for the last financial period of the Entity and are optimistic about the prospects for the coming years. The Management also realise that there is a lot of business potential in this market and expect the performance of the Entity to improve substantially, even though facing tight competition from the market.

## Management responsibilities

The Commercial Company Law of Qatar requires the management to prepare the financial statements for each financial period, which provide a true and fair view of the state of affairs of the entity and net profit or loss for the period.

The Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the entity and enable them to ensure that the financial statements comply with the requirements of Qatar Commercial Companies' Law No. I I of 2015, whose certain provision were subsequently amended by Law No.8 of 2021 ("amended QCCL") and the applicable provisions of the Articles of Association.

## Events after the reporting date

There are no significant events after the reporting period, which affect the financial statements or disclosures.

## Shareholders and their interests

The shareholders and their interests in the Entity are disclosed in Note I to the financial statements. There were no changes to the shareholding structure during the period.

## Auditors

Eisa Mohammed Alderbasti Accounting and Auditing were the auditors of the Entity for the period ended 31 March 2025 and have expressed their willingness to continue as auditors for the period ending 31 March 2026. It will be put to the members at the annual general meeting.

The financial statements set out on pages 5 to 35, which have been prepared on the going concern basis were approved by the Management on the date of these financial statements and signed on behalf of the Entity by the Unit Head of Qatar, Ahmad Azzam.

Date: 27 April 2025

# Independent Auditor's Report

To the Shareholders of
**Asian Paints Doha Trading W.L.L**

## Report on the Financial Statements

## Opinion

We have audited the accompanying financial statements of the Entity, which comprise the statement of financial position as at 31 March 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the period 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 Entity as at 31 March 2025, and its financial performance and its cash flows for the period then ended in accordance with the 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 Financial Statements section of our report.

We are independent of the Entity in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with 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. 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 these financial statements in accordance with International Financial Reporting Standards (IFRSs), the requirements of Qatar Commercial Companies' Law No.11 of 2015, whose certain provision were subsequently amended by Law No.8 of 2021 ("amended QCCL") 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 error or fraud, 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 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.
- 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 Entity'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 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 Entity'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 Entity 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.

## Report on Other Legal and Regulatory Requirements

Further, we report that:

(a) We have obtained all the information we considered necessary for the purpose of our audit.

(b) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Qatar Commercial Companies' Law No.11 of 2015, whose certain provision were subsequently amended by Law No.8 of 2021 ("amended QCCL")

(c) The Entity maintained proper books of accounts.

(d) The financial information included in the General managers Report is consistent with the books of accounts and records of the Entity.

(e) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial period ended 31 March 2025 any of the requirements of Qatar Commercial Companies' Law No.11 of 2015, whose certain provision were subsequently amended by Law No.8 of 2021 ("amended QCCL") ), which . would materially affect its activities or its financial position as at 31 March 2025.

For Eisa Mohd. Alderbasti Accounting and Auditing

**Eisa Mohd.** Alderbasti
Auditors Registration No. 205

Doha- Qatar
27th April 2025

# Statement of Financial Position

as at 31 March 2025

| | Notes | 31 March 2025 QAR | 31 March 2024 QAR |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property plant and equipment | 5 | 95,867 | 21,035 |
| Deferred tax asset | | | 41,725 |
| **Total non-current assets** | | **95,867** | **62,760** |
| **Current assets** | | | |
| Inventories | 6 | 1,576,491 | 817,910 |
| Trade and other receivables | 7 | 5,593,807 | 555,237 |
| Cash and cash equivalents | 8 | 824,042 | 430,433 |
| **Total current assets** | | **7,994,340** | **1,803,580** |
| **Total assets** | | **8,090,207** | **1,866,340** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 9 | 1,000,000 | 1,000,000 |
| Retained earnings | | (159,084) | (375,521) |
| **Total equity** | | **840,916** | **624,479** |
| **LIABILITIES** | | | |
| Non-current liabilities | | | |
| Employees end-of-service benefits | 10 | 60,996 | 5,600 |
| Current liabilities | | | |
| Trade and other payables | 11 | 842,208 | 299,357 |
| Due to related parties | 12 | 6,346,087 | 936,904 |
| **Total current liabilities** | | **7,188,295** | **1,236,261** |
| **Total liabilities** | | **7,249,291** | **1,241,861** |
| **Total equity and liabilities** | | **8,090,207** | **1,866,340** |

The accompanying notes policies form an integral part of these financial statements.

The financial statements set out on pages 6 to 22, which have been prepared on the going concern basis were approved by the Board of Directors on the date of these financial statements and signed on behalf of the Company by:

**Ahmad Azzam**
General Manager

# Statement of Profit or Loss and Other Comprehensive Income

from 1 April 2024 to 31 March 2025

| | Notes | Apr-24 to Mar-25 | 5 Nov 23 to Mar 24 |
|---|---|---|---|
| | | QAR | QAR |
| **Revenue** | 13 | 15,797,788 | 521,308 |
| Cost of Sales | 14 | (9,738,406) | (337,779) |
| **Gross profit** | | **6,059,382** | **183,529** |
| Employee Costs | 15 | (3,495,542) | (426,000) |
| General and Administrative Expenses | 16 | (508,251) | (42,380) |
| Selling and Distribution Expenses | 17 | (1,675,163) | (131,679) |
| Depreciation Expenses | 18 | (24,715) | (715) |
| **Operating profit/(loss)** | | **355,711** | **(417,245)** |
| Other income | 19 | 2,540 | - |
| Finance Cost | 20 | (100,089) | - |
| **Profit/(Loss) before income tax** | | **258,161** | **(417,245)** |
| Income Tax Expense | 24 | (41,725) | 41,725 |
| **Profit/(Loss) for the period** | | 216,436 | (375,520) |
| Other Comprehensive income for the period | | - | - |
| **Total comprehensive income/(loss) for the period** | | **216,436** | **(375,520)** |

The accompanying notes policies form an integral part of these financial statements.

**Ahmad Azzam**
General Manager

# Statement of Cash Flows

from 1 April 2024 to 31 March 2025

| | Notes | Apr-24 to Mar-25 | 5 Nov 23 to Mar 24 |
|---|---|---|---|
| | | QAR | QAR |
| **Cash flows from operating activities** | | | |
| Profit/(Loss) for the period before tax | | 258,161 | (417,246) |
| Adjustments for: | | | |
| Employees' end-of-service benefits | 10 | 55,396 | 5,600 |
| Depreciation Expenses | | 24,714 | 715 |
| Interest on Loan -related parties | | 100,089 | - |
| **Operating cash flows before changes in operating assets and liabilities** | | **438,360** | **(410,931)** |
| Increase in inventories | 6 | (758,581) | (817,910) |
| Increase in trade and other receivables | 7 | (5,038,570) | (555,237) |
| Increase in trade and other payables | 11 | 542,851 | 299,357 |
| Increase in due to related parties | | 3,214,585 | 936,904 |
| **Cash (used in)/generated from Operating Activities** | | **(1,601,355)** | **(547,817)** |
| **Net cash used in operating activities** | | **(1,601,355)** | **(547,817)** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 5 | **(99,546)** | **(21,750)** |
| **Net cash used in investing activities** | | **(99,546)** | **(21,750)** |
| **Cash flows from financing activities** | | | |
| Proceeds from share capital | 9 | - | 1,000,000 |
| Loans from related parties | | 2,094,510 | - |
| **Net cash generated from financing activities** | | **2,094,510** | **1,000,000** |
| **Net increase in cash and cash equivalents** | | **393,609** | **430,433** |
| Cash and cash equivalents at the beginning of the period | | 430,433 | - |
| **Cash and cash equivalents at the end of the period** | 8 | **824,042** | **430,433** |

The accompanying notes and policies form an integral part of these financial statements.

**Ahmad Azzam**
General Manager

# Statement of Changes in Equity

from 1 April 2024 to 31 March 2025

| | Notes<br>Share capital<br>QAR | Retained earnings<br>QAR | Total<br>QAR |
|---|---|---|---|
| At 5 November 2023 | 1,000,000 | - | 1,000,000 |
| Loss for the period | - | (375,521) | (375,521) |
| **Total comprehensive loss for the period** | **-** | **(375,521)** | **(375,521)** |
| At 31 March 2024 | 1,000,000 | (375,521) | 624,479 |
| At 1 April 2024 | 1,000,000 | (375,521) | 624,479 |
| Profit for the period | - | 216,437 | 216,437 |
| **Total comprehensive income for the period** | **-** | **216,437** | **216,437** |
| **At 31 March 2025** | **1,000,000** | **(159,084)** | **840,916** |

The accompanying notes and policies form an integral part of these financial statements.

# Notes to the Financial Statements

for the year ended 31 March 2025

## 1. General information

Asian Paints Doha Trading W.L.L. (the Entity) was incorporated on 5 November 2023.It operates in Qatar under a license issued by Ministry of Commerce and Industry of the State of Qatar with the registration number 192689.

The principal activity of the Entity consist of Trade in importing hazardous materials and others; Trade in kitchen equipment and supplies; Trade in equipment and supplies; Trade in importing construction chemicals; Trade in hazardous adhesive materials; Trade in chemical for industry; Trade in Sanitary wares; Trade in chemical and adhesives for marble and granite;Trade in wallpaper; Trade in adhesives..

These financial statements are presented in Qatari Riyal (QAR) and are rounded to the nearest QAR.

## 2. Application of new and revised International Financial Reporting Standards (IFRSs)

### 2.1 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

| New and revised IFRSs | Effective for annual periods beginning on or after |
|---|---|
| Amendments to IFRS 10 and IAS 28 – Sale or Contribution of assets between an Investor and its Associate or Joint Venture: | No effective date set |
| Amendments to IAS 21 Lack of exchangeability | 1 January 2025 |
| Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments | 1 January 2026 |
| IFRS 18 Presentation and Disclosure in Financial Statements | 1 January 2027 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

Management anticipates that these standards will not have any significant impact on these financial statements.

## 3. Significant accounting policies

### 3.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB), applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association, and the applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015 and subsequent amendments by Law No. 8 of 2021.

The financial statements have been prepared in Qatar Riyals (QR), which is the Company's functional and presentation currency and financial information has been rounded off to the nearest QR, unless otherwise indicated

### 3.2 Basis of preparation

These financial statements of the Company have been prepared in accordance with International Accounting Standards (IASs) notified under article 146 of Qatar Commercial Companies Law No.11 of 2015, whose certain provision were subsequently amended by Law No.8 of 2021 (“amended QCCL”).

These financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained 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, 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 Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

## 3.3 Functional currency

These financial statements are presented in Qatar Riyals, which is the Entity's functional currency.

## 3.4 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.

## 3.5 Revenue recognition

Revenue from Contracts with Customers: "Revenue from contract with customer" outline single comprehensive model of accounting for revenue arising from contract with customers and supersedes current revenue recognition guidance found across several standards and interpretations within IFRSs.

It establishes a new five-step model that will apply to revenue arising from contract with customers.

Step 1 - Identify the contract(s) with customers.

Step 2 - Identify the performance obligation(s) in the contract.

Step 3- Determine the transaction price.

Step 4 - Allocate transaction price to the performance in the contract.

Step 5 - Recognise revenue when (or as) the entity satisfies a performance obligation. The Company recognises revenue from the following major sources.

**Importing hazardous materials and others;** Trade in kitchen equipment and supplies; Trade in importing construction chemicals; Trade in hazardous adhesive materials; Trade in chemical for industry; Trade in Sanitary wares; Trade in chemical and adhesives for marble and granite;Trade in wallpaper; Trade in adhesives.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

**Cost and Expenses Recognition:** Expenses are also recognised in the statement of profit or loss account or other comprehensive income when decrease in future economic benefits related to decrease in an asset or increase in a liability that can be measured reliably has arisen.

Expenses are recognised in the statement of profit or loss or other comprehensive income on the basis of a direct association between cost incurred and the earning of a specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting years and the association can only be determined directly or indirectly; or immediately when an expenditure produces no future economic benefits or when and to the extent that fuure economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

## 3.6 Foreign currency translation

Foreign currency transactions are translated into Qatari Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of comprehensive income.

## 3.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax movement.

## 3.8 Property, plant and equipment

Property, plant and equipment are recognized as per IAS 16, Property. plant and equipment. Items of property, plant and equipment are carried at their cost less accumulated depreciation and accumulated impairment losses, if any. Item of property, plant and equipment which reflects significant cost and has different useful life from the remaining part of property, plant and equipment is recognized as a separate component.

The cost of an item of property, plant and equipment comprises of its purchase price (net of discounts, if any) , including import duties and other non-refundable taxes or levies and, directly attributable cost of bringing the asset to its working condition for its intended use Expenses like plans, designs and drawings of buildings or plant and machinery, borrowing cost on qualifying assets which are directly attributable to new manufacturing facility during its construction period are capitalized under the relevant head of property, plant and equipment if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

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.

### 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. However, there is no capital advances as on 31 March 2025.

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

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, except for assets under construction, which are stated at cost and are not depreciated until available for use. The Entity adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts only if the replacement enhances future economic benefits. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income in the period in which these are incurred. Depreciation is calculated using the straight-line method. The useful lives of the principal classes of assets are as follows.

| | Years |
|---|---|
| Plant, machinery and equipment | 4-21 |
| Furniture, fixtures and office equipment | 5-10 |
| Computers and Other IT Equipments | 3-4 |
| Office Equipments | 4-8 |

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### Derecognition:

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.An asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal.

## 3.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises purchase cost and, where applicable, direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated principally using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The Company considers factors like estimated shelf life, product discontinuances and ageing of inventory in determining the write down for slow moving, obsolete and other non-saleable inventory.

## 3.10 Financial assets

Financial assets and financial liabilities are recognised in the Entity's statement of financial position when the Entity 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 or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety, either at amortised cost or at fair value, depending on their classification.

**(i) Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Entity 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 Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Entity's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the aforegoing, the Entity 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:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- 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 Entity considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Entity becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Entity considers the changes in the risk that the specified debtor will default on the contract.

The Entity 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.

**(ii) Definition of default :** The Entity considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

a) when the counter-party has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables.

(b) when the amounts are over one year past due, whichever occurs sooner.

**(iii) 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. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

### (iv) Write-off policy reorganisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

### (iv) Write-off policy

The Entity 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 one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### (v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

The Entity recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

**Derecognition of financial assets**

The Entity 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 entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## 3.11 Events after the reporting period

If the Entity receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Entity will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Entity will not change the amounts recognised in its , but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

## 3.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

## 3.13 Contingencies

There are no contingent liabilities as on 31 March 2025. Contingent liabilities are only disclosed when there is possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable. .

## 3.14 Expenses:

Expenses are classified according to their function as part of cost of revenue, or the cost of selling and distribution or general and administrative expenses. Selling, distribution, general and administrative expenses include indirect costs not specifically part of production costs as required as per generally accepted accounting principles. Classifications between selling and distribution, general and administrative expenses are made on a cost center basis.

## 3.15 Offsetting of financial instruments

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

## 3.16 Trade and other payables

Trade and other payables are recognized for amounts to be paid in the future for goods/services when risks and rewards attributable to goods are transferred to the Entity or services are received, whether or not billed to the Entity and are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## 3.17 Trade and other receivables

Trade receivables are initially measured at their transaction price, subsequently measured at amortised cost using the effective interest method, less provision for impairment. At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the statement of comprehensive income.

# 4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in note 3 the 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.

## 4.1 Critical judgements in applying the Entity's accounting policies

In the process of applying the Entity's accounting policies, management has not made any significant judgments that have significant effect on the amounts recognized in the financial statements.

### Going concern

The Entity's management has 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, management is not aware of any material uncertainties that may cast significant doubt upon the Entity's ability to continue as a going concern

## 4.2 Key sources of estimation uncertainty

Key assumptions concerning the future and a key source 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 period, are discussed below:

### Allowance for doubtful receivables

An allowance for doubtful accounts receivable is determined based on a combination of factors to ensure that receivables are not overstated due to uncollectibility. Factors involved in this determination include aging and customers' financial conditions. In relation to related parties, management believes these are generally fully recoverable based on the relationship with these parties.

### Allowances for trade receivable, retentions and revenue recognized in excess of billings

Management estimates the recoverability of trade receivable, retentions and revenue recognized in excess of billings and evaluate the allowance required. Estimating the amount of the allowance requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, current disputes, consideration of current economic trends, conditions, and contractor/employer-specific factors, all of which may be susceptible to significant change. An allowance is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional allowance for doubtful accounts receivable or reversal of excess provisions could be made that could adversely or positively affect earnings or the financial position in future periods.

### Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the assets, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value.

### Allowance for slow moving and obsolete inventories

Inventories are stated at the lower of cost and net realizable value. Adjustments to reduce the cost of inventories to net realizable value, if required, are made at the product level for estimated excess, obsolescence or damages. Factors influencing these adjustments include change in demand, product pricing, physical deterioration and quality issues.

## 5. Property, plant and equipment

| | Plant and machinery | Furniture and fixtures | Office equipment | IT equipment | Total |
|---|---|---|---|---|---|
| | QAR | QAR | QAR | QAR | QAR |
| **Cost** | | | | | |
| At 5 November 2023 | - | - | - | 21,750 | 21,750 |
| At 31 March 2024 | **-** | **-** | **-** | **21,750** | **21,750** |
| Additions | 35,848 | 39,725 | 3,890 | 20,084 | 99,547 |
| **At 31 March 2025** | **35,848** | **39,725** | **3,890** | **41,834** | **121,297** |
| **Accumulated depreciation** | | | | | |
| At 5 November 2023 | - | - | - | - | - |
| Depreciation expense | - | - | - | 715 | 715 |
| At 31 March 2024 | - | - | - | 715 | 715 |
| Depreciation expense | 631 | 12,650 | 2,392 | 9,042 | 24,715 |
| **At 31 March 2025** | **631** | **12,650** | **2,392** | **9,757** | **25,430** |
| **Carrying amount** | | | | | |
| At 31 March 2024 | - | - | - | 21,035 | 21,035 |
| **At 31 March 2025** | **35,217** | **27,075** | **1,498** | **32,077** | **95,867** |

## 6. Inventories

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Finished goods | 1,576,491 | 817,910 |

## 7. Trade and other receivables

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Trade receivables | 5,840,262 | 562,716 |
| Provision for Discount | (357,124) | (65,600) |
| | **5,483,138** | **497,116** |
| Prepayments | 92,670 | 40,121 |
| Deposits | 18,000 | 18,000 |
| | **5,593,807** | **555,237** |

The average credit period on sales of goods is 125 days. No interest is charged on outstanding trade receivables.

The Entity writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

## 7. Trade and other receivables (continued)

| 31 March 2025 | Months of Outstanding | | | | |
|---|---|---|---|---|---|
| | **0-3 Months QAR** | **4-6 Months QAR** | **7-9 Months QAR** | **10-12 Months QAR** | **Total QAR** |
| Trade Receivables | 1,432,693 | 1,338,330 | 1,186,737 | 1,882,502 | 5,840,262 |
| Less -Prov. for Discount | 357,124 | - | - | - | 357,124 |
| | | | | | **5,483,138** |

| 31 March 2024 | Months of Outstanding | | | | |
|---|---|---|---|---|---|
| | **0-3 Months QAR** | **4-6 Months QAR** | **7-9 Months QAR** | **10-12 Months QAR** | **Total QAR** |
| Trade Receivables | 557,097 | 5,619 | - | - | 562,716 |
| Less - Prov. for Discount | 65,600 | - | - | - | 65,600 |
| | | | | | **497,116** |

## 8. Cash and cash equivalents

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Bank balances | 824,042 | 425,433 |
| Cash on hand | - | 5,000 |
| | **824,042** | **430,433** |

## 9. Share capital

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Authorised, issued and paid up share capital: 100,000 shares of QAR 10 | **1,000,000** | **1,000,000** |

| Shareholders | Months of Outstanding | | | | |
|---|---|---|---|---|---|
| | **Shareholders nationality** | **%** | **Shares** | **2025** | **2024** |
| Asian Paints International Private Limited | Singapore | 100.00 | 100,000.00- | 1,000,000 | 1,000,000 |

## 10. Employees' end-of-service benefits

Provision for employees' end of service indemnity is made in accordance with the Qatar Labour Law No. 11 of 2015, and is based on current remuneration and cumulative periods of service at the reporting date.

| | 31 March 2025 QAR | 31 March 2024 QAR |
|---|---|---|
| Balance at the beginning of the period | 5,600 | - |
| Charge for the period | 55,396 | 5,600 |
| **Balance at the end of the period** | **60,996** | **5,600** |

## 11. Trade and other payables

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Trade payables | 547,354 | 228,142 |
| Accrued expenses | - | 2,631 |
| | **547,354** | **230,773** |
| Other payables | 294,854 | 68,584 |
| | **842,208** | **299,357** |

## 12. Related party transactions

The Entity enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, key management personnel and shareholders. The management decides on the terms and conditions of the transactions and services received/ rendered from/to related parties as well as on other charges.

### a) At the end of the reporting period, amounts due to related parties were as follows:

| | 31 March 2025 QAR | 31 March 2024 QAR |
|---|---|---|
| **Due to Related Parties** | | |
| Asian Paints International Private Limited- Loan Payables | 2,094,510 | - |
| Berger Paints (Emirates) Limited-Goods purchases | 2,025,406 | 603,875 |
| Asian Paints (Middle East) LLC -Goods purchases | 2,003,212 | 319,634 |
| Asian Paints International Private Limited- Interest Payables | 100,089 | - |
| Berger Paints (Emirates) Limited-Reimbursement of expenses | 67,123 | 13,395 |
| Asian Paints International Private Limited- Reimbursement of expenses | 51,728 | - |
| Asian Paints Limited-Reimbursement of expenses | 4,019 | - |
| | **6,346,087** | **936,904** |

### b) Transactions

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Asian Paints Middle East SPC - Purchase of Goods | 3,853,689 | 319,633 |
| Berger Paints Emirates Ltd. Co. LLC- Purchase of Goods | 5,395,148 | 654,419 |
| Asian Paints Middle East SPC - Reimbursement of Expenses Received | 3,500 | - |
| Berger Paints Emirates Ltd. Co. LLC- Reimbursement of Expenses Paid | 106,843 | 51,422 |
| Asian Paints Middle East SPC- Reimbursement of Expenses Paid | 7,730 | - |
| Berger Paints Emirates Ltd. Co. LLC- Purchase of Assets | 50,776 | 22,363 |
| Berger Paints Emirates Ltd. Co. LLC- Office Security Deposits | - | 18,000 |
| Asian Paints International Privat Limited- Loan Received | 2,094,510 | - |
| Asian Paints International Private Limited- Interest Expense | 100,090 | - |
| Asian Paints International Private Limited- Reimbursement of Expenses Paid | 51,728 | - |
| Asian Paints Limited - Reimbursement of Expenses Paid | 4,019 | - |
| | **11,668,033** | **1,065,837** |

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in section 33 of IFRS for SMEs, Related party disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions (except revenue related transactions) with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

### c) Compensation of key management personnel

The remuneration of General managers and other members of key management personnel during the period was as follows:

| | 31 March 2025 QAR | 31 March 2024 QAR |
|---|---|---|
| Salaries and Wages | 450,298 | 59,684 |
| Contribution to provident and other funds | 9,553 | 940 |
| Staff welfare expenses | 64,083 | 7,197 |
| | **523,934** | **67,821** |

## 13. Revenue

The Company derives its revenue from contracts with customers for the transfer of goods and services at a point in time as per IFRS 15.

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Revenue from operations | 15,797,787 | 521,308 |

## 14. Cost of Sales

| | 31 March 2025 QAR | 31 March 2024 QAR |
|---|---|---|
| Opening Stock | 817,911 | - |
| Purchases | 10,496,986 | 1,155,690 |
| Less Closing Stock | (1,576,491) | (817,911) |
| | **9,738,406** | **337,779** |

## 15. Employee Costs

| | 31 March 2025 QAR | 31 March 2024 QAR |
|---|---|---|
| Salaries and Allowances | 3,270,036 | 404,727 |
| Staff Welfare expenses | 174,047 | 14,282 |
| Contribution to provident and other funds | 51,459 | 6,991 |
| | **3,495,542** | **426,000** |

## 16. General and Admin. Expenses

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Rental | 184,030 | 16,730 |
| Professional Fee | 62,290 | 9,600 |
| Repairs and maintenance | 55,535 | 2,923 |
| Exchange rate loss | 48,807 | 1,671 |
| Communication Expenses | 35,131 | 2,573 |
| Utilities | 27,272 | 1,256 |
| Bank charges | 20,465 | 734 |
| Printing and stationery Entertainment | 19,257 | 2,191 |
| Expense | 16,383 | 96 |
| Travelling Expenses | 13,605 | - |
| Insurance | 12,364 | 423 |
| Licence and Registration | 10,529 | 1,400 |
| Postages Legal, license and professional | 2,582 | 305 |
| Rate and Taxes other than Income Tax | - | 2,478 |
| | **508,251** | **42,380** |

## 17. Selling and Distribution Expenses

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Operating rent expenses | 688,627 | 56,311 |
| Advertising and marketing | 477,206 | 35,143 |
| Clearing and Forwarding -Sales | 308,600 | 17,804 |
| Material Handling - Sales | 53,844 | 3,517 |
| Petrol, Fuel and oil | 50,455 | 4,630 |
| Recruitment Expenses | 35,871 | - |
| Printing and Stationary | 14,127 | 221 |
| Telephone Expenses | 10,788 | 3,102 |
| Insurance-Others | 10,304 | 2,454 |
| Entertainment Expenses | 7,310 | 439 |
| Travelling expenses | 7,126 | 1,659 |
| Repairs and maintenance | 3,460 | 3,399 |
| Postage | 3,058 | - |
| Employee costs | 2,400 | - |
| Other selling and distribution expenses | 1,987 | - |
| Car Hire Expenses | - | 3,000 |
| | **1,675,163** | **131,679** |

## 18. Depreciation Expenses

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Property, plant and equipment | 24,715 | 715 |

# Notes to the Financial Statements (Contd.)

for the year ended 31 March, 2025

## 19. Other income

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Scrap Sales | 2,540 | - |

## 20. Finance cost

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| | QAR | QAR |
| Interest on Group company Loan | 100,090 | - |

## 21. Financial instruments and risk management

### Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition and the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3.10 to the financial statements.

#### Categories of financial instruments

| 31 March 2025 | Financial assets | Financial liabilities |
|---|---|---|
| | QAR | QAR |
| Cash and cash equivalents (Note 8) | 824,042 | - |
| Trade and other receivables (Note 7) | 5,501,137 | - |
| Prepayments | 92,670 | - |
| Trade and other payables (Note 11) | - | 842,208 |
| Due to related party (Note 12) | - | 6,346,087 |
| | **6,417,849** | **7,188,295** |

| 31 March 2024 | Financial assets | Financial liabilities |
|---|---|---|
| | QAR | QAR |
| Cash and cash equivalents (Note 8) | 430,433 | - |
| Prepayments | 40,120 | - |
| Trade and other receivables (Note 7) | 515,116 | - |
| Trade and other payables (Note 11) | - | 299,357 |
| Due to related party (Note 12) | - | 936,904 |
| | **985,669** | **1,236,261** |

#### Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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 Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

1) Fair value measurements recognised in the statement of financial position

Some of the Entity's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

## Financial risk management objectives

The Entity's financial risk management policies set out the Entity's overall business strategies and risk management philosophy. The Entity's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Entity. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and investing excess cash.

The Entity's activity expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Entity does not hold or issue derivative financial instruments for speculative purposes.

## Market risk

The Entity's activity expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

## Foreign Exchange Risks.

### Sensitivity Analysis.

A 5 percent strengthening or weakening of Qatari Riyals against USD at 31$^{st}$ March 2025 would have increased / (decreased) Profit and Equity by QAR 321,435 (2024 - QAR 52,392). The analysis assumes that all other variables remain constant.

### Interest 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, a 1 percent increase / (decrease) will impact Profit and Equity by QAR 20,945.

### Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Entity. As at 31 March 2025, the Entity's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Entity due to failure to discharge an obligation by the counter-parties and financial guarantees provided by the Entity arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The carrying amount of the respective recognised financial assets as stated in the statement of financial position; and the maximum amount the Entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed.

i) For trade receivables, finance lease receivables and contract assets, the Entity has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Entity determines the expected credit losses 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. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. includes further details on the loss allowance for these assets respectively.

### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

| | Carrying Amount as on 31-Mar-25 | Anticipated Cashflow | < 1 Year | > 1 Year |
|---|---|---|---|---|
| | QAR | QAR | QAR | QAR |
| Trade Payable | 547,354 | 547,354 | 547,354 | - |
| Other Payable | 294,854 | 294,854 | 294,854 | - |
| Due to Related Party | 6,346,087 | 6,346,087 | 6,346,087 | - |
| Trade Receivable | 5,483,138 | 5,483,138 | 5,483,138 | - |
| Other Receivable | 110,670 | 110,670 | 110,670 | - |

## 22. Events after the reporting period

There are no significant events after the reporting period, which affect the financial statements or disclosures.

## 23. Going concern

These financial statements have been prepared under the going concern concept, the entity has an equity of QAR 840,916 and working capital of QAR 806,045 as at 31st March 2025.

## 24. Income taxes relating to continuing operations

Income tax expense recognised in profit or loss

| | 31 March 2025 QAR | 31 March 2024 QAR |
|---|---|---|
| Current tax | - | - |
| Deferred Tax | 41,725 | 41,725 |
| **Total Tax Expense** | **41,725** | **41,725** |