

NEROFIX PRIVATE LIMITED

2ND ANNUAL REPORT

2020-2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Nerofix Private Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other 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), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of 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 such 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.

Responsibility of Management 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 the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a



going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



SRBC & COLLP

Chartered Accountants

Nerofix Private Limited

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- (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.

For SRBC & COLLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra

Partner

Membership Number: 110759

UDIN: 21110759AAAABX5736



Place of Signature: Mumbai

Date: 30 April 2021

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the financial statements of Nerofix Private Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All the property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company except for one immovable property consisting of Freehold Land acquired pursuant to business acquisition aggregating Rs. 8,62,03,704 as at March 31, 2021 for which the Company is in the process of registering the title deeds in its name.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax and other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax and other statutory dues were outstanding, at the yearend, for a period of more than six months from the date they became payable.



- (b) According to the information and explanations given to us, there are no dues of income tax, duty of customs and goods and service tax which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any loans or borrowings from financial institutions or government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. Monies raised by way of term loans were utilized for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 of the Act are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under audit and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.



S R B C & CO LLP

Chartered Accountants

Nerofix Private Limited

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(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra

Partner

Membership Number: 110759



UDIN: 21110759AAAABX5736

Place of Signature: Mumbai

Date: 30 April 2021

Annexure 2 - To the Independent Auditor's report of even date on the financial statements of Nerofix Private Limited**Report on the Internal Financial Controls 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 Nerofix Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on [the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these 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 these 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 these 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 these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting



Nerofix Private Limited
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principles. A company's internal financial controls 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.

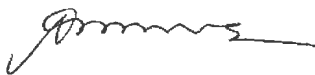
Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

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, the Company has, in all material respects, 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra
Partner
Membership Number: 110759

UDIN: 21110759AAAABX5736

Place of Signature: Mumbai
Date: 30 April 2021



NEROFIX PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2021

	Note	As at 31 March, 2021	Amount in INR As at 31 March, 2020
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	20,58,10,706	21,49,93,313
Capital Work in Process		3,88,000	-
Right of Use Asset (ROU)	4	3,68,78,426	3,73,78,965
Other Intangible Assets	5	9,97,63,235	11,88,47,235
		34,28,40,367	37,12,19,513
Financial Assets:			
Loans	6	10,23,040	9,48,040
		10,23,040	9,48,040
Non Current Tax Assets (Net)		5,16,823	-
Other Non-current Assets	7	2,15,861	92,329
Total Non-current Assets		34,45,96,091	37,22,59,882
Current Assets			
Inventories	8	13,37,17,438	7,77,20,690
Financial Assets:			
Trade Receivables	9	21,90,82,212	16,85,06,522
Cash and Cash Equivalents	10	54,089	1,35,68,168
		21,91,36,301	18,20,74,690
Other Current Assets	11	1,80,10,529	33,24,595
Total Current Assets		37,08,64,268	26,31,19,975
Total Assets		71,54,60,359	63,53,79,857
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	20,00,00,000	20,00,00,000
Other Equity	13	(4,57,79,444)	(86,33,948)
Total Equity		15,42,20,556	19,13,66,052
Liabilities			
Non-current Liabilities			
Financial Liabilities:			
Borrowings	14	17,18,75,000	23,43,75,000
		17,18,75,000	23,43,75,000
Deferred Tax Liabilities (net)	15	-	-
Provisions	16A	11,07,655	-
Total Non-current Liabilities		17,29,82,655	23,43,75,000
Current Liabilities			
Financial Liabilities:			
Borrowings	17	7,01,43,040	-
Trade Payables	18		
Total Outstanding dues of Micro, Small and Medium Enterprises		2,69,19,117	7,30,70,527
Total Outstanding dues of creditors other than Micro, Small and Medium Enterprises		21,13,05,589	10,70,96,243
		30,83,67,746	18,01,66,770
Other Financial Liabilities	19	7,82,41,315	2,81,09,037
Other Current Liabilities	20	14,30,054	13,62,998
Short Term Provisions	16B	2,18,033	-
Total Current Liabilities		38,82,57,148	20,96,38,805
Total Liabilities		56,12,39,803	44,40,13,805
Total Equity and Liabilities		71,54,60,359	63,53,79,857

Significant Accounting Policies

2.1

The notes referred to above form an integral part of these Financial Statements

As per our attached report of even date

For and on behalf of Board of Directors of Nerofix Private Limited

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Prashant Pai
Director
DIN 08115481

Parag Oak
Chief Financial Officer

per **Anil Jobanputra**
Partner
Membership No. 110759

Girish Nachane
Director
DIN 08736429

Shashank Sthalekar
Company Secretary
ACS 60466

Mumbai
April 30, 2021

Mumbai
April 30, 2021



NEROFIX PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

			Amount in INR
	Note	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
Income			
Revenue from Operations	21	69,97,53,118	22,89,61,798
Other Income	22	2,89,505	1,24,339
Total Income		70,00,42,623	22,90,86,137
Expenses			
Cost of Materials Consumed	23	52,67,82,452	16,94,39,458
Changes in Inventories of Finished Goods and Work-in-progress	24	(2,75,07,236)	(57,33,286)
Employee Benefits Expense	25	5,65,78,179	1,90,74,825
Finance Costs	26	2,55,24,494	78,76,712
Depreciation and Amortisation Expenses	27	3,36,99,237	1,08,95,958
Other Expenses	28	12,21,10,993	3,61,66,418
Total Expenses		73,71,88,119	23,77,20,085
Profit/(Loss) Before Tax		(3,71,45,496)	(86,33,948)
Tax Expense			
Deferred Tax	15	-	-
Total Tax Expense		-	-
Profit/(Loss) for the period		(3,71,45,496)	(86,33,948)
Other Comprehensive Income			
Total Comprehensive Income for the period		(3,71,45,496)	(86,33,948)
Earnings per Equity Share:			
Basic and Diluted		(1.86)	(1.26)

Significant Accounting Policies

2.1

The notes referred to above form an integral part of these Financial Statements

As per our attached report of even date

For and on behalf of Board of Directors of Nerofix Private Limited

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per Anil Jobanputra

Partner

Membership No. 110759

Mumbai

April 30, 2021



Prashant Pai
Director
DIN 08115481

Girish Nachane
Director
DIN 08736429

Mumbai

April 30, 2021



Parag Oak
Chief Financial Officer

Shashank Sthalekar
Company
ACS 60466

NEROFIX PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A - Equity Share Capital

	Number of Shares	Amount in INR
Balance as at 17 July, 2019	-	-
Issued during the period	2,00,00,000	20,00,00,000
Balance as at 31 March, 2020	2,00,00,000	20,00,00,000
Issued during the period	-	-
Balance as at 31 March, 2021	2,00,00,000	20,00,00,000

B - Other Equity

	Retained Earnings	Amount in INR Total
Balance as at 1 April, 2020	(86,33,948)	(86,33,948)
Profit/(Loss) for the period	(3,71,45,496)	(3,71,45,496)
Total Comprehensive Income for the period	(4,57,79,444)	(4,57,79,444)
Balance as at 31 March, 2021	(4,57,79,444)	(4,57,79,444)

	Retained Earnings	Amount in INR Total
Balance as at 17 July, 2019	-	-
Profit/(Loss) for the period	(86,33,948)	(86,33,948)
Total Comprehensive Income for the period	(86,33,948)	(86,33,948)
Balance as at 31 March, 2020	(86,33,948)	(86,33,948)

The notes referred to above form an integral part of these Financial Statements

As per our attached report of even date

For and on behalf of Board of Directors of Nerofix Private Limited

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

Prashant Pai
Director
DIN 08115481

Parag Oak
Chief Financial Officer

per Anil Johanputra
Partner
Membership No. 110759

Girish Nachane
Director
DIN 08736429

Shashank Sthalekar
Company Secretary
ACS 60466

Mumbai
April 30, 2021

Mumbai
April 30, 2021



NEROFIX PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

Amount in INR

	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
Cash Flow From Operating Activities		
Profit/(Loss) Before Tax	(3,71,45,496)	(86,33,948)
Adjustments for:		
Depreciation and Amortisation Expenses	3,36,99,238	1,08,95,958
Finance Costs	2,55,24,494	78,76,712
	<u>5,92,23,732</u>	<u>1,87,72,670</u>
Operating Profit Before Working Capital Changes	2,20,78,236	1,01,38,722
Working Capital Adjustments		
Adjustment for (increase) / decrease in operating assets:		
Inventories	(5,59,96,748)	(51,41,596)
Trade Receivables	(5,05,75,690)	(4,83,97,838)
Loans and Other Assets	(1,48,84,467)	(26,58,264)
Adjustment for increase / (decrease) in operating liabilities:		
Trade payables and Other liabilities	6,30,92,290	6,76,65,902
	<u>(3,62,86,379)</u>	<u>2,16,06,926</u>
Direct Taxes Paid (net)	5,16,823	-
Net cash flow from / (used in) operating activities	(3,68,03,202)	2,16,06,926
Cash Flow From Investing Activities		
Purchase of Property, Plant and Equipment, Right of Use Asset and Other Intangible Assets	(53,20,091)	(21,15,471)
Acquisition of business (Refer Note 38)	-	(45,00,00,000)
Net cash flows from / (used in) investing activities	(53,20,091)	(45,21,15,471)
Cash Flow From Financing Activities		
Proceeds/(Repayment) from long term borrowings	(1,56,25,000)	25,00,00,000
Proceeds from issue of equity shares	-	20,00,00,000
Proceeds from Short term borrowings	7,01,43,040	-
Interest Paid	(2,59,08,826)	(59,23,287)
Net cash flows from / (used in) financing activities	2,86,09,214	44,40,76,713
Net Increase / (Decrease) in Cash and Cash Equivalents	(1,35,14,079)	1,35,68,168
Cash and Cash Equivalents at the beginning of the year	1,35,68,168	-
Cash and Cash Equivalents as the end of the year	54,089	1,35,68,168
Cash and Cash Equivalents at the end of the year, the components being:		
Cash on Hand	54,089	41,669
Banks Balances	-	1,35,26,499
	<u>54,089</u>	<u>1,35,68,168</u>
Net Increase / (Decrease) as disclosed above	54,089	1,35,68,168

Notes:

- (i) Figures in brackets are outflows/deductions.
(ii) The above Cash Flow Statement is prepared under the "Indirect Method" as set out in the Indian Accounting Standards (Ind AS-7) – Statement of Cash Flows.

As per our attached report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

[Signature]

per Anil Jobanputra
Partner
Membership No. 110759

Mumbai
April 30, 2021



For and on behalf of Board of Directors of Nerofix Private Limited

[Signature]
Prashant Pai
Director
DIN 08115481

[Signature]
Girish Nachane
Director
DIN 08736429

Mumbai
April 30, 2021



[Signature]
Parag Oak
Chief Financial Officer

[Signature]
Shashank Sthalekar
Company Secretary
ACS 60466

Note 1: Corporate Information

Nerofix Private Limited (the 'Company') is a private limited company domiciled in India and incorporated under the provisions of the Companies Act. The Company's has been incorporated on 17 July, 2019. The registered office of the Company is located at 111, The Great Eastern Galleria, Plot No.20, Sector - 4, Nerul (West) Navi Mumbai -400706. The Company is principally engaged in the manufacturing of Adhesives, Construction Chemicals and Sealants.

Kansai Nerolac Paints Limited is holding company of Nerofix Private Limited and is based and listed in India. Financial Statements of Kansai Nerolac Private Limited are available in public domain.

Note 2: Basis of Preparation

a Statement of compliance

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time.

Details of the Company's Accounting Policies are included in Note 2.1.

b Functional and Presentation currency

The Financial Statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

c Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for financial assets and liabilities which are measured at fair value.

d Use of estimates and judgements

Critical accounting judgments and key sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. 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 under different assumptions and conditions.

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.

i) 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.

ii) Critical Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the financial statements.

Discount rate used to determine the carrying amount of the Company's defined benefit obligation.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.



Contingences and Commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

iii) 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:

Useful Lives of Property, Plant and Equipment

As described in Note 2.1(iii)(c), the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period.

Impairment Allowances for Trade Receivables

The Company makes Impairment Allowances for Trade Receivables based on an assessment of the recoverability of trade and other receivables. The identification of impairment allowance requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and impairment allowances in the period in which such estimate has been changed.

Allowances for Inventories

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 realizable 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. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Defined Benefit Plans

The costs and present value of the defined benefit gratuity plan and other long-term employee benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of appropriate discount rate, salary escalation rate, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, defined benefit plans are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



Note 2.1: Significant Accounting Policies

i) Classification of Assets and Liabilities

Schedule III to the Act, requires assets and liabilities to be classified as either Current or Non-current.

(a) An asset shall be classified as current when it satisfies any of the following criteria:

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within twelve months after the reporting date; or
- (iv) it 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.

(b) All assets other than current assets shall be classified as non-current.

(c) A liability shall be classified as current when it satisfies any of the following criteria:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within twelve months after the reporting date; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(d) All liabilities other than current liabilities shall be classified as non-current.

ii) Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has ascertained the operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

iii) Property, Plant and Equipment

(a) Recognition and Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost and then carried at the cost less accumulated depreciation and accumulated impairment, if any.

The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is included in the cost of an item of property, plant and equipment.

The cost of a self-constructed item of Property, Plant and Equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Tangible Property, Plant and Equipment under construction are disclosed as Capital Work-in-progress. Item of Capital Work-in-progress is carried at cost using the principles of valuation of item of property, plant and equipment till it is ready for use, the manner in which intended by management.



(b) Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(c) Depreciation

The depreciable amount of an item of Property, Plant and Equipment is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical evaluation, the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

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 period is recognised in the Statement of Profit and Loss unless it is included in the carrying amount of another asset.

The Company acquired Property, Plant and Equipment from Polygel Industries Private Limited in FY 2019-20 as per the Business Transfer Agreement. The assets were transferred at remaining useful life determined by the specialist at the time of acquisition.

Asset Class	Remaining Useful life at the time of acquisition
Residential Flat	8
Building	49
Computers	3-5
Furniture	9-10
Office Equipment	2
Plant and Equipments	2-15

The estimated useful lives for the current period is as follows:

Asset Class	Useful Lives (in years) - as per Companies Act, 2013	Useful Lives (in years) - as estimated by the Company
Buildings	30-60	30-60
Plant and Equipments	10-20	10-20
Furniture and Fixtures	10	10
Office Equipments	5	5
Computers	3-6	3-6

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

(d) Disposal

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in the Statement of Profit and Loss when the item is derecognised.



iv) Lease

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 asset. The Company recognises lease liabilities to make lease payments and right-of-use asset representing the right to use the underlying asset.

(a) Right of Use Asset (ROU)

The Company recognises Right of use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use asset 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 asset 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 asset are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset, as follows:

Leasehold land	75 Years
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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 asset are also subject to impairment. Refer to the accounting policies on Impairment of non-financial asset.

(b) 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.

Lease liability, if any and ROU asset have been separately presented in the Balance Sheet and lease payments, if any have been classified as financing cash flows.

(c) Short-term leases and leases of low-value asset

The Company applies the short-term lease recognition exemption to its short-term leases of property, machinery and equipment (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 asset recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value asset 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. 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.



v) Other Intangible Assets

(a) Recognition and Measurement

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially measured at its cost and then carried at the cost less accumulated amortisation and accumulated impairment, if any.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in Statement of Profit and Loss as incurred.

(c) Amortisation

The Company amortises Other Intangible Assets on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The amortisation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The estimated useful lives for the current period is as follows:

Asset Class	Useful Lives (in years) - as estimated by the Company
Technical Know How	10
Non Compete Fee	5
Customer Relationship	5



vi) Employee Benefits

(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 recognised for the amount expected to be paid e.g., under short-term cash bonus, 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 amount of obligation can be estimated reliably

(b) Post-Employment Benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts.

(i) Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The 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. The Company's contribution is recognised as an expense in the Statement of Profit and Loss.



Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days to one month salary payable for each completed year of service or part thereof in excess of six months depending upon category of employee. Vesting occurs upon completion of five years of service. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income.

(c) Other Long-term Employee Benefits – Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Statement of Profit and Loss.



vii) Inventories

(a) Measurement of Inventory

The Company measures its inventories at the lower of cost and net realisable value.

(b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Company uses the same cost formula for all inventories having a similar nature and use to the Company.

(c) Net realisable value

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. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item. Estimates of net realisable value of finished goods is based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs.

(d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.



viii) Cash and Cash Equivalents

Cash comprises cash on hand and bank balances. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. For the purpose of Cash Flow Statement cash and cash equivalent includes bank overdrafts which are renewable on demand if any

ix) Provisions and Contingent Liabilities

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 (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a 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. Expected future operating losses are not provided for



x) Revenue Recognition

Sale of Goods

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

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

xi) Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company operates whereas presentation currency is the currency in which the financial statements are presented. Indian Rupee is the functional as well as presentation currency for the Company.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Statement of Profit and Loss.



xii) Taxation

Income tax

Income tax comprises current tax and deferred tax expense. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in Equity or in Other Comprehensive Income.

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 reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- a temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- b taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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



xiii) Financial Instruments

(a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is measured at

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt investment;
- Fair Value through Other Comprehensive Income - equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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 (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognised in Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or 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 Statement of Profit and 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 Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

(c) 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 does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet 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.



xiv) Borrowing Cost

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company recognises other borrowing costs as an expense in the period in which it incurs them. Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

xv) Earnings Per Share

Basic earnings per share

The Company calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

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

Diluted earnings per share

The Company calculates diluted earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

For the purpose of calculating diluted earnings per share, the Company adjusts profit or loss attributable to ordinary equity holders, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares calculated for calculating basic earnings per share and adjusted the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.



xvi) Impairment Loss

Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses on:
- financial assets measured at amortised cost; and
- financial assets measured at FVOCI - debt investments.

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.

In accordance with Ind AS 109 - Financial Instruments, the Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

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.

Impairment of Non Financial Assets

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. 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. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate.

The Company assesses at the end of each reporting period whether there is any indication that an asset is impaired. In assessing whether there is any indication that an asset may be impaired, the Company considers External as well as Internal Source of Information. If any such indication exists, the Company estimates the recoverable amount for the individual asset. If, and only if, the recoverable amount of an asset is 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 asset is carried at revalued amount in accordance with another Standard.

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit). A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company recognises impairment loss for a cash-generating unit if, and only if, the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit. The Company allocates impairment loss of cash-generating units first to the carrying amount of goodwill allocated to the cash-generating units, if any, and then, to the other assets of the cash-generating units pro rata on the basis of the carrying amount of each asset in the cash-generating unit. These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognised accordingly.

xvii) Measurement of fair values

A number of the Companies accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

xviii) Business Combinations

In accordance with Ind AS 103, the Company accounts for these business combinations using the acquisition method when control is transferred to the Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in 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 subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 3: Property, Plant and Equipment

Amount in INR

Description	Gross Block					Accumulated Depreciation					Net Block
	As at 1 April, 2020	Acquisition/ Additions	Deductions	Adjustment	As at 31 March, 2021	As at 1 April, 2020	Additions	Deductions	Adjustment	As at 31 March, 2021	As at 31 March, 2021
Freehold Land	8,62,03,704	-	-	-	8,62,03,704	-	-	-	-	-	8,62,03,704
	-	(8,62,03,704)	-	-	(8,62,03,704)	-	-	-	-	-	(8,62,03,704)
Buildings	7,07,40,000	1,51,776	-	26,70,000	7,35,61,776	4,65,447	17,83,301	-	1,07,602	23,56,350	7,12,05,426
	-	(7,07,40,000)	-	-	(7,07,40,000)	-	(4,65,447)	-	-	(4,65,447)	(7,02,74,553)
Plant and Equipments	6,03,73,399	40,05,151	-	(26,70,000)	6,17,08,550	39,16,803	1,17,10,831	-	(1,07,602)	1,55,20,032	4,61,88,518
	-	(6,03,73,399)	-	-	(6,03,73,399)	-	(39,16,803)	-	-	(39,16,803)	(5,64,56,596)
Furniture and Fixtures	10,67,167	1,67,174	-	-	12,34,341	98,529	2,42,203	-	-	3,40,732	8,93,609
	-	(10,67,167)	-	-	(10,67,167)	-	(98,529)	-	-	(98,529)	(9,68,638)
Office Equipments	5,20,430	-	-	-	5,20,430	52,455	1,61,314	-	-	2,13,769	3,06,661
	-	(5,20,430)	-	-	(5,20,430)	-	(52,455)	-	-	(52,455)	(4,67,975)
Computers	6,73,771	6,07,990	-	-	12,81,761	51,924	2,17,049	-	-	2,68,973	10,12,788
	-	(6,73,771)	-	-	(6,73,771)	-	(51,924)	-	-	(51,924)	(6,21,847)
Total	21,95,78,471	49,32,091	-	-	22,45,10,562	45,85,158	1,41,14,698	-	-	1,86,99,856	20,58,10,706
	-	(21,95,78,471)	-	-	(21,95,78,471)	-	(45,85,158)	-	-	(45,85,158)	(21,49,93,313)

3.1 Plant and Equipments at Rudrapur and Dadra location are pledged as security against Term Loan from Bank

3.2 For details pertaining to acquisition Refer Note 38 on Business Combination.

3.3 Figures in bracket pertain to previous year.



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 4: Right of Use Asset (ROU)

Amount in INR

Description	Gross Block			Accumulated Depreciation				Net Block	
	As at 1 April, 2020	Acquisition/ Additions	Deductions	As at 31 March, 2021	As at 1 April, 2020	Additions	Deductions	As at 31 March, 2021	As at 31 March, 2021
Leasehold Land	3,75,37,000 -	-	-	3,75,37,000 (3,75,37,000)	1,58,035 -	5,00,539 (1,58,035)	-	6,58,574 (1,58,035)	3,68,78,426 (3,73,78,965)
Total	3,75,37,000 -	- (3,75,37,000)	-	3,75,37,000 (3,75,37,000)	1,58,035 -	5,00,539 (1,58,035)	-	6,58,574 (1,58,035)	3,68,78,426 (3,73,78,965)

4.1 For details pertaining to acquisition Refer Note 38 on Business Combination.

4.2 Figures in bracket pertain to previous year.



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 5: Other Intangible Assets

Amount in INR

Description	Gross Block			Accumulated Amortisation				Net Block	
	As at 1 April, 2020	Acquisition/ Additions	Deductions	As at 31 March, 2021	As at 1 April, 2020	Additions	Deductions	As at 31 March, 2021	As at 31 March, 2021
Technical Know How	5,91,60,000	-	-	5,91,60,000	19,07,344	59,16,000	-	78,23,344	5,13,36,656
	-	(5,91,60,000)		(5,91,60,000)	-	(19,07,344)		(19,07,344)	(5,72,52,656)
Non Compete Fee	2,82,40,000	-	-	2,82,40,000	18,20,940	75,20,000	-	93,40,940	1,88,99,060
	-	(2,82,40,000)		(2,82,40,000)	-	(18,20,940)		(18,20,940)	(2,64,19,060)
Customer Relationship	3,76,00,000	-	-	3,76,00,000	24,24,481	56,48,000	-	80,72,481	2,95,27,519
	-	(3,76,00,000)		(3,76,00,000)	-	(24,24,481)		(24,24,481)	(3,51,75,519)
Total	12,50,00,000	-	-	12,50,00,000	61,52,765	1,90,84,000	-	2,52,36,765	9,97,63,235
	-	(12,50,00,000)		(12,50,00,000)	-	(61,52,765)		(61,52,765)	(11,88,47,235)

5.1 For details pertaining to acquisition Refer Note 38 on Business Combination.

5.2 Figures in bracket pertain to previous year.



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Amount in INR

	As at 31 March, 2021	As at 31 March, 2020
Note 6: Loans		
Unsecured and Considered Good		
Security Deposits	10,23,040	9,48,040
	<u>10,23,040</u>	<u>9,48,040</u>
Note 7: Other non-current assets		
Unsecured and Considered Good		
Prepaid Expenses	2,15,861	92,329
	<u>2,15,861</u>	<u>92,329</u>
Note 8: Inventories		
Raw Materials	6,11,18,005	3,60,46,746
Packing Materials	2,12,76,535	1,76,34,880
Work-in-progress	53,32,789	41,67,253
Finished Goods (Including goods - in transit of Rs. 12,68,159 (PY: Rs. 14,59,034))	4,51,87,663	1,88,45,963
Stores and Spares	8,02,446	10,25,848
	<u>13,37,17,438</u>	<u>7,77,20,690</u>

Trade Receivable and Inventories are pledged as primary security for cash credit obtained during the current year. (Refer Note 17)

Rs. 25,921 (Previous Year: Nil) amount of inventories were written off during the current year. Nil amount of reversal of write down was accounted during the current year.

Cost of inventory recognised as an expense during the year is included in Note 23 and 24.



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Amount in INR

Note 9: Trade Receivables

	<u>As at</u> <u>31 March, 2021</u>	<u>As at</u> <u>31 March, 2020</u>
Secured, Considered Good	-	-
Unsecured, Considered Good *	21,90,82,212	16,85,06,522
Receivables - credit impaired	6,00,000	-
Less: Allowance for doubtful trade receivables	<u>(6,00,000)</u>	<u>-</u>
	<u>21,90,82,212</u>	<u>16,85,06,522</u>

* Includes INR 1,67,58,684/- receivable from Parent Company - Kansai Nerolac Paints Limited

Trade Receivable and Inventories are pledged as primary security for cash credit obtained during the current year (Refer Note 17)

For terms and conditions relating to related party. Refer Note 31.

Trade Receivable are non-interest bearing and credit terms are generally from 30 to 120 days



NEROFIX PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021****Amount in INR**

	As at 31 March, 2021	As at 31 March, 2020
<u>Note 10: Cash and cash equivalents</u>		
Cash on hand	54,089	41,669
Banks Balances	-	1,35,26,499
	<u>54,089</u>	<u>1,35,68,168</u>

Note 11: Other Current Assets

Unsecured and Considered Good

Balances with Indirect Tax Authorities	48,12,728	2,68,146
Trade Advances	1,10,75,836	11,16,761
Prepaid Expenses	13,15,564	15,45,754
Other Receivable	8,06,401	3,93,934
	<u>1,80,10,529</u>	<u>33,24,595</u>



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Amount in INR

Note 12: Share Capital

	As at 31 March, 2021	As at 31 March, 2020
1. Authorised Share Capital	20,00,00,000	20,00,00,000
Par Value per Share (in INR)	10	10
Number of Equity Shares	2,00,00,000	2,00,00,000
2. Issued, Subscribed and Fully Paid up	20,00,00,000	20,00,00,000
Par Value per Share (in INR)	10	10
Number of Equity Shares	2,00,00,000	2,00,00,000

3. Terms/ rights attached to equity shares

The Company has issued one class of shares, i.e. equity shares, which enjoys similar rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

4. Details of Shareholders holding more than 5% of shares:

Name of the shareholder	% holding	Number of Shares	% holding	Number of Shares
Kansai Nerolac Paints Limited - Holding Company	60%	1,20,00,000	60%	1,20,00,000
Polygel Industries Private Limited	40%	80,00,000	40%	80,00,000
Total		2,00,00,000		2,00,00,000

5. Reconciliation of the number of shares outstanding:

Number of shares at beginning of the year	2,00,00,000	-
Issued during the year	-	2,00,00,000
Number of shares at the end of the year	2,00,00,000	2,00,00,000

6. Refer Note 37 on Capital Management.



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 13 : Other Equity

Amount in INR

Particulars	Retained Earnings	Total
Balance as at 1 April, 2020	(86,33,948)	(86,33,948)
Profit/(Loss) for the period	(3,71,45,496)	(3,71,45,496)
Total Comprehensive Income for the period	(4,57,79,444)	(4,57,79,444)
Balance as at 31 March, 2021	(4,57,79,444)	(4,57,79,444)

Particulars	Retained Earnings	Total
Balance as at 17 July, 2019	-	-
Profit/(Loss) for the period	(86,33,948)	(86,33,948)
Total Comprehensive Income for the period	(86,33,948)	(86,33,948)
Balance as at 31 March, 2020	(86,33,948)	(86,33,948)



NEROFIX PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021****Amount in INR****Note 14: Borrowings**

	As at 31 March, 2021	As at 31 March, 2020
Secured loan		
Term loan from Bank	17,18,75,000	23,43,75,000
	<u>17,18,75,000</u>	<u>23,43,75,000</u>

For the current maturities of long term borrowings Refer Note 19 "Other Financial Liabilities (Current)".

Term loan was taken from HDFC Bank in the previous year which carries average interest @ 8.60 % per annum. Loan is repayable after 1 year moratorium and in 48 months, in 16 quarterly instalments along with interest, from the date of loan. Loan is secured by following - Primary security is Plant & Equipments at Rudrapur & Dadra location and Secondary security is Corporate Guarantee of Polygel Industries Private Limited to the extent of 40% of total facilities sanctioned and Letter of Comfort from Kansai Nerofac Paints Limited for 100% of the total facilities sanctioned. The purpose of loan was for purchase of assets from Polygel Industries Private Limited.



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Amount in INR

Note 15: Deferred Tax Liabilities (net)

A. The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

Particulars	As at 1 April, 2020	(Charge) / Credit recognised in profit or loss for the period	As at 31 March, 2021
Deferred tax liabilities in relation to:			
Difference between written down value-capital work in progress of fixed assets as per the books of accounts and the Income Tax Act, 1961	(36,66,461)	(29,18,525)	(65,84,986)
Deferred tax assets in relation to:			
Disallowances under Section 40(a)(i) of the Income Tax Act, 1961	5,57,355	(45,782)	5,11,573
Unused tax losses, restricted to extent of deferred tax liabilities	31,09,106	29,64,307	60,73,413
Deferred tax assets / (liabilities) (net)	-	-	-

Particulars	As at 17 July, 2019	(Charge) / Credit recognised in profit or loss for the period	As at 31 March, 2020
Deferred tax liabilities in relation to:			
Difference between written down value-capital work in progress of fixed assets as per the books of accounts and the Income Tax Act, 1961	-	(36,66,461)	(36,66,461)
Deferred tax assets in relation to:			
Disallowances under Section 40(a)(i) of the Income Tax Act, 1961	-	5,57,355	5,57,355
Unused tax losses, restricted to extent of deferred tax liabilities	-	31,09,106	31,09,106
Deferred tax assets / (liabilities) (net)	-	-	-

B. Since the Company has incurred loss during the year ended 31 March, 2021 and no tax is payable for this year as per provisions of Income Tax, 1961, the calculation of effective tax rate is not relevant and hence, not given.

	As at 31 March, 2021	As at 31 March, 2020
Note 16A : Provisions		
Provision for Gratuity (Refer Note 32)	11,07,655	-
	<u>11,07,655</u>	<u>-</u>
Note 16B : Short Term Provisions		
Provision for Leave Absences (Refer Note 32)	2,18,033	-
	<u>2,18,033</u>	<u>-</u>



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Amount in INR

	As at 31 March, 2021	As at 31 March, 2020
Notes 17 Borrowings		
Cash Credit	7,01,43,040	-
	<u>7,01,43,040</u>	<u>-</u>

Cash Credit was taken from HDFC Bank which carries interest @ 9.00 % per annum. Cash credit is secured by following - Primary security is Inventory and Receivable of the Company and Secondary security is Corporate Guarantee of Polygel Industries Private Limited to the extent of 40% of total facilities sanctioned and Letter of Comfort from Kansai Nerolac Paints Limited for 100% of the total facilities sanctioned. The purpose of loan is for working capital requirements of the Company.

Note 18: Trade Payables

Trade Payables

Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 36)	2,69,19,117	7,30,70,527
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	21,13,05,589	10,70,96,243
	<u>23,82,24,706</u>	<u>18,01,66,770</u>

For terms and conditions relating to related party, Refer Note 31.

Note 19: Other Financial Liabilities

Current maturities of long term borrowings (Refer Note 14)	6,25,00,000	1,56,25,000
Trade Deposits	1,32,73,529	1,05,30,612
Creditors for Capital Goods	2,79,423	-
Interest accrued but not due on borrowings	15,69,092	19,53,425
Payable to Staff	6,19,271	-
	<u>7,82,41,315</u>	<u>2,81,09,037</u>

Note 20: Other Current Liabilities

Statutory Obligations	6,25,167	11,10,948
Trade Receivables with Credit Balance	8,04,887	2,52,050
	<u>14,30,054</u>	<u>13,62,998</u>



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Amount in INR

	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
Note 21: Revenue from Operations		
Sale of Products		
Sales	70,85,81,994	23,07,53,087
Less: Discounts & Rebates	1,08,11,724	21,44,619
Total Sale of Products	69,77,70,270	22,86,08,468
Other Operating Revenues		
Scrap Sales	13,00,786	3,53,330
Others	6,82,062	-
	19,82,848	3,53,330
Revenue from Operations	69,97,53,118	22,89,61,798

Note 21.1 Disaggregation of revenue from contracts with customers
The Company derives revenue from sale of products from following:

Particulars

1. Revenue from contract with Customers

Sale of products (Transferred at point in time)

Manufacturing

India

(A)

70,85,81,994

23,07,53,087

70,85,81,994

23,07,53,087

2. Other Operating Revenue

Scrap Sales

13,00,786

3,53,330

Others

6,82,062

-

(B)

19,82,848

3,53,330

Total Revenue

(A)+ (B)

71,05,64,842

23,11,06,417

Major Product Lines

Adhesives, Construction Chemicals and Sealants

70,85,81,994

23,07,53,087

70,85,81,994

23,07,53,087

Major Product Lines

Upon Delivery

70,85,81,994

23,07,53,087

70,85,81,994

23,07,53,087

Reconciliation of revenue from contract with customer as per Ind AS 115:

Revenue from contracts with customer as per the contract price

70,85,81,994

23,07,53,087

Adjustments made to contract price on account of:

Discounts and Rebates

(1,08,11,724)

(21,44,619)

Other operating revenue

19,82,848

3,53,330

Revenue from contracts with customer as per the Statement of Profit & Loss

69,97,53,118

22,89,61,798

21.2 Contract Balances

Contract Assets

Trade Receivables

21,90,82,212

16,85,06,522

Contract Liabilities

Trade Receivable with Credit balances

8,04,887

2,52,050

Note 22: Other Income

Other Non operating Income

Foreign Exchange Gain (Net)

2,74,803

-

Miscellaneous Income

14,702

-

Income from Export Incentives

-

1,24,339

2,89,505

1,24,339



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Amount in INR

	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
Note 23: Cost of Materials Consumed		
Raw Material Consumed		
Opening Stock (PY: Acquisition of Inventory (Refer Note 38))	3,60,46,746	3,76,23,994
Add: Purchase	46,89,80,230	13,94,52,444
Less: Closing Stock	6,11,18,005	3,60,46,746
	<u>44,39,08,971</u>	<u>14,10,29,692</u>
Packing Material Consumed		
Opening Stock (PY: Acquisition of Inventory (Refer Note 38))	1,76,34,880	1,69,18,707
Add: Purchase	8,79,35,857	2,92,81,704
Less: Sales	14,20,721	1,55,765
Less: Closing Stock	2,12,76,535	1,76,34,880
	<u>8,28,73,481</u>	<u>2,84,09,766</u>
	<u>52,67,82,452</u>	<u>16,94,39,458</u>
Note 24: Changes in Inventories of Finished Goods and Work-in-progress		
Opening Stock (PY: Acquisition of Inventory (Refer Note 38))	1,88,45,963	1,44,46,228
Finished Goods	41,67,253	28,33,702
Work-in-progress	<u>2,30,13,216</u>	<u>1,72,79,930</u>
Less: Closing Stock		
Finished Goods	4,51,87,663	1,88,45,963
Work-in-progress	<u>53,32,789</u>	<u>41,67,253</u>
	<u>5,05,20,452</u>	<u>2,30,13,216</u>
	<u>(2,75,07,236)</u>	<u>(57,33,286)</u>



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Amount in INR

	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
<u>Note 25: Employee Benefits Expense</u>		
Salaries and Wages	5,26,05,045	1,78,75,093
Contribution to Provident and Other Funds	22,20,534	8,55,230
Staff Welfare Expense	4,26,912	3,44,502
Gratuity Expenses	11,07,655	-
Leave Absences Expenses	2,18,033	-
	<u>5,65,78,179</u>	<u>1,90,74,825</u>
<u>Note 26: Finance Cost</u>		
Interest on Term Loan	2,12,82,021	78,76,712
Interest on Cash Credit	<u>42,42,473</u>	<u>-</u>
	<u>2,55,24,494</u>	<u>78,76,712</u>
<u>Note 27: Depreciation and Amortisation</u>		
Depreciation on Property, Plant and Equipment	1,41,14,698	45,85,158
Depreciation on Right of Use Asset	5,00,539	1,58,035
Amortisation on Other Intangible Assets	1,90,84,000	61,52,765
	<u>3,36,99,237</u>	<u>1,08,95,958</u>
<u>Note 28: Other Expenses</u>		
Freight and Forwarding Charges	3,49,70,634	81,80,702
Advertisement and Sales Promotion	2,90,47,303	60,33,466
Labour Charges	1,39,97,686	46,64,463
Rates and Taxes	11,80,773	38,45,844
Travelling & Conveyance Expenses	59,47,466	24,45,521
Royalty Charges	56,37,580	20,03,431
Miscellaneous Expenses	3,13,29,551	89,92,991
	<u>12,21,10,993</u>	<u>3,61,66,418</u>
<u>Note 28.1: Payments to Statutory Auditors'</u>		
Auditors remuneration excluding taxes (Included in Miscellaneous Expenses in Note no 28)		
As Auditor		
Statutory Audit	6,00,000	6,00,000
Report under Section 44AB of the Income-tax Act, 1961	1,00,000	1,00,000
Limited Review of Quarterly Results	2,25,000	75,000
Reimbursements of Expenses	<u>29,350</u>	<u>5,665</u>
	<u>9,54,350</u>	<u>7,80,665</u>



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Amount in INR

	As at 31 March, 2021	As at 31 March, 2020
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Note 29: Contingent Liabilities and Commitments

Issue of Bank Guarantee	7,50,000	-
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	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
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Note 30: Earnings Per Equity Share

Numerator:

Profit/(Loss) attributable to Equity Shareholders	(3,71,45,496)	(86,33,948)
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Denominator:

Weighted Average Number of ordinary shares	2,00,00,000	68,28,295
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Basic and Diluted Earnings per Equity Share (in INR)	(1.86)	(1.26)
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NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 31: Related Party Disclosures

A related party is a person or entity that is related to the entity that is preparing its Financial Statements

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control of the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity
 - (vi) The entity is controlled or jointly controlled by a person identified in (a)
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Parties where control exist :

Ultimate Holding Company
- Kansai Paints Co., Ltd (Japan)
Parent Company
- Kansai Nerolac Paints Limited

Other related parties with whom transactions have taken place during the period:

Entities with Significant Influence
- Polygel Industries Private Limited
- Western India Packaging

Key Management Personnel

- Mr. Anuj Jain, Non Executive Director w.e.f. 17 July, 2019
- Mr. Prashant Pai, Non Executive Director w.e.f. 17 July, 2019
- Mr. Jason Gonsalves, Non Executive Director w.e.f. 17 July, 2019
- Mr. Girish Nachane, Non Executive Director w.e.f. 25 April, 2020
- Mr. Ranjeev Bhatia, Non Executive Director up to 25 January, 2021
- Mr. Luv Shah, Non Executive Director w.e.f. 25 January, 2021
- Mr. Kuldeep Raina, Chief Executive Officer w.e.f. 25 January, 2021
- Mr. Anil Phatangare, Chief Operating Officer w.e.f. 3 January, 2020
- Mr. Parag Oak, Chief Financial Officer w.e.f. 3 January, 2020
- Mr. Shashank Sthalekar, Company Secretary w.e.f. 3 January, 2020



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 31: Related Party Disclosures

Disclosure of transactions with related parties

Amount in INR

Sr. No.	Transactions	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
1	Purchase of Raw Materials - Polygel Industries Private Limited	36,450	75,92,976
2	Purchase of Business - Polygel Industries Private Limited	-	45,00,00,000
3	Sale of finished goods - Kansai Nerolac Paints Limited - Polygel Industries Private Limited	7,77,22,846 -	4,39,30,600 3,65,400
4	Royalty Charges - Kansai Nerolac Paints Limited	56,37,580	20,03,431
5	Job Work Charges - Western India Packaging	14,10,955	9,79,515
6	Reimbursement of Expenses Receivable - Polygel Industries Private Limited	37,63,984	-
7	Reimbursement of Expenses - Kansai Nerolac Paints Limited - Polygel Industries Private Limited - Parag Oak - Anil Phatangare - Shashank Sthalekar	- 2,02,587 3,12,527 4,94,442 9,652	12,00,000 32,67,595 3,65,885 - -
8	Remuneration - Parag Oak (Remuneration is paid by Kansai Nerolac Paints Limited and the same is reimbursed by Company as Deputation Charges) - Shashank Sthalekar - Anil Phatangare - Kuldeep Rama	19,10,026 3,46,445 34,99,636 -	6,36,676 2,21,117 11,21,160 -

Disclosure of Balances with related parties

Amount in INR

Sr. No.	Balances	As at 31 March, 2021	As at 31 March, 2020
9	Receivable - Kansai Nerolac Paints Limited	1,67,58,684	1,91,79,463
10	Advances receivable - Polygel Industries Private Limited	48,12,145	41,13,339
11	Payables - Polygel Industries Private Limited - Western India Packaging - Kansai Nerolac Paints Limited	42,33,337 - 12,31,169	37,61,667 732 -

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken in each financial period through examining the financial position of the related party and the market in which the related party operates. Outstanding balances as at 31 March, 2021 are unsecured and settlement occurs in cash



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Amount in INR

Note 32: Employee Benefits

A Defined Contribution Plans

Contribution to defined contribution plan, recognised in the Statement of Profit and Loss under Company's Contribution to Provident Fund in Employee Benefits Expenses for the period is as under

Particulars	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
Employer's contribution to Regional Provident Fund Commissioner	22,20,534	8,55,230

B Defined Benefit Plans

a. Gratuity

The following tables set out the funded of the gratuity plans and the amount recognised in the Company Financial Statements as at 31st March, 2021 and 31st March, 2020

Particulars	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
Defined benefit obligation at the beginning	-	-
Current service cost	11,07,655	-
Interest Expense	-	-
Benefit payments from plan assets	-	-
Remeasurements- actuarial gains/(losses)	-	-
Defined benefit obligation at year end	11,07,655	-

Change in fair value of plan assets

Particulars	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
Fair value of plan assets at the beginning	-	-
Interest income	-	-
Employer contributions	-	-
Benefit payments from plan assets	-	-
Remeasurements- return on plan assets excluding amounts included in interest income	-	-
Fair value of plan assets at the year end	-	-
Net liability	-	-

Components of Defined Benefit Cost recognized in the Statement of Profit and Loss under Employee Benefit Expenses:

Particulars	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31 March, 2020
Current Service Cost	11,07,655	Nil
Net Interest Cost	-	Nil
Defined Benefit Cost recognised in the Statement of Profit and Loss	11,07,655	Nil

Components of Defined Benefit Cost recognized in the Statement of Other Comprehensive Income:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Actuarial (gains) / losses on Defined Benefit Obligation	Nil	Nil
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	Nil	Nil
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	Nil	Nil

The assumptions used to determine net periodic benefit cost are set out below:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Discount Rate	6.76%	Nil
Salary Escalation	6.00%	Nil
Weighted average duration of the defined benefit obligation (years)	15.08	Nil



Sensitivity Analysis:

Discount Rate, Salary Escalation Rate and Withdrawal Rate are significant actuarial assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below.

Scenario	As at 31 March, 2021	As at 31 March, 2020
Under Base Scenario	11,07,655	Nil
Salary Escalation - Up by 1%	12,36,252	Nil
Salary Escalation - Down by 1%	9,95,978	Nil
Withdrawal Rates - Up by 1%	10,78,264	Nil
Withdrawal Rates - Down by 1%	11,37,296	Nil
Discount Rates - Up by 1%	10,01,875	Nil
Discount Rates - Down by 1%	12,31,261	Nil
Expected Rate of Return on Planned Asset	6.76%	Nil

Maturity Profile of Defined Benefit Obligations

Mortality Table	As at 31-03-2021		As at 31-03-2020	
	Male	Female	Male	Female
Attained Age				
20	0.09%	0.09%	0.09%	0.09%
25	0.09%	0.09%	0.09%	0.09%
30	0.10%	0.10%	0.10%	0.10%
35	0.12%	0.12%	0.12%	0.12%
40	0.17%	0.17%	0.17%	0.17%
45	0.26%	0.26%	0.26%	0.26%
50	0.44%	0.44%	0.44%	0.44%
55	0.75%	0.75%	0.75%	0.75%
60	1.12%	1.12%	1.12%	1.12%

c. Compensated Absences

Amount of Rs. 2,18,033 (2019-20 Rs. Nil) has been recognised in the statement of profit and loss as an expense for compensated absences.



NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 33: Segment Reporting

The Management Committee of the Company, approved by the Board of Directors performs the function of allotment of resources and assessment of performance of the Company. Considering the level of activities performed, frequency of their meetings and level of finality of their decisions, the Company has identified that Chief Operating Decision Maker function is being performed by the Management Committee. The financial information presented to the Management Committee in the context of results and for the purposes of approving the annual operating plan is on a consolidated basis for various products of the Company. As the Management Committee monitors the business activity as a single business segment viz. Adhesives, Construction Chemicals and Sealants, and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021
Note 34: Financial Instruments: Categories of Financial Instrument and Fair Value Hierarchy
A. Categories of Financial Instrument

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Amount in INR

As at 31 March, 2021	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost
Financial Assets			
Security deposit	-	-	10,23,040
Trade Receivables	-	-	21,90,82,212
Cash and Cash Equivalent	-	-	54,089
Financial Liabilities			
Long Term Borrowings	-	-	17,18,75,000
Short Term Borrowings	-	-	7,01,43,040
Trade Payables	-	-	23,82,24,706
Other Current Financial Liabilities	-	-	7,82,41,315
As at 31 March, 2020			
Financial Assets			
Security deposit	-	-	9,48,040
Trade Receivables	-	-	16,85,06,522
Cash and Cash Equivalent	-	-	1,35,68,168
Financial Liabilities			
Long Term Borrowings	-	-	23,43,75,000
Short Term Borrowings	-	-	-
Trade Payables	-	-	18,01,66,770
Other Current Financial Liabilities	-	-	2,81,09,037



B. Fair Value Hierarchy

The management assessed the carrying value of financial assets and liabilities carried at 'amortised cost' approximate their fair value largely due to the short-term maturities of these instruments.

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

As at 31 March, 2021	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
Assets carried at amortised cost			
Security deposit	-	-	10,23,040
Trade Receivables	-	-	21,90,82,212
Cash and Cash Equivalent	-	-	54,089
Liabilities carried at amortised cost			
Long Term Borrowings	-	-	17,18,75,000
Short Term Borrowings	-	-	7,01,43,040
Trade Payables	-	-	23,82,24,706
Other Current Financial Liabilities	-	-	7,82,41,315

As at 31 March, 2020	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
Assets carried at amortised cost			
Security deposit	-	-	9,48,040
Trade Receivables	-	-	16,85,06,522
Cash and Cash Equivalent	-	-	1,35,68,168
Liabilities carried at amortised cost			
Long Term Borrowings	-	-	23,43,75,000
Short Term Borrowings	-	-	-
Trade Payables	-	-	18,01,66,770
Other Current Financial Liabilities	-	-	2,81,09,037



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 35: Financial Risk Management

The Company's principal financial liabilities comprise short term loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans to employees, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Company's financial risk management policies are set as per the guidelines.

i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level.

ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the foreign currency risk arising mainly due to its operating activities and thus the risk of changes in foreign exchange rates relates primarily to trade payables.

The most significant foreign currencies the Company is exposed to is the USD and EURO.

Foreign currency exposure

Amount in INR

Financial Assets	Year End	Euro	USD	Total
Trade Receivable	31-03-2021	-	-	-
	31-03-2020	-	-	-
Total Financial Assets	31-03-2021	-	-	-
	31-03-2020	-	-	-

Financial Liabilities	Year End	Euro	USD	Total
Trade Payable	31-03-2021	-	31,07,895	31,07,895
	31-03-2020	1,40,638	4,65,292	6,05,930
Total Financial Liabilities	31-03-2021	-	31,07,895	31,07,895
	31-03-2020	1,40,638	4,65,292	6,05,930

Net exposure to Foreign	31-03-2021	-	(31,07,895)	(31,07,895)
Currency Risk (Liabilities).....	31-03-2020	(1,40,638)	(4,65,292)	(6,05,930)



Foreign currency sensitivity

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

Description	Year Ended 31 March, 2021		Amount in INR For the Period 17 July, 2019 to 31 March, 2020	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
USD	(1,55,395)	1,55,395	(23,265)	23,265
EURO	-	-	(7,032)	7,032
Increase/(decrease) to Profit or Loss	(1,55,395)	1,55,395	(30,297)	30,297

iii) Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans. The carrying amounts of financial assets represent the maximum credit risk exposure.



Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed constantly. Any sales exceeding those limits require approval from the management.

Financial Instruments and Cash Deposits

Credit risks from balances with banks and financial institutions is managed by the Company's Treasury Department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

iv) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the maturity profile of the Company's financial liabilities:

Amount in INR

As at 31 March, 2021	Year Ended	On Demand	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years and above	Total
Borrowings	31-03-2020	7,01,43,040	-	-	-	12,50,00,000	4,68,75,000	24,20,18,040
	31-03-2019	-	-	-	-	12,50,00,000	10,93,75,000	23,43,75,000
Trade Payables	31-03-2020	-	23,82,24,706	-	-	-	-	23,82,24,706
	31-03-2019	-	18,01,66,770	-	-	-	-	18,01,66,770
Other Financial Liabilities	31-03-2020	1,41,72,223	15,69,092	1,56,25,000	4,68,75,000	-	-	7,82,41,316
	31-03-2019	1,05,30,612	19,53,425	-	1,56,25,000	-	-	2,81,09,036
Total	31-03-2020	8,43,15,263	23,97,93,798	1,56,25,000	4,68,75,000	12,50,00,000	4,68,75,000	55,84,84,062
	31-03-2019	1,05,30,612	18,21,20,195	-	1,56,25,000	12,50,00,000	10,93,75,000	44,26,50,806



NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 36: Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the period 2020-21, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

Amount in INR

Particulars	Year Ended 31 March, 2021	For the Period 17 July, 2019 to 31
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period:	2,69,19,117	7,30,70,527
– Principal amount due to micro and small enterprises		
– Interest due on above	-	3,83,455
b. The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under MSMED Act, 2006	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting period.	-	-
e. The amount of further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act, 2006.	-	-



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Amount in INR

Note 37: Capital Management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The current capital structure of the Company is equity based with financing through long term borrowings.

	As at 31 March, 2021	As at 31 March, 2020
Long Term Borrowings including Current Maturities	23,43,75,000	25,00,00,000
Short Term Borrowings	7,01,43,040	-
Less: Cash and Cash Equivalents	54,089	1,35,68,168
Net debt	30,44,63,951	23,64,31,832
Equity	15,42,20,556	19,13,66,052
Total capital	15,42,20,556	19,13,66,052
Capital and net debt	45,86,84,507	42,77,97,884
Gearing ratio	66%	55%

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



NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note 38: Business Combination

Acquisition of Business of Polygel Industries Private Limited

The Company entered into a Business Transfer Agreement (BTA) with Polygel Industries Private Limited, a private company on 21 August, 2019 where the business verticals of manufacturing and distribution of Adhesives, Construction Chemicals and Sealants were acquired by the company in a slump sale. This transaction involved transfer of movable assets, undertaking records, right to occupy and use immovable properties, transfer of employees, etc. as defined in the BTA. The business acquisition was conducted for cash consideration of INR 45,00,00,000. There would be no additional consideration and the said consideration is final as the requisite working capital statement has been prepared. The acquisition fulfils the Company's objective to continue business of Adhesives, Construction Chemicals and Sealants.

The Company has acquired assets of Rs. 57,43,94,478 and assumed liabilities of Rs. 12,43,94,478 at the date of acquisition on the basis of purchase price allocation (at fair value).

The fair value of the trade receivables amounted to Rs. 12,01,08,684 at the time of acquisition and the same is to be collected.

However, none of the trade receivables is credit impaired and it is expected that the full contractual amounts will be collected.

The Company has not incurred any transaction cost.

Note 39: Estimation of uncertainties relating to the global health pandemic from COVID-19:

"The COVID -19 pandemic is rapidly spreading throughout the world. The operations of the Company were impacted, due to shutdown of all plants and offices following nationwide lockdown by the Government of India. The Company has resumed operations in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31 March, 2021. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions."

Note 40: Comparative Figures for Previous Period

Previous year comparative figures are prepared from the date of incorporation i.e. 17 July, 2019 to 31 March, 2020 whereas current year figures are from 1 April, 2020 to 31 March, 2021.

Previous year figures are regrouped and recast wherever necessary to make them comparable with the figures of the current year.

As per our attached report of even date

For and on behalf of Board of Directors of Nerofix Private Limited

For SRBC & CO LLP

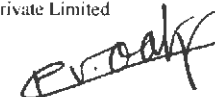
Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

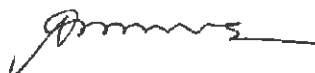

Prashant Pai

Director

DIN 08115481


Parag Oak

Chief Financial Officer



per Anil Johanputra

Partner

Membership No. 110759




Girish Nachane
Director
DIN 08736429


Shashank Sthalekar
Company Secretary
ACS 60466

Mumbai

April 30, 2021

Mumbai

April 30, 2021

