NEROFIX PRIVATE LIMITED

A subsidiary of Kansai Nerolac Paints Ltd.

4TH ANNUAL REPORT

2022-23

S R B C & CO LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
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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 2023, 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, 2023, its profit 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 Director's report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether 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

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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, 2020 ("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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2023;

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

      i. The Company does not have any pending litigations which would impact its financial position;

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

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

iv. a) The management has represented that, to the best of its knowledge and belief, and as disclosed in the note 41 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, and as disclosed in the note 41 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

per Anil Jobanputra
Partner
Membership Number: 110759

UDIN: 23110759BGVZRZ8162

Place of Signature: Mumbai
Date: 02 May 2023

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

Re: Nerofix Private Limited ("the Company")

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

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

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

(b) All 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) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

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

(ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification.

(b) As disclosed in note 18 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) During the year the Company has not made investments, provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a), (b), (c), (d), (e) and (f) of the Order are not applicable to the Company.

(iv) There are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

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(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of adhesives and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

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

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, the Company has used funds raised on short-term basis aggregating to Rs. 625 lakhs for long term purposes representing repayment of loans.

(e) The Company does not have any subsidiary, associate or Joint Venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or Joint Venture. Accordingly, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and

hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 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 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

(xiv)(a) The Company has implemented internal audit system on a voluntary basis which is commensurate with the size of the Company and nature of its business though it is not required to have an internal audit system under Section 138 of the Companies Act, 2013.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

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

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year. In the immediately preceding financial year the Company had incurred cash losses amounting to Rs. 13.85 lakhs.

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(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 40 to the financial statements, the ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and considering the Company's current liabilities exceeds the current assets by Rs. 617 lakhs, the Company has obtained the letter of financial support from the Holding Company, nothing has come to our attention, which causes us to believe that Company is not capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date.

We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The provisions of section 135 of the Companies Act, 2013 are not applicable and accordingly, the requirements to report on clause (xx) (a) and (b) of the Order is not applicable to the Company.

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

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

per Anil Jobanputra
Partner
Membership Number: 110759

UDIN: 23110759BGVZRZ8162

Place of Signature: Mumbai
Date: 02 May 2023

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, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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

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accounting 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, 2023, 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

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

per Anil Jobanputra
Partner
Membership Number: 110759

UDIN: 23110759BGVZRZ8162

Place of Signature: Mumbai
Date: 02 May 2023

NEROFIX PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2023

Amount in Lakhs

	Note	As at 31 March, 2023		As at 31 March, 2022	
ASSETS					
Non-current Assets					
Property, Plant and Equipment	3	1,939.47		1,990.38	
Right of Use Asset (ROU)	4	358.76		363.77	
Intangible Assets	5	615.96		806.80	
			2,914.19		3,160.95
Financial Assets:					
Other Financial Assets	6	13.36		12.91	
			13.36		12.91
Non Current Tax Assets (Net)	7		2.48		0.14
Deferred Tax Assets (net)	16		1.57		–
Other Non-current Assets	8		2.02		2.10
Total Non-current Assets			**2,933.62**		**3,176.10**
Current Assets					
Inventories	9		1,540.36		1,722.41
Financial Assets					
Trade Receivables	10	3,079.94		2,357.56	
Cash and Cash Equivalents	11	89.49		0.25	
			3,169.43		2,357.81
Other Current Assets	12		124.60		131.87
Total Current Assets			**4,834.39**		**4,212.09**
Total Assets			**7,768.01**		**7,388.19**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	13	2,000.00		2,000.00	
Other Equity	14	(820.60)		(826.80)	
Total Equity			**1,179.40**		**1,173.20**
Liabilities					
Non-current Liabilities					
Financial Liabilities:					
Borrowings	15	468.75		1,093.75	
			468.75		1,093.75
Provisions	17		43.09		22.93
Total Non-current Liabilities			**511.84**		**1,116.68**
Current Liabilities					
Financial Liabilities:					
Borrowings	18	2,125.00		1,467.57	
Trade Payables	19				
Total Outstanding dues of Micro, Small and Medium Enterprises		226.58		108.54	
Total Outstanding dues of creditors other than Micro, Small and Medium Enterprises		3,450.88		3,251.63	
			5,802.46		4,827.74
Other Financial Liabilities	20		149.73		162.56
Other Current Liabilities	21		106.27		101.84
Short Term Provisions	22		18.31		6.17
Total Current Liabilities			**6,076.77**		**5,098.31**
Total Liabilities			**6,588.61**		**6,214.99**
Total Equity and Liabilities			**7,768.01**		**7,388.19**

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 Johanputra
Partner
Membership No. 110759
Mumbai
May 2, 2023

Prashant Pai
Director
DIN 08115481

Jason Gonsalves
Director
DIN 08245250
Mumbai
May 2, 2023

Prashant Murkar
Chief Financial Officer

Rukmini Subramanian
Company Secretary
ACS 20207

NEROFIX PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

Amount in Lakhs

	Note	Year Ended 31 March, 2023		Year Ended 31 March, 2022	
Income					
Revenue from Operations	23	14,680.39		11,041.68	
Other Income	24	6.51		7.74	
Total Income			14,686.90		11,049.42
Expenses					
Cost of Materials Consumed	25	11,567.40		9,068.23	
Changes in Inventories of Finished Goods and Work-in-	26	(31.63)		(201.65)	
Employee Benefits Expense	27	785.00		657.50	
Finance Costs	28	212.98		231.18	
Depreciation and Amortisation Expenses	29	330.18		336.78	
Other Expenses	30	1,812.88		1,325.51	
Total Expenses			14,676.81		11,417.55
Profit/(Loss) Before Tax			10.09		(368.13)
Tax Expense					
Current Tax		1.57		-	
Deferred Tax	16	(1.57)		-	
Total Tax Expense			(0.00)		-
Profit/(Loss) for the period			10.09		(368.13)
Other Comprehensive Income					
(a) Remeasurement of Defined Benefit Liability			(3.89)		(0.88)
Total Comprehensive Income for the period			6.20		(369.01)
Earnings per Equity Share:					
Basic and Diluted			0.05		(1.84)
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
May 2, 2023

Prashant Pai
Director
DIN 08115481

Jason Gonsalves
Director
DIN 08245250

Mumbai
May 2, 2023

Prashant Murkar
Chief Financial Officer

Rukmini Subramanian
Company
ACS 20207

NEROFIX PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2023

Amount in Lakhs

	Year Ended 31 March, 2023		Year Ended 31 March, 2022	
Cash Flow From Operating Activities				
Profit/(Loss) Before Tax		10.09		(368.13)
Adjustments for:				
Depreciation and Amortisation Expenses	330.18		336.78	
Finance Costs	212.98		231.18	
Provision for Doubtful debts	29.82		17.50	
		572.98		585.46
Operating Profit Before Working Capital Changes		**583.07**		**217.33**
Working Capital Adjustments				
Adjustment for (increase) / decrease in operating assets:				
Inventories	182.05		(385.21)	
Trade Receivables	(757.30)		(184.24)	
Other Current Assets	6.91		45.61	
Adjustment for increase / (decrease) in operating liabilities:				
Trade payables and Other liabilities	339.87		1,089.34	
		354.59		782.83
Direct Taxes Paid (net)		(5.66)		(5.04)
Net cash flow from / (used in) operating activities		**348.93**		**787.87**
Cash Flow From Investing Activities				
Purchase of Property, Plant and Equipment, Right of Use Asset and Other Intangible Assets	(83.02)		(69.32)	
Net cash flows from / (used in) investing activities		**(83.02)**		**(69.32)**
Cash Flow From Financing Activities				
Repayment of long term borrowings	(625.00)		(625.00)	
Proceeds from Short term borrowings (Net)	657.43		141.14	
Interest Paid	(209.10)		(234.98)	
Net cash flows from / (used in) financing activities		**(176.67)**		**(718.84)**
Net Increase / (Decrease) in Cash and Cash Equivalents		89.24		(0.29)
Cash and Cash Equivalents at the beginning of the year		0.25		0.54
Cash and Cash Equivalents as the end of the year		**89.49**		**0.25**
Cash and Cash Equivalents at the end of the year, the components being:				
Cash on Hand	0.33		0.25	
Banks Balances	89.16		-	
		89.49		0.25
Net Increase / (Decrease) as disclosed above		**89.49**		**0.25**

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 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
May 2, 2023

Prashant Pai
Director
DIN 08215481

Jason Gonsalves
Director
DIN 08245250

Mumbai
May 2, 2023

Prashant Murkar
Chief Financial Officer

Rukmini Subramanian
Company Secretary
ACS 20207

NEROFIX PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A - Equity Share Capital

Amount in Lakhs

	Number of Shares	
Balance as at 01 April, 2021	2,00,00,000	2,000
Issued during the period	-	-
Balance as at 31 March, 2022	**2,00,00,000**	**2,000**
Issued during the period	-	-
Balance as at 31 March, 2023	**2,00,00,000**	**2,000**

B - Other Equity

Amount in Lakhs

Particulars	Retained Earnings	Total
Balance as at 01 April, 2022	(826.80)	(826.80)
Profit/(Loss) for the period	10.09	10.09
Other Comprehensive Income/(Expense)	(3.89)	(3.89)
Total Comprehensive Income for the period	**(820.60)**	**(820.60)**
Balance as at 31 March, 2023	**(820.60)**	**(820.60)**

Amount in Lakhs

Particulars	Retained Earnings	Total
Balance as at 1 April, 2021	(457.79)	(457.79)
Profit/(Loss) for the period	(368.13)	(368.13)
Other Comprehensive Income	(0.88)	(0.88)
Total Comprehensive Income for the period	**(826.80)**	**(826.80)**
Balance as at 31 March, 2022	**(826.80)**	**(826.80)**

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
May 2, 2023

Prashant Pai
Director
DIN 08115411

Jason Gonsalves
Director
DIN 08245250

Mumbai
May 2, 2023

Prashant Murkar
Chief Financial Officer

Rukmini Subramanian
Company Secretary
ACS 20207

NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

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 Arihant Aura, B-202, 2nd Floor, Plot No D13/1, TTC Industrial Area, Turbhe (MIDC), Thane Belapur Road, Navi Mumbai , Maharashtra 400705 . 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.

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NEROFIX PRIVATE LIMITED NAVI MUMBAI

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.

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NEROFIX PRIVATE LIMITED NAVI MUMBAI

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.

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NEROFIX PRIVATE LIMITED NAVI MUMBAI

(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 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 Statement of Profit and Loss when the item is derecognised.

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NEROFIX PRIVATE LIMITED MUMBAI

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

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.

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NEROFIX PRIVATE MUMBAI

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

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NEROFIX PRIVATE LIMITED NAVI MUMBAI

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.

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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.

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NEROFIX PRIVATE LIMITED NAVI MUMBAI

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.

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NEROFIX PRIVATE LIMITED NAVI MUMBAI

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 repayable 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.

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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.

S B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

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.

MAT

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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.

MUMBAI

NEROFIX PRIVATE LIMITED NAVI MUMBAI

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.

S.R.B.C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED MUMBAI

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.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

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.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

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.

S R B C & CO LLP MUMBAI

NEROFIX PRIVATE LIMITED MUMBAI

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.

S B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE

NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 3: Property, Plant and Equipment

Amount in Lakhs

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1 April, 2022	Acquisition/ Additions	Deductions	As at 31 March, 2023	As at 1 April, 2022	Additions	Deductions	As at 31 March, 2023	As at 31 March, 2023
Freehold Land	872.72	-	-	872.72	-	-	-	-	872.72
	(862.04)	(10.68)	-	(872.72)	-	-	-	-	(872.72)
Buildings	756.54	10.60	-	767.14	42.31	20.46	-	62.77	704.37
	(735.62)	(20.92)	-	(756.54)	(23.56)	(18.74)	-	(42.30)	(714.24)
Plant and Equipment	647.63	64.32	(0.09)	711.86	270.37	104.88	(0.09)	375.16	336.70
	(617.09)	(30.54)	-	(647.63)	(155.20)	(115.17)	-	(270.37)	(377.26)
Furniture and Fixtures	16.94	1.74	-	18.68	5.48	2.70	-	8.18	10.50
	(12.34)	(4.60)	-	(16.94)	(3.41)	(2.07)	-	(5.48)	(11.46)
Office Equipments	5.47	3.51	(0.01)	8.97	3.49	1.46	(0.01)	4.94	4.03
	(5.20)	(0.27)	-	(5.47)	(2.14)	(1.35)	-	(3.49)	(1.98)
Computers	19.01	3.26	-	22.27	6.29	4.83	-	11.12	11.15
	(12.82)	(6.19)	-	(19.01)	(2.69)	(3.60)	-	(6.29)	(12.72)
Total	**2,318.31**	**83.43**	**(0.10)**	**2,401.64**	**327.94**	**134.33**	**(0.10)**	**462.17**	**1,939.47**
	(2,245.11)	**(73.20)**	-	**(2,318.31)**	**(187.00)**	**(140.93)**	-	**(327.93)**	**(1,990.38)**

3.1 Plant and Equipments at Rudrapur and Dadra location are pledged as security against Working Capital Term Loan from Tata Capital Financial Service Limited.
3.2 Freehold land at Dadra location are pledged as security against Term Loan from HDFC Bank.
3.3 Figures in bracket pertain to previous year.

S H B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 4: Right of Use Asset (ROU)

Amount in Lakhs

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1 April, 2022	Acquisition/ Additions	Deductions	As at 31 March, 2023	As at 1 April, 2022	Additions	Deductions	As at 31 March, 2023	As at 31 March, 2023
Leasehold Land	375.37 (375.37)	- -	- -	375.37 (375.37)	11.60 (6.59)	5.01 (5.01)	- -	16.61 (11.60)	358.76 (363.77)
Total	**375.37** **(375.37)**	- -	- -	**375.37** **(375.37)**	**11.60** **(6.59)**	**5.01** **(5.01)**	- -	**16.61** **(11.60)**	**358.76** **(363.77)**

4.1 Figures in bracket pertain to previous year.

S R B C & CO LLP MUMBAI

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 5: Other Intangible Assets

Amount in Lakhs

Description	Gross Block				Accumulated Amortisation				Net Block
	As at 1 April, 2022	Acquisition/ Additions	Deductions	As at 31 March, 2023	As at 1 April, 2022	Additions	Deductions	As at 31 March, 2023	As at 31 March, 2023
Technical Know How	591.60	-	-	591.60	137.39	59.16	-	196.55	395.05
	(591.60)	-	-	(591.60)	(78.23)	(59.16)	-	(137.39)	(454.21)
Non Compete Fee	282.40	-	-	282.40	149.89	56.48	-	206.37	76.03
	(282.40)	-	-	(282.40)	(93.41)	(56.48)	-	(149.89)	(132.51)
Customer Relationship	376.00	-	-	376.00	155.92	75.20	-	231.12	144.88
	(376.00)	-	-	(376.00)	(80.72)	(75.20)	-	(155.92)	(220.08)
Total	**1,250.00**	-	-	**1,250.00**	**443.20**	**190.84**	-	**634.04**	**615.96**
	(1,250.00)	-	-	**(1,250.00)**	**(252.36)**	**(190.84)**	-	**(443.20)**	**(806.80)**

5.1 Figures in bracket pertain to previous year.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Amount in Lakhs

	As at 31 March, 2023	As at 31 March, 2022
Note 6: Other Financial Assets		
Unsecured and Considered Good		
Security Deposits	13.36	12.91
	13.36	**12.91**
Note 7: Non-current assets (Net)		
Unsecured and Considered Good		
Non Current Tax Assets (Net)	2.48	0.14
	2.48	**0.14**
Note 8: Other non-current assets		
Unsecured and Considered Good		
Prepaid Expenses	2.02	2.10
	2.02	**2.10**
Note 9: Inventories		
Raw Materials	631.93	762.61
Packing Materials	168.29	244.54
Work-in-progress	45.96	45.19
Finished Goods (Including goods - in transit of Rs.Nil (PY: Rs.7.48 Lakhs)	692.53	661.67
Stores and Spares	1.65	8.40
	1,540.36	**1,722.41**

Trade Receivable and Inventories were pledged as primary security for cash credit, which was repaid on 17 December, 2022 (Refer Note 18).

Rs. Nil (Previous Year: Nil lakhs) 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 25 and 26.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Amount in Lakhs

Note 10: Trade Receivables

	As at 31 March, 2023		As at 31 March, 2022	
Unsecured, Considered Good	3,079.94		2,357.56	
Receivables - credit impaired	53.32		23.50	
		3,133.26		2,381.06
Less: Allowance for doubtful trade receivables	(53.32)		(23.50)	
		3,079.94		2,357.56

Trade Receivable Inventories were pledged as primary security for cash credit obtained during the current year,which was repaid on 17 December, 2022 (Refer Note 18)

For terms and conditions relating to related party, Refer Note 33.

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

As at 31/03/2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	3,068.88	11.06	-	-	-	3,079.94
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	6.85	-	7.68	-	14.53
(iv) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	7.94	8.23	22.62	-	38.79
Total	**3,068.88**	**25.85**	**8.23**	**30.30**	-	**3,133.26**

As at 31/03/2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	2,281.27	69.40	-	6.89	-	2,357.56
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	2.92	10.43	-	13.35
(iv) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	10.15	-	-	10.15
Total	**2,281.27**	**69.40**	**13.07**	**17.32**	-	**2,381.06**

Note 11: Cash and cash equivalents

	As at 31 March, 2023	As at 31 March, 2022
Cash on hand	0.33	0.25
Banks Balances	89.16	-
	89.49	0.25

At 31 March 2023, the Company had available Rs. Nil (31 March 2022: Rs. 157.43 lakhs) of undrawn committed borrowing facilities.

Note 12: Other Current Assets

Unsecured and Considered Good

Balances with Indirect Tax Authorities	62.06	89.50
Trade Advances	45.78	25.61
Prepaid Expenses	16.76	15.42
Other Receivable	-	1.34
	124.60	131.87

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 13: Share Capital

	As at 31 March, 2023	As at 31 March, 2022
1. Authorised Share Capital	2,000	2,000
Par Value per Share (in Rs)	10	10
Number of Equity Shares	2,00,00,000	2,00,00,000
2. Issued, Subscribed and Fully Paid	2,000	2,000
Par Value per Share (in Rs)	10	10
Number of Equity Shares	2,00,00,000	2,00,00,000

3. Disclosure of Shareholding of Promoters

		As at 31 March, 2023				
Type	Promoter Name	No.of shares at the beginning of the year	Change During the year	No.of shares at the end of the year	% of Total Shares	% change during the year
Equity share of INR 10 each fully paid	Kansai Nerolac Paints Limited	1,20,00,000	80,00,000	2,00,00,000	100%	67%
Equity share of INR 10 each fully paid	Polygel Industries Private Limited	80,00,000	(80,00,000)	-	0%	-100%
Total		**2,00,00,000**	-	**2,00,00,000**		

		As at 31 March, 2022				
Type	Promoter Name	No.of shares at the beginning of the year	Change During the year	No.of shares at the end of the year	% of Total Shares	% change during the year
Equity share of INR 10 each fully paid	Kansai Nerolac Paints Limited	1,20,00,000	-	1,20,00,000	60%	0%
Equity share of INR 10 each fully paid	Polygel Industries Private Limited	80,00,000	-	80,00,000	40%	0%
Total		**2,00,00,000**	-	**2,00,00,000**		

4. 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.

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

	As at 31st March, 2023		As at 31st March, 2022	
Name of the shareholder	% holding	Number of Shares	% holding	Number of Shares
Kansai Nerolac Paints Limited	100%	2,00,00,000	60%	1,20,00,000
Polygel Industries Private Limited	-	-	40%	80,00,000
Total	**100%**	**2,00,00,000**	**100%**	**2,00,00,000**

On 30th March, 2023 Kansai Nerolac Paints Limited acquired 80,00,000 equity shares of Rs. 10 Each (comprising of 40 % paid up share capital) from Polygel Industries Private Limited. Accordingly Kansai Nerolac Paints Limited is now 100 % holding company.

6. Reconciliation of the number of shares outstanding:

	As at 31 March, 2023	As at 31 March, 2022
Number of shares at beginning of the year	2,00,00,000	2,00,00,000
Issued during the year	-	-
Number of shares at the end of the year	**2,00,00,000**	**2,00,00,000**

S K B C & CO LLP MUMBAI

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 14 : Other Equity

Amount in Lakhs

Particulars	Retained Earnings	Total
Balance as at 01 April, 2022	(826.80)	(826.80)
Profit/(Loss) for the period	10.09	10.09
Other Comprehensive Income/(Expense) - Remeasurement of Defined Benefit Liability	(3.89)	(3.89)
Total Comprehensive Income for the period	**(820.60)**	**(820.60)**
Balance as at 31, March 2023	**(820.60)**	**(820.60)**

Particulars	Retained Earnings	Total
Balance as at 1 st April, 2021	(457.79)	(457.79)
Profit/(Loss) for the period	(368.13)	(368.13)
Other Comprehensive Income/(Expense) - Remeasurement of Defined Benefit Liability	(0.88)	(0.88)
Total Comprehensive Income for the period	**(826.80)**	**(826.80)**
Balance as at 31, March 2022	**(826.80)**	**(826.80)**

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Amount in Lakhs

Note 15: Borrowings	As at 31 March, 2023	As at 31 March, 2022
Secured loan		
Term loan from Bank	468.75	1,093.75
	468.75	**1,093.75**

For the current maturities of long term borrowings Refer Note 18 "Other Financial Liabilities (Current)".

Term loan was taken from HDFC Bank which carries average interest @ 9.50 % per annum. Loan is repayable after 1 year moratorium and in 48 months till 28th November 2024, 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 Letter of Comfort from Kansai Nerolac Paints Limited for 100% of the total facilities sanctioned. The purpose of loan was for purchase of assets from Polygel Industries Private Limited.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Amount in Lakhs

Note 16: Deferred Tax Assets (net)

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

Particulars	As at 1 April, 2022	(Charge) / Credit recognised in profit or loss for the period	As at 31 March, 2023	As at 1 April, 2021	(Charge) / Credit recognised in profit or loss for the period	As at 31 March, 2022
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	(70.97)	3.35	(67.62)	(65.85)	(5.12)	(70.97)
Deferred tax assets in relation to:						
Disallowances under Section 40(a)(i) of the Income Tax Act, 1961	9.00	16.65	25.65	5.12	3.88	9.00
Unused tax losses, restricted to extent of deferred tax liabilities	61.97	(20.00)	41.97	60.73	1.24	61.97
MAT Credit Entitlement	-	1.57	1.57	-	-	-
Deferred tax assets / (liabilities) (net)	-	**1.57**	**1.57**	-	-	-

Unrecognised deferred tax assets relate primarily to unabsorbed depreciation and unabsorbed business losses which can be set off against taxable profit in the future years from the year in which they originate.

	As at March 31, 2023	As at March 31, 2022
Deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax asset has been recognised are attributable to the following:		
Unabsorbed Depreciation (AY 20-21)	163.12	163.12
Unabsorbed Depreciation (AY 21-22)	436.76	436.76
Unabsorbed Depreciation (AY 22-23)	346.54	-
Business Loss (AY 21-22)	5.11	25.12

B. Since the Company is paying MAT for year ended 31st March, 2023 and had incurred loss during the year ended 31st March, 2022, no tax is payable as per normal provisions of Income Tax, 1961. Accordingly, the calculation of effective tax rate is as below.

Particulars	March 31, 2023
Profit Before Tax	10.09
Rate of Tax of Income Tax	34.94%
Income Tax as per Above Rate	3.53
Effect of Expenses that are not deductible	-
Utilisation of earlier Tax Losses & unabsorbed Depreciation	-
	3.53
Tax Payable under MAT	1.57
Income Tax Recognised in Statement of P&L	1.57

The Company continues to pay income tax under older tax regime and have not opted for lower tax rate pursuant to Taxation Law (Amendment) Ordinance, 2019 considering the accumulated losses under the Income Tax Act, 1961. The Company plans to opt for lower tax regime once these losses are utilised.

Note 17 : Provisions

	As at 31 March, 2023	As at 31 March, 2022
Provision for Gratuity (Refer Note 34)	43.09	22.93
	43.09	**22.93**

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Amount in Lakhs

	As at 31 March, 2023	As at 31 March, 2022
Notes 18 Borrowings		
Cash Credit	-	842.57
Working Capital Term Loan	1,500.00	-
Current maturities of long term borrowings (Refer Note 15)	625.00	625.00
	2,125.00	**1,467.57**

Working Capital Term Loan (WCTL) of Rs. 1500 Lakhs is taken from TATA Capital Financial Services Limited which carries interest @ 10.25 % per annum. WCTL is secured by following primary security is First charge on fixed assets of Rudapur & Dadra Nagar Haveli plant. Second pari - passu charge on entire current assets, present and future of the company with HDFC bank. Letter of comfort from Kansai Nerolac Paints Limited (KNPL) for 100% of the total facilities sanctioned.

Cash Credn of Rs.842.57 Lakhs was taken from HDFC Bank which carried interest @ 8.70 % per annum. Cash credit was secured by following - Primary security was Inventory and Receivable of the Company and Letter of Comfort from Kansai Nerolac Paints Limited for 100% of the total facilities sanctioned. The purpose of loan was for working capital requirements of the Company.

Note 19: Trade Payables

Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 38)	226.58	108.54
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	3,450.88	3,251.63
	3,677.46	**3,360.17**

For terms and conditions relating to related party, Refer Note 33.

As at 31/03/2023

Particulars	Outstanding for following periods from due date of payment				
	Not Due	Less than 1 year	1-2 years	2-3 years	Total
(i)MSME	226.58	-	-	-	**226.58**
(ii)Others	2,378.44	1,069.67	2.44	0.33	**3,450.88**
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	**2,605.02**	**1,069.67**	**2.44**	**0.33**	**3,677.46**

As at 31/03/2022

Particulars	Outstanding for following periods from due date of payment				
	Not Due	Less than 1	1-2 years	2-3 years	Total
(i)MSME	108.54	-	-	-	**108.54**
(ii)Others	1,624.84	1,626.79	-	-	**3,251.63**
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	**1,733.38**	**1,626.79**	-	-	**3,360.17**

Note 20: Other Financial Liabilities

Trade Deposits	131.01	143.73
Creditors for Capital Goods	2.68	-
Interest accrued but not due on borrowings	15.78	11.90
Payable to Staff	0.26	6.93
	149.73	**162.56**

Note 21: Other Current Liabilities

Statutory Obligations	84.44	73.57
Advance from Customers	21.84	28.27
	106.27	**101.84**

Note 22 : Short Term Provisions

Provision for Leave Absences	14.16	5.92
Provision for Gratuity (Refer Note 34)	4.15	0.25
	18.31	**6.17**

S R S C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Amount in Lakhs

		As at 31 March, 2023	As at 31 March, 2022
Note 23: Revenue from Operations			
Sale of Products			
Sales		15,052.75	11,273.38
Less: Discounts & Rebates		412.71	256.01
Total Sale of Products		**14,640.04**	**11,017.37**
Other Operating Revenues			
Scrap Sales		40.35	24.31
		40.35	24.31
Revenue from Operations		**14,680.39**	**11,041.68**
Note 23.1 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		14,640.04	11,017.37
	(A)	14,640.04	11,017.37
2. Other Operating Revenue			
Scrap Sales		40.35	24.31
	(B)	40.35	24.31
Total Revenue	(A)+(B)	**14,680.39**	**11,041.68**
Major Product Lines			
Adhesives, Construction Chemicals and Sealants		14,640.04	11,017.37
		14,640.04	**11,017.37**
Major Product Lines			
Upon Delivery		14,640.04	11,017.37
		14,640.04	**11,017.37**
Reconciliation of revenue from contract with customer as per Ind AS 115:			
Revenue from contracts with customer as per the contract price		15,052.75	11,273.38
Adjustments made to contract price on account of:			
Discounts and Rebates		(412.71)	(256.01)
Other operating revenue		40.35	24.31
Revenue from contracts with customer as per the Statement of Profit & Loss		**14,680.39**	**11,041.68**
23.2 Contract Balances			
Contract Assets			
Trade Receivables		3,079.94	2,357.56
Contract Liabilities			
Advance from Customers		21.84	28.27
Note 24: Other Income			
Other Non operating Income			
Foreign Exchange Gain (Net)		6.04	4.60
Interest Received		0.10	0.10
Interest on Income Tax Refund		0.21	0.33
Profit on Sale of Property, Plant & Equipments		0.16	2.71
		6.51	**7.74**

NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Amount in Lakhs

	As at 31 March, 2023		As at 31 March, 2022	
Note 25: Cost of Materials Consumed				
Raw Material Consumed				
Opening Stock	762.61		611.18	
Add: Purchase	9,937.22		8,044.89	
Less: Closing Stock	631.93		762.61	
		10,067.90		7,893.46
Packing Material Consumed				
Opening Stock	244.54		212.77	
Add: Purchase	1,477.54		1,303.27	
Less: Sales	54.29		96.73	
Less: Closing Stock	168.29		244.54	
		1,499.50		1,174.77
		11,567.40		**9,068.23**

Note 26: Changes in Inventories of Finished Goods and Work-in-progress				
Opening Stock				
Finished Goods	661.67		451.88	
Work-in-progress	45.19		53.33	
		706.86		505.21
Less: Closing Stock				
Finished Goods	692.53		661.67	
Work-in-progress	45.96		45.19	
		738.49		706.86
		(31.63)		**(201.65)**

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Amount in Lakhs

	As at 31 March, 2023	As at 31 March, 2022
Note 27: Employee Benefits Expense		
Salaries and Wages	716.10	604.12
Contribution to Provident and Other Funds	28.45	25.14
Staff Welfare Expense	11.92	11.22
Gratuity Expenses	20.17	13.28
Leave Absences Expenses	8.36	3.74
	785.00	**657.50**
Note 28: Finance Cost		
Interest on Term Loan	167.24	168.01
Interest on Cash Credit	42.74	63.17
Other Finance Cost	3.00	-
	212.98	**231.18**
Note 29: Depreciation and Amortisation		
Depreciation on Property, Plant and Equipment	134.33	140.93
Depreciation on Right of Use Asset	5.01	5.01
Amortisation on Other Intangible Assets	190.84	190.84
	330.18	**336.78**
Note 30: Other Expenses		
Freight and Forwarding Charges	600.86	455.93
Advertisement and Sales Promotion	310.16	139.70
Labour Charges	200.75	163.72
Rates and Taxes	9.31	3.56
Travelling & Conveyance Expenses	133.75	90.56
Royalty Charges	115.80	83.42
Miscellaneous Expenses	442.25	388.62
	1,812.88	**1,325.51**

Note 30.1: Payments to Statutory Auditors'

Auditors remuneration excluding taxes (Included in Miscellaneous Expenses in Note no 30)

As Auditor		
Statutory Audit	8.00	6.75
Tax Audit	1.00	1.00
Limited Review	3.00	2.25
Certification and Other Matters	-	0.30
Reimbursements of Expenses	0.20	0.20
	12.20	**10.50**

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Amount in Lakhs

	As at 31 March, 2023	As at 31 March, 2022
Note 31: Contingent Liabilities and Commitments		
Issue of Bank Guarantee	7.98	7.98
Disputed Claims	27.02	-
	35.00	7.98
Note 32: Earnings Per Equity Share		
Numerator:		
Profit/(Loss) attributable to Equity Shareholders	10.09	(368.13)
Denominator:		
Weighted Average Number of ordinary shares (In Lakhs)	200.00	200.00
Basic and Diluted Earnings per Equity Share (in Rs.)	0.05	(1.84)

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 33: 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 Paint Co,. Ltd (Japan) Holding 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 (Upto 30 March, 2023) Key Management Personnel - Mr. Anuj Jain, Non Executive Director upto 29 April,2022 - Mr. Prashant Pai, Non Executive Director - Mr. Jason Gonsalves, Non Executive Director - Mr. Girish Nachane, Non Executive Director upto 30 March, 2023 - Mr. Anil Phatangare, Chief Operating Officer - Mr. Parag Oak, Chief Financial Officer upto 27 October, 2022 - Mr. Luv shah, Non Executive Director upto 30 March, 2023 - Mr. Kuldeep Raina, Chief Executive Officer upto 6 May, 2022 - Ms. Rukmini Subramanian, Company Secretary - Mr. Abhijit Natoo, Non Executive Director w.e.f. 5 May, 2022 - Mr. Prashant Murkar, Chief Financial Officer w.e.f. 27 October, 2022

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 33: Related Party Disclosures

Disclosure of transactions with related parties

Amount in Lakhs

Sr. No.	Transactions	As at 31 March, 2023	As at 31 March, 2022
1	**Sale of finished goods**		
	- Kansai Nerolac Paints Limited	2,828.03	2,352.94
	- Polygel Industries Private Limited	-	0.56
2	**Royalty Charges**		
	- Kansai Nerolac Paints Limited	115.80	83.42
4	**Reimbursement of Expenses Receivable**		
	- Polygel Industries Private Limited	-	2.09
5	**Reimbursement of Expenses**		
	- Parag Oak	1.78	4.95
	- Anil Phatangare	10.96	5.50
	- Prashant Murkar	1.10	-
6	**Remuneration**		
	Parag Oak (Remuneration is paid by Kansai Nerolac Paints Limited and the same is reimbursed by Company as Deputation Charges)	12.47	20.61
	Prashant Murkar (Remuneration is paid by Kansai Nerolac Paints Limited and the same is reimbursed by Company as Deputation Charges)	3.03	-
	- Anil Phatangare	41.49	38.18

*As the future liabilities for gratuity and leave encashment are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

Disclosure of Balances with related parties

Amount in Lakhs

Sr. No.	Balances	As at 31 March, 2023	As at 31 March, 2022
7	**Receivable**		
	- Kansai Nerolac Paints Limited	105.93	309.52
8	**Advances receivable**		
	- Polygel Industries Private Limited	6.03	8.53
9	**Payables**		
	- Kansai Nerolac Paints Limited	127.80	43.57

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, 2023 are unsecured and settlement occurs in cash.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Amount in Lakhs

Note 34: 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	As at 31 March, 2023	As at 31 March, 2022
Employer's contribution to Regional Provident Fund Commissioner	28.45	25.14

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, 2022 and 31st March, 2023

Particulars	As at 31 March, 2023	As at 31 March, 2022
Defined benefit obligation at the beginning	23.18	11.07
Current service cost	18.46	12.60
Interest Expense	1.71	0.68
Benefit payments from plan assets	-	(2.06)
Remeasurements-Due to Financial Assumptions	11.53	(1.39)
Remeasurements-Due to Expereience Adjustments	(7.65)	2.28
Remeasurements- actuarial gains/(losses)	-	-
Defined benefit obligation at year end	47.24	23.18

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

Particulars	As at 31 March, 2023	As at 31 March, 2022
Current Service Cost	18.46	12.60
Net Interest Cost	1.71	0.68
Defined Benefit Cost recognised in the Statement of Profit and Loss	20.17	13.28

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

Particulars	As at 31 March, 2023	As at 31 March, 2022
Actuarial (gains) / losses on Defined Benefit Obligation	3.89	0.88
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	3.89	0.88

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

Particulars	As at 31 March, 2023	As at 31 March, 2022
Discount Rate	7.51%	7.38%
Salary Escalation	9.00%	6.00%
Weighted average duration of the defined benefit obligation (years)	11.48	17.14

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NEROFIX PRIVATE LIMITED NAVI MUMBAI

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, 2023	As at 31 March, 2022
Under Base Scenario	47.24	23.19
Salary Escalation - Up by 1%	52.48	25.55
Salary Escalation - Down by 1%	42.70	21.10
Withdrawal Rates - Up by 1%	46.19	22.84
Withdrawal Rates - Down by 1%	48.37	23.50
Discount Rates - Up by 1%	42.78	21.18
Discount Rates - Down by 1%	52.49	25.50
Mortality Rates - Up by 10%	47.22	-
Mortality Rates - Down by 10%	47.26	-
Expected Rate of Return on Planned Asset	7.51%	7.38%

Maturity Profile of Defined Benefit Obligations

Mortality Table	As at 31-03-2023		As at 31-03-2022	
Attained Age	Male	Female	Male	Female
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. 8.36 Lakhs (PY 21-22 Rs. 3.74 Lakhs) has been recognised in the statement of profit and loss as an expense for compensated absences.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROLIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 35: 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".

Revenue from one customer amounted to INR 2,828.03 Lakhs (31 March 2022 INR 2,352.94 Lakhs), arising from sales of Adhesives, Construction Chemicals and Sealants.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 36: 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 Lakhs

As at 31 March, 2023	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost
Financial Assets			
Security deposit	-	-	13.36
Trade Receivables	-	-	3,079.94
Cash and Cash Equivalent	-	-	89.49
Financial Liabilities			
Long Term Borrowings	-	-	468.75
Short Term Borrowings	-	-	2,125.00
Trade Payables	-	-	3,677.46
Other Current Financial Liabilities	-	-	149.73

As at 31 March, 2022	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost
Financial Assets			
Security deposit	-	-	12.91
Trade Receivables	-	-	2,357.56
Cash and Cash Equivalent	-	-	0.25
Financial Liabilities			
Long Term Borrowings	-	-	1,093.75
Short Term Borrowings	-	-	1,467.57
Trade Payables	-	-	3,360.17
Other Current Financial Liabilities	-	-	162.56

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, 2023	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost			
Security deposit	-	-	13.36
Trade Receivables	-	-	3,079.94
Cash and Cash Equivalent	-	-	89.49
Liabilities carried at amortised cost			
Long Term Borrowings	-	-	468.75
Short Term Borrowings	-	-	2,125.00
Trade Payables	-	-	3,677.46
Other Current Financial Liabilities	-	-	149.73

As at 31 March, 2022	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost			
Security deposit	-	-	12.91
Trade Receivables	-	-	2,357.56
Cash and Cash Equivalent	-	-	0.25
Liabilities carried at amortised cost			
Long Term Borrowings	-	-	1,093.75
Short Term Borrowings	-	-	1,467.57
Trade Payables	-	-	3,360.17
Other Current Financial Liabilities	-	-	162.56

S R B C & CO LLP MUMBAI

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 37: 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 Company has no exposure to foreign currency risk.

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

Amount in Lakhs

Year Ended 31 March, 2023	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	31-03-2023	-	156.25	156.25	1,812.50	468.75	-	2,593.75
	31-03-2022	842.57			625.00	625.00	468.75	2,561.32
Trade Payables	31-03-2023	-	3,677.46	-	-	-	-	3,677.46
	31-03-2022		3,360.17					3,360.17
Other Financial Liabilities	31-03-2023	149.73	-	-	-	-	-	149.73
	31-03-2022	162.56	-	-	-	-		162.56
Total	**31-03-2023**	**149.73**	**3,833.71**	**156.25**	**1,812.50**	**468.75**	-	**6,420.94**
	31-03-2022	**1,005.13**	**3,360.17**	-	**625.00**	**625.00**	**468.75**	**6,084.05**

S R B C & CO LLP MUMBAI

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 38: Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the period 2022-23, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

Amount in Lakhs

Particulars	As at 31 March, 2023	As at 31 March, 2022
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period,	226.58	108.54
– Principal amount due to micro and small enterprises		
– Interest due on above	-	-
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	-	-

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LTD NAVI MUMBAI

NEROFIX PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Amount in Lakhs

Note 39: 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, 2023	As at 31 March, 2022
Long Term Borrowings including Current Maturities	1,093.75	1,718.75
Short Term Borrowings	1,500.00	842.57
Less: Cash and Cash Equivalents	89.49	0.25
Net debt	**2,504.26**	**2,561.07**
Equity	1,179.40	1,173.20
Total capital	1,179.40	1,173.20
Capital and net debt	**3,683.66**	**3,734.27**
Gearing ratio	**68%**	**69%**

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

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

NEROFIX PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

Note 40 - Ratio Analysis and its Elements

Particulars	Numerator	Denominator	31 March, 2023	31 March, 2022	% Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	0.80	0.83	-4%	
Debt Equity	Total Debt	Shareholders Equity	2.20	2.18	1%	
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	0.46	0.22	104.3%	Due to increase in Principal repayment in current year.
ROE	Net profit after taxes	Average Shareholders equity	0.86%	-27.1%	-103%	There is improvement due to increase sales & profit generation.
Inventory Turnover	Cost of goods sold	Average Inventory	7.07	5.80	22.0%	
Trade Receivables Turnover	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	5.38	4.84	11.2%	
Trade Payables Turnover	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	3.76	3.72	1.1%	
Net Capital Turnover	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	(11.78)	(12.43)	5.2%	
Net Profit ratio	Net profit	Net Sales	0.07%	-3.3%	-102.1%	There is improvement due to increase sales & profit generation.
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	6%	-4%	-261.2%	There is improvement due to increase sales & profit generation.
Return on Investment	Interest (Finance Income)	Investment	NA	NA	NA	

As at 31 March, 2023 Company's Current Liabilities exceeds Current Assets by Rs 617 lakhs (Net - off current maturities of long term borrowings of Rs 625 lakhs).However, the going concern assumption is considered appropriate as the Company has obtained letter of financial support from the holding company Kansai Nerolac Paints Limited in order to meet its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NEROFIX PRIVATE LIMITED NAVI MUMBAI

Note 41: Other Statutory Information

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

(ii)The Company does not have any transactions with companies struck off.

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

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

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

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

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

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

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

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

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

Note 42: Comparative Figures for Previous Period

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

per Anil Jobanputra
Partner
Membership No. 110759

Mumbai
May 2, 2023

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

Prashant Pai
Director
DIN 08115481

Prashant Murkar
Chief Financial Officer

Jason Gonsalves
Director
DIN 08245250

Rukmini Subramanian
Company Secretary
ACS 20207

Mumbai
May 2, 2023