

INDEPENDENT AUDITOR'S REPORT
To the Members of J.K. PAINTS & COATINGS LIMITED**Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the accompanying consolidated financial statements of J.K. PAINTS & COATINGS LIMITED (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, and the consolidated statement of Profit and Loss, (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the year ended March 31 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key Audit Matters to be communicated in our reports.

Sl no.	Reporting	How was the Key Audit Matter addressed in the audit
1	Assessment of Deferred Tax Assets recognized by the company on carry forward of losses Rs.312	Principal Audit Procedure Performed



<p>lacs.</p> <p>The recognition and measurement of deferred tax items require determination of difference between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the Income Tax Act and other applicable tax laws including application of ICDS and financial reporting in accordance with Ind AS .Assessment of deferred tax assets is done by the management at the close of each financial year taking into account forecast of future taxable results. Considering the probability of future taxable income, the company had recognized Deferred tax Assets (DTA) of Rs. 302.16. lacs on carry forward loss of Rs.947.62 lacs.We have considered the assessment of deferred tax liabilities and assets as a Key Matter due to the importance of management estimation and judgement and a materiality of the amount.</p>	<p>i We have tested the period over which the deferred tax assets on unabsorbed losses would be recovered against future taxable income.</p> <p>ii We have tested the management under lying assumption and judgement in estimating the future taxable income against which unabsorbed losses would be recovered.</p>
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Our opinion is not modified in respect of above matters.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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



The Director's Report including Annexures to Director's Report etc. is not made available to us till the date of this report and is expected to be made available to us after the date of this Auditors' Report.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs 5120.51 lacs as at 31st March, 2023, total revenues of Rs 2149.29 lacs and net cash flows amounting to Rs 1182.26 lacs for the period ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other



auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, consolidated total comprehensive income, consolidated change in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.



(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules 2015, as amended.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2023 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group— Refer Note 34 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.
- iv. (a)The Management has represented that, to the best of its knowledge and belief, 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 holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the holding 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, no funds have been received by the holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the holding Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the



Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Based on such audit procedures we have 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 (iv) (a) and (iv) (b) above contain any material mis-statement.

v the holding company has not declared and paid dividend during the year

For Gupta Vaish & Co.
Chartered Accountants
Firm's Registration No.- 005087C



Rajendra Gupta

Rajendra Gupta
(Partner)

Membership No.- 073250)

UDIN NO. *23073250BGWENH6284*

Date: 13-05-2023
Place: KANPUR

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

Re: J. K. Paints & Coatings Limited ('the Holding Company')

In terms of the information and explanations sought by us and given by the Group 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

Qualifications or adverse remarks by the auditors of the subsidiary company in the companies (Auditors Report) Order (CARO) reports of the companies incorporated in india included in the consolidated financial statements are:

Sr. No.	Name of entity	CIN	Holding Company/Subsidiary/Step down subsidiary	Clause Number of the CARO report which is qualified or adverse
1	Acro Paints Limited	U24119DL1989PLC036308	Subsidiary Company	3(i)(c)



JK Paints and Coatings Limited**Consolidated Balance sheet as at 31st March' 2023***(All amounts are in Rupees lacs, unless otherwise stated)*

		As at 31st March' 2023
	Notes	
ASSETS		
Non-current assets		
Property, plant and equipment	2	488.68
Capital work-in-progress	2	1.99
Intangible assets	3	23,584.98
Right-of-use assets	3(i)	31.46
Financial assets:		
(i) Other financial assets	4	509.41
Deferred tax assets (net)	5	358.39
Other non-current assets	6	502.83
Total non-current assets		25,477.74
Current assets		
Inventories	7	1,433.17
Financial assets:		
(i) Trade receivables	8	1,242.06
(ii) Cash and cash equivalent	9	1,214.32
(iii) Bank balances other than (ii) above	10	207.92
(iv) Other financial assets	11	279.69
Current tax assets	12	95.44
Other current assets	13	104.85
Total current assets		4,577.45
Total assets		30,055.19
EQUITY AND LIABILITIES		
Equity		
Equity share capital	14	8,540.00
Other equity	15	19,216.99
Total equity		27,756.99
Liabilities		
Non-current liabilities		
Financial liabilities:		
(i) Borrowings	16	25.84
(ii) Lease liabilities	17a	3.14
Provisions	17	36.21
Total non-current liabilities		65.19
Current liabilities		
Financial liabilities:		
(i) Borrowings	18	17.54
(ii) Lease liabilities	19	8.75
(i) Trade payables		



JK Paints and Coatings Limited

Consolidated Balance sheet as at 31st March' 2023

(All amounts are in Rupees lacs, unless otherwise stated)

		As at 31st March' 2023
	Notes	
(a) Total outstanding dues of micro enterprises and small enterprises		-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	20	1,832.01
(ii) Other financial liabilities	21	227.98
Other current liabilities	22	140.27
Provisions	23	6.46
Total current liabilities		2,233.01
Total liabilities		2,298.20
		-
Total equity and liabilities		30,055.19

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For Gupta Vaish & Co.

Chartered Accountants

ICAI Firm Regn. No. 0050876

Rajendra Gupta

per Rajendra Gupta

Partner

Membership No: 073250

Place : Kanpur

Dated : 13th May, 2023



*For and on behalf of the Board of Directors of
JK Paints and Coatings Limited*

Dr. Raghavpat Singhania

Dr. Raghavpat Singhania

Managing Director

DIN: 02426556

Shambhu Singh

Shambhu Singh

Company Secretary

Membership No: F5836

A.K. Saraogi

A.K. Saraogi

Director

DIN: 00130805

JK Paints and Coatings Limited
Consolidated Statement of profit and loss for the period ended 31st March' 2023
(All amounts are in Rupees lacs, unless otherwise stated)

		For the period ended 31st March' 2023
	Notes	
Income		
Revenue from operations	24	2,130.00
Other income	25	224.57
Total income (I)		<u><u>2,354.57</u></u>
Expenses		
Cost of materials consumed	26	1,179.83
Changes in inventories of finished goods, work-in-progress and traded goods	27	207.90
Employee benefit expense	28	645.28
Finance costs	29	1.52
Depreciation and amortization expense	30	21.27
Power and fuel		15.70
Freight and forwarding		168.41
Other expenses	31	1,198.00
Total Expenses (II)		<u><u>3,437.91</u></u>
Profit/ (Loss) before tax (I) - (II)		<u><u>(1,083.34)</u></u>
Tax expense		
Current tax		19.92
Deferred tax charge / (credit)		(314.84)
Earlier years tax adjustments		(8.02)
Total tax expense		<u><u>(302.94)</u></u>
Profit / (Loss) for the period (III)		<u><u>(780.40)</u></u>
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement gains /(loss) on defined benefit plans		(3.49)
Income tax relating to remeasurement of defined benefit plans		0.88
Other comprehensive income for the period (IV)		<u><u>(2.61)</u></u>
Total comprehensive income for the period (III + IV)		<u><u>(783.01)</u></u>
Profit attributable to:		
Equity holders of the J K Cement Limited		(780.40)
Non-controlling interests		<u><u>-</u></u>
		<u><u>(780.40)</u></u>
Other comprehensive income attributable to:		
Equity holders of the J K Cement Limited		(2.61)
Non-controlling interests		<u><u>-</u></u>
		<u><u>(2.61)</u></u>
Total comprehensive income attributable to:		
Equity holders of the J K Cement Limited		(783.01)
Non-controlling interests		<u><u>-</u></u>
		<u><u>(783.01)</u></u>
Earnings per equity share (Face value of Rs. 10 each)	32	
Basic (in Rs.)		(5.31)
Diluted (in Rs.)		(5.31)

Significant Accounting Policies
The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For Gupta Vaish & Co.

Chartered Accountants

ICAI Firm Regn. No. 005087C

Rajendra Gupta

per Rajendra Gupta

Partner

Membership No: 073250

Place : Kanpur

Dated : 13th May, 2023



For and on behalf of the Board of Directors of
JK Paints and Coatings Limited

Dr. Raghavpat Singhania
Managing Director
DIN: 02426556

Shambhu Singh
Company Secretary
Membership No: F5836

A.K. Saraogi
Director
DIN: 00130805

JK Paints and Coatings Limited
Consolidated Statement of Changes in Equity for the period ended 31st March' 2023
(All amounts are in Rupees lacs, unless otherwise stated)

(a) Share capital

Balance at the beginning of the period

Changes in equity share capital during the year

(854 lacs Equity shares of Rs. 10 each issued, subscribed and fully paid)

Balance at the end of the period

(b) Other equity

As at
31st March' 2023

8,540.00

8,540.00

Equity Component of Compound Financial Instruments	Reserves and Surplus				Total
	Securities premium	Debt redemption reserve	General reserve	Retained earnings (including Other Comprehensive Income)	
Balance as at 1st April 2022	-	-	-	-	-
Profit for the period	-	-	-	(780.40)	(780.40)
Other comprehensive income for the period	-	-	-	(2.61)	(2.61)
Total comprehensive income for the period	-	-	-	(783.01)	(783.01)
Adjustment during the period	-	-	-	-	-
Issue of Shares	-	-	-	-	-
(7%, Compulsory Convertible Preference Shares)	-	-	-	-	-
Balance as at 31 March'2023	20,000.00	-	-	(783.01)	19,216.99

As per our report of even date.

For Gupta Vaish & Co.

Chartered Accountants

ICAI Firm Regn. No. 0050876

Rajendra Gupta

per Rajendra Gupta

Partner

Membership No: 073250

Place : Kanpur

Dated : 13th May, 2023

For and on behalf of the Board of Directors of
JK Paints and Coatings Limited

Dr. Raghavpat Singhania

Managing Director

DIN: 02426556

Shambhu Singh

Company Secretary

Membership No: F5836

A.K. Saraogi

Director

DIN: 00130805

JK Paints and Coatings Limited

Notes to the consolidated financial statements for the period ended 31st March, 2023

(All amounts are in Rupees lacs, unless otherwise stated)

2. Property, plant and equipment :

As at 31 March, 2023

Particulars	Gross Block			Depreciation Block			Net Block	
	Opening	Addition	(Disposal)/ Adjustment	As at 31.03.2023	Opening	Addition	(Disposal)/ Adjustment	As at 31.03.2023
Tangible Assets								
Freehold land	-	-	-	-	-	-	-	-
Building	-	277.87	-	277.87	-	4.84	-	273.03
Plant and equipment	-	102.70	-	102.70	-	3.95	-	98.75
Vehicles	-	118.34	-	118.34	-	9.64	-	108.70
Furniture and fixtures	-	7.20	-	7.20	-	0.51	-	6.69
Office Equipment	-	1.74	-	1.74	-	0.23	-	1.51
Railway sidings	-	-	-	-	-	-	-	-
Rolling stock	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Leasehold land	-	-	-	-	-	-	-	-
Total	-	507.85	-	507.85	-	19.17	-	488.68
Capital work-in-progress(ii)	-	186.72	(184.73)	1.99	-	-	-	1.99
Total	-	186.72	(184.73)	1.99	-	-	-	1.99

3. Intangible Assets

Particulars	Gross Block			Depreciation Block			Net Block	
	Opening	Addition/ Adjustment	(Disposal)/ Adjustment	As at 31.03.2023	Opening	Addition	(Disposal)/ Adjustment	As at 31.03.2023
Intangible Assets								
Computer Software	-	0.60	-	0.60	-	0.16	-	0.44
Goodwill*	-	23,584.54	-	23,584.54	-	-	-	23,584.54
Total	-	23,585.14	-	23,585.14	-	0.16	-	23,584.98

***Refer Note No.46**

Cont...



3(i). Right to use assets

Particulars	Gross Block				Depreciation Block			Net Block	
	Opening	Addition	(Disposal)/ Adjustment	As at 31.03.2023	Opening	Addition	(Disposal)/ Adjustment	As at 31.03.2022	As at 31.03.2023
Leasehold land	-	20.91	-	20.91	-	0.10	-	-	20.81
Vehicles	-	-	-	-	-	-	-	-	-
Buildings	-	12.49	-	12.49	-	1.84	-	-	10.65
Other Equipment	-	-	-	-	-	-	-	-	-
Total	-	33.40	-	33.40	-	1.94	-	-	31.46

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	For the Year period 31 March 2023
Opening Balance	-
- Additions in lease liabilities	19.46
- Interest cost during the year	1.29
- Payment of lease liabilities	-8.86
Closing Balance	11.89
Current	8.75
Non Current	3.14

Cont...



Maturity Analysis of the lease liabilities:

Contractual undiscounted cash flows	For the period ended 31 March 2023
3 months or less	2.03
3-12 Months	6.72
1-2 Years	3.14
Lease liabilities	11.89

Detail of the Company's Capital-work-in progress is as under:

CWIP aging schedule as on 31st March, 2023

	(Amount Rs. in Lacs)			
	Amount in CWIP for a period			Total
	Less than 1 year	1-2 years	More than 3 years	
CWIP				
Capital WIP (Building)	1.18	-	-	1.18
Capital WIP (Machinery)	0.74	-	-	0.74
Capital WIP (Electrical Equipment)	0.07	-	-	0.07

Capital Work in Progress expected to be completed within next one year.



JK Paints and Coatings Limited
Consolidated cash flow statement for the period ended 31 March 2023
(All amounts are in Rupees lacs, unless otherwise stated)

**For the period ended
31 March 2023**

A. Cash Flow from Operating Activities

Net Profit before tax	(1,083.34)
Adjustment for :	
Depreciation & amortization expenses	21.27
Interest paid	1.52
Interest received	(225.89)
Bad trade receivables/advances written off	(0.37)
Operating Profit Before Working Capital Changes	(1,286.81)
Working capital adjustments :-	
Increase in Trade Payables	1,832.01
Increase in other financial liabilities	239.87
Increase in Other liabilities	140.27
Increase in Provisions	40.06
Decrease/(Increase) in Inventories	(1,433.17)
(Increase) in Trade receivables	(1,241.69)
(Increase) in Other assets	(104.85)
(Increase) in Other financial assets	(58.93)
Cash Used in Operations	(1,873.24)
Less : Income Tax Paid (inclusive of tax deducted at source)	(150.89)
Net Cash used in operating activities	(2,024.13)

B. Cash used in Investing Activities

Investment in fixed deposit	(708.71)
Acquisition of paint business	(23,584.54)
Acquisition/Purchase of property, plant & equipment	(1,046.67)
Interest received	(3.49)
Net Cash Used In Investing Activities	(25,343.41)

C. Cash Flow from Financing Activities

Proceeds from Vehicle Loans (net)	43.38
Proceeds from Share Capital	28,540.00
Interest paid on lease liability	(0.30)
Interest Paid	(1.22)
Net Cash Flow From Financing Activities	28,581.86
Net Increase in Cash and Cash Equivalents (A+B+C)	1,214.32

Cash and Cash Equivalents at the beginning of the period

Cash and Cash Equivalents at the end of the period	1,214.32
	1,214.32

Notes :

- Cash and cash equivalents includes cash in hand and bank balances including Fixed Deposits below 3 months.
- The Statement of cash flows has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 - 'Statement of cash flows'

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For Gupta Vaish & Co.

Chartered Accountants

ICAI Firm Regn. No. 0050876

Rajendra Gupta

per **Rajendra Gupta**

Partner

Membership No: 073280



Place : Kanpur

Dated : 13th May, 2023

For and on behalf of the Board of Directors of
JK Paints and Coatings Limited

Raghavpat Singhania

Dr. Raghavpat Singhania

Managing Director

DIN: 02426556

Shambhu Singh

Shambhu Singh

Company Secretary

Membership No: F5836

A.K. Saraogi
A.K. Saraogi
 Director
 DIN: 00130805

As at
31st March' 2023

4 Non-Current Financial Assets - Others
(Unsecured, Considered good unless otherwise stated)
(Carried at Amortised Cost, unless otherwise stated)

Fixed deposits with maturity more than 12 months from the reporting date *	500.79
Security Deposits	8.62
	<u>509.41</u>

*includes Rs.140 Lacs pledged against overdraft/ other commitments.

5 Deferred Tax Assets

A. The balance comprises temporary differences attributable to:

Deferred tax liabilities

Deferred tax assets

Unabsorbed depreciation & losses

358.39

358.39

B. Movement in deferred tax balances

Deferred tax assets

Unabsorbed depreciation & losses

Sub- total (a)

Deferred tax liabilities

Sub- total (b)

Deferred tax assets (a)-(b)

Net deferred tax assets

Recognized in P&L

Recognized in OCI

As at
31 March 2023

357.51

0.88

358.39

357.51

0.88

358.39

-

-

-

357.51

0.88

358.39

357.51

0.88

358.39

C. Amounts recognised in profit or loss

Current tax expense

Current year

19.92

19.92

Deferred tax charge/(credit)

Origination and reversal of temporary differences

(314.84)

Earlier year tax adjustment

(8.02)

(322.86)

(302.94)

Total tax income

D. Amounts recognised in other comprehensive Income

For the period ended 31 March 2023

	Before tax	Tax (Expense)/ Income	Net of tax
Remeasurements of defined benefit liability	(3.49)	0.88	(2.61)
	<u>(3.49)</u>	<u>0.88</u>	<u>(2.61)</u>

E. Reconciliation of tax expense and the accounting profit multiplied by the applicable tax rate(s)

For the period ended 31 March' 2023

	Rate	Amount
Profit before tax	34.94%	(1,083.34)
Tax using the Company's domestic tax rate		19.92
Increase in tax rate		-
Tax effect of:		
Current-year losses		(314.84)
Earlier years tax adjustments		(8.02)
		<u>(302.94)</u>

6 Other Non-Current Assets

(Unsecured, Considered good unless otherwise stated)

Capital advances

502.83

502.83

No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due from firms or private companies respectively in which any director is a partner or a director or a member.

cont....



7 Inventories

(Valued at lower of cost and net realisable value, unless otherwise stated)

For the period ended
31 March 2023

Raw materials	678.91
Finished goods	754.26
	<u>1,433.17</u>

8 Current Financial Assets - Trade Receivables

(Carried at Amortised Cost, except otherwise stated)

Unsecured

Considered good - unsecured

1,242.06
<u>1,242.06</u>
<u>1,242.06</u>

Trade receivable Ageing Schedule

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment		
	Total 31 March 2023	Less than 6 months	6 months - 1 year
(i) Undisputed Trade receivables- Considered Good	1,242.06	1,237.68	4.38
(ii) Undisputed Trade receivables- Which have significant increase in credit risk	-	-	-
(iii) Undisputed Trade receivables- credit impaired	-	-	-
(ii) Undisputed Trade receivables- credit impaired	-	-	-
(iii) Disputed Trade receivables- credit impaired	-	-	-
	<u>1,242.06</u>	<u>1,237.68</u>	<u>4.38</u>
(iv) Undisputed Trade receivables- Provision for impairment	-	-	-
(v) Disputed Trade receivables- Provision for impairment	-	-	-
	<u>1,242.06</u>	<u>1,237.68</u>	<u>4.38</u>

9 Current Financial Assets - Cash and Cash equivalent

Balance with banks:

In current accounts

Fixed deposits with original maturity of upto 3 months from the reporting date

Cash In hand

297.29

916.36

0.67

1,214.32

10 Current Financial Assets - Other Bank Balances

Fixed deposits with maturity of more than 3 months but upto one year from the reporting date*

207.92

207.92

*(Amount of Fixed Deposit of Rs.10 Lacs pledged against overdraft commitment)

11 Current Financial Assets - Others

(Unsecured Considered Good, unless otherwise stated)

(Carried at Amortised Cost, except otherwise stated)

Other loans and advances

Considered good

Interest accrued on deposits

50.31

229.38

279.69

12 Current Tax Assets (Net)

TDS on Interest Received

Advance tax (net)

20.51

74.93

95.44

13 Other Current Assets

Balances with Government authorities (ITC of GST)

Prepaid expenses

Advances to suppliers

94.83

0.93

9.09

104.85

No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due from firms or private companies respectively in which any director is a partner or a director or a member.



JK Paints and Coatings Limited**Notes to Consolidated financial statements for the period ended 31st March' 2023***(All amounts are in rupees lacs, unless otherwise stated)***As at
31st March' 2023****14 Share capital****Authorised:**

33,50,00,000 equity shares of Rs.10/- each

33,500

Issued, subscribed & fully paid up:

8,54,00,000 equity Shares of Rs.10/- each

8,540

8,540

15 Other equity**a. Retained earnings (including Other Comprehensive Income)****Balance at the beginning of the period**

(780.40)

Add: Profit for the period

(2.61)

Add: Other Comprehensive income for the period

(783.01)

Balance at the end of the period**b. Equity Component of Compound Financial Instruments****Balance at the beginning of the period**

20,000.00

Add: Equity Component of Preference Shares Issued

7%, Compulsory Convertible Preference Shares

Balance at the end of the period

20,000.00

19,216.99

Retained Earnings

Retained Earnings represents loss incurred during the period

"The company had passed special resolution for increase in authorized share capital as on date 24th March, 2023. After the reporting date, Form SH 7 was filed with the Registrar of companies as on date 19th April, 2023 for increase in authorized share capital

*Shareholders holding more than 5% equity shares of Rs.10 each in the company

As at 31 March 2023

	No. of Shares	Percentage
JK Cement Limited	8,54,00,000	100%

JK Cement Limited (Parent Company) is the Promoter of the Company

Terms and rights attached to equity shares

There are only 1 class of Equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of number of shares outstanding at the beginning and end of the period :

	Number of Shares	Amount
Outstanding as at 01 April 2022	-	-
Equity Shares issued during the year	8,54,00,000	85,40,00,000
Outstanding as at 31 March 2023	8,54,00,000	85,40,00,000



JK Paints and Coatings Limited
Notes to Consolidated financial statements for the period ended 31st March' 2023
(All amounts are in rupees lacs, unless otherwise stated)

	As at 31st March' 2023			
16 Non-Current Financial Liabilities - Borrowings (Carried at amortized cost)				
Secured				
Vehicle loans*	43.38			
Less: Current maturities of vehicle loans	(17.54)			
	<u>25.84</u>			
*Secured by hypothecation of vehicle and personal guarantee of the directors of the company				
17 Non-Current Provisions				
Provision for employee benefits				
- Gratuity	22.84			
- Leave encashment	13.37			
	<u>36.21</u>			
17a. Non-Current Financial Liabilities - Lease (Carried at Amortised Cost)				
Lease Liabilities [Refer note 3 (i)]	3.14			
	<u>3.14</u>			
18 Current Financial Liabilities - Borrowings (Carried at Amortised Cost)				
Current maturities of long-term debt*	17.54			
	<u>17.54</u>			
*Refer Note 16				
19 Current Financial Liabilities - Lease				
Lease liabilities	8.75			
	<u>8.75</u>			
20 Current Financial Liabilities - Trade Payables (Carried at Amortised Cost)				
(a) Total outstanding dues of micro enterprises and small enterprises	-			
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,832.01			
	<u>1,832.01</u>			
Trade payable Ageing Schedule As at 31 March 2023				
Particulars	Total 31-Mar-23	Unbilled	Outstanding for following period Less than 1 year	1-2 Years
Creditors other than micro enterprises and small enterprises	1,832.01	22.72	1797.22	9.34
	<u>1,832.01</u>	<u>22.72</u>	<u>1,797.22</u>	<u>9.34</u>
21 Current Financial Liabilities - Others (Carried at Amortised Cost)				
Employee dues				169.35
Security deposits				58.63
				<u>227.98</u>
22 Other Current Liabilities				
Statutory dues payable				109.14
Advance from customers				31.13
				<u>140.27</u>
23 Current Provisions				
Gratuity				4.37
Leave Encashment				2.09
				<u>6.46</u>



JK Paints and Coatings Limited
Notes to Consolidated financial statements for the period ended 31st March' 2023
(All amounts are in rupees lacs, unless otherwise stated)

**For the period ended
31st March' 2023**

24 Revenue from operations

Sale of finished goods	2,130.00
Total (i)*	2,130.00
Revenue from operations [(i) + (ii)]	2,130.00

***Reconciliation of Revenue as per Contract Price and as recognized in the Statement of Profit and Loss**

Revenue as per Contract Price	2,812.90
Less: Discounts and Incentives**	(682.90)
Total Revenue from operations	2,130.00

**Includes variable considerations which are included in the transaction price determined at the inception of the contract.

Disaggregated revenue information

a. The Company is primarily in the business of manufacture and sale of Paints. The product shelf life being short, all sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/delivery. The amounts receivable from customers are generally on terms of 0 to 90 days. There is no significant financing component in any transaction with the customers.

b. The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

c. The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.

25 Other Income

Interest income from financial assets measured at amortised cost	
- from bank deposits	225.89
Miscellaneous income	(1.32)
	224.57

26 Cost of Materials Consumed

Opening inventory (A)	535.96
Purchases (B)	1,322.78
Closing inventory (C)	(678.91)
Total (A+B-C)	1,179.83

27 Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods

Closing inventory	
Finished goods	754.26
Total (A)	754.26
Opening inventory	
Finished goods	962.16
Total (B)	962.16
Total (B-A)	207.90

contd....



JK Paints and Coatings Limited**Notes to Consolidated financial statements for the period ended 31st March' 2023***(All amounts are in rupees lacs, unless otherwise stated)***For the period ended
31st March' 2023****28 Employee Benefits Expense**

Salaries and wages	593.49
Contribution to provident and other funds	34.43
Staff welfare expenses	17.36
	<u>645.28</u>

29 Finance Costs

Interest expenses	1.22
Interest expenses on Lease liabilities	0.30
	<u>1.52</u>
	<u>1.52</u>

30 Depreciation and Amortisation Expense

Depreciation on tangible assets (Refer note 2)	19.17
Amortisation on intangible assets (Refer note 3)	0.16
Depreciation on Right of use assets (Refer note 3(ii))	1.94
	<u>21.27</u>

31 Other Expenses

Repairs and maintenance:	
- Buildings	18.47
- Plant and machinery	6.98
Rent	15.04
Rates and taxes	3.74
Insurance	3.77
Bad trade receivables / advances / deposits written off	(0.37)
Legal & Professional expenses	484.49
Revenue Stamps & Stamp Papers	213.37
Filing Fees	247.58
Advertisement and publicity	44.20
Miscellaneous expenses #	40.18
Travelling and conveyance	45.77
Recruitment Expenses	24.85
Charges General	49.93
	<u>1,198.00</u>

Details of Payments to Statutory Auditors

As auditor:	
Audit fees	3.64
	<u>3.64</u>

32 Earning Per Share

Total profit for the period attributable to equity shareholders	(780.40)
Weighted average number of equity shares of Rs. 10/- each (In lacs)	147.00
EPS - Basic and Diluted (in Rs.)	(5.31)

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of equity shares outstanding during the period.



JK Paints and Coatings Limited**Notes to Consolidated Financial Statements for the period ended 31 March 2023**

(All amounts are in rupees lacs, unless otherwise stated)

33 Related parties

1 (a) Parties having direct or indirect control over the Company with whom we have made transactions during the year:-

i) JK Cement Limited

Parent

(b) Subsidiary Company

i) Acro Paints Limited

Wholly-owned Subsidiary

(c) Director, Key Management Personnel & their Relatives:

i) Dr. Raghavpat Singhania	Managing Director
ii) Shri Nidhipati Singhania	Director
iii) Shri Madhavkrishna Singhania	Director
iv) Shri Krishna Behari Agarwal	Director
v) Shri A.K. Saraogi	Director
vi) Shri Shambhu Singh	Company Secretary

(2) a) Following are the transactions with related parties as defined under section 188 of Companies Act 2013 and Ind AS 24.

**For the period ended
31 March 2023**

(a) Parent Company

(1) JK Cement Limited
- incorporation and other expenses

(7.43)

34 Contingent Liabilities, Contingent assets and commitments**(A) Contingent Liabilities**

a) Bank Guarantee of Rs.140 lakhs was executed in favour of UPSIDA in lieu of stamp charges that were exempted at the time of registration of land lease. Further since, the lease has been surrendered during financial year 23-24, Rs.140 lakhs liability may arise.

140.00

b) Common effluent treatment plant (CETP) demand charges

23.56

35 Change in Company Name

Company Name has been changed as JK Maxx Paint Limited (erstwhile JK Paints and Coatings Limited) as per board resolution passed on 10th May' 2023.



JK Paints and Coatings Limited
Notes to Consolidated Financial Statements for the period ended 31 March 2023

(All amounts are in Rupees lacs, unless otherwise stated)

36. Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

	For the year
	31 March 2023
Contribution to Government Provident Fund	11.93
Contribution to Superannuation Scheme	-
Contribution to Family Pension Fund	1.07

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Group Gratuity Trust registered under Income Tax Act-1961.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	31 March 2023
Net defined benefit obligation	16.76
Total employee benefit asset	12.39
Net defined benefit liability	4.37

B. Movement in net defined benefit (asset) liability - Gratuity (Funded)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	31 March 2023		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Opening Balance	-	-	-
Included in profit or loss			
Current service cost	0.87	-	0.87
Interest cost (income)	-	-	-
	0.87	-	0.87
Included in OCI			
Remeasurements loss (gain)			
- Actuarial loss (gain) arising from:			
- financial assumptions	3.35	-	3.35
- demographic assumptions	-	-	-
- experience adjustment	-	-	-
- Return on plan assets excluding interest income	0.15	-	0.15
	3.50	-	3.50
Other			
Contributions paid by the employer	-	-	-
Acquisitions credit/(Cost)	-	-	-
Benefits paid directly by the Company	-	-	-
Benefits paid	-	-	-
	-	-	-
Closing Balance	4.37	-	4.37

C. Plan assets

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted according to norms of Gratuity Trust, whose pattern of investment is available with the Company.

Particulars	As at March 31, 2023
Government of India Securities (Central and State)	50.21%
High quality corporate bonds (including Public Sector Bonds)	38.22%
Equity shares of listed companies	0.55%
Cash (including Special Deposits)	11.02%



contd.....

JK Paints and Coatings Limited**Notes to Consolidated Financial Statements for the period ended 31 March 2023***(All amounts are in Rupees lacs, unless otherwise stated)***D. Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2023
Discount rate	7.10%
Expected rate of return on plan assets	6.60%
Mortality	
Turnover rate : Staff	10% of all ages
Turnover rate : Worker	1% of all ages
Expected rate of future salary increase	7%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 March 2023, the weighted-average duration of the defined benefit obligation was 7 years.

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Gratuity

	31 March 2023	
	Increase	Decrease
Discount rate (1% movement)	(1.12)	1.28
Expected rate of future salary increase (1% movement)	0.65	(0.58)
	(0.47)	0.70

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The actuarial demographic assumptions taken for the calculation are as follows

	31 March 2023	
Withdrawal Rate	Staff	10%
	Workers	1%
Mortality Rate	Indian Assured Lives	
	Mortality (2006-08) Ultimate	

F. Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level.

Changes in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increase in life expectancy will result in increase in plans liability. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the company's ALM objective is to match assets to the pension obligations under the employee benefit plan term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets at reporting date consists of government and corporate bonds, although the company also invests in equities, cash and mutual funds. The company believes that equities offer the best returns over the long term with an acceptable level of risk.

G. The expected benefit payments in future years:

	31 March 2023
Within the next 12 months (next annual reporting period)	1.63
Between 2 and 5 years	9.74
Between 5 and 10 years	43.69
Beyond 10 years	0.00
Total expected payments	55.06

H. The expected employer contribution in the next year

Within the next 12 months (next annual reporting period)

31-Mar-23
-



37. NOTE TO FINANCIAL INSTRUMENTS

Financial instruments by category

1) The management assessed that Fair Value of Cash & Cash Equivalents, Other Bank Balances, Trade Receivables, Other Current Financial Assets, Trade Payables, Short Term Borrowings, Long Term Floating Rate Loans and Other Current Financial Liabilities approximate their carrying amounts.

2) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

3) Considering above disclosure with regard to the Fair Value Hierarchy is not applicable.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is interest rate risk.

The Company's principal financial liabilities comprise trade and other payables, security deposits, employee liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, Other Financial Assets and cash / cash equivalents that derive directly from its operations.

Company is exposed to a number of any financial risks arising from natural business exposures as well as its use of financial instruments including market risk relating to interest rate, foreign currency exchange rates. Senior management oversees the management of these risks with appropriate financial risk governance framework for the Company.

39. Market risk

Market risk is the risk where the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks. Financial instruments affected by market risk include loans and borrowings. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

40. Interest rate risk

The Company is also exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows of a financial instrument, principally financial debt. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, on floating rate borrowings is as follows:

Currency of Borrowings		Increase / Decrease in basis points	Effect on profit before tax (Rs in Lac)
		Mar, 2023	
INR		+50	-1,083.34
INR		-50	1,083.34

41. 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 risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and Borrowings.

The Company manages its foreign currency risk through combination of natural hedge, mandatory hedging and hedging undertaken on occurrence of pre-determined triggers. The hedging is mostly undertaken through forward contracts.

The sensitivity to a reasonably possible change in USD/INR exchange rates, with all other variables held constant, the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

There are no outstanding Foreign Currency Exposure at the year end, hence Sensitivity Analysis is not provided.

42. Credit risk

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive analysis and outstanding customer receivables are regularly monitored.

43. Liquidity risk

Company monitors its risk of a shortage of funds diligently. The Company seeks to manage its liquidity requirement by maintaining access to short term borrowings against FDRs.

44. 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. 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 requirements. 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 Company monitors capital using debt equity ratio, which is borrowings divided by Equity. The Company's endeavour is to keep the debt equity ratio around 1:1



JK Paints and Coatings Limited**Notes to Consolidated financial statements for the year ended 31 March 2023***(All amounts are in rupees lacs, unless otherwise stated)***45. Additional regulatory information required by Schedule III****(i) Details of benami property held**

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the group with banks and financial institutions are in agreement with the books of accounts.

(iii) Wilful defaulter

None of the entities in the group have been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies

The Group has not made any transactions during the year with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies

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

(vi) Utilisation of borrowed funds and share premium

The Company has not advanced or lend 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

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

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

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

(vii) Undisclosed income

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

(viii) Details of crypto currency or virtual currency

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

(ix) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period

46 Acquisition of paint undertaking of Acro Paints Limited (Ind AS 103)

a.) The Company has acquired 100% control in Acro Paints Limited, vide Share Purchase Agreement dated December 26, 2022, for a consideration of ₹ 26,655.00 lacs. Pursuant to provisional Purchase Price Allocation (PPA) on the date of acquisition by determining the fair value of property plant and equipment as determined by an external expert and is in the process of identifying and valuing the other intangible assets including goodwill.

b.) Adjustment, resulting from such PPA shall be carried out in the financial statements of Acro Paints Limited and the company. Consequently, the values of intangible and goodwill shall be determined once the PPA valuation is completed. This is in line with provisions of Ind AS 103 Business Combinations which allows the initial accounting for a business combination to be completed within one year from the acquisition date.

The purchase price paid is allocated to the following assets and liabilities on provisional basis :

Particulars	Amount
Total Consideration Paid	26,655.00
Less: Fair Value of Net assets acquired =	-3,070.46
Intangible assets (including goodwill) acquired through business combination, pending determination	23,584.54
c.) In accordance with Ind AS 103, Deferred tax liability is required to be created on assets acquired as part of business combination which do not have any tax base excluding Goodwill however if the tax base is anticipated to be created based on anticipated restructuring than deferred tax liability may not required to be recognised.	
Depreciation on the intangible assets pending determination has not been recorded in these financial statements. However considering that the acquisition is completed on Jan 6 2023, the depreciation impact is not likely to be material for these financial statements.	
d.) In share purchase agreement dated Dec 26, 2022 a consideration amount of Rs. 26,655.00 lacs will be paid through Axis bank escrow account on given payment terms by the company.	
- 60% on January 06, 2023 ('First Closing Date');	
- 20% after expiry of six months from first closing date ('Second Closing Date'); and	
- 20% after expiry of 6 months from Second closing date .	
e.) The Fair Value of identifiable assets acquired and liabilities assumed as on the acquisition date	

contd.....



JK Paints and Coatings Limited**Notes to Consolidated financial statements for the year ended 31 March 2023***(All amounts are in rupees lacs, unless otherwise stated)*

Particulars	Amount
Property, Plant and Equipment	310.64
Right of Use Assets	33.40
Intangible assets	0.60
Capital Work-In-Progress	160.14
Other Financial Assets (non-current)	30.42
Deferred tax assets	42.67
Other Non-Current Assets	53.86
Inventories	1498.12
Trade receivables	865.15
Cash and Cash equivalents	521.72
Bank Balances other than above	1115.44
Other Financial Assets	31.99
Other Current Assets	94.48
Total Assets	4758.63
Non-Current Borrowings	30.74
Lease Liabilities (Non-current)	8.49
Provisions (non-current)	22.19
Current Borrowings	15.62
Trade Payables	1154.86
Lease Liabilities (Current)	5.22
Other financial liabilities	298.04
Other current liabilities	153.01
Provisions (Current)	-
Total Liabilities	1688.17
Total Fair Value of the Net Assets	3070.46

46(a) The Company was incorporated on 13.04.2022 and thereafter previous year figures are not applicable.



JK Paints and Coatings Limited
Notes to Consolidated financial statements for the year ended 31 March 2023
(All amounts are in rupees lacs, unless otherwise stated)

47. Ratio Analysis and its elements

Ratio	Numerator	Denominator	FY 2022-23	Numerator (₹ in Lakh)	Denominator (₹ in Lakh)
Current ratio	Current Assets	Current Liabilities	2.05	4,577.45	2,233.01
Debt-equity ratio	Paid-up debt capital (Long term borrowings+Short term)	Shareholder's Equity (Total Equity)	0.00	43.38	27,756.99
Debt service coverage ratio	Profit after Tax+Finance costs+ Depreciation and amortisation expenses+Exceptional items	Finance Costs + lease payments+Scheduled principal repayments of long term borrowings	-47.13	-760.22	16.13
Return on equity ratio	Profit for the year	Average Shareholder's Equity	-0.03	-780.40	27,756.99
Inventory turnover ratio	Revenue from operations	Average Inventory	1.49	2,130.00	1,433.17
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	1.71	2,130.00	1,242.06
Trade payables turnover ratio	Revenue from operations	Closing Trade Payables	1.16	2,130.00	1,832.01
Net capital turnover ratio	Revenue from operations	Working Capital	0.91	2,130.00	2,344.44
Net profit ratio	Profit for the year	Revenue from operations	-0.37	-780.40	2,130.00
Return on capital employed	Profit for the year	Total equity+Long Term Borrowings+Current maturities of Long term Borrowings+Deferred tax liabilities+Deferred income on government grants	-0.09	-780.40	8,540.00

As per our report of even date.

For Gupta Vaish & Co.
Chartered Accountants

ICAI Firm Regn. No. 005087C

per Rajendra Gupta
Partner

Membership No: 073250.

Place : Kanpur
Dated : 13th May, 2023



For and on behalf of the Board of Directors of
JK Paints and Coatings Limited

Dr. Raghavpat Singhania
Managing Director

DIN: 02426356

Shambhu Singh
Company Secretary

Membership No: F5836

A.K. Saraogi
Director
DIN: 00130805