

ATUL PAINTS LIMITED

Directors' Report

Dear Members,

The Board of Directors (Board) presents the annual report of Atul Paints Ltd together with the audited Financial Statements for the year ended March 31, 2023.

01. Financial results

	2022-23	2021-22
Revenue from operations	-	-
Other income	3,410	-
Total revenue	3,410	-
Profit before tax	(5,770)	(4,851)
Tax	-	-
Profit for the year	(5,770)	(4,851)

02. Performance

The Company does not have any operational income. The other income generated during the year is mainly attributable to the income from investments of the Company.

03. Dividend

The Board does not recommend any dividend on the equity shares for the financial year ended March 31, 2023.

04. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Information required under Section 134 (3)(m) of the Companies Act, 2013 (the Act), read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms a part of this Report which is given as the Annexure.

05. Insurance

The Company has taken adequate insurance policies.

06. Risk Management

The Company has identified risks and has initiated a mitigation plan for the same.

07. Internal Financial Controls

The Management assessed the effectiveness of the Internal Financial Controls over financial reporting as of March 31, 2023 and the Board believes that the controls are adequate.

08. Fixed deposits

During 2022-23, the Company did not accept any fixed deposits.

09. Prevention of Sexual Harassment of Women at Workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and

Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company framed a Policy on Prevention of Sexual Harassment of Women at Workplace and constituted Internal Complaints Committee. No complaint was received during 2022-23.

10. Loans, guarantees, investments and security

During 2022-23, the Company did not give any loans, provide guarantees or make investments.

11. Subsidiary, associate and joint venture companies

The Company does not have subsidiary, associate and joint venture entities.

12. Related Party Transactions

All the transactions entered into with the Related Parties were in ordinary course of business and on arm's length basis. Details of such transactions are given at note number 7. No transactions were entered into by the Company which required disclosure in Form AOC-2.

13. Corporate Social Responsibility

The provision of Section 135 of the Act are not applicable to the Company.

14. Annual Return

Annual Return for 2022-23 is available for inspection at the registered office of the Company for inspection.

15. Auditors

G R Parekh & Co., Chartered Accountants were appointed as the Statutory Auditors of the

INDEPENDENT AUDITOR'S REPORT

To The Members of Atul Paints Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Atul Paints Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information and which includes joint operation accounted on proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Standalone Financial Statement and our auditors report's thereon.

- Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information, compare with the financial statements of the Joint Operation audited by us, to the extent it relates to joint operation and consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The respective Board of Directors of the Company and the designated Proprietor of the Joint Operation are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income, cash flows and changes in equity of the Company and its Joint Operation in accordance with the Ind AS prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- a) Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its joint operations to express an opinion on the Standalone Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the Standalone Financial Statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, 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.
 - b) In our opinion, proper books of account as required by law have been kept by the Company and its Joint Operation so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- iv. The Company has not taken any loans or borrowing from financial institutions, banks and government.
 - v. The Company has not declared or paid any dividend during the year.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order. The said order is not applicable to Joint Operation.

For Ghanshyam Parekh & Co.
Chartered Accountants
(Firm's Registration No. 131167W)

Proprietor
(Membership No. 030530)
UDIN: [23030530BGXAMO1492](#)

Place: Atul
Date: 11 April 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1(f) under "Report on Other legal and regulatory requirements" Section of our report of even date

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

We have audited the Internal Financial Controls over Financial Reporting of Atul Paints Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date. Internal Financial Controls over financial reporting is not applicable to the company's Joint Operation and hence it has not been subjected to the audit of its Internal Financial Controls over Financial Reporting.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining Internal Financial Controls based on the internal controls 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate Internal Financial Controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Internal Financial Controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal **financial** control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal financial control over financial reporting of the Company 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 assets of the Company that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31 March 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ghanshyam Parekh & Co.
Chartered Accountants
(Firm's Registration No. 131167W)

Proprietor
(Membership No. 030530)
UDIN: 23030530BGXAMO1492

Place: **Atul**
Date: **11 April 2023**

Annexure B to the Independent Auditor's Report

Referred to in paragraph 2 under "Report on Other legal and regulatory requirements" section of our report of even date. In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief:

- (i) The company does not have any fixed assets and hence reporting under clause (i)(a to d) of the CARO 2020 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii)(a and b) of the CARO 2020 is not applicable.
- (iii) The Company has not made investments in, provided guarantee or security and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed statutory dues, including Income-tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Goods and Service Tax or of Income Tax as on 31 March 2023 on account of disputes which have not been deposited.
- (viii) There were no transactions relating to previously unrecorded income that were surrendered disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (ix) of the Order is not applicable to the Company.

- (x) The Company has not made preferential allotment or private placement of shares during the year.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of the holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (xvii) The Company has incurred cash losses during the financial year covered by our audit.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, (Asset Liability Maturity (ALM) pattern) other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exist as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the

audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx)(a) & (b) of the Order is not applicable for the year.
- (xxi) Since the company is not a holding company, no consolidated financial statements are prepared hence the reporting under clause (xxi) is not applicable.

**For Ghanshyam Parekh & Co.
Chartered Accountants
(Firm's Registration No. 131167W)**

**(G R Parekh)
Proprietor
(Membership No. 030530)
UDIN: 23030530BGXAMO1492**

**Place: Atul
Date: 11 April 2023**

Atul Paints Ltd

Balance Sheet as at March 31, 2023

(₹ 000)

Particulars	Note	As at	As at
		March 31, 2023	March 31, 2022
A ASSETS			
1. Current assets			
a) Financial assets			
i) Cash and cash equivalents	2	13.47	97.65
ii) Bank balances other than cash and cash equivalents above	3	78.41	-
Total current assets		91.88	97.65
Total assets		91.88	97.65
B EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	4	100.00	100.00
b) Other equity	5	(10.62)	(4.85)
Total equity		89.38	95.15
Liabilities			
1 Current liabilities			
a) Financial liabilities			
i) Trade payables	6	2.50	2.50
Total current liabilities		2.50	2.50
Total liabilities		2.50	2.50
Total equity and liabilities		91.88	97.65

The accompanying Notes 1-9 form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Ghanshyam Parekh & Co.

Firm Registration Number: 131167W

Chartered Accountants

Director

G R Parekh

Proprietor

Membership No. 030530

Atul

April 11, 2023

Director

Atul

April 11, 2023

Atul Paints Ltd

Statement of Profit and Loss

for the year ended March 31, 2023

(₹ 000)

Particulars	Note	2022-23	2021-22
Revenue			
Other income	7	3.41	-
Total Income		3.41	-
Expenses			
Other expenses	8	9.18	4.85
Total expenses		9.18	4.85
Profit (Loss) before exceptional items and tax		(5.77)	(4.85)
Exceptional items		-	-
Profit (Loss) before tax		(5.77)	(4.85)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit (Loss) for the year		(5.77)	(4.85)
Other comprehensive income			
A) Items that will not be reclassified to profit and loss		-	-
B) Items that will be reclassified to profit and loss		-	-
Total comprehensive income (Loss)		(5.77)	(4.85)
Basic earning `	9.2	(0.58)	(0.49)
Diluted earning `	9.2	(0.58)	(0.49)
The accompanying Notes 1-9 form an integral part of the Financial Statements			

As per our attached report of even date

For Ghanshyam Parekh & Co.

Firm Registration Number: 131167W

Chartered Accountants

G R Parekh

Proprietor

Membership No. 030530

Atul

April 11, 2023

For and on behalf of the Board of Directors

Director

Director

Atul

April 11, 2023

Atul Paints Ltd

Notes to the Financial Statements

Background

Atul Paints Ltd (the 'Company') is a limited company incorporated and domiciled in India. It is a subsidiary company of Atul Ltd (Holding company). The Company is mainly engaged in manufacturing, trading business of coating paints products. The registered office of the Company is located at E-7, Atul East, Atul - 396020, Valsad, Gujarat.

Note 1 Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted by the Company in preparation of these Standalone Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Statement of compliance

The Standalone Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, as amended.

b) Basis of preparation

i) Historical cost convention:

The Financial Statements have been prepared on a historical cost basis except for the following:

- a) Certain financial assets and liabilities (including derivative instruments): measured at fair value
- b) Defined benefit plans: plan assets measured at fair value
- c) Biological assets: measured at fair value less cost to sell

ii) The Standalone Financial Statements have been prepared on accrual and going concern basis.

iii) The accounting policies are applied consistently to all the periods presented in the Financial Statements. All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

c) Investments and other financial assets

Classification and measurement:

The Company classifies its financial assets in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- ii) those measured at amortised cost
- iii) those measured at carrying cost for equity instruments of subsidiary companies and joint venture company

The classification depends on business model of the Company for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investments at fair value through other comprehensive income.

d) Income Tax

Income tax expense comprises current tax and deferred tax. Current tax is the tax payable on the taxable income of the current period based on the applicable income tax rates. Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Note 1 Significant Accounting Policies (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit | (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Standalone Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The Company considers reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making the assessment of deferred tax liabilities and realisability of deferred tax assets. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realise the benefits of those deductible differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The Company considered whether it has any uncertain tax positions based on past experience pertaining to income taxes, including those related to transfer pricing as per Appendix C to Ind AS 12. The Company has determined its tax position based on tax compliance and present judicial pronouncements and accordingly expects that its tax treatments will be accepted by the taxation authorities.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments.

e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

f) Trade receivables

Trade receivables are recognised when the right to consideration becomes unconditional. These assets are held at amortised cost, using the effective interest rate (EIR) method where applicable, less provision for impairment based on expected credit loss. Trade receivables overdue more than 180 days are considered in which there is significant increase in credit risk.

Note 1 Significant Accounting Policies (Continued)

g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

h) Earnings per share:

Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the period.

For the purpose of calculating diluted EPS, the net profit for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

i) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

j) Ordinary shares

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of ordinary shares, share options and buy-back are recognised as a deduction from equity, net of any tax effects.

k) Critical estimates and judgments:

Preparation of the Standalone Financial Statements require use of accounting estimates, judgements and assumptions, which by definition, will seldom equal the actual results. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Standalone Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone Financial Statements. This Note provides an overview of the areas that involve a higher degree of judgements or complexity and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Standalone Financial Statements.

The areas involving critical estimates or judgments are:

- i) Estimation for income tax: Note 1
- ii) Estimation of useful life of tangible assets: Note 1
- iii) Estimation of provision for inventories: Note 1
- iv) Allowance for credit losses on trade receivables: Note 1
- v) Estimation of claims | liabilities: Note 1
- vi) Estimation of defined benefit obligations: Note 1
- vii) Fair value measurements:
- viii) Impairment: Note 1

Atul Paints Ltd

Statement of changes in equity for the year ended March 31, 2023

A. Equity share capital

		(₹ 000)
	Notes	Amount
As at March 31, 2022		100
Changes in equity share capital		-
As at March 31, 2023	4	100

B. Other equity

	Reserves and surplus	(₹ 000)
	Retained earnings	
As at March 31, 2021		-
Profit (Loss) for the year		(4.85)
As at March 31, 2022		(4.85)
Profit (Loss) for the year		(5.77)
Total comprehensive income (loss) for the year		(5.77)
As at March 31, 2023		(10.62)

The accompanying Notes 1-9 form an integral part of the Financial Statements

As per our attached report of even date

For Ghanshyam Parekh & Co.

Firm Registration Number: 131167W

Chartered Accountants

G R Parekh

Proprietor

Membership No. 030530

Atul

April 11, 2023

For and on behalf of the Board of Directors

Director

Director

Atul

April 11, 2023

Statement of Cash Flows

for the year ended March 31, 2023

(₹ 000)

Particulars	2022-23	2021-22
A. Cash flow from operating activities		
Profit (Loss) before tax	(5.77)	(4.85)
Adjustments for:		
Operating profit (loss) before working capital changes	(9.18)	(4.85)
Adjustments for:		
Trade payables	-	2.50
Cash generated from operations	(9.18)	(2.35)
Net cash flow from operating activities	A (9.18)	(2.35)
B. Cash flow from investing activities		
Short-term bank deposits	(78.41)	-
Interest received	3.41	-
Net cash used in investing activities	B (75.00)	-
C. Cash flow from financing activities		
Net cash used in financing activities	C -	-
Net change in cash and cash equivalents	A+B+C (84.18)	(2.35)
Opening balance - cash and cash equivalents	97.65	100.00
Closing balance - cash and cash equivalents	13.47	97.65

The accompanying Notes 1-9 form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Ghanshyam Parekh & Co.

Firm Registration Number: 131167W

Chartered Accountants

Director

G R Parekh

Proprietor

Membership No. 030530

Atul

April 11, 2023

Director

Atul

April 11, 2023

Notes to the Financial Statements

(₹ 000)

Note 2 Cash and cash equivalents	As at	
	March 31, 2023	March 31, 2022
a) Balances with banks		
In current accounts	13.47	97.65
	13.47	97.65

(₹ 000)

Note 3 Bank balances other than cash and cash equivalents above	As at		As at	
	March 31, 2023		March 31, 2022	
	Non current	Current	Non current	Current
a) Bank balances other than cash and cash equivalents		78.41	-	-
	-	78.41	-	-

(₹ 000)

Note 4 Equity share capital	As at	
	March 31, 2023	March 31, 2022
Authorised		
10,000 (March 31, 2022 : 10,000) equity shares of ₹ 10 each	100	100
	100	100
Issued		
10,000 (March 31, 2022 : 10,000) equity shares of ₹ 10 each	100	100
	100	100
Subscribed & Paid-up		
10,000 (March 31, 2022 : 10,000) equity shares of ₹ 10 each	100	100
	100	100

a) Movement in equity share capital

(₹ 000)

	Number of shares	Equity share capital
As at March 31, 2022	10000	100
As at March 31, 2023	10000	100

The Company has one class of shares referred to as equity shares having a par value of ₹ 10.

b) Details of shareholders holding more than 5% of equity shares:

No	Name of the shareholder	As at		As at	
		March 31, 2023		March 31, 2022	
		Holding %	Number of shares	Holding %	Number of shares
1	Atul Finserve Ltd	99.94%	9994	99.94%	9994
2	Atul Clean Energy Ltd	0.01%	1	0.01%	1
3	Atul Ayurveda Ltd	0.01%	1	0.01%	1
4	Atul Crop Care Ltd	0.01%	1	0.01%	1
5	Atul Entertainment Ltd	0.01%	1	0.01%	1
6	Atul Consumer Products Ltd (formerly known as Atul Homecare Ltd and Lapox Polymers Ltd)	0.01%	1	0.01%	1
7	Osia Infrastructure Ltd	0.01%	1	0.01%	1
		100.00%	10000	100.00%	10000

(₹ 000)

Note 5 Other equity	As at	
	March 31, 2023	March 31, 2022
a) Retained Earnings		
i) Balance as at the beginning of the year	(4.85)	-
Add: Profit (Loss) for the year	(5.77)	(4.85)
Balance as at the end of the year	(10.62)	(4.85)
	(10.62)	(4.85)

(₹ 000)

Note 6 Trade payables	As at	
	March 31, 2023	March 31, 2022
a) Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Others	2.50	2.50
	2.50	2.50

Notes to the Financial Statements

	(₹ 000)	
Note 7 Other income	2022-23	2021-22
Interest from others	3.41	-
	3.41	-

	(₹ 000)	
Note 8 Other expenses	2022-23	2021-22
Payments to the Statutory Auditors		
a) Audit fees	2.50	2.50
b) Other matters	2.50	-
Bad debts and irrecoverable balances written off	-	-
Miscellaneous expenses	4.18	2.35
	9.18	4.85

Notes to the Financial Statements

Note 9: Related party disclosures

Note 9.1 Related party information

Name of the related party and nature of relationship :

Sr No.	Name of the related party	Description of relationship
1	Atul Ltd	Ultimate holding company
2	Aaranyak Urmi Ltd ¹	
3	Aasthan Dates Ltd	
4	Amal Ltd ²	
5	Amal Speciality Chemicals Ltd ¹	
6	Anchor Adhesives Pvt Ltd	
7	Atul Aarogya Ltd	
8	Atul Ayurveda Ltd	
9	Atul Bioscience Ltd	
10	Atul Biospace Ltd	
11	Atul Brasil Quimicos Ltda	
12	Atul China Ltd	
13	Atul Clean Energy Ltd	
14	Atul Crop Care Ltd	
15	Atul Deutschland GmbH	
16	Atul Entertainment Ltd	
17	Atul Europe Ltd	
18	Atul Fin Resources Ltd ¹	
19	Atul Finserv Ltd	
20	Atul Hospitality Ltd	
21	Atul Healthcare Ltd	
22	Atul Infotech Pvt Ltd ¹	
23	Atul Ireland Ltd	
24	Atul Lifescience Ltd	Subsidiary companies of holding company
25	Atul Middle East FZ-LLC	
26	Atul Natural Dyes Ltd	
27	Atul Natural Foods Ltd	
28	Atul Nivesh Ltd ¹	
29	Atul Polymers Products Ltd	
30	Atul Products Ltd	
31	Atul Rajasthan Date Palms Ltd ¹	
32	Atul Renewable Energy Ltd	
33	Atul (Retail) Brands Ltd	
34	Atul Seeds Ltd	
35	Atul USA Inc	
36	Biyaban Agri Ltd	
37	DPD Ltd ¹	
38	Jayati Infrastructure Ltd	
39	Osia Dairy Ltd	
40	Osia Infrastructure Ltd	
41	Raja Dates Ltd	
42	Atul Consumer Products Ltd (formely known as Atul Homecare Ltd and Lapox Polymers Ltd)	
43	Sehat Foods Ltd	
44	Valsad Institute of Medical Sciences Ltd ¹	
45	Rudolf Atul Chemicals Ltd	Joint venture company of holding company
46	Anaven LLP	Joint operation of holding company

¹ Investments held through subsidiary companies | ² Subsidiary company by virtue of control

Note 9.2 : Earning per share

Earning per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS:

Particulars		2022-23	2021-22
Profit for the year attributable to the equity Shareholders	₹	(5.77)	(4.85)
Basic Weighted average number of equity shares outstanding during the year	Number	10000	10000
Nominal value of equity share	₹	10	10
Basic and diluted earning per equity share	₹	(0.58)	(0.49)

Note 9.3 Other statutory information (required by schedule III to the Companies Act, 2013)

- a) The Company has not entered into 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.
- b) The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- c) The Company is not declared wilful defaulter by any bank or financial institution or other lender.
- d) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- e) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the year.
- f) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.
- g) No loans or advances in the nature of loans are granted to promoters, Directors, Key Managerial Personnel and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person.
- h) The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.
- i) Information with regards to other matters in the Companies Act are either Nil or Not applicable to the Company.

Note 9.4 : The Financial Statements were authorised for issue by the Board of Directors on April 11, 2023

As per our attached report of even date

For Ghanshyam Parekh & Co.

Firm Registration Number: 131167W

Chartered Accountants

For and on behalf of the Board of Directors

Director**G R Parekh**

Proprietor

Membership No. 030530

Atul

April 11, 2023

Director

Atul

April 11, 2023