

**INDEPENDENT AUDITOR'S REPORT
OF
TRUE COLORS LIMITED**
(Formerly known as True Colors Private Limited)
FOR THE PERIOD APRIL 2024 TO MARCH 2025

Lakhankiya & Dosi LLP

Bungalow no.7, 5th Floor, Sadhana
Soc., Mini Bazar, Varachha Road,
Surat, Gujarat, India.

cashailesh@hotmail.com

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Independent Auditor's Report on Restated Financial Statements

To,
The Board of Directors
True Colors Limited
(Formerly known as Ture Colors Private Limited)
P-8, Ground Floor to 3rd Floor, Somakanjiini Wadi Patel Line,
Khatodara, Surat, Gujarat - 395002

1. We have examined the attached restated financial information of **True Colors Limited (Formerly known as True Colors Private Limited)** (hereinafter referred to as "**the company**") comprising the restated statement of assets and liabilities as at March 31, 2025, 2024 and 2023, restated statement of profit and loss and restated cash flow statement for the financial year ended March 31, 2025, 2024 and 2023 and the summary statement of significant accounting policies and other explanatory information (collectively referred to as the "**restated financial information**" or "**restated financial statements**") annexed to this report and initiated by us for identification purposes. These Restated Financial Statements have been prepared by the management of the Company and approved by the board of directors at their meeting in connection with the proposed Initial Public Offering on SME Platform ("**IPO**" or "**SME IPO**") of Bombay Stock Exchange Limited ("**BSE**") of the company.
2. These restated summary statements have been prepared in accordance with the requirements of:
 - (i) Section 26 of Part – I of Chapter III of Companies Act, 2013 (the "**Act**") read with Companies (Prospectus and Allotment of Securities) Rules 2014;
 - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("**ICDR Regulations**") and related amendments / clarifications from time to time issued by the Securities and Exchange Board of India ("**SEBI**");
 - (iii) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**Guidance Note**")
3. The Company's Board of Directors is responsible for the preparation of the Restated Financial Statements for inclusion in the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus ("**Offer Document**") to be filed with Securities and Exchange Board of India ("**SEBI**"), BSE and Registrar of Companies (Ahmedabad) in connection with the proposed IPO. The Restated Financial Statements have been prepared by the management of the Company on the basis of preparation stated in Annexure IV to the Restated Financial Statements. The responsibility of the board of directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Statements. The board of directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
4. We have examined such Restated Financial Statements taking into consideration:
 - (i) The terms of reference and terms of our engagement letter requesting us to carry out the assignment, in connection with the proposed SME IPO;
 - (ii) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - (iii) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Statements;



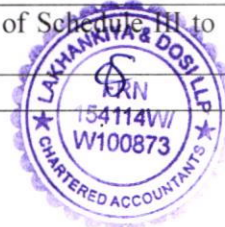
- (iv) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.
5. The Restated Financial Statements of the Company have been compiled by the management from audited financial statements for the financial year ended March 31, 2025, 2024 and 2023.
6. Audit for the financial year ended March 31, 2025, was audited by us vide our report dt. July 4th 2025. Audit for the financial year ended March 31, 2024 and 2023 was conducted by M/s K. N. Sheladiya & Co., Chartered Accountants vide their report dt. September 23, 2024 and August 14, 2023 respectively. There are no audit qualifications in the audit reports issued by us and by the previous auditor which would require adjustments in the Restated Financial Statements of the Company.
7. Based on our examination and according to information and explanations given to us, we are of the opinion that the Restated Financial Statements:
- have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in financial year ended March 31, 2025, 2024 and 2023.
 - do not require any adjustment for modification as there is no modification in the underlying audit reports;
 - have no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.
 - have been prepared in accordance with the Act, ICDR Regulations and Guidance Note.
 - Emphasis of Matter**
We draw attention to Annexure No. X of the Restated financial statements, which states that the Company took over a partnership firm named True Colors Print on March 29, 2024. As part of the takeover, all loans appearing in the books of the partnership firm were transferred to the books of the Company, including a loan amounting to ₹239.50 lakhs. In accordance with the provisions of the Companies Act, 2013, a company is generally restricted from accepting loans from persons other than its directors, their relatives, or related parties, except as permitted under the Act, however, the said loans have been repaid as on or before March 31, 2025, in order to ensure compliance with the provisions of the Companies Act, 2013. Our opinion is not modified in respect of this matter.
8. In accordance with the requirements of the Act including the rules made there under, ICDR Regulations, Guidance Note and engagement letter, we report that:
- The “**Restated statement of asset and liabilities**” of the Company for the financial year ended March 31, 2025, 2024 and 2023 examined by us as set out in **Annexure I** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to the restated summary statements to this report.
 - The “**Restated statement of profit and loss**” of the Company for the financial year ended March 31, 2025, 2024 and 2023 examined by us, as set out in **Annexure II** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to the restated summary statements to this report.
 - The “**Restated statement of cash flows**” of the Company for the financial year ended March 31, 2025, 2024 and 2023 examined by us, as set out in **Annexure III** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to restated summary statements to this report.



9. We have also examined the following other financial information relating to the Company prepared by the management and as approved by the board of directors of the Company and annexed to this reporting relating to the Company for the financial year ended March 31, 2025, 2024 and 2023 proposed to be included in the Offer Document.

Annexure to Restated Financial Statements of the Company:

Annexure No.	Particulars
Annexure I	Summary of Statement of assets and liabilities as restated
Annexure II	Summary statement of profit and loss as restated
Annexure III	Summary statement of cash flows as restated
Annexure IV	Corporate Information, Significant accounting policies as restated and Notes to reconciliation of restated profits and net worth
Annexure V	Details of share capital as restated
Annexure VI	Details of reserve and surplus as restated
Annexure VII	Details of long-term borrowings as restated
Annexure VIII	Details of Deferred tax liabilities/Assets as restated
Annexure IX	Details of long-term provision as restated
Annexure X	Details of Short-term borrowings as restated
Annexure XI	Details of trade payables as restated
Annexure XII	Details of other current liabilities as restated
Annexure XIII	Details of short-term provision as restated
Annexure XIV	Details of property, plant & equipment and intangible assets as restated
Annexure XV	Details of Long-term Loans & Advances as restated
Annexure XVI	Details of other non-current assets as restated
Annexure XVII	Details of inventories as restated
Annexure XVIII	Details of trade receivables as restated
Annexure XIX	Details of cash and bank balance as restated
Annexure XX	Details of short-term loans and advances as restated
Annexure XXI	Details of revenue from operations as restated
Annexure XXII	Details of other income as restated
Annexure XXIII	Details of Cost of material consumed as restated
Annexure XXIV	Details of Purchase of stock-in-trade as restated
Annexure XXV	Details of Changes in finished goods and stock-in-trade as restated
Annexure XXVI	Details of Changes in direct expense as restated
Annexure XXVII	Details of employee benefit expense as restated
Annexure XXVIII	Details of finance costs as restated
Annexure XXIX	Details of depreciation and amortization expense
Annexure XXX	Details of other expense as restated
Annexure XXXI	Details of bi-furcation of other income as restated
Annexure XXXII	Ageing of trade payables as restated
Annexure XXXIII	Ageing of trade receivables as restated
Annexure XXXIV	Details of related party transactions as restated
Annexure XXXV	Disclosure under AS-15 as restated
Annexure XXXVI	Summary of significant accounting ratios as restated
Annexure XXXVII	Statement of tax shelters as restated
Annexure XXXVIII	Annexure for Terms of borrowings as restated
Annexure XXXIX	Details of Contingent Liabilities & Commitments as restated
Annexure XL	Details of Expenditure in Foreign Currency as restated
Annexure XLI	Details of dues of small and micro enterprises as restated
Annexure XLII	Details of Corporate Social Responsibility as restated
Annexure XLIII	Details of Value of Imports calculated on CIF basis as restated
Annexure XLIV	Details of Earnings in foreign currency as restated
Annexure XLV	Restated Additional Regulatory Information as per Para Y of Schedule III to Companies Act, 2013 and Other Disclosures
Annexure XLVI	Capitalisation Statement as at March 31, 2025 as restated



10. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the board of directors for inclusion in the offer document to be filed with SEBI, BSE and Registrar of Companies (Ahmedabad) in connection with the proposed SME IPO. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Lakhankiya and Dosi LLP

Chartered Accountants

FRN: 154114W/W100873



CA Shailesh Lakhankiya
(Partner)

MRN: 147112

Place: Surat

Date: July 4, 2025

UDIN: 25147112BMIVIL4438



True Colors Limited
(Formerly known as True Colors Private Limited)
CIN: U17299GJ2021PLC126265

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

ANNEXURE - I
(₹ In Lakhs)

Sr. No.	Particulars	Annexure No.	As at March 31, 2025	As at March 31, 2024	As at March 31, 2023
EQUITY AND LIABILITIES					
1)	Shareholders Funds				
	a. Share Capital	V	1,895.50	47.25	47.25
	b. Reserves & Surplus	VI	3,649.86	1,414.13	589.56
2)	Non - Current Liabilities				
	a. Long-term Borrowings	VII	2,284.38	2,332.27	1,026.37
	b. Deferred Tax Liabilities (Net)	VIII	134.21	58.91	-
	c. Long-term Provisions	IX	71.88	55.56	9.62
3)	Current Liabilities				
	a. Short Term Borrowings	X	2,466.61	3,323.25	978.04
	b. Trade Payables	XI			
	- Due to Micro and Small Enterprises		24.26	5.49	2.30
	- Due to Other than Micro and Small Enterprises		3,688.35	2,466.82	934.31
	c. Other Current liabilities	XII	1,152.09	846.94	881.24
	d. Short Term Provisions	XIII	129.63	40.44	83.97
TOTAL			15,496.77	10,591.06	4,552.66
ASSETS					
1)	Non Current Assets				
	a. Property, Plant & Equipment and Intangible Assets	XIV			
	- Property, Plant & Equipment		4,729.56	3,970.96	3.78
	- Intangible Assets		2.26	2.74	-
	- Capital Work-in-Progress		77.14	-	119.21
	b. Deferred Tax Assets (Net)	VIII	-	-	2.52
	c. Long-term Loans & Advances	XV	-	354.02	884.84
	d. Other Non-Current Assets	XVI	124.56	157.37	86.91
2)	Current Assets				
	a. Inventories	XVII	3,590.93	2,649.08	1,046.39
	b. Trade Receivables	XVIII	5,660.09	2,297.18	1,333.94
	c. Cash and Bank Balances	XIX	725.77	504.79	57.14
	d. Short Term Loan and Advances	XX	586.46	654.92	1,017.93
TOTAL			15,496.77	10,591.06	4,552.66

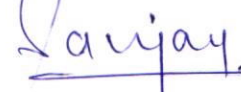
See accompanying annexures forming part of the restated financial statements (Refer ANNEXURE - IV to ANNEXURE - XLVI)


For: M/s Lakhankiya & Dosi LLP
Chartered Accountants
FRN: 154114W/W100873

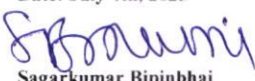

CA Shailesh Lakhankiya
Partner
MRN: 147112
UDIN: 25147112BMIVIL4438
Place: Surat
Date: July 4th, 2025




For and on behalf of the Board of Directors of
True Colors Limited


Sanjay Raghubhai Desai
(Managing Director)
DIN: 08885162
Place: Surat
Date: July 4th, 2025


Ashishkumar Durishbhai Mulani
(Chairperson & Director)
DIN: 08900639
Place: Surat
Date: July 4th, 2025


Sagarkumar Bipinbhai
Mulani
(CFO)
Place: Surat
Date: July 4th, 2025


Javani Narendrakumar
Gandharva
(Company Secretary)
Place: Surat
Date: July 4th, 2025

True Colors Limited
(Formerly known as True Colors Private Limited)
CIN: U17299GJ2021PLC126265

STATEMENT OF PROFIT AND LOSS AS RESTATED

ANNEXURE - II
(₹ In Lakhs)

Sr. No.	Particulars	Annexure No.	For the year ended March 31, 2025	For the year ended March 31, 2024	For the year ended March 31, 2023
A	INCOME				
	Revenue from Operations	XXI	23,365.62	16,008.24	8,066.04
	Other Income	XXII	39.27	82.61	27.49
	Total Income (A)		23,404.89	16,090.85	8,093.53
B	EXPENDITURE				
	Cost of Material Consumed	XXIII	6,196.39	4,257.37	-
	Purchase of stock-in-trade	XXIV	7,494.54	7,633.28	6,829.94
	Changes in finished goods and stock-in-trade	XXV	(93.86)	(906.55)	(952.59)
	Direct Expenses	XXVI	2,729.84	1,809.38	317.65
	Employee benefits expense	XXVII	1,984.78	960.14	636.82
	Finance costs	XXVIII	483.54	211.52	37.09
	Depreciation and amortization expense	XXIX	342.63	118.35	0.82
	Other expenses	XXX	960.19	859.74	677.40
	Total Expenses (B)		20,098.05	14,943.23	7,547.13
C	Profit before tax (A-B)		3,306.84	1,147.62	546.40
D	Tax Expense:				
	(i) Current tax	XXXVII	762.16	261.62	157.08
	(ii) Deferred tax expenses/(credit)	VIII	75.30	61.43	(2.47)
	Total Expenses (D)		837.46	323.05	154.61
E	Profit for the year (C-D)		2,469.38	824.57	391.79
F	Earnings per share (Face value of ₹ 10/- each):				
	Post Bonus Issue				
	i. Basic		13.77	4.94	3.32
	ii. Diluted		13.77	4.94	3.32

See accompanying annexures forming part of the restated financial statements (Refer ANNEXURE - IV to ANNEXURE - XLVI)

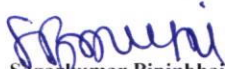
For: M/s Lakhankiya & Dosi LLP
Chartered Accountants
FRN: 154114W/W100873



CA Shailesh Lakhankiya
Partner
MRN: 147112
UDIN: 25147112BMIVIL4438
Place: Surat
Date: July 4th, 2025




For and on behalf of the Board of Directors of
True Colors Limited


Sanjay Raghunath Desai
(Managing Director)
DIN: 08885162
Place: Surat
Date: July 4th, 2025


Sagarkumar Bipinbhai
Mulani
(CFO)
Place: Surat
Date: July 4th, 2025


Ashishkumar Durlabhbhai Mulani
(Chairperson & Director)
DIN: 08900639
Place: Surat
Date: July 4th, 2025


Javanika Narendrakumar
Gandharva
(Company Secretary)
Place: Surat
Date: July 4th, 2025

True Colors Limited
(Formerly known as True Colors Private Limited)
CIN: U17299GJ2021PLC126265

STATEMENT OF CASH FLOW AS RESTATED

ANNEXURE - III
(₹ In Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash Flow From Operating Activities:			
Net Profit before tax	3,306.84	1,147.62	546.40
Adjustments for:			
Interest Cost	439.80	177.20	11.47
Gratuity	16.74	47.36	9.42
Depreciation and Amortisation Expense	342.63	118.35	0.82
Interest Income	(11.73)	(8.32)	(0.44)
Unrealised Gain/(loss) on Foreign Exchange Fluctuation	(16.60)	(59.08)	(27.05)
Operating Profit Before Working Capital Changes	4,077.68	1,423.13	540.62
Adjusted for (Increase)/Decrease in operating assets			
Inventories	(941.85)	(1,602.69)	(952.59)
Trade Receivables	(3,362.91)	(678.55)	(689.07)
Short term loan and advances	68.46	657.51	(754.34)
Long-term Loans & Advances	354.02	530.82	(884.84)
Other Non-current assets	32.81	(70.47)	(86.88)
Other bank balance	(184.98)	-	-
Adjusted for Increase/(Decrease) in operating liabilities:			
Trade Payables	1,256.90	1,590.10	173.44
Other Current Liabilities & Provisions	288.67	(82.12)	691.21
Cash Generated From Operations Before Tax	1,588.80	1,767.73	(1,962.45)
Net Income Tax (paid)/ refunded	(673.38)	(306.57)	(92.30)
Net Cash Flow from/(used in) Operating Activities: (A)	915.42	1,461.16	(2,054.75)
Cash Flow From Investing Activities:			
Purchase of property, plant & equipment and intangible assets	(1,177.89)	(3,897.35)	(123.81)
Interest Income Received	11.73	8.32	0.44
Net Cash Flow from/(used in) Investing Activities: (B)	(1,166.16)	(3,889.03)	(123.37)
Cash Flow from Financing Activities:			
Proceeds from issue of Equity Shares	1,614.60	-	180.60
Proceeds from Borrowings	2,522.48	4,478.67	2,210.62
Repayment of Borrowings	(3,427.02)	(1,425.95)	(206.23)
Finance Cost Paid	(423.32)	(177.20)	(11.47)
Net Cash Flow from/(used in) Financing Activities (C)	286.74	2,875.52	2,173.52
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	36.00	447.65	(4.60)
Cash & Cash Equivalents As At Beginning of the Year	504.79	57.14	61.74
Cash & Cash Equivalents As At End of the Year	540.79	504.79	57.14
Cash and Cash Equivalents comprise of			
Cash-in-Hand	19.87	22.48	6.06
Balance with Banks in Current Accounts	520.92	482.31	51.08
Total	540.79	504.79	57.14

See accompanying annexures forming part of the restated financial statements (Refer ANNEXURE - IV to ANNEXURE - XLVI)

Note: The Cash Flow Statements has been prepared under Indirect Method as set out in Accounting Standard 3, 'Cash Flow Statements' notified under section 133 of the Companies Act, 2013.

For: M/s Lakhankiya & Dosi LLP
Chartered Accountants

FRN: 154114W/W100873

CA Shantesh Lakhankiya
Partner
MRN: 147112
UDIN: 25147112BMIVIL4438
Place: Surat
Date: July 4th, 2025



For and on behalf of the Board of Directors of
True Colors Limited

Sanjay Raghubhai Desai
(Managing Director)
DIN: 08885162
Place: Surat
Date: July 4th, 2025

Sagar Kumar Bipinbhai
Mulani
(CFO)
Place: Surat
Date: July 4th, 2025

Ashishkumar Durbbha Mulani
(Chairperson & Director)
DIN: 08900639
Place: Surat
Date: July 4th, 2025

Jaynika Narendrakumar Gandharva
(Company Secretary)
Place: Surat
Date: July 4th, 2025

True Colors Limited
(Formerly known as True Colors Private Limited)
CIN: U17299GJ2021PLC126265

ANNEXURE IV: CORPORATE INFORMATION, SIGNIFICANT ACCOUNTING POLICIES, RECONCILIATION OF NET PROFIT/(LOSS) AND RECONCILIATION OF NETWORTH

1. CORPORATE INFORMATION

True Colors Limited is a company Incorporated on October 09, 2021, as formerly known as "True Colors Private Limited".

The corporate identification number of the company is U17299GJ2021PL126265.

The company has been converted from Private Company to Public Company on March 10, 2025.

The Company is a comprehensive digital textile printing services provider, offering end-to-end solutions across the value chain—including trading of digital printing machines, inks, and parts; manufacturing of sublimation paper; and providing advanced digital fabric printing services. With fully integrated in-house capabilities, it delivers a one-stop solution for both materials and services, establishing itself as a leader in the digital textile printing ecosystem.

2. SIGNIFICANT ACCOUNTING POLICIES

2.01 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The restated summary statement of assets and liabilities of the Company as at March 31, 2025, March 31, 2024 and March 31, 2023 and the related restated summary statement of profits and loss and cash flows for the year ended March 31, 2025, March 31, 2024 and March 31, 2023 (herein collectively referred to as ("Restated Summary Statements") have been compiled by the management from the audited Financial Statements of the Company for the year ended on March 31, 2025, March 31, 2024 and March 31, 2023 approved by the Board of Directors of the Company. Restated Summary Statements have been prepared to comply in all material respects with the provisions of Part I of Chapter III of the Companies Act, 2013 (the "Act") read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations") issued by SEBI and Guidance note on Reports in Companies Prospectuses (Revised 2019) ("Guidance Note"). Restated Summary Statements have been prepared specifically for inclusion in the offer document to be filed by the Company with the BSE in connection with its proposed SME IPO. The Company's management has recast the Financial Statements in the form required by Schedule III of the Companies Act, 2013 for the purpose of restated Summary Statements.

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles in India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

2.02 USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.



True Colors Limited
(Formerly known as True Colors Private Limited)
CIN: U17299GJ2021PLC126265

ANNEXURE IV: CORPORATE INFORMATION, SIGNIFICANT ACCOUNTING POLICIES, RECONCILIATION OF NET PROFIT/(LOSS) AND RECONCILIATION OF NETWORTH

2.03 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

(i) Property, Plant & Equipment

All Property, Plant & Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost for this purpose comprises its purchase price and any attributable cost bringing the asset to its working contribution for its intended use. Property, Plant & Equipment taken on finance lease are capitalized.

Capital work-in-progress is stated at the amount expended up to the date of Balance Sheet. On commencement of commercial production, capital work-in-progress related to project is being allocated to the respective Property, Plant & Equipment.

(ii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

2.04 DEPRECIATION / AMORTISATION

Depreciation on Property, Plant & Equipment is provided to the extent of depreciable amount on the Straight Line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on addition to the Property, Plant & Equipment is provided on a pro-rata basis from the date of put to use.

Intangible assets are amortized on straight line method basis over 6 years in pursuance of provisions of AS-26.

2.05 IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.

2.06 FOREIGN CURRENCY TRANSLATIONS

i) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transactions.

ii) Monetary items denominated in foreign currencies at year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract

iii) Foreign Currency assets and liabilities at the year end are realigned at the exchange rates prevailing at the year end and the difference on realignment is recognized in the statement of profit and loss/fixed assets as the case may be.

iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

2.07 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.08 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



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2.09 REVENUE RECOGNITION & OTHER INCOME

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

A. Sale of Goods :

Revenue from sale of goods is recognized when all the significant risk and rewards of ownership has been transferred to the buyer and is stated at net of claims, discount, sales related tax, trade discounts & rebates.

B. Sale of Services :

Revenue from services is recognized on accrual basis when the related services have been performed at contracted rates as per terms of agreement.

C. Other Income :

Interest Income on fixed deposit is recognized on time proportion basis. Other Income is accounted for when right to receive such income is established.

2.10 TAXES ON INCOME

Income taxes are accounted for in accordance with Accounting Standard (AS-22) – “Accounting for taxes on income”, notified under Companies (Accounting Standard) Rules, 2021. Income tax comprises of both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income-Tax Act, 1961.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

2.11 CASH AND BANK BALANCES

Cash and cash equivalents comprises Cash-in-hand, Current Accounts, Fixed Deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Other Bank Balances are short-term balance (with original maturity is more than three months but less than twelve months).

2.12 EARNINGS PER SHARE

Basic earning per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity share outstanding during the year. Diluted earning per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.13 EMPLOYEE BENEFITS

Defined Contribution Plan

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

Defined Benefit Plan

The Company has an obligation towards gratuity a defined benefit retirement plan covering eligible employees The plan provides for lump sum payment to vested employees at retirement, at death while in employment or on termination of an amount equal to 15 by 26 days salary payable for each completed years of service without any monetart limit.Vesting occurs upon completion of five years of service. Provision for gratuity has been made in the books as per actuarial valuation done as at the end of the year.



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2.14 SEGMENT REPORTING

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue /expenses / assets / liabilities".



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3. NOTES ON RECONCILIATION OF RESTATED PROFITS

(₹ In Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024	For the year ended March 31, 2023
Net Profit/(Loss) after Tax as per Audited Profit & Loss Account	2,422.52	852.42	395.08
Adjustments for:			
a. Prior Period Expense/Income	53.25	-	-
b. Depreciation and Amortization Expense	(0.04)	5.04	-
c. Insurance Expense	-	(0.85)	-
d. Foreign Exchange Gain / (Loss)	-	-	(1.13)
e. Electricity Expense	-	22.43	(22.44)
f. Interest on MSME	-	(0.27)	(0.02)
g. Interest on Delayed Payment of Statutory dues	-	(5.91)	(7.96)
h. Balance written-off	9.07	(9.07)	-
i. Provision for Gratuity	-	(47.37)	(9.43)
j. Income-tax Expense	(6.00)	2.39	35.07
k. Deferred Tax	(9.42)	5.76	2.62
Net Profit/ (Loss) After Tax as Restated	2,469.38	824.57	391.79

Explanatory notes to the above restatements to profits made in the audited Financial Statements of the Company for the respective years:

- a. Prior Period Expense/ Income:** Prior Period Expense/Income has been re-classified and been restated to their actual period.
- b. Depreciation and Amortization Expense:** The Company has inappropriately calculated depreciation using SLM method and useful life as per Schedule II of Companies Act, 2013 which has now been restated.
- c. Insurance Expense :** The prepaid insurance was not properly booked by the company, which has now been restated.
- d. Foreign Exchange Gain/(Loss) :** The Company has inappropriately recognised foreign exchange gain/loss which has now been restated.
- e. Electricity Expense :** The Company has inappropriately treated the provision for electricity expense, which has now been restated.
- f. Interest on MSME :** The Company has not booked interest on late payment to MSME as per the provision of MSME Act, 2006 which has now been booked and restated.
- g. Interest on delayed payment of Statutory dues:** Interest on delayed payment of statutory dues has been booked in the correct year and restated.
- h. Balance written-off :** That, the balance written-off of fixed assets has been restated to their respective year to which it relates.
- i. Provision for Gratuity:** The Company has not recognised gratuity liability as per AS-15 which has now been provided for as per valuation report and has been restated.
- j. Income Tax Expense:** The Company has inappropriately calculated income tax liability which has now been restated for restatement adjustment as above and provided for using tax rates related to the respective financial year as per Statement of tax shelters.
- k. Deferred Tax:** The Company has not calculated correctly the deferred tax impact which has now been restated.

