

Kurl-on[®]
THE MATTRESS OF INDIA



**ANNUAL
REPORT
2022-23**

60
YEARS

OF HELPING INDIA
SLEEP HEALTHY



www.kurlon.com

BUSINESS

CORPORATE INFORMATION

Founder

Late. T. Ramesh U. Pai (1962-2005)

Managing Director

Sri. T. Sudhakar Pai

Non-Executive Non Independent Director

Mrs. Jaya S. Pai

Non-Executive Non Independent Director

Mr. Jamsheed Minoo Panday

Independent Director

Sri. H. N. Shrinivas

Sri. Sivaramakrishnan Nagarajan

Chief Executive Officer

Mrs. Jyothi Ashish Pradhan

Chief Financial Officer

Mr. Abhilash Kamti

Company Secretary

Mr. Monu Kumar

Statutory Auditor

M/s. S. R. Batliboi & Associates, LLP

Internal Auditor

M/s S G S K & Company
Chartered Accountant

Cost Auditor

M/s. GNV & Associates, Cost Accountants

Registered Office :

#1002/1006, The Avenue,
International Airport Road, Opp. Hotel Leela,
Andheri (East) Mumbai - 400 059.

Corporate Office :

Jai Bharat Industrial Area, Jalahalli, Camp Road,
Yeshwanthpur, Bangalore - 560 022.

Tel. : +91 80 40313131, Fax : +91 80 25587189

E-mail : secretary@kurlon.com Website :

www.kurlon.com

Corporate Identity Number

U36101MH2011PLC222657

Share Transfer Agent

Purva Sharegistry (India) Private Limited
(Unit: Kurlon Enterprise Limited)

9, Shiv Shakti Ind. Estt. J.R. Boricha Marg,
Lower Parel (E), Mumbai - 400 011.

Tel. No.: +91-022-2301-6761/2518

E-mail : support@purvashare.com

Website : www.purvashare.com

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VISION



Our Vision & Mission

VISION

Kurlon, will sustain brand leadership with highest consumer delight, through:

- ▶ **World-class manufacturing processes**
- ▶ **Innovation**
- ▶ **Making it the best place to work**

Thereby delivering, exponential growth & maximized wealth, for channel & stake holders, in a socially responsible way.

Kurl-on[®]
THE MATTRESS OF INDIA

Award & Recognition

Our never ending quest to provide healthy sleep solutions for India has led to an array of products that continue to raise benchmarks. We are delighted to announce that our brand has been chosen as the recipient of the prestigious "Unnatha Suraksha Puraskara Award" at the upcoming Safety Awards 2023 ceremony. This recognition serves as a testament to Kurlon's unwavering commitment to maintaining the highest safety standards in its operations. The award will be bestowed upon Kurlon during the event scheduled on September 9, 2023, at Radisson Blu Atria Hotel, located on Palace Road, Bengaluru.



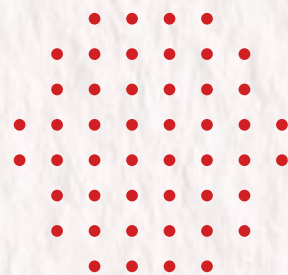
PRIDE OF INDIA BRANDS Feather light, extra soft and plush yet perfectly supportive. The ultimate comfort of a wholesome sleeping experience anytime, anywhere is incomplete without us. Unwind and give your body and soul time to relax and rejuvenate as you travel to the dream world.

THE BRAND OF THE DECADE AWARD 2021-22 BY THE BARC ASIA & JURY PANEL
Our never ending quest to provide healthy sleep solutions for India has led to an array of products that continue to raise benchmarks. It gives us great pride when our efforts are recognized. That's why we're honoured to receive 'The Brand of The Decade Award 2021-22' - In the mattress category by the BARC Asia & Jury Panel.



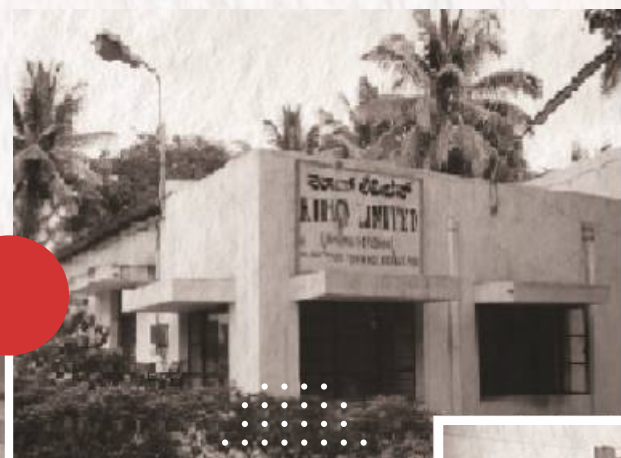
WINNER
Unnatha Suraksha Puraskara Award





A PEEK INTO OUR HISTORY

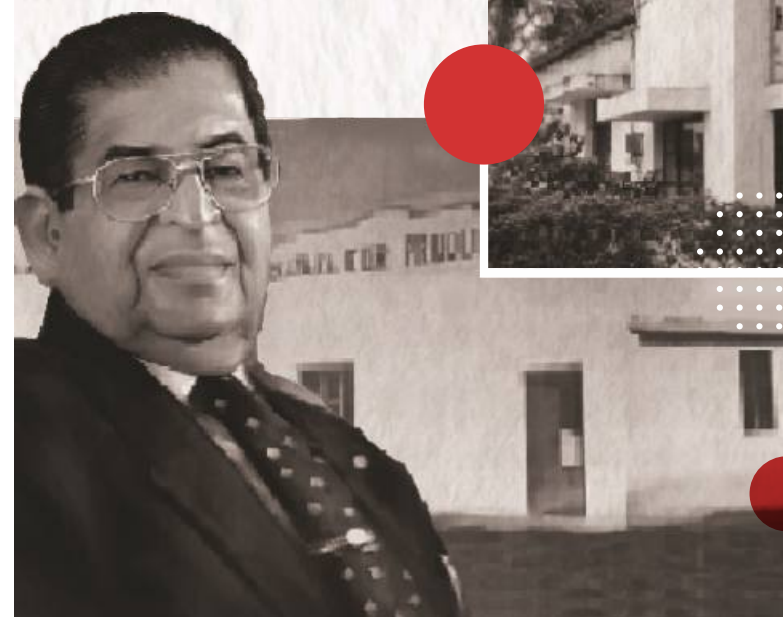
During a visit to Germany, the late Ramesh Pai, founder of the Manipal Group, had discovered that high-end motor car seats used rubberised coconut coir fiber imported from Ceylon (now Sri Lanka). Owing to the fact that India was one of the largest producers of coconut in the world, he recognised an untapped business potential which was waiting to be harnessed. And so, the company of Kurl-on was born in 1962; A sleep company that was the precursor to the coir industry in India.



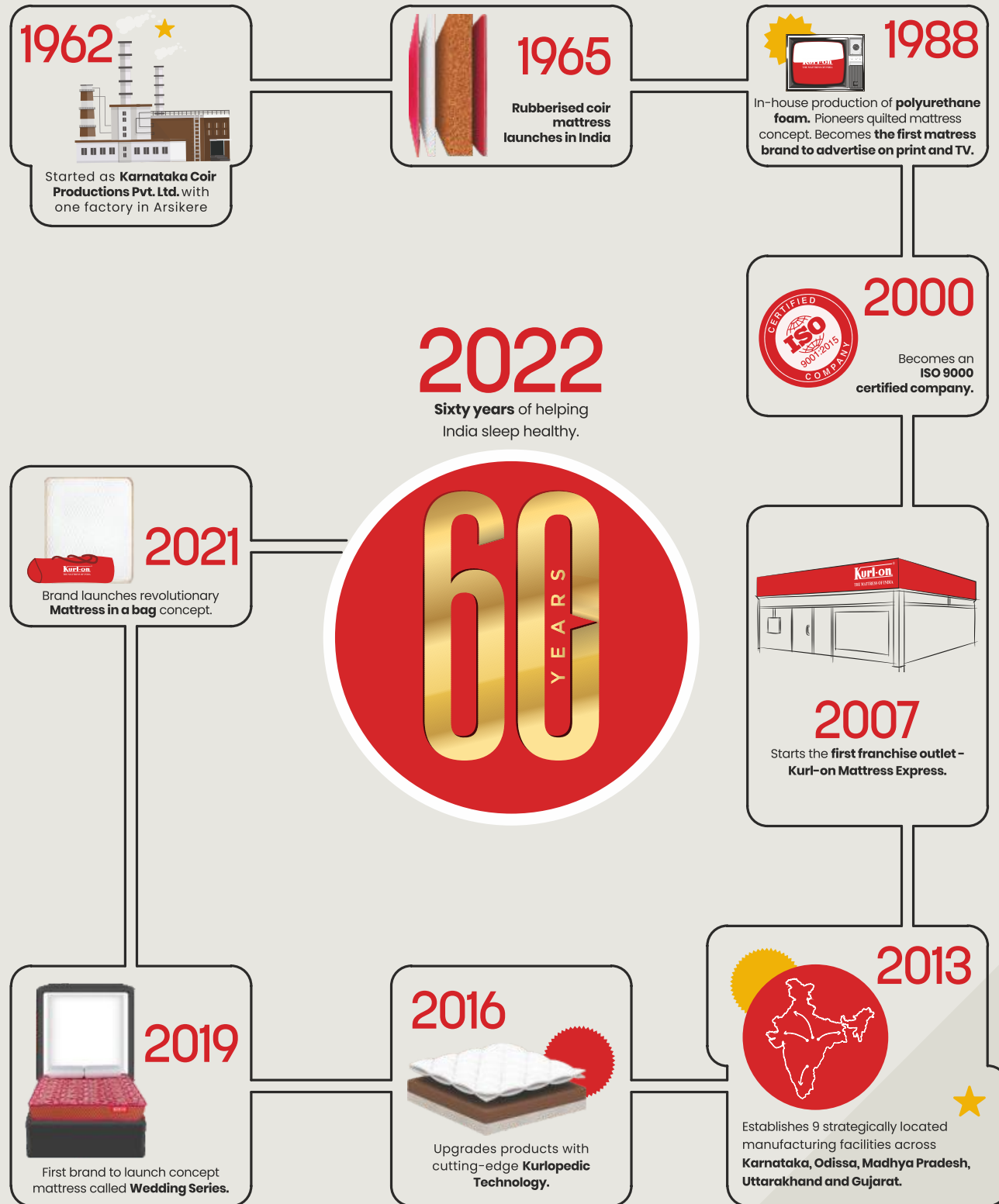
OUR LEGACY 60 YEARS LATER

Kurl-on, one of India's oldest mattress brands, began its magnanimous journey 60 years ago in 1962. This pioneering brand is, even today, one of India's most loved brands. Kurl-on has found its place in the homes of millions of Indians, with an even more diversified portfolio, and foraying into the market of home furniture as well.

**We have been India's most loved choice for 60 years.
And our goal is to be loved for 60 more.**



THE KURL-ON TIMES



Six Decades of the BEST SLEEP Solutions

Kurl-on has evolved and expanded its manufacturing prowess to currently manufacture mattresses in more than 135 different configurations in Twelve strategically located manufacturing facilities across Karnataka, Orissa, Madhya Pradesh, Uttarakhand and Gujarat. The company's state-of-the-art technology and constant research & development is for the single objective of improving standards of sleep.

Six decades on, Kurl-on has become synonymous with premium mattresses across India with Kurl-on even becoming a generic name for mattresses.



📍 Kurl-on, Jhagadia.

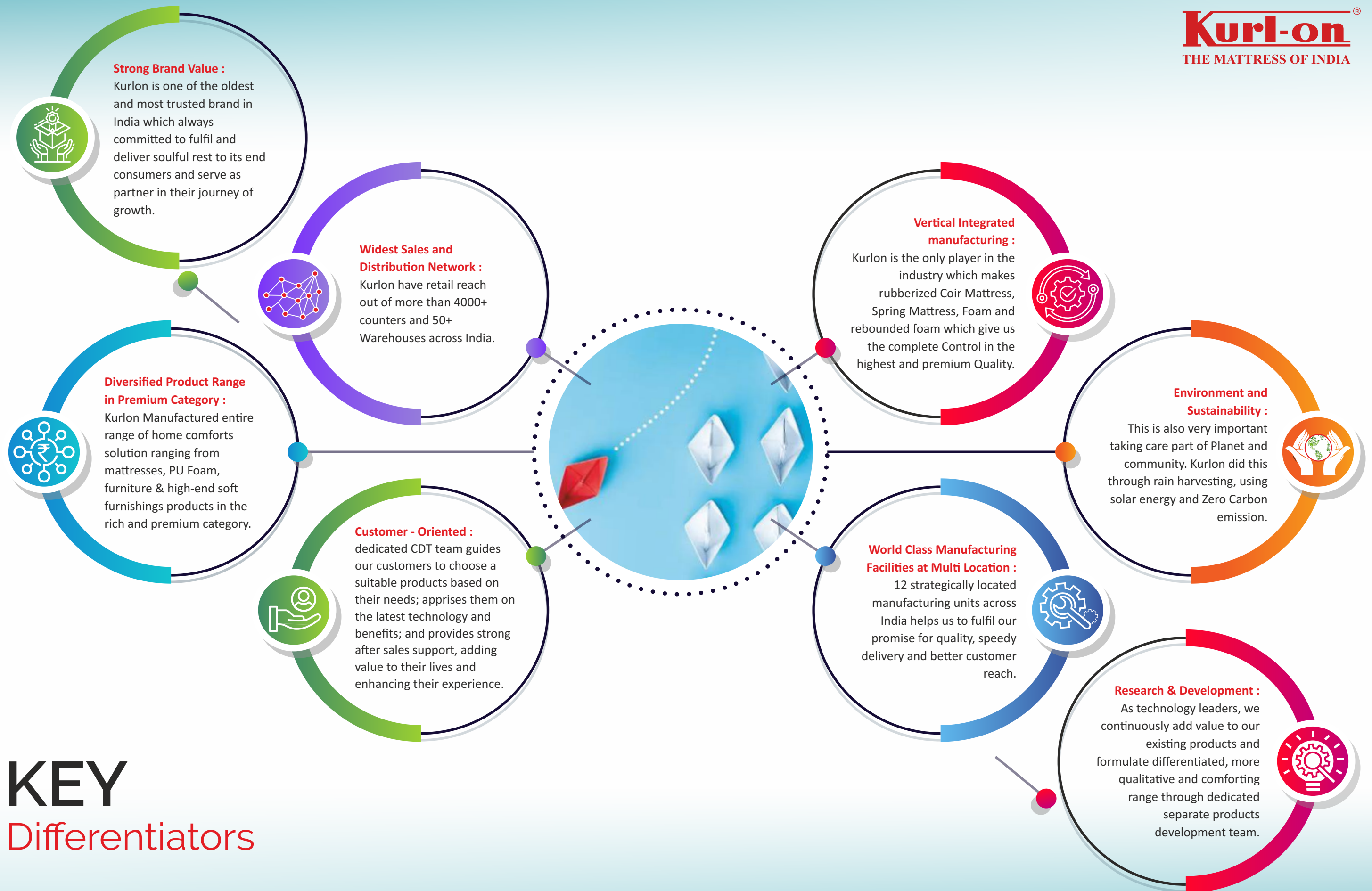
Established in 1962, Kurlon is an innovator of Rubberized Coir mattress in India and also one of the oldest mattress company in India which offers a wide range of home comfort solutions ranging from mattresses (RC mattress, spring mattress & foam mattress), polyurethane foam, home furniture & furnishing products under the brand name "Kurl-on" for retail as well as institutional customers such as Hotels, Hospitals and Hostels who prefer premium and high quality branded mattresses with flame retardant, anti-bacterial fabrics.

Currently the Company exports its products to Asian countries like Sri Lanka and Nepal.

In the past few years, the Company has won the Coir Board of India's awards for Outstanding Performance in Export of Rubberized Coir Products, the Development of the Domestic Market for Rubberized Coir and the award for being consistently the country's largest manufacturer.

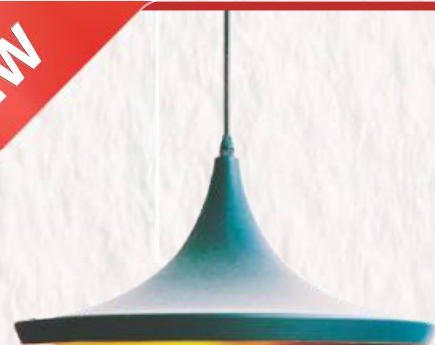
KL is the holding company, which promoted a subsidiary company in the name and style of Kurlon Enterprise Ltd. (KEL) in the year 2011. Consequent upon the Business Transfer Agreement between KL and its subsidiary, the business of Rubberized Coir, Latex Foam, Polyurethane Foam, Pillows, Spring Mattresses, Furniture, Furnishing, and related products were transferred to the subsidiary company effective 1st April, 2014. Headquartered in Bengaluru, KEL is now the operating company. Both the Companies are closely held, unlisted public Ltd Company.

Accredited with latest technology and ground-breaking innovations, Kurlon Enterprise Limited now manufacture products in 135 different configurations, Pan-India and having a retail reach out of more than 4000+ counters, 50+ Warehouses and 12 strategically located manufacturing facilities across Karnataka, Orissa, Madhya Pradesh, Uttaranchal, and Gujarat that anticipate and change with our customers' evolving needs and provide them with absolute comfort, convenience, good health and growth.



KEY Differentiators

NEW



PRODUCT PORTFOLIO

URBAN

FOR THE FAST-PACED LIFESTYLE


-  TOP QUALITY FOAM AND QUILTING
-  HIGH GSM FABRIC
-  PREMIUM LOOK AND DESIGN
-  LATEST BODY SUPPORT TECHNOLOGY



NEW

Celebration

FOR THE FAST-PACED LIFESTYLE





-  SIDE WALLS TO PREVENT SAGGING
-  BREATHABLE PREMIUM FABRIC
-  DESIGNER FABRIC FOR A TRENDY LOOK
-  EXCLUSIVE RANGE FOR WEDDINGS AND FUNCTIONS





TRENDY

MADE FOR COMFORT, ENHANCED BY STYLE!

-  BOTH SIDE QUILTING FOR ENHANCED DURABILITY
-  MEMORY FOAM TOP QUILT TO EASE PRESSURE POINTS
-  PREMIUM LOOK AND FEEL
-  COMFORT LEVEL - MEDIUM FIRM

Kurl-on[®]
THE MATTRESS OF INDIA



relax

RELAXED SLEEP, EVERYDAY

-  BREATHABLE KNITTED FABRIC
-  PROVIDES COMPLETE BACK SUPPORT
-  LIGHTWEIGHT FOAM MATTRESS
-  HIGH DENSITY FOAM CORE FOR EXTRA SUPPORT





ACTIV

FOR EVERY KINDA ACTIVE



COMFORTS SPINE AND BACK PAIN



PROVIDES ZONAL SUPPORT TO THE BODY



THERAPEUTIC MATTRESS



FOR PEOPLE WITH AN ACTIVE LIFESTYLE



Kurl-on[®]
THE MATTRESS OF INDIA



komfort

THE KOMFORT YOUR BODY DESERVES



SMOOTH POLY COTTON FABRIC



LATEST BODY SUPPORT TECHNOLOGY



THICK QUILTING ON TOP ADDING COMFORT



BONDED FOAM TO HELP MAINTAIN POSTURE



Komfort KOLLECTIONS



WIDE RANGE OF BEDSHEETS



EXCLUSIVE COLLECTION OF FITTED-SHEETS



PILLOW COVERS TO MATCH EVERY MOOD



COMFORTERS FOR YOU, AND YOUR HOME



Kurl-on[®]
THE MATTRESS OF INDIA

Pillows

LIE ON THEM, RELY ON THEM



FIRM SUPPORT TO HEAD AND NECK



GOOD NIGHT'S REST GUARANTEED



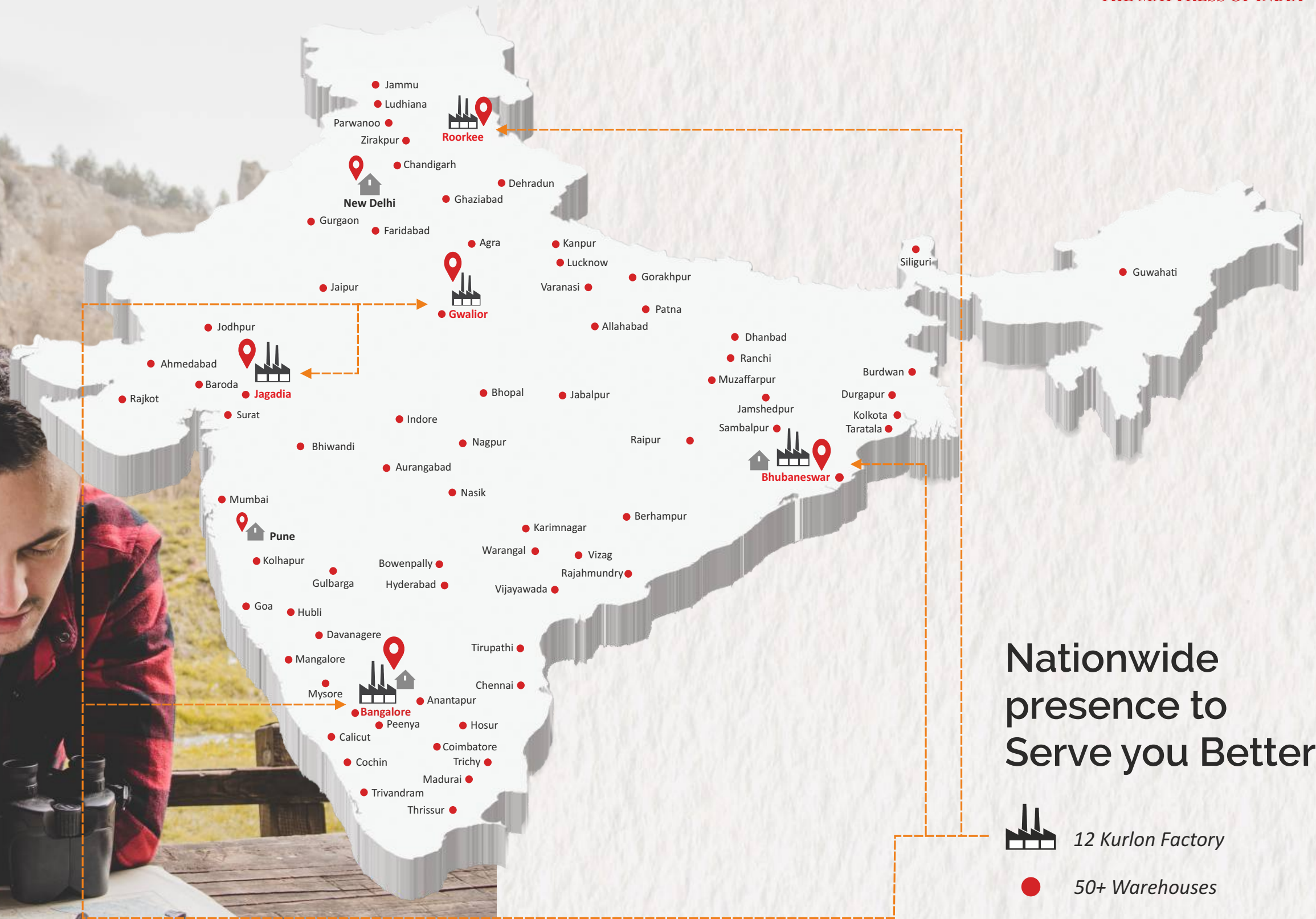
ZERO PRESSURE POINTS



EXCLUSIVE RANGE CATERING TO ALL REQUIREMENTS



Geographical Presence



Nationwide presence to Serve you Better

Map not to scale and for illustrative purpose only.



From the desk of Managing Director

I remain proud of our company's resiliency and what our employees have achieved, collectively and individually. Throughout these challenging past few years, we never stopped doing all the things we should be doing to serve our customers and our communities.

Dear Shareholders,

As MD of Kurlon Enterprise Limited, I feel humbled and honoured to present our Company's performance for 2022-23. The business' strong market standing and repute are indeed a result of the Management's prudence, employee's efforts and the strong & relentless support of all stakeholders. For this, I would like to thank all our stakeholders in the eco system and look forward to their continued faith in us.

I feel proud that the Company is now more consumer centric which provides wide range of products under sleep, home and lifestyle category. Our products are easily available for anyone, anytime and anywhere and also help the customer to prevent problems, support condition and pain relief so that customer can sleep naturally. We have also repositioned our products in different themes such as "Shaadi Wala Mattress" (the mattress that turn every night into a celebration of comfort), "cityscape lifestyle" (mattress designed for the modern urban dweller), "Trendy" (Mattress that transform your bedroom into a sanctuary of style and comfort) and "Activ" (health oriented).

I would like to state that a Share Purchase Agreement ('SPA') has been executed on July 17, 2023 amongst, Kanara Consumer Products Limited (formerly known as KURLON LIMITED), Kurlon Trading and Invest Management Private Limited (collectively as 'Sellers'), Sheela Foam Limited (as 'Purchaser') and Kurlon Enterprises Limited ('KEL') wherein the Sellers have agreed to sell 94.66% shareholding and upwards equity shareholding held in Kurlon Enterprise Limited (KEL) to Sheela Foam Limited (SFL), subject to applicable consents, approvals and permissions. As a trusted brand combined with SFL strengths, diversified network and technologies with a wide product base, I can see lot of opportunities to grow our business.

We will continue to make sustained efforts to drive demands for our brands by enhancing our presence through various ecommerce platform. While we are applying our learnings from the last two years of the pandemic to enhance the

efficiencies of our operations and build robust supply chains to function with minimum disruption in such exceptional circumstances. Our people are our most valuable asset, with their commitment and dedication, I am confident that we will continue to meet the demands of our consumers, live up to their expectations by providing long-term value, and generate sustainable long-term growth.

I would like to state that we are consciously moving towards ESG: use of clean technologies which accelerates sustainability and also enables traceability and transparency.

Our Company is extremely well poised to take advantage of the growth opportunity in our segment. It is estimated that India's health and wellness market is expected to expand at a CAGR of 5.55% during 2023-2028. Our deep connect with our customers and the strength of the brand will be leveraged to further strengthen the revenue growth post the challenges posed by the Covid years. The year forward will be to consolidate and strengthen our offerings, new product launches if so necessary to address the requirement of all the segments and to get future ready specifically in the supply chain domain so that no customer is left out. Our Company is into the technical foam category and is now engaging with clients in the garment & automobile industry to replace foam which is currently being imported. We are confident that our R&D team will be able to meet the high standards and add to the 'Make in India' vision of our Honorable Prime Minister.

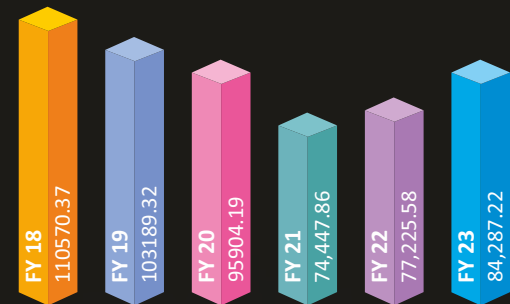
In closing, I take this opportunity to thank each one of you for continuing to believe in our vision and work. Equally I like to acknowledge the contribution of all our employees, network and business partners and customers for reposing faith in Kurlon and actively working for our combined success.

I look forward to your continued support while we remain committed to delivering quality.

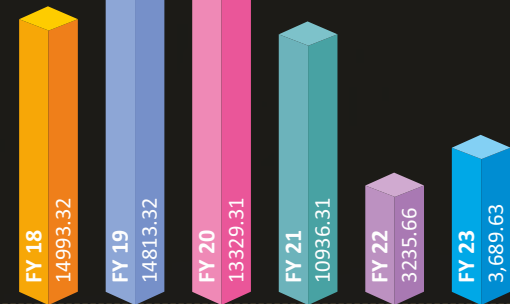
Sincerely,
T. Sudhakar Pai
Managing Director

**Kurlon Enterprise Limited
(Standalone)**

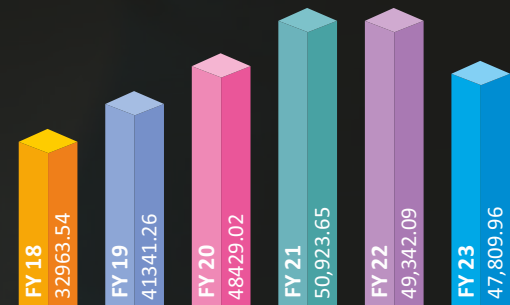
Operating Revenue
(Rs. In Lakhs)



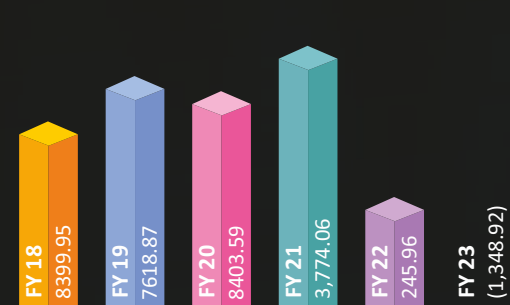
EBITA
(Rs. In Lakhs)



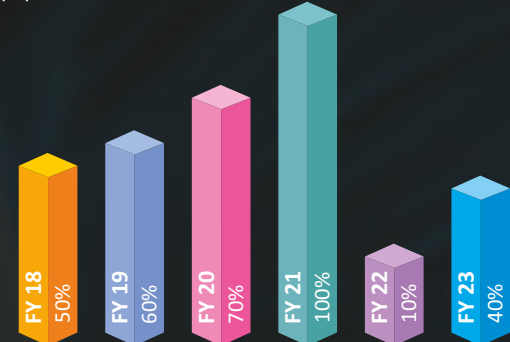
Networth
(Rs. In Lakhs)



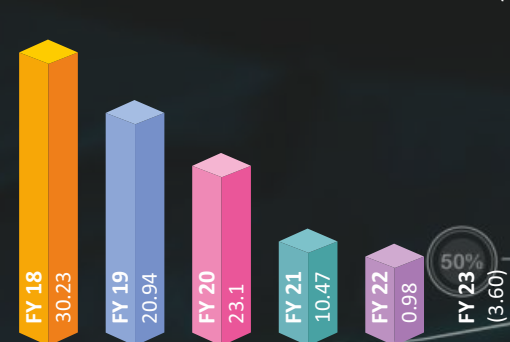
Net Profit / Loss
(Rs. In Lakhs)



Dividend Payout
(%)

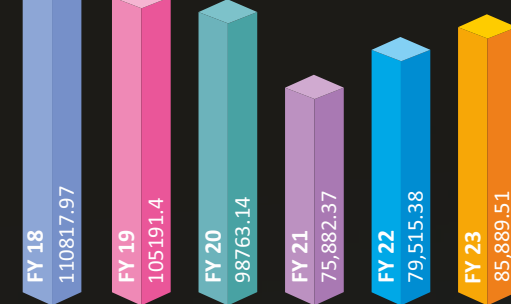


Earning Per Share
(In Rs.)

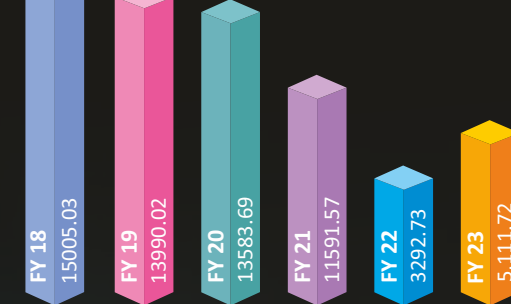


**Kurlon Enterprise Limited
(Consolidated)**

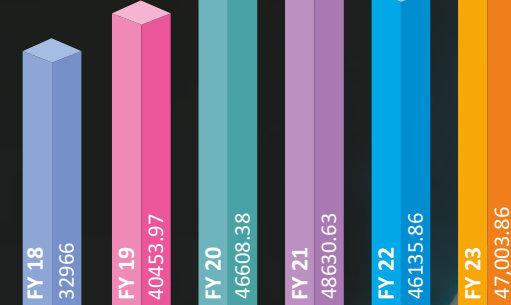
Operating Revenue
(Rs. In Lakhs)



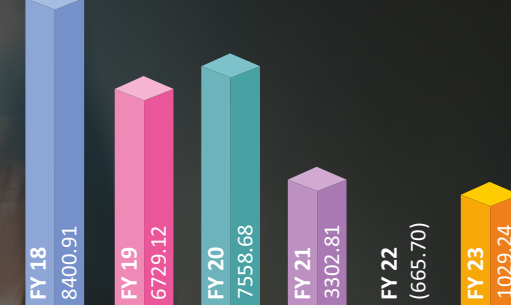
EBITA
(Rs. In Lakhs)



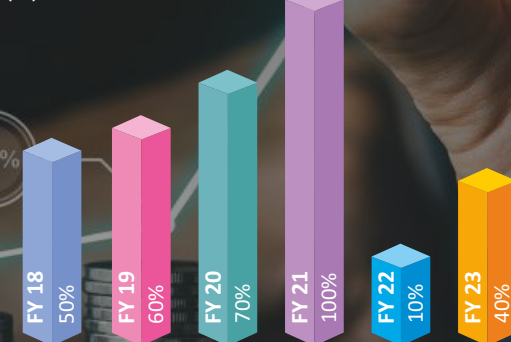
Networth
(Rs. In Lakhs)



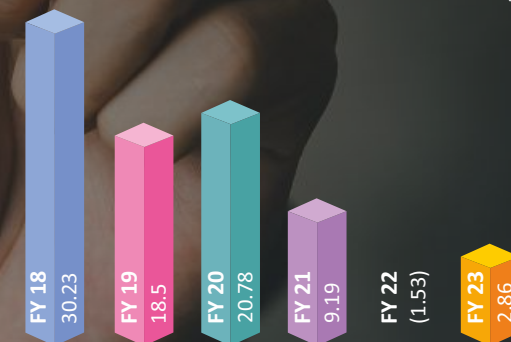
Net Profit / Loss
(Rs. In Lakhs)

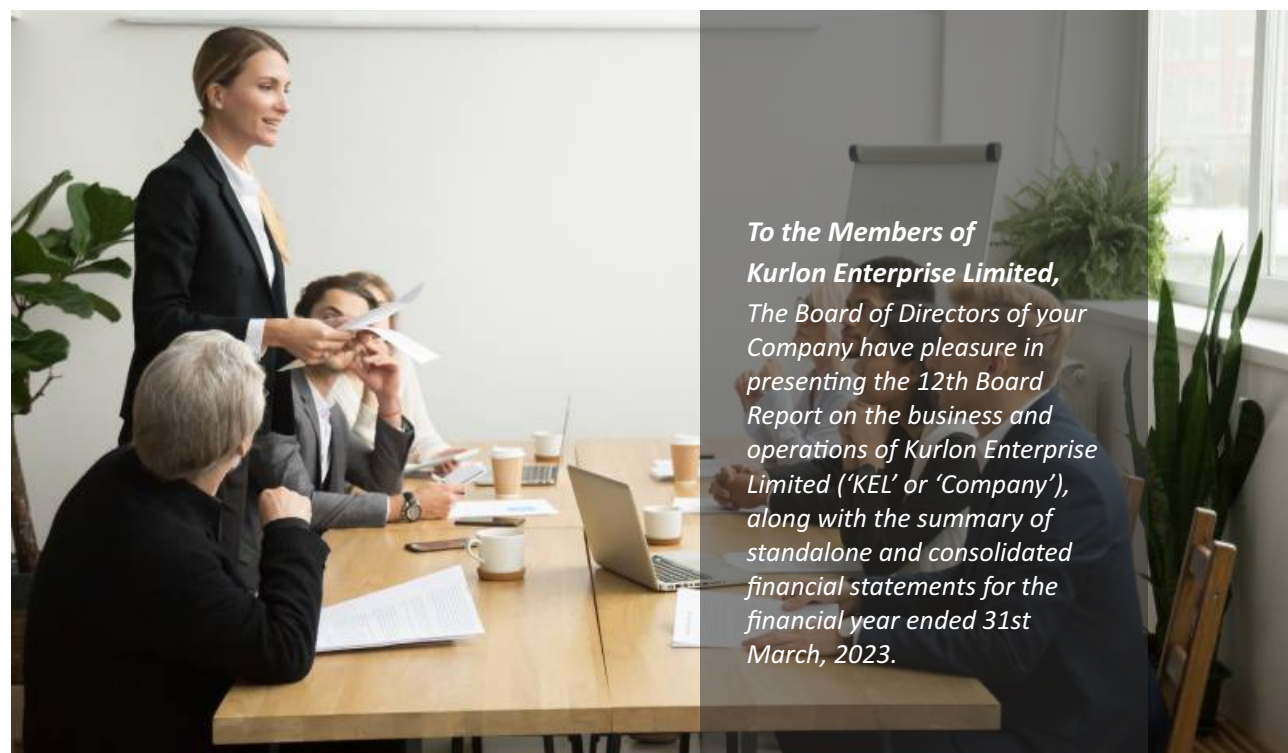


Dividend Payout
(%)



Earning Per Share
(In Rs.)





To the Members of Kurlon Enterprise Limited, The Board of Directors of your Company have pleasure in presenting the 12th Board Report on the business and operations of Kurlon Enterprise Limited ('KEL' or 'Company'), along with the summary of standalone and consolidated financial statements for the financial year ended 31st March, 2023.

1. Financial highlights of the Company

(₹ in Lakh)

Particulars	Audited Standalone		Audited Consolidated	
	As on 31st March, 2023	As on 31st March, 2022	As on 31st March, 2023	As on 31st March, 2022
Revenue from operations	84,287.22	77,225.58	85,889.51	79,515.38
Other Income	665.67	966.79	842.55	1,364.81
Total Income	84,952.89	78,192.37	86,732.06	80,880.19
Profit Before Financial charges, tax and Depreciation	3,689.63	3,235.66	5,111.72	3,292.73
Less: Finance Charges	376.40	286.96	729.03	572.96
Less: Depreciation	2,532.52	2,511.98	3,590.98	3,604.62
Profit Before Tax and Exceptional items	780.71	436.72	791.71	(884.86)
Less: Exceptional Items	2,555.67	418.08	-	-
Net Profit / Loss Before Tax	(1,774.96)	18.64	791.71	(884.86)
Less: Current tax	647.68	475.96	824.35	575.12
Add / Less: Tax credit of earlier years	(45.49)	(130.20)	(45.45)	(154.20)
Add / Less: Deferred tax	(1,059.70)	(685.08)	(1,033.85)	(747.41)
Profit / Loss after tax	(1,317.45)	357.96	1,046.69	(558.37)
Other comprehensive income	(31.47)	(112.00)	(17.42)	(107.33)
Total comprehensive income for the year	(1,348.92)	245.96	1,029.24	(665.70)
Proposed Dividend on Equity Shares	731.04	182.76	731.04	182.76
Surplus in statement of P & L carried to Balance Sheet	29,835.74	31,367.87	28,713.69	27,849.43
Earnings per share (EPS).	(3.60)	0.98	2.86	(1.53)

* Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.

Performance review and the state of Company's affairs:

Your Company is engaged in the business of manufacturing and marketing of Mattresses (RC, Spring and Foam), Pillows, PU Foam, Furnishing Products under the brand name "Kurl-on" for over 60 years, Kurl-on has been a symbol of Komfort, trust, and healthy sleep for families across India. Our brand is built on a deep understanding of our customers and a commitment to providing them with the support they need for a good night's sleep. We believe that Komfort is a right, not a luxury, and our goal is to make it accessible to everyone.

On a standalone basis, the total revenue from operation for the financial year 2022-23 under review was Rs. 84,287.22 lakhs as against Rs. 77,225.58 lakhs for the previous financial year, registering an increase of 9.14%. The Loss before tax from continuing operations including exceptional items was Rs. 1,774.96 lakhs for the financial year 2022-23 under review as against the profit of Rs. 18.64 Lakhs for the previous financial year. Whereas, the net loss after tax and other comprehensive income was Rs. 1,348.92 Lakhs, as compared to the profit of Rs. 245.96 Lakhs previous year. The loss was mainly due to impairment of loan and advances given to the subsidiary Companies.

On a Consolidated basis, the total revenue from operations for the financial year 2022-23 under review was Rs. 85,889.51 lakhs as against Rs. 79,515.38 lakhs for the previous financial year, registering an increase of 8.02%. The profit before tax from continuing operations and other comprehensive income, was Rs. 791.71 lakhs for the financial year 2022-23 under review as against the loss of Rs. 884.86 lakhs for the previous financial year. The profit after tax and other comprehensive Income was Rs. 1,029.24 lakhs for the financial year under review as against the loss of Rs. 665.70 lakhs for the previous financial year.

2. Dividend

The Board of Directors of the Company has recommended a Final Dividend of Rs. 2.00/- (40%) per Equity Share for the financial year ended on 31st March, 2023 (for the year ended 31st March, 2022-Rs. 0.50 (10%) per equity share) to be paid on fully paid-up Equity Share amounting to Rs. 731.04 lakhs (previous year Rs. 182.76 Lakhs). The Final Dividend is subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the shareholders effective April 1, 2020 and the Company is required to deduct tax at source from dividend paid to the Members at prescribed rates as per the Income Tax Act, 1961.

3. Transfer to Reserves;

Due to loss, your Directors do not propose to transfer any amount to the reserve.

4. Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions

Since its inception, the Company has not entered into any One Time Settlement with banks or financial institutions.

5. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016;

Neither any application made or nor any proceeding is pending under Insolvency and Bankruptcy Code, 2016.

6. Consolidated Financial Statement;

Your directors have pleasure in attaching the Consolidated Financial Statements pursuant to section 129(3) of the Companies Act, 2013 read with rule 6 of the Companies (Accounts) Rule, 2014 and prepared in accordance with the relevant applicable accounting standards as per the Companies (Indian Accounting Standard) Rules, 2015.

The Auditors' report on Consolidated financial statements does not contain any qualification, reservations, adverse remarks or disclaimers.

Your Company's Board of Directors is responsible for the preparation of the consolidated financial statements of your Company and its Subsidiary ('the Group'), in terms of the requirements of the Companies Act, 2013 (the Act) and in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

The respective Boards 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 each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the

design, implementation and maintenance of adequate internal financial controls if applicable, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Such financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of your Company, as afore stated.

In accordance with Section 136 of the Act, the audited financial statements, including the CFS and related information of the Company and the financial statements of each of the subsidiary Companies, are also available on our website, www.kurlon.com.

7. Change in the nature of business;

During the year under review there has been no change in the nature of business of the Company.

8. Material changes and Commitments effecting the financial position of the Company between the end of the Financial Year and date of this report

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relates and up to the date of this report except;

- a) The Board at their meeting held on August 29, 2023 approved and recommended a final dividend of Rs. 2.00 (i.e. 40%) per fully paid up equity share of Rs. 5/- each for the financial year 2022-23 entailing an outgo Rs. 731.04 lakhs.
- b) A Share Purchase Agreement ('SPA') has been executed on July 17, 2023 amongst, Kanara Consumer

Products Limited (formerly known as KURLON LIMITED), Kurlon Trading and Invest Management Private Limited (collectively as 'Sellers'), Sheela Foam Limited (as 'Purchaser') and Kurlon Enterprises Limited ('KEL') wherein the Sellers have agreed to sell 94.66% shareholding and upwards equity shareholding held in Kurlon Enterprise Limited (KEL) to Sheela Foam Limited (SFL), subject to satisfactory receipt of all applicable consents, approvals and permissions.

9. Indian Accounting Standards

Financial statements of the Company have been prepared in accordance with the latest Indian Accounting Standard ("Ind AS")

10. Share capital

The authorized share capital of the Company as at March 31, 2023 is Rs. 75,30,00,000/- (Rupees Seventy Five Crores Thirty Lakhs Only) divided into 15,06,00,000 (Fifteen Crores Six Lakhs) Equity shares of Rs. 5/- (Rupees Five) each and The paid-up share capital of your Company is Rs. 18,27,61,305 (Rupees Eighteen Crores Twenty Seven Lakhs Sixty One Thousand Three Hundred and five only) during the year under review divided into 3,65,52,261 (Three Crores Sixty Five Lakhs Fifty Two Thousand Two Hundred and Sixty One) equity shares at Rs. 5/- each. There was no public issue, rights issue, bonus issue or preferential issue made by the Company during the year under review. The Company has not issued shares with differential voting rights or sweat equity shares. The Company has not bought back any of its securities during the year under review.

11. Directors and Key Managerial Personnel

Following are the directors and KMPs of the Company as on date of this report;

DIN/PAN	Directors and Key Managerial Personnel	Designation
00043298	Sri. T. Sudhakar Pai	Managing Director (KMP)
00030515	Mrs. Jaya S. Pai	Director
00232768	Mr. Jamsheed M. Panday*	Director
03060429	Sri. Sivaramakrishnan Nagarajan	Independent Director
07178853	Sri. Holebasavanahalli Nagaraj Shrinivas	Independent Director
ADCPP5162H	Mrs. Jyothi Ashish Pradhan	Chief Executive Officer (KMP)
AJDPK5402E	Mr. Abhilash Padmanabh Kamti**	Chief Financial Officer (KMP)
BMYPK6724N	Mr. Monu Kumar	Company Secretary (KMP)

*W.e.f. 01.09.2022

**appointed in intermittent vacancy caused due to resignation of Mr. Ritesh Shroff w.e.f. June 1, 2022.

None of the directors of the Company are disqualified under section 164 of the Companies Act, 2013.

At the 11th Annual General Meeting of the Company held on December 28, 2022, Mrs. Jaya S Pai (DIN: 00030515) has been reappointed as Non-Executive Director of the Company, liable to retire by rotation.

The Company at its AGM held on December 28, 2022 had appointed/reappointed Mr. Jamsheed M. Panday as Non-Executive Director liable to retire by rotation and Sri. T. Sudhakar Pai as Managing Director for a further period of 5 Years.

During the year, The Board appointed Mr. Abhilash Padmanabh Kamti as the CFO of the Company w.e.f June 1, 2022 in place of Mr. Ritesh Shroff.

As per the provisions of the Companies Act, 2013, Mrs. Jaya S. Pai will retire by rotation at the forthcoming Annual General Meeting (AGM) of the Company and being eligible, seek re-appointment. The Board has, on the recommendation of Nomination and Remuneration Committee ("NRC"), recommended her reappointment.

12. Declaration by Independent Director;

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Act, that they meet the criteria of independence as laid out in Section 149(6) of the Act.

In the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

13. Familiarization Programme for Independent Directors

The Company has put in place a Familiarization Program for Independent Directors to familiarize them with the Company, its businesses, their roles, rights, responsibilities & nature of industry in which Company operates. Directors are regularly updated on performance of the business of the Company, business strategy going forward and new initiative being taken/proposed to be taken by the Company through presentation by head of the Departments.

14. Deposit from Public

The Company has neither invited nor accepted any deposit within the meaning of Section 73 of the Companies Act, 2013 and rules made there under, and as such no amount on account of principal and interest was outstanding as on the date of the balance sheet.

As such no amount of deposit is unpaid or unclaimed at the end of the year. Hence there is no non-compliance with any of the provisions of chapter V of the Companies Act, 2013.

15. Board and Its Committee Meetings

During the financial year 2022-23, the Board of Directors of your Company met on 8 (Eight times) on 26.04.2022, 01.06.2022, 04.06.2022, 19.08.2022, 01.09.2022, 28.11.2022, 08.02.2023 & 30.03.2023. Details about meetings have been provided in the Report titled as "Report on Corporate Governance" annexed with this report.

Your Company has constituted various committees such as Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility, and others in accordance with the provisions of the Companies Act, 2013 as amended from time to time.

Disclosures in respect of the compositions of committees, functions, frequency of the meeting etc. as required by the above have been provided in the Report titled as "Report on Corporate Governance" annexed with this report.

During the year under review, a separate meeting of the Independent Director of the Company was also held on 8th February, 2023, without the presence of other Directors and members of Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance and assessed the quality, quantity and timeliness of flow of information between the Company management and the Board.

16. Disclosure about receipt of Commission or Remuneration by Managing Director

In terms of the provisions of section 197(14) of the Act, Mr. T Sudhakar Pai receives commission in its holding Company Viz. Kurlon Limited., apart from the Remuneration and Commission being received from M/s. Kurlon Enterprise Limited.

17. Annual Evaluation of Board and its Committees

Your Company believes that it is the collective effectiveness of the Board that impacts the Company's

performance and thus, the primary evaluation platform is that of collective performance of the Board.

The Nomination and Remuneration Committee ("NRC") has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairperson, each Director (including Executive, Non-Executive and Independent Directors), of the Board as a whole/its Committee and senior management. The criteria include different aspects covered under Administrative, Strategic, Operational and Compliance headings.

As per laid down procedure, the Independent Directors would hold a separate meeting whenever necessary, to review the performance of the Chairperson of the board of the Company, after taking into account the views of Executive and Non-Executive Directors. The substantial contribution of the Chairperson in the growth of the Company has been highly commended. The Independent Directors also reviewed the performance of all Executive and Non-Executive Directors of the Board. The performance evaluation of each Independent Director was done by the entire Board (except the Independent Directors being evaluated). The performance of each

committee has been evaluated by its members and found to be satisfactory.

18. Policy on Directors' Appointment and Remuneration:

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their Remuneration. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a director, which has been placed on the Company's website, www.kurlon.com and also in CG report annexed to this report.

19. Details of Subsidiary/Joint Ventures/Associate Companies

During the year, The Company has 8 subsidiaries. There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

Details of Subsidiaries are as follows.

Sl. No.	Name and address of the Company	CIN/GLN	Subsidiary/JV/Associate
1	Kurlon Retail Limited	U36104KA2012PLC065664	Wholly Owned Subsidiary
2	Komfort Universe Products and Services Limited	U52520KA2021PLC143244	Wholly Owned Subsidiary
3	Belvedere International Limited	U52520KA2020PLC142418	Wholly Owned Subsidiary
4	Starship Value Chain and Manufacturing (P) Limited	U36900KA2020PTC139535	Wholly Owned Subsidiary
5	Kanvas Concepts Private Limited	U74999KA2020PTC138867	Wholly Owned Subsidiary
6	Sirar Solar Energies (P) Limited	U40106KA2016PTC097367	Subsidiary
7	Sevalal Solar (P) Limited	U40106KA2016PTC094328	Subsidiary
8	Sirar Dhotre Solar (P) Limited	U40300KA2016PTC097314	Subsidiary

The Komfort Universe Products and Services Limited (KU) and Belvedere International Limited (BIL) was incorporated on January 21, 2021 and December 18, 2020 respectively with an object to carry out retail business/trading of Semi-finished Goods (SFG), foam products, RC Pads, EPE Products and other related Products and Services on B2B basis in India and outside India (KU Business) and to carry on retail business of mattresses, Pillows, Furniture and other related Products and Services of International Brands on retail and B2B basis in India (BIL business).

Whereas M/s Kanvas Concepts Private Limited is engaged in the business of Home Interior décor, wherein the

Company would explore its entire products including furniture items to increase its overall revenue and profitability. Further, Starship Value Chain and Manufacturing Private Limited provides value chain/logistic services to the company to gain momentum in the market and to offer contactless deliver to the end consumers of the Company.

Kurlon Retail Limited is engaged in retail segment and presently operating through 24 Retail stores PAN India.

Sirar Solar Energies Private Limited, Sevalal Solar Private Ltd and Sirar Dhotre Solar Private Limited are engaged in the business of generation of electricity through Solar System and supply its power to HESCOM as per PPA.

As required under the provisions of Section 129 of the Companies Act, 2013, read with Companies (Accounts) Rule, 2013, a statement containing salient features of the financial statements of subsidiaries is provided in the prescribed format AOC-1 as Annexure-A of the Board Report.

20. Directors' Responsibility Statement

Your Directors make the following statement in terms of Section 134(3)© & (5) of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

a. That in the preparation of the annual accounts for the Financial Year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures and the annual accounts have been prepared in compliance with the provisions of the Companies Act, 2013

b. That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2023 and of the Profit of your Company for the Financial Year ended March 31, 2023;

c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

d. That the annual accounts for the Financial Year ended March 31, 2023 have been prepared on a going concern basis;

e. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

21. Management Discussion and Analysis Report;

Management's Discussion and Analysis report for the year under review are attached as Annexure "C" forming part of this report.

22. Report on Corporate Governance;

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance practice as set out in the Act. The Company is also committed to benchmarking itself with global standards for providing good Corporate

Governance. A Report on Corporate Governance is disclosed as Annexure "B" forming part of this Report.

23. Auditors and Auditors' report

Statutory Audit:

The existing statutory Auditor M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004) were appointed as Statutory Auditors of the Company to hold the office from the conclusion of 10th Annual General Meeting till the conclusion of the 15th Annual General Meeting of the Company at the 10th Annual General meeting held on 25th November, 2021.

Further, they have confirmed that they are not disqualified from continuing as Auditor of the Company.

Audit reports

The notes on financial statement referred to in the auditors' report, are self-explanatory and do not call for any further comments. The Statutory Auditor's report, does not contain any other qualifications, reservations, adverse remarks or disclaimers.

Secretarial Audit:

Secretarial Auditors Mr. Deepak Sadhu, Practicing Company Secretaries, were appointed by the Board as the Secretarial Auditors of your Company for the financial year ended 31st March, 2023. The Secretarial Auditors have confirmed that your Company has complied with the applicable laws and that there are adequate systems and processes in your Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws. The Report of the Secretarial Auditors pursuant to Section 204 of the Act, is provided in the "Annexure-D" forming part of this Report.

There is no qualification, reservation or adverse remark made in the Report except; The observation with respect to the FCGPR compliance pursuant to issue of Bonus shares remains the same.

Your directors are of the opinion that the reply to aforesaid observation is already given in the Boards' report for FY 21 which stand same and do not call for further explanation as the Company yet to receive requisite documents from concern shareholders.

Cost Audit:

As per section 148 read with Companies (Audit and Auditors) Rule, 2014 M/s. GNV & Associate, Cost Accountants is appointed, to conduct the cost records of

the Company, for the Financial Year 2022-23, by the Board of Directors. Cost Auditor will provide its report to the Board of directors.

Internal Audit

Mrs. Pooja Dharewa from KD Practice and Consulting Private Limited were the internal auditor of the Company during FY 23. However, the Board at its meeting held on June 1, 2023 appointed M/s S G S K & Company, Chartered Accountant as the new internal auditor for FY 24 and onwards in place of Mrs. Pooja Dharewa of KD Practice.

24. Transfer to Investor Education and Protection Fund (IEPF)

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection

Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends of a Company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF").

In terms of the foregoing provisions of the Act, there is no dividend which require to be transferred to the IEPF by the Company during the year ended 31st March 2023.

25. Particulars of Loans, Guarantees and Investments

The particulars of Loans given, investments made, guarantees given and securities provided in accordance with the provisions of Section 186(4) of the Companies Act, 2013 during the year under review are as follows;

Category	Date of Board meeting in which such loan / investment/ guarantee / security approved	Details of Loan / investment / Security / Guarantee	Name of the Company in which Investment / Loan / Guarantee is made / given	Purpose of which the loan / guarantee / security is proposed to be utilized by the recipient	Amount (In Lakhs)
Loan	26-04-2022 30-03-2023	Loan are provided to WOS for its operational purpose	Kanvas Concepts Private Limited	Operational	20.09
Loan	26-04-2022	Loan are provided to WOS for its operational purpose	Komfort Universe Products and Services Limited	Operational	333.36
Loan	26-04-2022	Loan are provided to subsidiary Company for its operational purpose	Sirar Solar Energies Private Limited	Operational	24.13
Loan	26-04-2022	Loan are provided to subsidiary for its operational purpose	Sirar Dhotre Solar Private Limited	Operational	12.97

26. Particulars of Contracts or Arrangements with related parties

Related party transactions entered during the financial year under review are disclosed in Notes 36 of the audited financial statements of the Company for FY 23. These transactions entered were at an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions with the Company's promoters, directors, management or their relatives, which could have had a potential conflict with the interests of the Company. Form AOC-2, containing the note on the aforesaid related

party transactions are given elsewhere in this report and the same forms part of this report.

27. Risk Management System

As a diversified enterprise, your Company believes that, periodic review of various risks which have a bearing on the business and operations is vital to proactively manage uncertainty and changes in the internal and external environment so that it can limit the negative impact and capitalize on opportunities.

Keeping the above in view, your Company has formulated a Risk Management Policy duly reviewed by the Board of Directors. The policy includes risk identification, analysis

and prioritization of risk and development of risk mitigation plans. The Company has constituted a Risk Management Committee to look into the risk involved with the Company and its Mitigation.

28. Safety, Health and Environment

The Safety & Health of the employees are accorded the highest priority and safety is considered as one of the most important key performance indicators (KPI's) of the Company. The management is committed to ensure zero harm to its employees and to all persons within the Company premises. Safety and occupational health responsibilities are integral to the Company's business processes, as spelt out in the Company's Safety, Health and Environment Policies and procedures.

The Company had implemented sanitization at all workplace, seating arrangement with a distance of 2 meters, Health and Travel declaration form, thermal scanning at gate entry to capture temperature of individual and generate alert in case of any abnormality to curb the spread of COVID.

The Company has substantially reduced the number of on-site injuries with its strong emphasis on improving health and safety parameters, reducing risks through people engagement, capability building, and its strengthening health and safety management systems and processes.

The Company is also committed to minimizing the environmental impact of its operations, through adoption of sustainable practices. The Company integrates the consideration of environmental concerns and impacts into its decision making and activities by promoting environmental awareness among our employees and encouraging them to work in an environmentally responsible manner & communicate our environmental commitment to clients, customers, the public and encourage them to support it. It also strives to continually improve its environmental performance by minimizing the social impact and damage by periodically reviewing the policy in light of its current and planned future activities.

The Company stands ahead of its peers for its management of natural resources, energy management, carbon emissions reduction, conservation of water resources and biodiversity and management of waste and is committed to providing a quality service in a manner that ensures a safe and healthy workplace for our

employees and minimizing our potential impact on the environment. The Company operates in compliance with all relevant environmental legislation and we will strive to use pollution prevention and environmental best practices.

In addition to complying with all applicable environmental laws and regulations, the Company is committed to:

- Proper management of Hazardous waste & solid waste
- Maintain 'Zero' discharge pattern by installation of Effluent Treatment Plant & Sewage Treatment Plant.
- Regular compliance of environmental Rules & Regulation.
- Maintain open channels of communication with customers, employees, government agencies, public officials, the media and the public to meet their information needs in regard to energy, environment and sustainability issues.

The Company gives a lot of emphasis on inculcating safety in the lives of its employees. Employees, including contractors, are provided safety training regularly. The Company's factories are certified with OHSAS:18001 standard.

29. Vigil Mechanism/ Whistle Blower Policy

The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Directors and employees who avail the mechanism. In exceptional cases, Directors and employees have direct access to the Chairperson of the Audit Committee. The Vigil Mechanism (Whistle Blower policy) is available on the Company's website i.e. www.kurlon.com.

30. Corporate Social Responsibility (CSR)

Your Company being a responsible Corporate Citizen and an early adopter of CSR initiatives, works primarily through various Trusts/societies, School and Colleges, towards supporting projects in the areas of promotion of health, Education and development; rehabilitation, enhancing vocational skills; promoting healthcare including preventive health care and rural development. The Company's CSR Policy is available on the website of the Company at www.kurlon.com. The CSR Policy of the Company is amended vide Board resolution dated May 7,

2021 to incorporate amendments brought about to the provisions of section 135 of the Act and rules vide notification dated 22nd January, 2021 issued by MCA. A report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed as Annexure – E. The Board of Directors of the Company at their meeting held on September 1, 2022 have also reconstituted its CSR Committee comprising 4 (four) Directors with majority of independent Directors.

The Board of directors of your Company at their meeting held on May 7, 2021 had unanimously resolved to form a public charitable trust in the name of Kurlon Kares Trust (KKT), a non-profit entity, to support initiatives that benefit the society at large without any distinction of place, nationality or creed, for the advancement of learning and research, the relief of distress and other charitable purposes without any profit motive. The Trust would be undertaking various CSR activities like Promotion of Health and Education, Stray animal's welfare, Natural Resource Management and Rural Livelihoods, Media Art and Culture, Urban Poverty and Livelihoods, Civil Society etc. in more controlled, effective, systematic and transparent manner.

31. Business Responsibility Report

Kurlon as a responsible citizen has adopted and committed to maintain ethical business standards to promote inclusive growth and sustainable development of business, ensuring that all aspects within the ambit of the ESG components are adequately covered. This is in line with Company's philosophy of 'to deliver exponential growth and maximized wealth for channel and stakeholders in a socially responsible way.

At Kurlon, we commit ourselves to operate our business in a sustainable manner. We ensure that prime focus is given to enhance sustainable business operations, based on the National Voluntary Guidelines (NVG). This includes our initiatives towards Employee Wellbeing, Environmental Responsibility and Community Wellness. The Business Responsibility Report (BRR) even though not mandatory for the company, is aligned with National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, issued by Ministry of Corporate Affairs.

Our Principle Wise Performance are as follows;

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

This covers the Company, subsidiaries and group companies

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Consumer Complaints are being attended through a dedicated customer delight team (CDT) and are resolved expeditiously. During the year there have been 4511 Compliant received out of which 725 are open (WIP and on hold) and rest are closed

Principle 2 : Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

Total number of employees as on 31st March 2023 were 502.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Out of the total Employees, 2 were on contractual basis

3. Please indicate the Number of permanent women employees.

The number of women employees as on 31st March 2023 was 14.

4. Please indicate the Number of permanent employees with disabilities

Number of permanent employees with disabilities as on 31st March 2023 were ZERO.

5. Do you have an employee association that is recognized by management?

No

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of Complaints Filed during the Financial year	No of Complaints Pending as on end of the Financial year
1.	Child labour/forced labour/ Involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees 100%

(b) Permanent Women Employees 100%

© Casual/Temporary/Contractual Employees-100%

(d) Employees with Disabilities- Not Applicable

Principle 3 : Businesses should respect and promote human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

This covers the Company, subsidiaries and group companies

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint was received by the Company on Human rights issue

Principle 4 : Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Associated Chambers of Commerce and Industry of India (ASSOCHAM)

Confederation of Indian Industry (CII)

Indian Sleep Product Federation (ISPF)

Indian Poly Urithane Association (IPUA)

All India Coir Mattress Manufactures Association (AICMMA)

2. Have you advocated / lobbied through above associations for the advancement or improvement of

public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies,

Yes, we are the part of ISPF and IPUA associations working on mattress recycling journey.

Principle 5 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year

As on 31 March, 2023 Company has 725 consumer complaints pending out of which 405 is in process and 320 are on hold.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

No

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There was no case filed for unfair trade practice, irresponsible advertising or anti-competitive behavior over the last 5 years

4. Did your company carry out any consumer survey / consumer satisfaction trends?

Yes, for satisfaction and better improvement.

Principle 6 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) The company recycles the scrap foam to re-bonded foam and does not dispose any to the environment

(b) the rubberized coir cuts are reused back to the mattress avoiding additional coir requirement or land fill.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) The reduction in foam scrap has increased the Yield reducing the requirement of raw material

(b) the coir cuts were otherwise used as fuel / land fill which has been avoided

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Company believes in sustainable sourcing and logistic solutions, today about roughly 10-15 % of our raw material are sourced in bulk. This eliminates wastage of packaging material and disposal concern and also the packaging of the goods is done as per the norms prescribed by the government.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. In terms of support, the Company is giving business to the small vendors and local communities in which the company operates. The Company is also spending on CSR projects specially focusing in the area in which local and small vendor communities are present and also closest to the production unit located across India.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Company does have a mechanism to recycle waste/scrap. Some scrap products of the Company like foam is converted into re-bonded/ chip foam and also coir trim waste is effectively used for production of Coir Mattresses. EPE trim waste is recycled for production of fresh EPE products. The total percentage of recycling of the products and waste is 10-15%.

Principle 7 : Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company CSR team provides and promotes skill development and education to under privileged children. The Company had initiated the CSR project "Vidhya Ratna" during FY 22 & 23 to support the government schools going children under the age of 18 age to promote education and overall development.

Principle 8 : Business should respect, protect, and make efforts to restore the environment

1. Does the policy relate to Principle 8 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

It extends to the Subsidiaries and group companies.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company has installed Solar power plants at its factories for conserving energy. In addition, the Company has 3 Subsidiaries Viz. Sirar Solar Energies Private Limited, Sirar Dhotre Solar Private Limited and

Sevalal Solar Private Limited which produces clean energy addressing in its own small way global environmental issue of client change and global warming. For more details on conservation of energy Please refer the directors report.

3. Does the company identify and assess potential environmental risks?

Yes

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Same as point 2 above.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Same as point 2 above.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year

No

Principle 9 : Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 9? If yes details thereof

Yes. The programs are mostly implemented through the CSR arm of the Company. These include awareness programs, Swachh Bharat Campaigns, Skill Development Programs, Education to under privileged children program etc.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

As of now "in house CSR team" of the Company, monitors and coordinates with external NGOs / Trust / other organizations to undertake such programmes / projects. The Company had formed "KURLON KARE

FOUNDATION" to implement this going forward which is in transition.

3. Have you done any impact assessment of your initiative?

Not Applicable as per CSR Rules.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Company and its CSR team has incurred a sum of Rs. 1,35,27,470/- on CSR projects comprising of health & Education, protection of environment and employees volunteering through trust for promotion of health during the year under review. The Company also proposed to transfer a sum of Rs. 70,871/- to the Prime Minister relief fund towards its CSR obligation for FY 23 within the stipulated time as envisaged under the Act.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

The Company and its CSR team encourages all communities to adopt the development programs and it is observed that such programs are well received by community and supported throughout in a sustainable way.

32. Internal Financial Controls and Audit

Your Company has an adequate system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

The Company's internal control framework focus on strong governance, vigilant finance function and independent internal reviews. Risk evaluation exercise priorities risks facing the business, on the basis of which strategies are formulated. The Audit Committee periodically reviews and takes suitable actions for any deviation, observation or recommendation suggested by the internal auditor. The Company strives to follow the best practices in corporate governance. Well documented policies and procedures enable it to strictly adhere to all applicable procedures, laws, rules and statutes. Accounting Standards are strictly followed while recording transactions. A host of strategies are devised in addition to robust MIS systems, for real-time

reporting, so as to control expenses. Any variance from budgetary allocation is promptly reported and corrected to ensure strict compliance.

33. Annual Return

The Annual Return of the Company as on March 31, 2023 is available on the Company's website at www.kurlon.com.

34. Significant and Material Orders

There are no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

35. Secretarial Standards

The Company is in compliance with the Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2)

36. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWWA);

It is stated that the Company has constituted an Internal Complaints Committee and complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

37. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars, as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with

the Companies (Accounts) Rules, 2014, are enclosed as Annexure "F" to the Board's report.

38. Human resources and industrial relations

The Company believes that the quality of employees is the key to its success. In view of this, it is committed to equip them with skills, enabling them to evolve with technological advancements.

During the year, the Company organized various training programmes for its employees PAN INDIA on safety and awareness, inspection and quality control measures, preventive & predictive Maintenance, waste management, NPD, IR & HR Related, quality awareness, process control, Automation, ERT, customer orientation and skills.

The HR department of the Company was continuously in touch with employees to guide and solve problems. It created awareness regarding COVID-19 and educated employees about precautions. The Company conducted all interviews through telephone and video calls in reference to the need for social distancing. The Company's permanent employee strength stood at 502 as on 31st March, 2023.

39. Acknowledgements

The Directors express their appreciation to all employees of the various divisions for their diligence and contribution to Performance. The Directors also record their appreciation for the support and co-operation received from dealers, agents, suppliers, bankers and all other stakeholders. Last but not the least, the Directors wish to thank all shareholders for their continued support.

**For and on Behalf of the Board
For Kurlon Enterprise Limited**

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN : 00043298

Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853

Form AOC-2

((Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length

transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2023 are as follows;

Name of related party	Nature of relationship	Nature of Transactions	Duration of Contract	Salient Terms	Date of Board approval	Rs. in Lakhs
Kurlon Limited	Holding Company	Purchase of goods	Ongoing	as per BTA	26-04-2022	9,079.51
Kurlon Limited	Holding Company	Lease Rental	Running	as per agreement BTA	26-04-2022	2209.00
Metropolis Builders Private Limited	Entity significantly Influenced by Director(s) and his Relatives	Lease Rental	Running	as per agreement	26-04-2022	29.78
Jaibharat Mills Private Limited	Entity significantly Influenced by Director(s) and his Relatives	Lease Rental	Running	as per agreement	26-04-2022	6.00
Jayamahar Trade & Investment Private Limited	Entity significantly Influenced by Director(s) and his Relatives	Lease Rental	Running	as per agreement	26-04-2022	22.94
Manipal Advertising Services Private Limited	Entity significantly Influenced by Director(s)	Advertisement Expenses	Running	as per PO	26-04-2022	668.26
Home Komfort Retail LLP	Entity significantly Influenced by Director(s) and his Relatives	Sale of goods	Running	as per PO	26-04-2022	391.84

Name of related party	Nature of relationship	Nature of Transactions	Duration of Contract	Salient Terms	Date of Board approval	Rs. in Lakhs
Starship Value Chain and Manufacturing Private Ltd.	Wholly Owned Subsidiary	Rental Income	Running	as per agreement	26-04-2022	4.11
Starship Value Chain and Manufacturing Private Ltd.	Wholly Owned Subsidiary	Freight & Warehouse Charges	Running	as per MOU	26-04-2022	7569.65
Manipal Travels (India) Private Limited	Entity significantly Influenced by Director(s) and his Relatives	Trave Expenses	Running	as per MOU	26-04-2022	247.28
Kurlon Retail Limited	Wholly Owned Subsidiary	Sale of goods and scheme Related expenses	Running	as per PO	26-04-2022	1383.53
Komfort Universe Products & Services Ltd	Wholly Owned Subsidiary	Sale / purchase of goods and scheme Related expenses	Running	as per PO	26-04-2022	144.40
Komfort Universe Products & Services Ltd	Wholly Owned Subsidiary	Advertisement & sales promotion Expense and travelling	Running	as per PO	26-04-2022	221.46
Belvedere International Limited	Wholly Owned Subsidiary	Sale / purchase of goods and scheme Related expenses	Running	as per PO	26-04-2022	614.52
Belvedere International Limited	Wholly Owned Subsidiary	Advertisement & sales promotion Expense	Running	as per PO	26-04-2022	39.13

Note : Transactions like payment of managerial remuneration and Dividend are as per the terms approved by the shareholders. Transactions pertaining to capital advance, security deposit, legal and professional fees, trade receivable, advances are also entered in the ordinary course of business at an arm's length basis as per business requirements of the Company.

FORM AOC - 1

Statement containing salient features of the financial statement of Subsidiaries / associate companies / joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part A : Subsidiaries

(Information in respect of each subsidiary are presented with amounts in Lakhs)

Sl. No.	Particulars	Subsidiary 1	Subsidiary 2
1	Name of Subsidiary	KURLON RETAIL LIMITED	KOMFORT UNIVERSE PRODUCTS AND SERVICES LIMITED
2	Date of Incorporation	31-08-2012	18-01-2021
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA
5	Share capital	763.33	5.00
6	Reserves & Surplus	(2,595.70)	(386.47)
7	Total Assets	2,368.05	132.04
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	4200.42	513.51
9	Investments	-	-
10	Turnover/Income from operations	1,650.35	231.05
11	Profit/(Loss)before Tax	(1,236.38)	(9.07)
12	Provision for Taxation	2.46	-
13	Profit/(Loss) After Tax	(1,238.84)	(9.07)
14	Proposed Dividend	-	-
15	% of shareholding	100%	100%

Sl. No.	Particulars	Subsidiary 3	Subsidiary 4	Subsidiary 5
1	Name of Subsidiary	BELVEDORE INTERNATIONAL LIMITED	KANVAS CONCEPTS PRIVATE LIMITED	STARSHIP VALUE CHAIN AND MANUFACTURING PRIVATE LIMITED
2	Date of Incorporation	21-12-2020	22-09-2020	09-10-2020
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA
5	Share capital	5.00	1.00	0.50
6	Reserves & Surplus	(137.74)	(113.84)	787.69
7	Total Assets	271.71	82.37	4780.91

Sl. No.	Particulars	Subsidiary 3	Subsidiary 4	Subsidiary 5
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	404.45	195.21	3992.72
9	Investments	-	-	-
10	Turnover/Income from operations	786.84	39.42	10530.86
11	Profit/(Loss)before Tax	(101.33)	(4.76)	459.17
12	Provision for Taxation/Deferred	(1.48)	(4.12)	216.81
13	Profit/(Loss) After Tax	(99.85)	(0.64)	242.36
14	Proposed Dividend	-	-	-
15	% of shareholding	100%	100%	100%

Sl. No.	Particulars	Subsidiary 6	Subsidiary 7	Subsidiary 8
5	Name of Subsidiary	SEVALAL SOLAR PRIVATE LIMITED	SIRAR DHOTRE SOLAR PVT LTD	SIRAR SOLAR ENERGIES PVT LTD
2	Date of Incorporation	22-06-2016	21-10-2016	25-10-2016
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA
5	Share capital	5.00	5.00	5.00
6	Reserves & Surplus	(85.80)	(80.47)	(101.87)
7	Total Assets	51.52	265.22	198.58
8	Total Liabilities (Excluding Share capital & Reserve & Surplus)	132.32	340.69	295.45
9	Investments	-	-	-
10	Turnover/Income from operations	38.06	55.64	35.50
11	Profit/(Loss)before Tax	(42.59)	(121.75)	(138.40)
12	Provision for Taxation	(1.46)	5.06	(4.33)
13	Profit/(Loss) After Tax	(43.32)	(116.70)	(134.07)
14	Proposed Dividend	-	-	-
15	% of shareholding	93.80%	93.80%	93.80%

Notes :

- Names of subsidiaries which are yet to commence operations – None
- Names of subsidiaries which have been liquidated or sold during the year – None

Part "B": Associates and Joint Ventures – NOT APPLICABLE

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN : 00043298

Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853

Date : 29-08-2023
Place : Bangalore.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Kurlon Enterprise Limited (hereinafter "Company") believes that good corporate governance is process in directing and controlling the affairs of the Company in a systematic and efficient manner and helps in achieving the goal of maximizing value of Company's stakeholders in a sustainable manner. Company's Governance framework is built on transparency, integrity, ethics, honesty and accountability as core values, and the management believes that practice of each of these creates the right corporate culture fulfilling the purpose of Corporate Governance. It is not mere compliance of laws, rules and regulations, but also the application of best management practices and adherence to the highest ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility. Above all, it is a way of life, rather than merely a legal compulsion.

Our corporate governance is a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance of the Company.

Your Company's philosophy on the Code of Governance is based on the belief that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built. Good Corporate Governance is indispensable to resilient and vibrant stakeholders value and is, therefore, an important instrument of investor protection as well. Your Company lays great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business. To maintain reliability and transparency of management, by implementing fair and efficient corporate practice that reflects the true spirit of the organization's philosophy.

However, your Company is not a listed company hence it is not bound to comply with the requirements of Corporate Governance stipulated in the Securities

and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Company recognizes that good Corporate Governance is a Continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders. The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

2. BOARD OF DIRECTORS

I. Composition & Category of Directors;

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. Your Company has an engaged and well informed Board with qualifications and experience in diverse areas. The Board composition is in conformity with the Companies Act, 2013 ('the Act'). The Board comprises with highly qualified members possessing required skills, expertise and competence in making effective contributions towards the growth of the company.

The Board of Kurlon Enterprise Limited consists of eminent persons with optimum balance of Executive, Non-Executive and Independent Directors, having professional expertise, qualification and valuable experience in their respective areas of specialization and bring a wide range of skills and experience to the Board.

The Chairman of the Board is the Executive Director and provides vision and leadership for achieving the approved strategic plan and business objectives with support of other board members and Chief Executive Officer ("CEO"). The Managing Director presides over the Board and the Shareholders' meetings. The Board further confirms that in its opinion, the independent directors fulfil the conditions specified in the Companies Act, 2013 and are independent from management.

While appointing new Directors on the Board, the Nomination and Remuneration Committee of the Board considers the qualifications, positive attributes and independence as per the criteria laid down in that behalf and makes its recommendation to the Board for its consideration.

As on the date of this report the Board comprises of 5 (Five) Directors, which include 2 (Two) Non-Executive

Independent Directors, 1 (One) Executive Director, 2(Two) Non-Executive Directors including one women Director.

The Board, inter-alia, provides leadership, strategic guidance, objective and independent view / judgment to the Company's management. The Board meets at regular intervals for planning, assessing and evaluating all important business. The Board members are updated from time to time, on the Company's procedures and policies as per the familiarization program devised in that behalf by the Company.

None of the Board of Directors of the Company is a member on more than 10 committees or Chairman of

more than 5 committees, across all the listed / public limited Companies in which he / she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

II. Attendance at the Board meeting, last Annual General meeting and number of other Directorships and chairmanships / memberships of committees of each Director in various Companies.

Membership and Chairmanship of all Directors who are on various Committees, the composition of the Board and the number of outside Directorship and Committee position as held by each of the Directors during the financial year ended 31st March, 2023 are as follows: -

Name of Director Designation / Category	No of Board Meetings attended during the F.Y. 2022-2023	Whether attended AGM held on 28-12-2022	No. of Directorships held in other Companies*	No. of Membership / Chairmanship in other Board Committee(s)**	
				Chairman	Member
Mr. T. Sudhakar Pai Managing Director Executive	7	Yes	7	-	2
Mrs. Jaya S. Pai Non-Executive Director	8	Yes	4	2	4
Sri. S. Nagarajan Non-Executive Independent Director	8	Yes	3	2	6
Sri. H. N. Shrinivas Non-Executive Independent Director	8	Yes	2	4	4
Mr. Vishal Tulsyan*** Nominee Director, Non-Executive	1	No	2	-	3
Mr. Jamsheed M Panday**** Non-Executive Director	3	Yes	6	-	4

* Directorships held in Private Limited have been excluded. Directorship in all Public Limited entities including Kurlon Enterprise Limited are Shown.

** Memberships / chairpersonships of Audit Committee, CSR, NRC and Stakeholders' Relationship Committee in all public limited Companies including Kurlon Enterprise Limited have been considered.

*** upto 01-09-2022

**** w.e.f. 01-09-2022

III. Meetings;

Eight (8) Board Meetings were held during the year ended 31st March, 2023 i.e. on 26.04.2022, 01.06.2022, 04.06.2022, 19.08.2022, 01.09.2022, 28.11.2022, 08.02.2023 and 30.03.2023 respectively.

The gap between any two meetings did not exceed one hundred and twenty days. A meeting of the Independent

Directors was held on 04.06.2022 and inter-alia, discussed on matters pertaining to performance review of the Board, Chairman and Non-Independent Directors.

IV. Disclosure Regarding Appointment & Re-appointment of Directors in the ensuing AGM

Details of directors seeking appointment / reappointment at the ensuing annual general meeting

are provided in Annexure "A" annexed to the notice of AGM.

3. AUDIT COMMITTEE

a. Terms of Reference

The Audit Committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with Section 177 of the Act and is reviewed from time to time.

The terms of reference of the Audit Committee inter- alia includes the following:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- To discuss and review with the management the annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- To review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- To discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- To hold timely discussions with the statutory auditors regarding critical accounting policies and practices and significant financial reporting issues and judgments made.
- To recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- To review and monitor the auditor's independence, qualification and performance and effectiveness of audit process.
- To review with the management, performance of the statutory and internal auditors.
- To review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems, including the structure of the internal audit

department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.

- To evaluate internal financial controls and risk management systems.
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- To discuss any significant findings with internal auditors and follow-up thereon.
- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- To look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- To approve transactions, including any subsequent modifications, of the Company with related parties.
- To review and monitor the statement of use and application of funds raised through public offers and related matters.
- To review the functioning of the Whistle Blower/Vigil mechanism.
- To review the effectiveness of the system for monitoring compliance with laws and regulations and oversee compliance with legal and regulatory requirements.
- To approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

b. Composition & Attendance during the year

The Audit Committee of the Company have been constituted in accordance with the provisions of Section 177 of the Act. All members of the Committee including its chairperson are financially literate, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of Meetings attended by the Directors during the year are given below:

Name of the Member	Designation	No. of meetings during the year 2022-23	
		Held	Attended
Sri. S. Nagarajan, Chairman	Non-Executive Independent Director	5	5
Sri. H. N. Shrinivas, Member	Non-Executive Independent Director	5	5
Mr. T. Sudhakar Pai, Member	Managing Director, Executive	5	4
Mr. Vishal Tulsyan, Member*	Nominee Director, Non-Executive	5	-
Mr. Jamsheed M. Panday**	Non-Executive Director	5	2

* Upto 01-09-2022

** w.e.f. 01-09-2022

Five (5) Audit Committee Meetings were held during the year ended 31st March, 2023, i.e., on 26.04.2022, 19.08.2022, 28.11.2022, 08.02.2023 and 30.03.2023. The gap between any two meetings did not exceed one hundred and twenty days and necessary quorum was present at all meetings.

The Committee relies on the expertise and knowledge of the management, the internal auditor and the statutory auditor, in carrying out its oversight responsibilities. It also uses external expertise, if required. The management is responsible for the preparation, presentation and integrity of the Company's financial statements, including consolidated statements, accounting and financial reporting principles. The management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal controls.

The Chairperson of the Audit Committee attended the last Annual General Meeting of the Company held on 28th December, 2022. The Company Secretary acts as secretary to the meeting.

4. NOMINATION AND REMUNERATION COMMITTEE

a. Term of reference;

The terms of reference of the Committee broadly cover the

matters specified for the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee has been entrusted with the following responsibilities;

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and

Recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other senior management;

- Formulation of criteria for evaluation of performance of independent directors and the board of directors;

- To carry out evaluation of every Director's performance;

- To devise policy on Board diversity;

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or notification as may be applicable.

b. Composition and Attendance during the year

The Composition of the said Committee and details of meetings attended by the Directors are given below:

Name of the Member	Designation	No. of meetings during the year 2022-23	
		Held	Attended
Sri H N Shrinivas, Chairman	Non-Executive Independent Director	2	2
Sri. S Nagarajan, Member	Non-Executive Independent Director	2	2
Mrs. Jaya S. Pai, Member	Non-Executive Director	2	2
Mr. Vishal Tulsyan*, Member	Nominee Director, Non-Executive	2	-
Mr. Jamsheed M Panday** Member	Non-Executive Director	2	-

*upto 01-09-2022

**w.e.f. 01-09-2022

The constitution and composition of the Committee thus satisfy the requirements of Section 178 of the Act. The Committee during the financial year 2022-23, met on 04.06.2022 & 01.09.2022. The Chairman of the Nomination and Remuneration Committee attended last Annual General Meeting of the Company held on 28th December, 2022. The Company Secretary acts as secretary to the meeting.

c. Remuneration policy:

In view of the requirement of the provision of section 178 of Companies Act, 2013, the NRC has suitably framed and implemented remuneration policy of the Company to keep pace with the business environment and market linked positioning. The NRC takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages for Directors, Key managerial personnel and Senior Management which are designed based on the following set of principles:

- Aligning Key Executive and Board remuneration with the longer term interests of the Company and its shareholders;
- Minimize complexity and ensure transparency;
- Link to long term strategy as well as annual business performance of the Company;
- Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- Reflective of line expertise, market competitiveness so as to attract the best talent.

Remuneration paid to Executive Directors & KMP(s)

As per the remuneration policy the remuneration paid to Executive Directors is recommended by the NRC and approved by the Board in the Board Meeting, subject to the subsequent approval by the shareholders at the General Meeting and such other authorities, as the case may be.

At the Board meeting, only the Non-Executive and Independent Directors vote in approving the remuneration

paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the provisions of Section 197, 198 and Schedule V of the Act. The remuneration structure comprises of Basic Salary, Commission, Perquisites if any and Allowances, Contribution to Provident Fund and other funds as per company policy. The term of appointment of Executive Directors is 5 (five) years.

5. SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE OR STAKEHOLDERS' RELATIONSHIP COMMITTEE

a. Terms of Reference

The Committee, inter-alia, approves issuance of duplicate share certificates as well as oversees and reviews all matters connected with the securities transfer, transmission, nomination, dematerialization and rematerialization including redressing grievances related thereto, allotment of shares and to review from time to time overall working of the secretarial department/RTA of the Company relating to the shares/securities. The Committee also considers redressing of shareholder's complaints relating to non-receipt of notices/annual reports and dividends etc.

b. Composition and Attendance during the year;

During the financial year ended 31st March, 2023 the Committee met 2 times on 04.06.2022 and 01.09.2022. The necessary quorum was present at all meetings. The Company Secretary of the Company acts as the secretary to the meeting. The Chairman of the Committee attended last Annual General Meeting of the Company held on 28th December, 2022. The constitution of the Committee is in compliance with section 178 of the Act.

The composition of the SRC and the details of the Meetings attended by the Directors during the year are given below:

Name of the Member	Designation	No. of meetings during the year 2022-23	
		Held	Attended
Sri. H. N. Shrinivas, Chairperson	Non-Executive Independent Director	2	2
Sri. S. Nagarajan, Member	Non-Executive Independent Director	2	2
Mr. T. Sudhakar Pai, Member	Managing Director, Executive	2	2
Mr. Vishal Tulsyan, Member*	Nominee Director, Non-Executive	2	-
Mr. Jamsheed M. Panday** Member	Non-Executive Director	2	-

*upto 01-09-2022

**w.e.f. 01-09-2022

c. Details of investor complaints received, redressed and pending during the financial year ended 31st March, 2023;

Opening Balance	Received	Resolved	Closing balance
Nil	Nil	Nil	Nil

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ("CSR" COMMITTEE)

a. Term of reference

The terms of reference of the CSR Committee cover the matters specified for CSR Committees under Section 135 of the Companies Act, 2013 read with read with Companies (Corporate Social Responsibility) Rules, 2014 which includes to Formulate and recommend to the Board, a Policy on CSR, indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Act, to recommend the amount to be spent on the CSR activities or Monitor the Company's CSR Policy periodically or to oversee the Company's conduct with regard to its Corporate and societal obligations and its reputation as a responsible

corporate citizen and such other matters and functions as may be prescribed from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The Annual Report on CSR activities for the year 2022-23 is annexed as an Annexure F forms a part of the Board's Report.

b. Composition and Attendance during the year;

The Corporate Social Responsibility Committee of the Board ("CSR Committee") has been constituted pursuant to the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014.

The composition of the CSR Committee and the details of the Meetings attended by the Directors during the year are given below:

Name of the Member	Designation	No. of meetings during the year 2022-23	
		Held	Attended
Mrs. Jaya S Pai, Chairperson	Non-Executive, Director	4	4
Sri. S Nagarajan, Member	Non-Executive, Independent Director	4	4
Sri. H N Shrinivas, Member	Non-Executive, Independent Director	4	4
Mr. Vishal Tulsyan, Member*	Nominee Director, Non-Executive	4	-
Mr. Jamsheed M Panday** Member	Non-Executive Director	4	2

*upto 01-09-2022

**w.e.f. 01-09-2022

The CSR Committee met 4 (Four) times during the FY 2022-23 as at 26.04.2022, 19.08.2022, 08.02.2023 & 27.03.2023 respectively. Mrs. Jaya S Pai acts as the Chairperson to the meeting and the Company Secretary acts as secretary to the meeting.

7. RISK MANAGEMENT COMMITTEE ("RMC")

The Company has constituted a Risk Management Committee for effective risk assessment and minimization procedures which are reviewed by the members periodically. The procedures comprise of an in-house exercise on Risk Management carried out periodically by the Company; including the functioning of a structure to identify and mitigate various risks faced by the Company from time to time. The structure also

comprises of risk identification and assessment by the concerned departments, identification of controls /mitigation process in place, updating of Risk registers by various departments, if required. The RMC deliberates extensively on the structure and identifies risks to ensure timely actions.

a. Term of reference;

The terms of reference of the RMC inter-alia includes the following:

- managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;

- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management managing risk;
- providing management with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks; and

- Regularly reporting to the Board on the status of material business risks.

b. Composition and Attendance during the year;

The composition of the RMC and the details of the Meetings attended by the Directors during the year are given below:

Name	Designation	No. of meetings	
		Held during the Year	Attended
Mr. T Sudhakar Pai, Chairperson	Managing Director, Executive	2	2
Sri. S. Nagarajan, Member	Non- Executive, Independent Director	2	2
Mr. Abhilash Kamti, Member	Chief Financial officer ("CFO")	2	2

The RMC Committee met twice during the year, on 04.06.2022 & 08.02.2023 respectively. Necessary Quorum was present throughout the meetings and Mr. T Sudhakar Pai acts as the chairperson to the meeting and Company Secretary acts as secretary to the meeting.

8. GENERAL BODY MEETINGS

A. The particulars of day, date, time, venue special resolutions passed, if any, in last three Annual General Meetings of the Company are given below:

Year	Particulars of the AGM	Day, date and Time	Venue	Summary of special resolution(s) passed if any,
2022	11TH AGM	Wednesday 28-12-2022 11.30 A.M.	Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)	Re-appointment of Sri T Sudhakar Pai as Managing Director of the Company for a further period of 5 years
2021	10TH AGM	Thursday 25-11-2021 11.30 A.M.	Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)	No Special Resolution
2020	9TH AGM	Tuesday 20.10.2020 11.30 A.M.	Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)	No Special Resolution

B. Extra ordinary General Meeting

There was No EoGM held during the year.

C. Postal Ballot

The Company has passed the following special resolution through postal ballot on October 27, 2022.

"Adoption of new set of Articles of Association (AOA) of the Company"

9. Reconciliation of Share Capital Audit

As stipulated by Companies Amendment Act, a qualified

Practicing Company Secretaries/ Chartered Accountants carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every half yearly and the report thereon is submitted to the Registrar of Companies Mumbai.

10. Disclosures

A. Related Party Transactions

During the financial year ended 31st March, 2023 there are no materially significant related party transactions,

which have potential conflict with the interest of Company at large. Related party transactions entered during the financial year under review are disclosed in the notes to the audited financial statements of the company for the financial year ended 31st March, 2023. These transactions entered were at an arm's length basis and were in the ordinary course of business.

B. Disclosure of accounting treatment in preparation of Financial Statements

In the financial statements for the year ended 31 March, 2023, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

C. Management Discussion and Analysis Report.

The management discussion and analysis report is provided as annexure to the Directors Report.

D. Details of non-compliance with regard to capital market.

Your Company is not listed hence it is not required to give any disclosure under this heading.

E. Whistle-Blower Policy / Vigil Mechanism

The Company has adopted a Whistle Blower Policy, to

provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

F. Risk management Framework.

The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews through Risk Management Committee to ensure that critical risks are controlled by the management. The details of the Risk Management Committee are provided elsewhere in this Report and details of Risk Management Framework are provided in Director's Report.

11. GENERAL SHAREHOLDERS INFORMATION

A. Annual General Meeting

Day & Date	Time	Venue
Friday, 29.09.2023	11.30 A.M.	Venue- E - Meeting, through video Conference (VC) or other Audio visual Means (OAVM).
		Registered office shall be deemed venue for AGM

B. Dates of Book Closure

The share transfer book and register of members of the Company will remain closed from 23.09.2023 to 29.09.2023 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

C. Dividend Payment Date

The Board of Directors of the Company at their duly convened Board meeting held on August 29, 2023 has recommended final dividend of Rs. 2.00/- (i.e 40 %) {Previous year Rs. 0.50 (i.e. 10%), the total outflow towards dividend on equity shares for the year would be Rs. 731.04 Lakhs (Previous year Rs. 182.76 Lakhs). The dividend payout is subject to the approval of shareholders at the ensuing annual general meeting and shall be subject to deduction of income tax at source at

applicable rates. The dividend once approved, shall be paid to those shareholders whose name appear on the register of members of the Company as on the cut-off date as on 22.09.2023.

D. Listing on Stock Exchanges:

Shares of the Company are not listed on any stock exchange.

Payment of Depository Fees

Annual Custody/Issuer fee for the year 2022-23 has been paid by the Company to CDSL & NSDL.

E. Registrar and Share Transfer Agent & Share Transfer System:

M/s. Purva Shareregistry (India) Private Limited is the Registrar and Share Transfer Agent for the shares of the Company in both physical as well as electronic modes.

The Company has authorized the Registrar and Transfer Agent to approve and execute transfer and transmission of shares. All correspondence with regard to share

transfers and matters related therewith may directly be addressed to the Registrar and Share Transfer Agents at the address given below:

Particulars	Purva Shareregistry (India) Private Limited
Contact Person	Mrs. Purva Shah/ Mr. Rajesh Shah
Address	9, Shiv Shakti Ind. Estt. J. R. Boricha Marg, Lower Parel (E), Mumbai - 400 011.
Phone Nos.	+91-022-2301-6761/2518
Email ID	support@purvashare.com

F. Distribution of Shareholding as on 31st March 2023:

Slab of Shareholding (no. of equity share)	No. of Shareholders	% of total	No. of shares held	Nominal Value (in Rs.)	% of Shareholding
0-100	726	36.03	35938	179690	0.1
101-200	367	18.21	56301	281505	0.15
201-500	412	20.45	138237	691185	0.38
501-1000	248	12.31	182301	911505	0.5
1001-5000	201	9.98	422919	2114595	1.16
5001-10000	35	1.74	241785	1208925	0.66
10001-100000	21	1.04	454273	2271365	1.24
100001 and above	5	0.25	35020507	175102535	95.81
Total	2015	100.00	36552261	182761305	100.00

G. Categories-wise list of Shareholders

Category	No. of Shareholders	% of Shares	Total
Individual Promoters	2	0.00	2994
Corporate Promoter	2	94.66	34602375
N.R.I (Repat & Non-repat)	56	0.52	188206
Bodies Corporate	35	0.18	63796
Clearing Members	4	0.05	17460
LLP	7	0.02	8245
Individuals	1831	4.15	1515120
Trust	1	0.00	283
Hindu Undivided Family	75	0.10	36662
Foreign National	1	0.32	116986
NBFC registered with RBI	1	0.00	134
Total	2015	100.00	36552261

H. Dematerialization of shares and liquidity:

Percentage of shares held in physical and dematerialized form as on 31st March, 2023:

Physical form : Nil
Electronic form with NSDL & CDSL : 100.00%

I. Factories Locations

All factories location is mentioned somewhere in this Report.

J. Address for Correspondence:

Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrants, loss of share certificates etc., and related grievances may be addressed to Purva Sharegistry (India) Private Limited (PURVA), Unit: Kurlon Enterprise Limited or to the Company at.

Company Secretary

Kurlon Enterprise Limited,
N-301, 3rd Floor, Front Wing, North Block, Manipal Centre, 47, Dickenson Road, Bangalore - 560042.
E-mail: secretary@kurlon.com.

K. Transfer of unclaimed/unpaid amounts to the Investor Education and Protection Fund

Adhering to the various requirements as set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company would transfer to the IEPF Authority, as and when required, unclaimed dividend and/or shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more within the time frame as stipulated in IEPF Rules 2016. Details of unclaimed dividend or shares, if any, so far would be made available on the website of the Company at www.kurlon.com.

The Members who are yet to encash the earlier dividend(s) or dividend(s) warrants, if any, are advised to send requests to the Company at secretary@kurlon.com, in case they have not received / not encashed the Dividend or dividend Warrants for earlier financial years

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN : 00043298

Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853

Date : 29-08-2023
Place : Bangalore.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT
ECONOMIC SCENARIO AND OUTLOOK**

Global Economy

The global economy showed exceptional resilience, as evidenced by robust labour markets, substantial household consumption and business investments. The year 2022 brought along some tough winds, impacting the global economy's overall growth run. But despite all the challenges, it could not derail the economy from its growth trajectory and even showed optimism in the latter half of the year.

Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000-19) average of 3.8 percent.

The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017-19) levels of about 3.5 percent.

The balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 WEO. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation are plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing costs could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress.

INDIAN ECONOMY

In FY23 the Indian economy witnessed a 7.2% growth with the GDP touching USD 3.75 trillion mark. Currently, India is the fifth largest economy in the world after the USA, China, Japan and Germany. While manufacturing sector grew at 8.6%, the services sector grew at 8.8% in FY23.

The outlook for FY24 is muted given the global slowdown and recession worries. However, the strong domestic consumption could absorb some of the shocks. Private consumption in the country is already back to pre-pandemic levels. The International Monetary Fund (IMF)

expects India to grow by 5.9% in FY 2023–24 and by an average rate of 6.1% over the next five years.

Market Overview

Rise in income levels and health consciousness and growth in the real estate and hospitality sectors are major factors that accelerated the growth of the Indian mattress market. A visible shift has been observed in the consumers' perspective, where the main focus is on the comfort and functionality of the product. In line with the changing times, we at "Kurlon" have adopted innovative strategies to ensure customer satisfaction. It is expected to witness several new trends emerging in the mattress industry. The demand for customized and luxury mattresses is expected to increase, whereas companies may come up with new techniques to utilize their resources and technologies better. Mattresses are no longer considered as mere consumer durables, they are an indicator of the quality of life. The growth in the mattress market is largely led by factors, such as increased income levels and infrastructural developments, in terms of the increased number of residential units and hotels in the country. Demand for construction in both residential and institutional is growing in India, with the rising awareness regarding mattress types and brands. Among various sizes available, king size mattresses are the most preferred one, and comfort is the most important factor for their dominance in the market.

The Indian mattress market comprises Rubberized Coir, Spring Mattresses and PU Foam. Branded mattress players like Kurlon have seen an overall growth due to their constant efforts and investments to increase consumer awareness about premium and quality mattresses and development of retail infrastructure and marketing activities. Meanwhile, the introduction of Omni channel strategy by Kurlon is also expected to increase mattresses sales. Overall, the hospitality, healthcare and real estate sectors, introduction of customized mattresses catering to health-conscious customers, and greater offers and discounts offered by mattress companies will boost the growth of the industry. At present, there is a significant rise in the demand for various home furnishing products, such as mattresses, pillows, cushions and bed linens, on account of the increasing construction of residential complexes. Apart from this, due to the growing instances of back and posture-related problems caused by uncomfortable sleeping surfaces, there is widespread adoption of airbeds, waterbeds, foam-based, coir based and spring based mattresses that offer superior comfort

through even distribution of pressure and body weight. These mattresses can also be customized and aid in relaxing the spine while sleeping.

Our Business

Kurlon is the Mattress of India. Our motto is to have more and more people enjoying a happy and healthy life by using a Kurlon product.

For over 60 years, Kurl-on has been a symbol of comfort, trust, and healthy sleep for families across India. Our brand is built on a deep understanding of our customers and a commitment to providing them with the support they need for a good night's sleep. We believe that comfort is a right, not a luxury, and our goal is to make it accessible to everyone. Kurl-on's legacy began in 1962, when it was established as Karnataka Coir Products. In 1965, our first plant opened in Bangalore to produce rubberized coir mattresses, which quickly became synonymous with the brand. Over the years, we have expanded our product line to include foam and spring mattresses and entered the furniture and furnishings business. That's how Kurl-on became The Mattress of India. Our Brand Purpose is to continue delivering high-quality products and innovative sleep solutions that bring happiness and comfort to people's lives. With a focus on customer satisfaction, accountability, and a passion for what we do, we're working to help India sleep healthy and create a legacy of comfort for generations to come.

Kurlon is a leading mattress manufacturing company in India, it has now 3 different verticals in home furnishing such as Mattresses, Sofa & PU Foam. With 12 manufacturing plants across Karnataka, Orissa, Madhya Pradesh, Uttaranchal, and Gujarat and 50+ ASOs/Branches and over 4000 Plus active dealers, Kurlon has geographical presence across all cities in India (PAN INDIA) reaching consumers directly through various channels such as Exclusive counters (Company owned Company Operated Stores (COCO) and Franchisees (FOFO), Multi Brand Outlets, Large format retail outlets, etc. to millions of consumers every year and the numbers are growing. Kurlon supplies high ended premium quality products to its customers across India.

The Online segment is a key focus for the Company. The Company is targeting this segment through its own website i.e. www.kurlon.com as well as through e-marketplace partners.

Our Vision & Mission :-

Our Brand aim is to be the market leader through brand led

communication and products that bring about high consumer delight. Our goals for this historic brand are:

- Ensuring the comfort of Kurl-on is present in every household.
- Helping India sleep healthier.
- Spreading the message that the comfort of Kurl-on is for everyone.
- Innovating new and exciting ideas in the mattress and rest space.
- Expanding our legacy of comfort to new generations.
- Thereby delivering exponential growth and maximized wealth, for the channel and stakeholders, in a socially responsible way.

Financial Overview

For FY23, the Company's total revenue (standalone) was pegged at ₹ 84,952.89 Lakhs, a growth of 8.65% against last year whereas Loss for the year (before other comprehensive Income / Loss) for FY 23 stood at ₹ 1,317.45 Lakhs as compared to Profit of ₹ 357.96 Lakhs during last year. Net Loss after tax and other comprehensive Income for FY 23 stood at ₹ 1,348.92 Lakhs as compared to Net Profit of ₹ 245.96 Lakhs. This loss is merely due to impairment of loans and advances given to subsidiary Companies.

On a Consolidated basis, the Company's total revenue was pegged at ₹ 85,889.51 Lakhs, a Growth of 8.02 % against the last year revenue of ₹ 80,880.19 Lakhs. Whereas Profit after tax and other comprehensive income increased from a loss of Rs. 665.70 Lakhs to Profit of Rs. 1,029.27 Lakhs.

The financial results of the company have been impacted due to various transformation programs carried out. We expect that in coming year these decisions will positively impact the financial results of the Company.

Outlook On Future Prospects, Opportunities, Threats, Risks And Concerns:-

Future Prospects & Opportunities

Despite the current challenges and temporary losses, the Company holds a significant advantage in the market with its 60-year legacy and positive historical growth. It is estimated that India's health and wellness market is expected to expand at a CAGR of 5.55% during 2023-2028. The company's total revenue of over 84952.89 Lakhs during the year underscores its established presence in the industry. While facing setbacks presently, the company's strong foundation and commitment to innovation place it in a favourable position for future

growth and success. The company's efforts to recalibrate its strategy indicate a proactive approach to addressing the current challenges. By synergizing operations and re-planning, the company aims to streamline processes, reduce inefficiencies, and enhance overall performance. This strategic revamp, positions the company to operate more effectively and capture new market opportunities. With a well-crafted strategy and commitment to excellence, the company can undoubtedly capitalize on its strengths and secure a successful future in the home furnishing industry.

Threats, Risks & Concerns

The ongoing inflationary pressures can significantly impact the company's profitability. Price hikes in raw materials, manufacturing, and transportation costs can erode profit margins and lead to increased product prices. Such price volatility can make customers more price-sensitive, affecting their purchasing decisions and loyalty to the brand. Consumer preferences within the home furnishing industry can be highly volatile. Changing trends, evolving lifestyles, and competitive offerings can swiftly alter customer preferences. The company needs to be agile in adapting to these changes, ensuring that its product offerings remain relevant and appealing to the target market.

Internal Control System & Adequacy

The Company has an adequate system of internal controls commensurate with the size and nature of business of the company designed to provide reasonable assurance that assets are safeguarded; transactions are executed in accordance with the management's authorization and properly recorded. Accounting records are adequate for preparation of financial statements and other financial information. Internal audit is conducted on a continuous basis to ascertain the adequacy and effectiveness of internal control systems. Their observations are reviewed by the senior management and the Audit Committee.

CSR Initiatives

Kurlon, since beginning, has been determined to focus on holistic development, including the growth of society as a

whole, particularly in the region of its operations. This is done with the aim to establish social license to operate and maintain a harmonious relationship with local stakeholders. For last two years, more focus has been given on expanding the CSR footprint in our operational areas along with meeting the expectations of the people. In doing so, our Major NGO partners, play a pivotal role in strategically planning and systematically executing our CSR initiatives. For more details on Corporate Social Responsibility at Kurlon, refer director's report.

Material Development In Human Resources:

Human capital being the most crucial asset of the company, the Company has to continue to invest in the development of its employees, which is very important for ensuring sustained high performance. The Company is in the process of strengthening and introducing a system that would enable employees to track their own progress as well as bring up issues that concerns them and the company for better performance. The company has put in place a feedback mechanism wherein each and every employee of the company can provide constructive feedback on their views on any activities pertaining to the company. The industrial relations continued to remain cordial throughout the year.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's intent, expectations or predictions may be "forward looking statements" within the meaning of applicable laws. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations, tax laws, natural calamities, litigation and industrial relations, economic developments within the country and other factors. The Company bears no obligations to update any such forward looking statement.

For and on Behalf of the Board For Kurlon Enterprise Limited

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN : 00043298

Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853

Date : 29-08-2023
Place : Bangalore.

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED: 31.03.2023

To,
The Members,
KURLON ENTERPRISE LIMITED,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KURLON ENTERPRISE LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2023 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KURLON ENTERPRISE LIMITED during the audit period for the financial year ended on 31.03.2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment Overseas Direct Investment and External Commercial Borrowings;

v. Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies the following laws / acts are also inter alia, applicable to the Company:

- a) The Environment (Protection) Act, 1986
- b) Water (Prevention and Control of Pollution), Act, 1974
- c) The Legal Metrology Act, 2009
- d) Air (Prevention and Control of Pollution), Act, 1981
- e) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Following observations were made during the audit :

The observation with respect to the FCGPR compliance pursuant to issue of Bonus shares remains the same.

I have not examined compliance by the Company with :

- a. Applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any during the period under review were carried out in compliance with the provisions of the Act.

The Company has appointed JAMSHEED MINOO PANDAY having DIN 00232768 as non-executive director on the board of the Company. Whereas Mr. VISHAL TULSYAN ceased to be a nominee director of the company w.e.f. August 30, 2022 due to his resignation, as the promoters of the company provided an exit to the erstwhile investors of the company.

Mr. T Sudhakar Pai was reappointed as Managing director of the company for a further period of 5 years in its last AGM held on December 28, 2022. w.e.f. September 1,

2022.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in accordance with the provisions of the Companies Act, 2013.

Pursuant to Section 139 of the Act and Rules made thereunder, the Company at its 10th AGM appointed M/s. S. R. Batliboi & Associates, LLP Bangalore (FRN: 101049W/E300004) as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 10th AGM until the conclusion of 15th AGM of the Company.

During the reporting year a dividend of Rs.2.00/share was

declared.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period

- a. There was no other event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For DEEPAK SADHU, COMPANY SECRETARIES

Sd/- DEEPAK SADHU

Authorized Signatory

ACS: 39541; CP No: 14992, Bangalore, Date : 17th July, 2023
UDIN : A039541E000625742, Peer Review Number : 2387/2022

ANNEXURE to the Secretarial Audit Report

To
The Members,
KURLON ENTERPRISE LIMITED

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed, provide are as on able basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For DEEPAK SADHU, COMPANY SECRETARIES

Sd/- DEEPAK SADHU

Authorized Signatory

ACS: 39541; CP No: 14992, Bangalore, Date : 17th July, 2023
UDIN : A039541E000625742, Peer Review Number : 2387/2022



CSR activities at Kurlon

At Kurlon, CSR activities are purposefully chosen to align with our vision and mission. We aim to direct our activities in diverse sectors in order to aid the overall development of the country. Using the Sustainable Development Goals as a guide, we work in different fields like environment, healthcare, education, and more.



Our CSR Vision:

To connect people and change lives.



Our CSR Mission:

To empower local communities to alleviate poverty by creating opportunities and a sustainable environment, thereby bringing joy and comfort.

Our CSR Values:



WE CARE
CONNECT
SHARE
RESPECT



CSR ACTIVITIES

KURLON COMFORT SLEEP INITIATIVE

The Kurlon Comfort Sleep Initiative started out as a means to support hospitals and patients during the Covid-19 pandemic by providing mattresses and quilts to hospitals. This initiative has grown to distribute Kurlon products to people and organisations that require them.

Shaktidhama Women Rehabilitation Centre, Mysore

Shaktidhama, a voluntary organisation in Mysore, is supported by actor Rajkumar's family. It provides shelter to rape victims, those rescued from prostitution, domestic violence, human trafficking, and destitute women. The women are given training in life skills to instil confidence. Around 4,000 women have benefited so far. Currently, there are 230 women inside the campus who are leading a meaningful life. This organisation was supported with 50 mattresses and 50 pillows. The formal handing over was done by our CPO Mr Ravi Prasad V, Zonal Manager of Karnataka Mr Sathish Shetty, and other staff of Kurlon.

KSR Trust, Bhubaneswar

KSR Trust in Bhubaneswar, Odisha works exclusively towards rehabilitating elderly people in their old age homes. We have supported this organisation with 25 mattresses and 25 pillows. The formal handing over was done by Mr Jyotirmaya Panda, Factory Head of Bhubaneswar along with other team members.

Sunbird Trust, Assam

We collaborated with Sunbird Trust in Assam and supported 6 schools where underprivileged students study with mattresses, pillows, and bed sheets. The beneficiaries included 660 underprivileged children.

A Special Csr Project In Collaboration With Sunbird Trust And The Indian Army

The last mile population of Assam, Nagaland, and Manipur were targeted through this project. It focused on supporting education and carrying out the Kurlon Comfort Sleep Initiative. Need identification of schools to be supported in the North-east was done by the Indian Army and coordinated by Sunbird Trust. Support to schools was provided by Kurlon, where hostels were provided with Kurlon products. 25 computers were provided for the students.





CSR ACTIVITIES



EMPLOYEE VOLUNTEERING

The Joy of Giving is originally an Employee Volunteering part of Kurlon founded by employees with the goal of empowering society. The aim of Joy of Giving is to bring employees together and contribute one day in a year towards social causes or projects. Here Kurlon as employers provide support and encouragement to enable employees to volunteer in the community. The areas of intervention included:

1. CSR Projects
2. Activities
3. Virtual volunteering
4. Celebration of Annual Events / Special days at Kurlon

The target beneficiaries include Kurlon employees pan India, dealers, customers, and other stakeholders.

Outcomes of the initiative

- Motivated employees.
- Employees connect with the community services.
- Brand recognition.

Cultural Encyclopedia World Diversity Day - 21st May 2022

46 employees created a cultural encyclopaedia shared through virtual volunteering among unprivileged children in NGOs pan India.



World Environment Day - 5th June 2022

Following the theme set by the United Nations, "Only one Earth", some major activities were carried out. These included:

- Plantation drives inside factory premises, communities, and government schools.
- Drawing competitions in government schools.



Volunteers participated: 245
Saplings planted: 245
Volunteering hours: 518



Visit to The Akshaya Patra Foundation Kitchen

Employee volunteers visited The Akshayapatra Foundation in Rajaji Nagar where they toured the kitchen facilities and learned about the operation and logistics of the world's largest midday meal provider for government schools. The volunteers also served hot lunch at the government high school in Saneguruvanahalli, Bengaluru and interacted with the children.



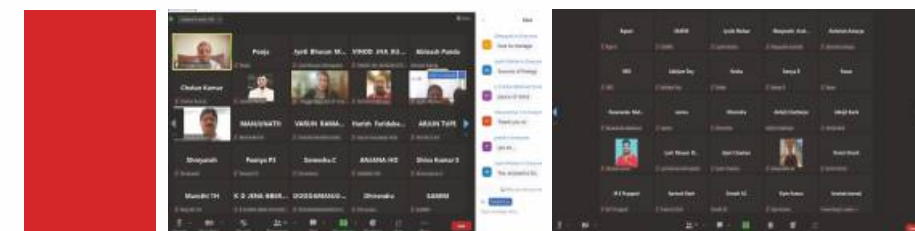
Cancer Awareness and Self-Detection Workshop 7th November 2022

The employees attend a virtual workshop where they learnt about the prevalence of different types of cancers and the importance of early detection. They were taught different self-detection techniques and tests to undergo for early detection.



Workshop on "Good to be Me"

In order to build employee morale and well-being, a virtual workshop was conducted and over 40 employees attended. Participants were taught techniques to remain positive in every situation. They also learnt breathing techniques to calm themselves easily.



Seed-Ball Making in Bhubaneswar

74 volunteers participated in the 'Seed Balls Making' activity which was organised at Bhubaneswar Factory, which is an initiative that works towards greening the environment. The aim of this activity was to make the employees aware of the environment and its conservation. They learnt how to make seed balls which are an efficient method of seed dispersal.



**Workshop on Sign Language,
International Day for Sign Languages
23rd September 2022**

71 employees participated virtually for a workshop on sign language. The participants learned basic sign language for interacting with People with Disabilities (PWDs).



Letters to Jawans, Independence Day Celebration

55 employees participated virtually for this activity conducted in honour of the jawans. Participants penned letters to jawans in local languages, expressing their gratitude for their service.



International Day for Yoga - 21st June 2022

In accordance with the theme set by the United Nations, "Yoga for Humanity", over 140 employees participated in the virtual event. A yoga workshop was conducted, engaging participants and aiding their wellbeing.



CSR ACTIVITIES

**SUPPORTING SCHOOLS WITH
SCIENCE LAB EQUIPEMNT (LAB IN CLASSROOM)**

Through this project, Kurlon aims to help children develop an interest in science. To ignite the students' minds, we are providing a kit of various learning-by-doing, easy-to-use science experiments, models, charts, books, etc. These kits are mapped with the syllabus of the state board of the respective states where we support the schools. We are training the teachers of the respective schools so that they can easily use the "Lab in a Classroom Kit". This project focuses on direct improvement in the learning outcomes of the students.

Currently, we are providing science lab equipment to three schools in Bangalore, aiding experimental learning and improving learning outcomes. The beneficiaries include 1059 students and 34 teachers in these 3 schools:

- Government High School, Hullegowdanahalli.
- Government Higher Primary School, Goraguntepalya North.
- Government Model Primary School, Tigalarapalya.

Outcomes of the project:

- Direct Improvement in Learning Outcomes.
- Development in scientific temperament.
- Development in an inquisitive mind, analytical skills, and spatial judgment.
- Development in logical thinking.
- Development in scientific skills like observation and measurement.



CSR ACTIVITIES

SAFE DRINKING WATER FOR GOVERNMENT PRIMARY SCHOOL

As a part of our CSR program "Safe Drinking Water Facilities for Government Primary Schools" we aim that schools and other establishments can offer pure and safe drinking water to all. Primary Schools, in particular, should ensure that clean and pure drinking water is available for students 24/7. This will help keep many health-related risks at bay. Most children have a sensitive immune system and as such, one can't stress enough about the importance of having safe drinking water in schools. Through this initiative Kurlon will address this issue by safeguarding 18 primary schools with safe drinking water facilities. We supported Girl's Govt. Primary School, Srirampuram, Bangalore with an RO system (50 Lph) capacity. This RO will provide pure and safe drinking water to approximately 200 students. The RO was handed over with a traditional ritual by our Head of People Immersion, Mrs Shilpi Saxena.

Outcomes of the intervention:

- Increased attendance due to less water borne diseases among students.
- Reducing student dehydration in schools has been associated with improved cognitive abilities.
- Boosting immune systems.



CSR ACTIVITIES

FOUNDERS' DAY CELEBRATION

Every year, in honour of our founder Mr Ramesh Pai, Founders' Day is celebrated. This day is utilised to give back to society and make a positive impact on people's lives. This Founder's Day, employees from across India visited different old age homes and orphanages in the month of October. More than 350 employees participated in this programme. They celebrated with the members of the old age homes and orphanages and enjoyed the day with them. The value of time spent with these communities goes beyond measure, as it brings happiness and warmth to their lives, creating lasting memories for both the employees and the beneficiaries.



1. Composition of CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Jaya S Pai	Chairperson, Non-independent Non-Executive Director	4	4
2	Sri. Sivaramakrishnan Nagarajan	Member, Independent, Non-Executive Director	4	4
3	Sri H.N. Shrinivas	Member, Independent, Non-Executive Director	4	4
4	Mr. Vishal Tulsyan*	Member, Nominee Non-Executive Director	4	-
5	Mr. Jamsheed M Panday**	Member, Non-Executive Director	4	2

*upto September 1, 2022

** w.e.f. September 1, 2022

2. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company

Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company at www.kurlon.com

3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8

of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable

4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any are as follows;

Sl. No.	Financial Year	Amount available for set off from preceding financial years (in Rs.)	Amount required to be set off for the financial year, if any (in Rs.)
1	2021-22	7,97,286*	-
	Total	7,97,286	-

* being the amount spent in excess during FY 22

5. Average Net Profit of the Company as per section 135(5);

Year	Amount (in Lakhs)
2019-2020	11,099.68
2020-2021	8,890.93
2021-2022	1,602.83
Total	21593.44
Average	7,197.81

6. Prescribed CSR Expenditure for FY 2022-23;

Particulars	Amount (in Lakhs)
a). Two percent of average net profit of the company as per section 135(5)	143.95
b). Surplus arising out of the CSR projects or programs or activities of the previous financial years.	-
c). Amount required to be set off for the financial year, if any	7.97
Total CSR obligation for the financial year (7a+7b-7c).	135.98

7. a). Amount proposed to transfer to any fund under Schedule VII as per second proviso to Section 135(5)

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,35,27,470/-	Nil	Nil	PMRF	70,871/-	On or before 30.09.2023

b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project. State. District.	Project Duration	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency
-	-	-	-	-	-	-	-	-	-	-

c) Details of CSR amount spent against other than ongoing projects for the financial year;

(1)	(2)	(3)	(4)	(5)	(8)	(10)	(11)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project. State. District.	Amount spent for the project (in Rs.).	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name CSR registration Number
1	Donation to the corpus of Trust	Clause I & II	Yes	Maharashtra Mumbai	37,60,000	Yes	NA NA

c) Details of CSR amount spent against other than ongoing projects for the financial year;

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes / No)	(5) Location of the project.		(8) Amount spent for the project (in Rs.).	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State.	District.			Name	CSR registration Number
2.	Promotion of health and Education	Clause I & II	No	Pan India	Pan India	94,15,408	Yes	NA	NA
3	Protection of environment	Clause IV	No	Pan India	Pan India	9,122	Yes	NA	NA
4	Employee Volunteering through Trust for promotion of health	Clause II	No	Pan India	Pan India	3,42,940	Yes	NA	NA
						1,35,27,470			

d) Amount spent in Administrative Overheads : NA

e) Amount spent on Impact Assessment, if applicable : NA

f) Total amount spent for the Financial Year (7b+7c+7d+7e) : Rs. 143.95 Lakhs*

g) Excess amount for set off, if any : Nil

***inclusive of adjustment of excess amount spent during FY 22.**

Particulars	Amount (in Lakh)
(i). Two percent of average net profit of the company as per section 135(5)	143.95
(ii). Total amount spent for the Financial Year	135.98
(iii). Excess/shortfall of CSR spent for the financial year [(ii)-(i)]	-
(iv). Surplus arising out of the CSR projects or programmes or activities of the previous financial years	7.97
(v). Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. a). Details of Unspent CSR amount for the preceding three financial years: None

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred any fund specified under Schedule VII per section 135(6), if any.			Amount remaining to be spent in succeeding Financial years (in Rs.).
				Name of the Fund	Amount (in Rs.).	Date of Transfer	
-	-	-	-	-	-	-	-

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): None

Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing.
-	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year. (asset-wise details). NOT APPLICABLE

(i). Date of creation or acquisition of the capital asset(s).	-
(ii). Amount of CSR spent for creation or acquisition of capital asset.	-
(iii). Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	-
(iv). Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	-

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Sd/-
T. Sudhakar Pai
Managing Director

Sd/-
Jaya S. Pai
Chairman of CSR Committee

In formation as per clause (m) of subsection 134 of the companies act, 2013 read with rule 8 of the Companies (Accounts) rules, 2014 and forming part of the director's report for the year ended March 31, 2020.

A. Conservation of Energy

The Company accords great importance to conservation

of energy. The Company is committed to optimizing use of energy in operations and also brings about continuous improvements in the efficiency of processes and products through use of energy efficient and renewable energy technology.

(i)	The steps taken or impact on conservation of energy	<p>BBSR Unit :</p> <ul style="list-style-type: none"> An energy monitoring system, known as e-watch online, has been implemented to enable real-time monitoring of electrical data and generation of energy reports via the internet. The new machine incorporates the leister heater technology and is equipped with an SCR power regulator for precise control of heating. <p>Spring Unit (Peenya-1) :</p> <ul style="list-style-type: none"> Installed 1 HP motor for long arm machine, instead of 2 HP motor. LED Fitting installed. 20 W LED Linear lights: 12 no. 12 W LED Linear lights: 12 no. 09 W LED Linear lights: 06 no. 72 W LED Linear lights: 06 no. Installed 25 HP VFD to the 25HP Screw compressor. Installed timer for Outside Light Fitting. <p>Jhagadia Unit :</p> <ul style="list-style-type: none"> All Street Light and plant roof light switching time is controlled by timer unit. Replaced 110 no. metal halide light fitting's by LED Lighting fittings. Temperature control system installed for material cooling in production area to reduce from 18 hrs. To 12 hrs. Boiler efficiency is maintained and monitored at 85% to get good specific fuel consumption <p>Sofa Unit (Dabaspert) :</p> <ul style="list-style-type: none"> Installed 9w LED fittings integrated with PIR base motion sensor for all restrooms. Economic friendly chemical are used to clean the solar panel. Installed EAPL-B1DCAX timer units for both 10 and 20 HP dust collector rotary air lock motor to avoid continuously running. LED fitting replaced: 150w metal halide light fitting's by 80w LED Lighting fittings: 5 no. <p>UTL Unit :</p> <ul style="list-style-type: none"> Installed 35 watts (8 no's) BLDC 5 star rating wall mounted fans in place of 70 watts wall mounted fans at Dinning hall. Installed 2.2 KW industrial AC with PID controller in place of 3 KW (2 no's) domestic AC's at MC room.
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		<ul style="list-style-type: none"> Installed 40 watts (8 no's) Flame proof LED lights in place of all 80 watts (6 no's) normal LED lights. An energy monitoring system, known as e-watch online, has been implemented to enable real-time monitoring of electrical data and generation of energy reports via the internet. <p>Foam unit (Dabaspert) :</p> <ul style="list-style-type: none"> Economic friendly chemical are used to clean the solar panel and also clearing schedule of solar panels is revised to 3 times a month. LED fitting replaced: 280w Mercury light fitting's by 80w LED Lighting fittings: 5 no. Replaced old 2 tire LT panel board with a fully protected LT panel with necessary modification. Replaced old 100KVAR manually controlled Capacitor bank by automatic power factor control panel to maintain the power quality. <p>Yeshwanthapur unit :</p> <ul style="list-style-type: none"> In the quilting section and foam section, replaced all the old GI air compressor lines with CPVC SDR 11 due to the extensive damage and significant air leakage in the GI lines. Replaced 20 no. 100 watt MH light fitting's by 80 watt LED Lighting fittings with necessary modification. Quilting Section, chipping machine section and bonded section: Replaced old polycarbonate sheets with new ones at specific locations for improved daylight visibility. All Washroom Motion Detectors: Installed for automatic light control. Rollator Machine : Installed load cells and modified PLC and HMI programming for weight / pressure measurement on the mattress. Vulcanizer Automation: Achieved automation and process parameter tracking through HMI and PLC installation Boiler efficiency is maintained and monitored at 92% to get good specific fuel consumption. <p>Combined all unit.</p> <ul style="list-style-type: none"> Automatic power factor control at the substation is effectively monitored on daily basis to achieve a 0.99 power factor and the same is reflected in the monthly electricity bill. Created awareness among employees about energy saving and ISO50001 energy management system by regular training. Achieved ISO 50001-2018 certification for its Energy Management System, demonstrating adherence to energy management standards and a commitment to efficient energy use.
(ii)	The steps were taken by the company for utilizing alternate sources of energy	<p>BBSR unit :</p> <ul style="list-style-type: none"> 1MWP solar plant is monitoring daily basis and analyses the generation, utilization and export. <p>Spring Unit (Peenya-1) :</p> <ul style="list-style-type: none"> 100 KW roof solar plant is monitoring daily basis and analyses the generation, utilization and export.

		<p>Sofa Unit (Dabaspet) :</p> <ul style="list-style-type: none"> 150 KW roof solar plant is monitoring daily basis and analyses the generation, utilization and export. <p>Foam Unit (Dabaspet) :</p> <ul style="list-style-type: none"> 300 KW roof solar plant is monitoring daily basis and analyses the generation, utilization and export.
(iii)	The capital investment on energy conservation equipment's	<p>BBSR Unit :</p> <ul style="list-style-type: none"> Invested 150000 INR on energy monitoring system Invested 1500000 INR on Low leister technology lamination machine. <p>Spring Unit (Peenya-1) :</p> <ul style="list-style-type: none"> Invested 1500 INR on 1HP Motor for Long arm machine Invested 40000 INR on LED Light Fittings Invested 45000 INR on VFD for the compressor <p>Sofa Unit (Dabaspet):</p> <ul style="list-style-type: none"> Invested 3000 INR on 9W PIR sensor LED Fittings Invested 15000 INR on Economically friendly chemical Invested 16000 INR o.n timer control unit. Invested 35000 INR on LED Light Fittings <p>Jhagadia Unit :</p> <ul style="list-style-type: none"> Invested 500000 INR on LED lighting fittings <p>UTL Unit :</p> <ul style="list-style-type: none"> Invested 25000 INR on LED lighting fittings. Invested 5000 INR on time unit. Invested 10000 INR on temperature control system <p>Foam Unit (Dabaspet) :</p> <ul style="list-style-type: none"> Invested 220000 on LT Panel and APFC Panel Invested 15000 on Economically friendly chemical Invested 30000 INR on LED Light Fittings <p>Yeshwantpur Unit :</p> <ul style="list-style-type: none"> Invested 30000 INR on New Compressor CPVC line for quilting section, bonds section and foam unit Invested 30000 INR on Poly carbonate roof sheets Invested 15000 INR on LED Light installation Invested 300000 INR on Vulcanizer automation Invested 200000 INR on Rollator Automation

B. Technology absorption

(i)	The efforts made towards technology absorption	<p>BBSR Unit :</p> <ul style="list-style-type: none"> A fire siren system has been equipped with an online UPS, enabling it to operate during power failures. Previously, the siren was not directly connected to the main power supply, but it has now been connected to secondary power through the UPS for continuous functionality. Installed overhead conveyor system. Upgrade CPU to latest version CPU of gribetz quilting machine. A new dust extraction system has been installed at the STR8 plant to enhance its efficiency and effectively minimize dust levels. <p>Spring Unit (Peenya-1) :</p> <ul style="list-style-type: none"> A 20 KVA UPS has been installed to provide backup power for the pocket assembler, Gribetz quilting machine. Installed 20 KVA voltage stabilizer for automatic tape edge machine. Installed new 24 V battery charges units to 125KVA Gensets. Automatic oil spraying system installed to MDC-80 bonnell coiler. <p>Foam (Dabaspet) Unit :</p> <ul style="list-style-type: none"> Installation of VCB for the HT line with all the safety features like Earth fault, overvoltage fault, short circuit fault, phase failure. Replacement of 2CT 2PT meter cubicle by 3CT 3PT meter cubicle for the better accuracy. Earlier security guards manually make sirens, so we have provided a timer based on the programmed so it will make siren automatically. Provided ant vibration pads for the pedestal dust exhaust machine. <p>Jhagadia Unit :</p> <ul style="list-style-type: none"> All street light junction box replace with IP66 for avoid water incoming inside junction box. DG area diesel filling pneumatic pump removed and manual pump fitted to remove and utilization of compressor in other area. Interlocking provided between DG and GEB power for safety purpose. Installed the Fire hydrant sprinkler line in the Packing and finishing section. Deigned and fabricated the foam joint machine for joining the peeled foam for looper machine. <p>Sofa Unit (Dabaspet) :</p> <ul style="list-style-type: none"> Installed new air dryer (ELRD-100CFM) to remove the moisture in the air line. Installed the Micro controller base digital fuel monitoring system for 125KVA DG. This accurately measures the net Consumption of the Engine and eliminate the manual calculation. Design and fabricated the Piping Folder for beading and piping cord for easy sewing and increase the productivity to 250 piece from 100 piece. Up-Down movement of pillar drilling machine is modified by using double acting pneumatic cylinder and now operate by one person instead of two person.
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		<p>UTL Unit :</p> <ul style="list-style-type: none"> Installed new 14kg/min capacity (2.2 KW) pump for color feeding in place of 7.5Kg/min (2.2 KW) capacity pump. Designed, fabricated and developed new Electric trolley. Modified pressing machine of bonded product into baling of up scrap. Avoided procurement of new baling machine and cost reduction on vehicles transportation. Indigenous development for mixer head spare parts such as Stirrer, Stirrer PINS and BUSH, Stirrer spindle, chamber and cone instead of importing. <p>Yeshwanthapur Unit :</p> <ul style="list-style-type: none"> Substation Earth Leakage Relay : Added new relay with 800mA setting and 10-second delay to detect earth leakage faults in the electrical system. Matpress-1 : Man coolers : Two overhead man coolers installed to cool hot unloaded pads and prevent pad fires, incorporating safety measures. Matpress-2 : Designed and installed pneumatic pusher unit for pad removal. Entrance TV Installation : Placed a TV above the entrance to display production and maintenance details, along with informative and motivational videos to enhance safety culture. Windsock Upgrade : Installed a new windsock with LED lights to improve nighttime visibility of wind direction. Bonded Section : Installed two turbo ventilators for natural air movement and to prevent suffocation. Indigenous Blade Development : Locally procured blade at 75% reduced cost. Mattress Inspection : New rotating table fabricated from old tape edge machine table. Trolley Tire Replacement : Tubeless tires standardized for all trolleys. Tape Edge Machine Tables : Converted into mattress movement trolleys with modifications. Platen Temperature Measurement : Trial installation of a ring-type thermocouple sensor with a temperature indicator. High-Temperature PTFE Belt : Installed on one platform of the pad trolley with necessary modifications.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	<p>BBSR Unit :</p> <ul style="list-style-type: none"> Safety improvement: Installed online UPS for fire siren as a backup in case of power failure upto 30 min. Overhead conveyor system ease material moment <p>Foam (Dabaspet) Unit :</p> <ul style="list-style-type: none"> Solar power generation yield improvement: With Economic friendly chemical used to solar panel cleaning is reduce corban formation on solar panel and improve the power generation efficiency from 55 to 75%. <p>Yeshwanthapura Unit :</p> <ul style="list-style-type: none"> Safety measures: Installed man cooler at matpress-1 to reduce the chance of fire of pads.

		<ul style="list-style-type: none"> Installed Load cells for the rollator machine for the better accuracy in the testing of matters. Installed PTFE Belt at Vulcanizer for easy moment of pads after the process is completed. <p>Sofa unit (Dabaspet) :</p> <ul style="list-style-type: none"> Solar power generation yield improvement: With Economic friendly chemical used to solar panel cleaning is reduce corban formation on solar panel and improve the power generation efficiency from 55 to 75%. Electromagnetic switch for Safety and foolproof system is ensured for the safety of workmen. The air drier system installed to avoiding the moisture in air line, is reduce the break down and spare cost of pneumatic staple guns. (From 0.5% to 0.1%). <p>Spring Unit (Peenya) :</p> <ul style="list-style-type: none"> Installed 20 KVA UPS for the backup power unit for the pocket assembler and quilting machine, by this breakdown of the machine is reduced. Install the automatic oil spray to avoid manual operations, Man power effective utilization. <p>UTL Unit :</p> <ul style="list-style-type: none"> Ease of SFG and FG Moment by providing new deigned and fabricated electric trolley.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	<p>BBSR Unit :</p> <ul style="list-style-type: none"> Gribetz quilting machine CPU imported from Gribetz, USA. Energy efficient steam recovery system from Armstrong International, Canada. HC 2500 quilting machine Motherboard with software imported from HC, China <p>Jhagadia Unit :</p> <ul style="list-style-type: none"> Electro pneumatic Brake system import from IPF System, Germany Blade Guide by F&K Company, Germany HMI imported by ladder burg company, Norway <p>Yeshwanthapur Unit :</p> <ul style="list-style-type: none"> SA330 quitting machine CPU from Foshan Yuantian Mattress Machinery Co., Ltd, China. Procured the spares for the tape edge from James Cash Pvt Ltd. Procured the Spares for the Paragon M+ Gribretz Quilting machine.
	(a) The details of technology imported	<p>BBSR Unit :</p> <ul style="list-style-type: none"> HMI installed for quilting machine. Heat exchangers with working pressure 3kg CPU mother board for Quilting Machine. <p>Jhagadia Unit :</p> <ul style="list-style-type: none"> Electro pneumatic Brake for foam lifting table Blade Guide for the looper machine HMI for foaming machine

		<p>Yeshwanthapur Unit :</p> <ul style="list-style-type: none"> Servo drive control unit for SA330 quilting machine. Spares for the tape edge. Spares for Quilting machine-2
(b) The year of import;	<p>BBSR Unit :</p> <p>Year 2020 Year 2021 Year 2022</p> <p>Jhagadia Unit :</p> <p>Year 2022 Year 2022 Year 2022</p> <p>Yeshwanthapura Unit :</p> <p>Year 2021 & Year 2022 Year 2022 Year 2023</p>	
(c) Whether the technology been fully absorbed	<p>BBSR Unit :</p> <ul style="list-style-type: none"> Yes, HMI installed for quilting machine. Yes, the heat exchangers have been installed at the tunnel drier Yes, the Mother board is installed for quilting machine <p>Jhagadia Unit :</p> <ul style="list-style-type: none"> Yes, Elect pneumatic Brake for foam lifting table Yes, Blade Guide for the looper machine Yes, HMI for foaming machine <p>Yeshwanthapur Unit :</p> <ul style="list-style-type: none"> Yes, the quilting CPU is installed on yuantian quilting machine. Yes, the tape edge spares have been installed. NO, but planned to install the Spares 	
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	<p>Yeshwanthapur Unit :</p> <ul style="list-style-type: none"> Quilting spares aren't installed, Planned for overhauling of machine. 	
(iv) The expenditure incurred on Research and Development	<p>BBSR Unit :</p> <ul style="list-style-type: none"> Invested 25000 INR on automatic pillow pack machine. Invested 10000 INR on cloth roll cutting machine <p>Spring Unit (Peenya) :</p> <ul style="list-style-type: none"> Invested 24000 INR on spray gun. 	

		<p>Sofa Unit (Dabaspet) :</p> <ul style="list-style-type: none"> Invested 25000 INR on Dust collector Bag Filter. <p>Jhagadia Unit :</p> <ul style="list-style-type: none"> Invested 50000 INR on the foam joint machine. <p>Yeshwanthapura Unit :</p> <ul style="list-style-type: none"> INR 300000 invested on the vulcanizer machine automation. INR 200000 invested on the rollator machine automation. INR 50000 Invested on the Mattress.
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C. Foreign Exchange Earnings and Outgo

(in Lakh)

	2022-2023	2021-2022
Total foreign exchange inflow	69.47	64.64
Total foreign exchange outflow	2564.77	1659.81

For and on Behalf of the Board For Kurlon Enterprise Limited

Date : 29-08-2023
Place : Bangalore.

Sd/-
(T. Sudhakar Pai)
Managing Director
DIN : 00043298

Sd/-
(H. N. Shrinivas)
Independent Director
DIN : 07178853

Report on the Audit of the **STANDALONE** Financial Statements

Opinion :

We have audited the accompanying standalone financial statements of Kurlon Enterprise Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive income/(loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income/(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 (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Information :

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the standalone financial statements and our auditor's report 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 and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income/(loss), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

Report on the Audit of the **STANDALONE** Financial Statements

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

Auditor's Responsibilities 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:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

- 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.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books except that the Company does not have server physically located in India for the daily backup of the books of account and other books and papers maintained in electronic mode.
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income/(loss), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

Report on the Audit of the **STANDALONE** Financial Statements

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

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

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

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;

(i) 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 – Refer Note 39 to the 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. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 46 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly

or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 46 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

v. As disclosed in note 15(g) to the standalone financial statements, the final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 15(g) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

Per Rajeev Kumar

Partner

Place : Bengaluru

Membership No.: 213803

Date : August 29, 2023

UDIN : 23213803BGXAML4710

Report on the Audit of the **STANDALONE** Financial Statements

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the Standalone Financial Statements of Kurlon Enterprise Limited.

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

(i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

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

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification to cover all the items in a phased manner over period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties of Free hold land included in property, plant and equipment are held in the name of the Company and in respect of immovable properties of land and buildings that have taken on lease and disclosed as Right-of-use assets in the standalone financial statements, the lease agreements are in the name of the Company.

(d) The Company has not revalued its property, plant and equipment or intangible assets (including Right-of-use assets) during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder as disclosed in Note 46 to the standalone financial statements.

(ii)(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory have not been noted during the physical verification by the management. There are no inventories lying with third parties.

(b) As disclosed in Note 21 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns / statements filed by the Company with such banks in respect of gross value of collateral security (excluding the impact of period end cut off adjustments) are in agreement with the books of accounts of the Company.

(iii)(a) During the year, the Company has provided loans, advances in the nature of loans to companies and other parties as follows:

Particulars	Loans (Rs. in Lakhs)	Advances in the nature of Loans (Rs. in Lakhs)
Aggregate amount granted/provided during the year		
- Subsidiaries	883.12	-
- Others	-	63.83
Balance outstanding(principal) as at March 31, 2023		
- Subsidiaries *	215.89	-
- Others	10.00	54.24

Report on the Audit of the **STANDALONE** Financial Statements

* The aforesaid Balance outstanding as at balance sheet date in respect of subsidiaries is net of provision made for doubtful recovery of loans given to subsidiaries amounting to Rs 2,973.75 lakhs. Also, refer note 8 and 9 in the standalone financial statements.

The Company has not provided Guarantees or securities to companies, firms, Limited Liability Partnerships or any other parties.

(b) During the year, the terms and conditions of the grant of loans to subsidiaries and advances in nature of loans given to other parties (i.e., employees) are not prejudicial to the Company's interest. Other than above, the Company has not made investments, not provided Guarantees or not provided securities to companies, firms, Limited Liability Partnerships or any other parties. Also refer note 8 and 9 in the standalone financial statements as regards to interest rate, accrual of interest and terms of repayment.

(c) The Company has granted loans and advances in the nature of loans during the year to companies or any other parties where the schedule of repayment of principal and payment of interest has been stipulated. Loans provided to subsidiaries are repayable on

demand along with interest and the Company has not demanded the same during the year. Also, refer note 8 and 9 in the standalone financial statements.

(d) There are no amounts of loans and advances in the nature of loans granted to companies or other parties which are overdue for more than ninety days. Also, refer note 8 and 9 in the standalone financial statements.

(e) There were no loans granted to subsidiary companies which had fallen due during the year. There were no loans or advance in the nature of loans granted to companies (other than subsidiaries) or other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties. Also, refer note 8 and 9 in the standalone financial statements.

(f) As disclosed in note 8 in the standalone financial statements, the Company has granted loans which are repayable on demand to subsidiary companies. Following are the details of the aggregate amount of loans granted to related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

	Related Parties (Amount Rs. lakhs)
Aggregate amount of loans/ advances in nature of loans - Repayable on demand (Gross amount)	3,189.64
Percentage of loans/ advances in nature of loans to the total loans	99.70%

Except for the above, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies or any other parties. Also, refer note 8 and 9 in the standalone financial statements.

(iv) The provisions of section 185 and 186 of the Act in respect of loans and investments have been complied with by the Company. There are no guarantees and security in respect of which provisions of sections 186 of the Act are applicable.

Also, refer note 8 and 9 in the standalone financial statements.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules

Report on the Audit of the **STANDALONE** Financial Statements

made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of mattresses and other products and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly

deposited with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount Disputed (Rs. in Lakhs)*	Period to which the amount relates to	Forum where Dispute is Pending
The Central Excise Act, 1944	Excise Duty	1,440.18	2011-14	Central Excise and Service Tax Appellate Tribunal
The Income Tax act, 1961	Income tax	1072.45	2017-18	Commissioner Of Income Tax (Appeals)
Goods and Services Tax Act, 2018	Goods and Services Tax	546.15	2017-18	Office of Deputy Commissioners of State Tax Jurisdiction, Mumbai, Gujarat, Uttarakhand and Pune
		5.37	2018-19	
		-	2020-21	
		0.40	2022-23	
Value Added Tax, Sales Tax and Entry Tax	Value Added Tax, Sales Tax and Entry Tax	24.97	2014-15	The Joint Commissioner - Commercial Taxes
		3379.28	2014-15	
		252.42	2015-16	
		382.14	2016-17	
		101.30	2017-18	

*net of Rs. 238.73 lakhs paid under protest.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year as disclosed in Note 46 to the standalone financial statements. Accordingly, the

requirement to report on clause 3(viii) of the Order is not applicable to the Company.

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

Report on the Audit of the **STANDALONE** Financial Statements

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

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associate or joint venture.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries companies. The company does not have any associate or joint venture.

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

(b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

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

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has

been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

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

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

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

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

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

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

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

Report on the Audit of the **STANDALONE** Financial Statements

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

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

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

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

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

(xix) On the basis of the financial ratios disclosed in Note 45 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, 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 exists as on the date of the audit

report 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)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 40 to the standalone financial statements.

(b) There are no ongoing projects and hence the requirement to report on clause (xx)(b) of the Order is not applicable to the Company. This matter has been disclosed in note 40 to the standalone financial statements.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

Per Rajeev Kumar

Partner

Place : Bengaluru

Membership No.: 213803

Date : August 29, 2023

UDIN : 23213803BGXAML4710

Report on the Audit of the **STANDALONE** Financial Statements

ANNEXURE '2' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KURLON ENTERPRISE LIMITED.

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

We have audited the internal financial controls with reference to standalone financial statements of Kurlon Enterprise 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.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

Report on the Audit of the **STANDALONE** Financial Statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

Per Rajeev Kumar

Partner

Place : Bengaluru

Membership No.: 213803

Date : August 29, 2023

UDIN : 23213803BGXAML4710

FINANCIAL Statements

To the Members of
Kurlon Enterprise Limited

Standalone Balance Sheet as at March 31, 2023

Particulars	Notes	₹ in Lakh	
		March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	18,585.69	20,706.94
Capital work-in-progress	4	98.26	398.26
Goodwill	5	2,103.16	2,103.16
Other intangible assets	5	129.77	263.75
Right of use assets	6	2,362.69	2,051.16
Financial assets			
Investments	7	1,785.57	1,785.57
Loans	8	215.89	2,614.36
Other financial assets	9	2,590.03	665.71
Income tax assets (net)	10	1,496.05	1,445.98
Other non-current assets	11	1,510.85	2,149.04
		30,877.96	34,183.93
Current assets			
Inventories	12	7,890.94	11,540.36
Financial assets			
Investments	7	1,602.30	10,710.91
Trade receivables	13	5,868.23	5,446.95
Cash and cash equivalents	14	214.01	147.50
Other bank balances	14	149.31	4,247.50
Loans	8	10.00	56.74
Other financial assets	9	15,568.74	158.79
Other current assets	11	10,180.13	6,056.71
		41,483.66	38,365.46
Total		72,361.62	72,549.39
Equity And Liabilities			
Equity			
Equity share capital	15	1,827.62	1,827.62
Other equity	16	45,982.34	47,514.47
		47,809.96	49,342.09
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	17	921.21	547.88
Other financial liabilities	18	5,781.90	5,361.77
Provisions	19	377.03	500.79
Deferred tax liabilities (net)	20	638.84	1,698.54
		7,718.98	8,108.98
Current liabilities			
Financial liabilities			
Borrowings	21	1,660.91	687.56
Lease liabilities	17	413.24	454.78
Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,714.21	11,314.77
Other financial liabilities	18	917.38	1,085.21
Provisions	19	632.68	531.21
Other current liabilities	23	668.18	669.34
Liabilities for current tax (net)	24	512.99	-
		16,832.68	15,098.32
Total		72,361.62	72,549.39
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Per Rajeev Kumar
Partner
Membership No.: 213803
Place : Bengaluru
Date : August 29, 2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN : 00043298
Jyothi Ashish Pradhan
Chief Executive Officer
Place : Bengaluru
Date : August 29, 2023
H. N. Shrinivas
Director
DIN - 07178853
Abhilash Padmanabh Kamti
Chief Financial Officer
Monu Kumar
Company Secretary

FINANCIAL Statements

To the Members of
Kurlon Enterprise Limited

Standalone Statement of Profit and Loss for the year ended March 31, 2023

Particulars	Notes	₹ in Lakh	
		March 31, 2023	March 31, 2022
Income			
Revenue from operations	25	84,287.22	77,225.58
Other income	26	665.67	966.79
Total income		84,952.89	78,192.37
Expenses			
Cost of raw material consumed	27	37,930.92	36,337.47
Purchase of traded goods	28	9,079.51	8,749.41
Changes in inventories of finished goods, work-in-progress and traded goods	29	1,311.94	341.82
Employee benefit expense	30	5,260.55	5,144.30
Finance costs	31	376.40	286.96
Depreciation and amortisation expense	32	2,532.52	2,511.98
Other expenses	33	27,680.34	24,383.71
Total expenses		84,172.18	77,755.65
Profit before exceptional items and tax		780.71	436.72
Exceptional items	33(A)	2,555.67	418.08
Profit before tax		(1,774.96)	18.64
Tax expense	44		
Current tax		647.68	475.96
Tax relating to earlier years		(45.49)	(130.20)
Deferred tax (credit) / charge		(1,059.70)	(685.08)
Total tax expense		(457.51)	(339.32)
Profit for the year		(1,317.45)	357.96
Other comprehensive income / (loss), net of tax			
Items that will not be reclassified subsequently to profit or loss in subsequent period			
Re-measurement gain / (loss) on defined benefit plan		(42.05)	(149.68)
Income tax effect		10.58	37.68
Total other comprehensive income / (loss) for the year		(31.47)	(112.00)
Total comprehensive income / (loss) for the year		(1,348.92)	245.96
Earnings per equity share (EPS) :			
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2022 : Rs. 5)]	34	(3.60)	0.98
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the standalone financial statements.			

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Per Rajeev Kumar
Partner
Membership No.: 213803
Place : Bengaluru
Date : August 29, 2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN : 00043298
Jyothi Ashish Pradhan
Chief Executive Officer
Place : Bengaluru
Date : August 29, 2023
H. N. Shrinivas
Director
DIN - 07178853
Abhilash Padmanabh Kamti
Chief Financial Officer
Monu Kumar
Company Secretary

Standalone Cash Flow Statement for the year ended March 31, 2023

Particulars	₹ in Lakh	
	March 31, 2023	March 31, 2022
A. Cash flows from Operating Activities		
Profit before exceptional items and tax	780.71	436.72
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,532.52	2,511.98
Loss on sale of property, plant and equipment	291.72	152.21
Advance to suppliers written off	0.10	-
Bad debts written off	123.08	130.90
Gain on modification of lease	(11.18)	(0.92)
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	-	24.92
Provision for warranty	363.07	328.80
Fair value gain on mutual fund at fair value through profit or loss	511.28	(125.48)
Gain on sale of investments in mutual funds	(491.04)	(355.41)
Liabilities no longer required written back	(16.82)	(40.48)
Interest expenses	190.00	169.30
Interest income	(105.10)	(263.60)
Operating cash flow before working capital changes	4,242.12	3,563.62
Movements in working capital :		
Increase/(decrease) in trade payables	373.80	3,114.04
Increase/(decrease) in other financial liabilities	252.30	198.72
Increase/(decrease) in other liabilities	(147.25)	(45.28)
Increase/(decrease) in provisions	(416.83)	(262.54)
Decrease/(increase) in inventories	3,649.42	(435.28)
Decrease/(increase) in trade receivables	(495.37)	(568.29)
Decrease/(increase) in loans	(110.46)	(712.50)
Decrease/(increase) in other financial assets	(17,334.27)	142.12
Decrease/(increase) in other assets	(2,847.04)	360.89
Cash (used in) generated from operations	(12,833.58)	5,355.50
Direct taxes paid (net of refunds)	(139.27)	(1,110.38)
Net cash flow (used in) from operating activities (A)	(12,972.85)	4,245.12
B. Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(1,513.03)	(2,195.69)
Investment in bank deposits	-	(3,790.00)
Redemption in bank deposits	4,090.65	3,563.05
Purchase of investments	(7,803.66)	(8,999.58)
Sale of investments	16,892.03	9,901.28
Proceeds from sale of property, plant and equipment	1,188.02	17.91
Movement in earmarked balances, net	7.54	(1.60)
Interest received	105.10	236.53
Net cash flow from (used in) investing activities (B)	12,966.65	(1,268.10)
C. Cash flows from financing activities		
Net (repayment of) / proceeds from short-term borrowings	973.35	(499.68)
Payment of principal portion of lease liabilities	(527.43)	(395.35)
Interest paid	(190.00)	(146.71)
Dividend paid	(183.21)	(1,827.61)
Net cash flow (used in) financing activities (C)	72.71	(2,869.35)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	66.51	107.67
Cash and cash equivalents at the beginning of the year	147.50	39.83
Cash and cash equivalents at the end of the year	214.01	147.50
Components of cash and cash equivalents as at end of the year		
Cash in hand	4.53	3.13
Balances with banks :		
In current accounts	209.48	144.37
Total cash and cash equivalents (Refer Note 14)	214.01	147.50
Non-cash investing and financing activities		
Acquisitions to right-of-use assets (Refer Note 6)	2,596.17	1,005.00
Refer Note 21 for change in liabilities arising from financing activities		
Summary of significant accounting policies	3	
The accompanying notes are an integral part of the standalone financial statements		

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Per Rajeev Kumar
Partner
Membership No.: 213803
Place : Bengaluru
Date : August 29, 2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN : 00043298	H. N. Shrinivas Director DIN - 07178853	Abhilash Padmanabh Kamti Chief Financial Officer	Monu Kumar Company Secretary
Jyothi Ashish Pradhan Chief Executive Officer Place : Bengaluru Date : August 29, 2023			

Statement of Changes in Equity for year ended March 31, 2023

(a) Equity share capital

Equity share of Rs. 5 each (March 31, 2022 Rs. 5) issued, subscribed and fully paid

	₹ in Lakh		₹ in Lakh	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62
Changes during the year	-	-	-	-
At the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

b. Other Equity

	₹ in Lakh				
	Share application money pending allotment	Securities premium	General reserve	Retained earnings	Total
Balance as at April 01, 2021	-	14,860.49	1,286.11	32,949.52	49,096.12
Profit for the year	-	-	-	357.96	357.96
Other comprehensive income / (loss)	-	-	-	(112.00)	(112.00)
Dividend paid	-	-	-	(1,827.61)	(1,827.61)
Balance as at March 31, 2022	-	14,860.49	1,286.11	31,367.87	47,514.47
Profit / (Loss) for the year	-	-	-	(1,317.45)	(1,317.45)
Other comprehensive income / (loss)	-	-	-	(31.47)	(31.47)
Dividend paid	-	-	-	(183.21)	(183.21)
Balance as at March 31, 2023	-	14,860.48	1,286.11	29,835.74	45,982.34

Securities premium - This reserve is used to record premium on issue of shares and can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained earnings - Retained earnings are the profits / (loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

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

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Per Rajeev Kumar
Partner
Membership No.: 213803
Place : Bengaluru
Date : August 29, 2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN : 00043298	H. N. Shrinivas Director DIN - 07178853	Abhilash Padmanabh Kamti Chief Financial Officer	Monu Kumar Company Secretary
Jyothi Ashish Pradhan Chief Executive Officer Place : Bengaluru Date : August 29, 2023			

Report on the Audit of the **STANDALONE** Financial Statements

1. Corporate information

Kurlon Enterprise Limited (the 'Company') was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Company is a subsidiary of Kurlon Limited and is engaged in the business of manufacturing/trading in diverse areas such as rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.

The Company's standalone financial statements for the year ended March 31, 2023 were approved by Board of Directors on August 29, 2023.

2. Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

This note provides a list of the significant accounting policies adopted in the preparation of the standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The standalone financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

These standalone financial statements are presented in Indian Rupee, which is also functional currency of the Company. All the values are rounded off to the nearest lakhs, unless otherwise indicated.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

(a) Measurement of fair values

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is

Report on the Audit of the **STANDALONE** Financial Statements

significant to the fair value measurement as a whole) at the end of each reporting period.

(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate 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.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- **Note 3.1 and Note 3.2** - Useful life of property, plant and equipment and intangible assets;

- **Note 3.8** - Measurement of defined benefit obligations: key actuarial assumptions.

- **Note 3.9** - Provision for income tax and valuation of deferred tax assets/liabilities.

- **Note 3.14** - Valuation of financial instrument; and

- **Note 3.15** - Lease classification and determination of lease term;

Assumption and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- **Note 2(a)** - Fair value measurement

- **Note 3.3** - Impairment of financial assets

- **Note 3.3** - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;

- **Note 3.9** - Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;

- **Note 3.11** - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

3. Summary of significant accounting policies

3.1. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable

Report on the Audit of the **STANDALONE** Financial Statements

taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Subsequent costs related to an item of property, plant and equipment are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component

accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Asset description	Useful life in years as per Schedule II	Useful life as per Company
Buildings	30	30
Plant and equipment	15	10 and 15
Furniture and fixtures	10	10
Office equipment	5	5
Vehicles	8	8
Computers	3 and 6	3 and 6

The useful lives have been determined based on managements' internal technical assessment, which in certain instances are different from those specified by Schedule II to the Act, in order to reflect the actual usage of the assets.

The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.2. Goodwill and other intangible assets

Recognition and measurement

Goodwill

Goodwill being the excess of the aggregate consideration transferred over the net identifiable assets acquired and liabilities assumed, is stated at cost, less impairment, if

any. Any goodwill that arises from business combination is tested for impairment annually.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset description	Useful life in years
Computer software	6

Report on the Audit of the **STANDALONE** Financial Statements

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

3.3. Impairment

Impairment of financial assets

In accordance with Ind AS - 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables or contract revenue receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to

Report on the Audit of the **STANDALONE** Financial Statements

other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.4. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.5. Foreign currency transactions

i) Functional and presentation currency:

Items included in the standalone financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The standalone financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses

resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

3.6. Revenue recognition

Revenue from contracts with customer is recognised upon transfer of control of promised goods/services to customers at an amount that reflects the consideration to which the Company expect to be entitled for those goods/services.

To recognize revenues, the Company applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Others

- The Company accounts for variable consideration like volume discounts, rebates, returns and pricing incentives to customers as reduction of revenue on a systematic and rationale basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range possible consideration

Report on the Audit of the **STANDALONE** Financial Statements

depending on which method better predicts the amount of consideration to which the Company may be entitled.

- Revenues are shown net of allowances /returns, goods and service tax and applicable discounts and allowances.

- The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance- type warranties are accounted under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss account.

3.7. Interest expense

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to

the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

3.8. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The company operates the following post - employment schemes :

- (a) defined benefit plans - gratuity, and
- (b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in

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respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan

Retirement benefit in the form of provident fund scheme, ESI, Superannuation, are the defined contribution plans. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

3.9. Income taxes

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the

countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which

significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.10. Earnings / (loss) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period (including treasury share).

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

3.11. Provision and contingent liabilities

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related cost are recognized when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed

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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 is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the standalone financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.12. Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Standalone Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.13. Cash flow statement

Cash flows are reported using the indirect method, whereby net (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.14. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

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

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets : Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at FVTOCI

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In

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this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.15. Leases

The Company has lease contracts for various buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated

using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.3 for policy on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-

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value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination option

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

3.16. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.17. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief

operating decision maker (CODM). The Company has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the standalone financial statements relate to the company's single business segment.

3.18. Use of judgements, estimates and assumptions

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

(i) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 41.

(ii) Impairment of financial and non-financial assets:

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

3.19. Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is certain to expect ultimate collection.

3.20. Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the

ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- i) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- ii) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

iii) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

3.21. Changes in accounting policies and disclosures – New and amended standards

The Company applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after April 1, 2022, as per the Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 notified by the Ministry of Corporate Affairs:

(a) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of other

costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(b) Reference to the Conceptual Framework - Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements. The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. It has been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

(c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

(d) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The aforesaid standards and amendments did not have any material impact on the standalone financial statements of the Company.

3.22. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS which are effective from April 1, 2023:

(a) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(b) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The aforesaid amendments are not expected to have any material impact on the Company's standalone financial statements.

Notes to the standalone financial statements for the year ended March 31, 2023

4. Property, plant and equipment and Capital working in progress (₹ in Lakh)

	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total	Capital Work in Progress
Cost									
At April 01, 2021	991.42	8,453.90	19,926.40	2,833.78	613.70	535.22	350.32	33,704.74	701.18
Additions	-	1,071.33	668.41	403.53	169.42	121.03	65.31	2,499.03	339.36
Disposals	-	(63.25)	(36.35)	(225.50)	-	-	(24.25)	(349.35)	(642.28)
Adjustments *	-	-	126.92	19.70	16.03	22.99	49.52	235.16	-
At March 31, 2022	991.42	9,461.98	20,685.38	3,031.51	799.15	679.24	440.90	36,089.58	398.26
Additions	-	389.16	508.07	265.66	66.43	43.04	48.57	1,320.93	342.28
Disposals **	-	(981.95)	(1,036.20)	(310.18)	(9.53)	(4.56)	(46.14)	(2,388.56)	(642.28)
At March 31, 2023	991.42	8,869.19	20,157.25	2,986.99	856.05	717.72	443.33	35,021.95	98.26
Depreciation									
At April 01, 2021	-	1,012.74	9,922.31	1,392.91	435.64	450.87	80.56	13,295.03	-
Charge for the year	-	280.04	1,363.36	218.13	71.64	53.88	44.67	2,031.72	-
Disposals	-	(17.15)	(20.36)	(136.25)	-	-	(5.51)	(179.27)	-
Adjustments *	-	-	51.20	90.06	21.43	22.96	49.51	235.16	-
At March 31, 2022	-	1,275.63	11,316.51	1,564.85	528.71	527.71	169.23	15,382.64	-
Charge for the year	-	282.87	1,283.64	211.03	74.55	63.80	46.54	1,962.44	-
Disposals **	-	(230.60)	(479.70)	(169.20)	(8.30)	(4.30)	(16.72)	(908.82)	-
At March 31, 2023	-	1,327.90	12,120.46	1,606.68	594.96	587.21	199.05	16,436.26	-
Net block									
At March 31, 2022	991.42	8,186.35	9,368.87	1,466.66	270.44	151.53	271.67	20,706.94	398.26
At March 31, 2023	991.42	7,541.29	8,036.79	1,380.31	261.09	130.51	244.28	18,585.69	98.26

*Represents reclass adjustments between gross block and accumulated depreciation.

**Includes, deletion of assets on account of fire accident occurred at one of the Company's factory located at Jhagadia which were damaged / burnt in such fire accident, as below:

Asset block	Gross block	Accumulated depreciation	Net block
Buildings	981.95	230.60	751.35
Plant & Equipment	1,018.10	470.87	547.23
Furniture & Fixtures	73.23	64.05	9.18
Office Equipment	4.68	4.22	0.46
Computers	4.43	4.21	0.22
Total	2,082.39	773.95	1,308.44

Capital work-in-progress (CWIP) ageing schedule

	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at March 31, 2023					
Projects in progress	20.86	29.25	37.31	10.84	98.26
Projects temporarily suspended	-	-	-	-	-
Total	20.86	29.25	37.31	10.84	98.26
As at March 31, 2022					
Projects in progress	339.36	37.31	2.08	19.51	398.26
Projects temporarily suspended	-	-	-	-	-
Total	339.36	37.31	2.08	19.51	398.26

The Company does not have any projects under capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

Notes to the standalone financial statements for the year ended March 31, 2023

5. Intangible assets

	Goodwill*	Computer Software	Total
Cost			
At April 01, 2021	2,103.16	1,074.70	3,177.86
Additions	-	2.90	2.90
Disposals	-	-	-
At March 31, 2022	2,103.16	1,077.60	3,180.76
Additions	-	-	-
Disposals	-	-	-
At March 31, 2023	2,103.16	1,077.60	3,180.76
Amortisation			
At April 01, 2021	-	676.89	676.89
Charge for the year	-	136.96	136.96
Disposals	-	-	-
At March 31, 2022	-	813.85	813.85
Charge for the year	-	133.98	133.98
Disposals	-	-	-
At March 31, 2023	-	947.83	947.83
Net block			
At March 31, 2022	2,103.16	263.75	2,366.91
At March 31, 2023	2,103.16	129.77	2,232.93

5. Intangible assets (contd.)

*Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the Company pursuant to the scheme of amalgamation approved by National Company Law Tribunal ('NCLT'), Mumbai and NCLT, Delhi vide their orders dated March 12, 2020 and May 05, 2020 respectively with an appointed date of April 01, 2018 ('Effective Date').

In view of the synergies, the Company including SABCIL has been considered as a single cash generating unit. The Company tests whether goodwill has suffered any impairment on an annual basis. There is no impairment as per the assessment performed by the management at the year end. Management has performed sensitivity analysis around the basic assumption and have concluded that no reasonable/possible change in key assumptions would cause the recoverable amount lower than the carrying amount of goodwill. In estimating the value in use, the management of Holding Company considered terminal growth rate of 5% and discount rate of 10.19% as assumptions.

6. Right to use assets

	Leasehold Land	Buildings	Total
Cost			
At April 01, 2021	1,145.27	1,155.50	2,300.77
Additions	-	1,005.00	1,005.00
Disposals	-	(625.22)	(625.22)
Adjustments *	-	(84.38)	(84.38)
At March 31, 2022	1,145.27	1,450.90	2,596.17
Additions	-	1,022.99	1,022.99
Disposals	-	(391.56)	(391.56)
At March 31, 2023	1,145.27	2,082.33	3,227.60
Amortisation			
At April 01, 2021	38.90	732.64	771.54
Charge for the year	19.45	454.66	474.11
Disposals	-	(616.24)	(616.24)
Adjustments *	-	(84.38)	(84.38)
At March 31, 2022	58.35	486.68	545.03
Charge for the year	19.45	539.42	558.87
Disposals	-	(238.99)	(238.99)
At March 31, 2023	77.80	787.11	864.91
Net block			
At March 31, 2022	1,086.92	964.22	2,051.14
At March 31, 2023	1,067.47	1,295.22	2,362.69

* Represents reclass adjustments between gross block and accumulated amortisation.

Notes to the standalone financial statements for the year ended March 31, 2023

7. Investment

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Measured at cost				
Non-current investments, unquoted				
Investments in equity instruments of subsidiary (all fully paid)				
Kurlon Retail Limited (Formerly known as Kurlon Retail Private Limited) (Shares of Rs. 5/- each fully paid up) (refer Note 7 (i) below)	1,52,65,466	1,760.00	1,52,65,466	1,760.00
Sirar Solar Energies Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Sevalal Solar Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Sirar Dhotre Solar Private Limited (Shares of Rs. 100/- each fully paid up)	4,690	4.69	4,690	4.69
Belvedere International Limited (Shares of Rs. 10/- each fully paid)	50,000	5.00	50,000	5.00
Komfort Universe Products and Services Limited (Shares of Rs. 10/- each fully paid)	50,000	5.00	50,000	5.00
Starship Value Chain and Manufacturing Private Limited (Formerly known as Starship Manufacturing & Services Private Limited) (Shares of Rs. 10/- each fully paid)	5,000	0.50	5,000	0.50
Kanvas Concepts Private Limited (Shares of Rs. 10/- each fully paid)	10,000	1.00	10,000	1.00
Total	1,53,94,536	1,785.57	1,53,94,536	1,785.57
Measured at fair value through profit and loss				
Current investments, quoted				
Investments in mutual funds				
Nippon Money Market Fund - D G	2,846.75	101.00	-	-
Kotak Banking & PSU Debt Fund Direct Growth	-	-	20,33,681	1,103.94
Axis Short Term Plan - D-G	-	-	35,96,142	959.55
DSP Banking and PSU Debt Fund - Direct Growth	-	-	42,32,783	845.36
IDFC Corporate Bond Fund Regular Plan - Growth	-	-	45,34,078	713.42
ICICI Prudential Banking & PSU Debt Fund	-	-	22,00,468	592.37
Kotak Bond Short Term Fund - Direct Growth	-	-	12,56,924	574.36
Kotak Corporate Bond Fund - Direct Growth	-	-	17,573	550.54
Mirae Asset Corporate Bond Fund - R G	-	-	48,46,475	505.80
LIC MF PSU Banking Fund Direct Growth	-	-	16,42,874	493.42
HSBC Corporate Bond Fund Direct Growth	-	-	39,27,087	419.78
Trust MF Banking & PSU Debt Fund - Direct Plan - Growth	-	-	29,009	306.34
ICICI Prudential Ultra short term Fund - D G	-	-	12,71,606	304.05
JM Low Duration Fund - R G	-	-	9,96,504	301.12
Canara Robeco Corporate Bond Fund - Direct Growth	-	-	11,09,397	209.37
PGIM India Low Duration Fund - D G	-	-	7,96,144	203.30
Mahindra Manulife Short Term Fund - D G	-	-	19,22,171	203.04
Trust MF Short Term Fund - D G	-	-	19,695	202.27

Notes to the standalone financial statements for the year ended March 31, 2023

(₹ in Lakh)

	March 31, 2022		March 31, 2021	
	Nos.	Amount	Nos.	Amount
Tata Corporate Bond Fund - D G	-	-	19,99,900	202.26
Edelweiss Nifty PSU Bond Plus SDL Index Fund 2026 - R G	-	-	18,83,463	201.97
Axis CPSE Plus SDL 2025 Debt Index Fund - D G	-	-	19,99,900	201.65
Canara Robeco Short Term Duration Fund - D G	-	-	8,98,208	201.47
Trust MF Banking & PSU Debt Fund - Regular - Growth	-	-	19,076	200.28
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	-	-	4,15,282	102.10
Nippon Short Term Fund - D G	-	-	2,23,873	101.92
ABSL Floating Rate Fund - D G	-	-	35,907	101.81
Tata Banking & PSU Debt Fund - D G	-	-	8,56,480	101.73
Invesco India Corporate Bond Fund - D G	-	-	3,716	101.63
Edelweiss Nifty PSU Bond Plus Sdl Index Fund - D G	-	-	9,93,561	101.41
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 - R G	-	-	9,93,996	101.38
Invesco India Medium Duration Fund - D G	-	-	9,826	101.33
L & T Low Duration Fund Direct Growth	-	-	4,21,328	100.53
Nippon India Corporate Bond Fund - D G	-	-	2,02,851	100.51
DSP Short Term Fund - D G	-	-	2,47,808	100.47
ABSL Crisil Aaa Jun 2023 Index Fund - D G	-	-	10,00,261	100.43
Axis Money Market Fund - D G	8,277	100.79	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	4,00,849	100.10	-	-
DSP Savings Fund - D G	4,35,394	200.23	-	-
Kotak Liquid Fund - D G	4,400	200.12	-	-
Axis Liquid Fund - D G	8,002	200.11	-	-
Edelweiss Money Market Fund - D G	7,53,258	199.99	-	-
LIC MF Saving Fund - D G	5,52,000	199.99	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	4,00,425	100.00	-	-
Bandhan Ultra short term fund - D G	15,28,742	199.98	-	-
Total	40,94,193	1,602.30	4,66,38,045	10,710.91
Aggregate value of unquoted investments		1,785.57		1,785.57
Aggregate book value of quoted investments		1,602.30		10,710.91
Aggregate market value of quoted investments		1,602.30		10,710.91

7. Investment (contd.)

(I) As at March 31, 2023, the carrying value of investment in 15,265,466 equity shares of Rs. 5 each of Kurlon Retail Limited amounting to Rs. 1,760.00 lakhs is tested for decline other than temporary in view of negative networth. The management has assessed the value in use of the subsidiary and considering the expected volume of sales, margins earned and future profitability, the carrying value is considered appropriate. However, the loan receivable of Rs 23,98.69 has been provided for (refer note 8(a)).

Notes to the standalone financial statements for the year ended March 31, 2023

8. Loans (₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost				
Loans				
- Subsidiaries (Refer Note 36)	215.89	2,614.36	-	-
- Others	-	-	10.00	56.74
	215.89	2,614.36	10.00	56.74
Loans				
- Subsidiaries (Refer Note 36)	2,973.75	418.08	-	-
Less : Loss allowance	(2,973.75)	(418.08)	-	-
	215.89	2,614.36	10.00	56.74

(a) The details of unsecured loans to subsidiaries given for the purpose of working capital requirements are as follows :

Name of the subsidiary	Rate of interest	Due date of repayment (Note (b))	March 31, 2023		March 31, 2022	
			Gross	Allowance (Note (c))	Gross	Allowance
Kurlon Retail Limited	8.50%	On demand	2,398.69	(2,398.69)	2,601.34	-
Kanvas Concepts Private Limited	8.50%	On demand	162.91	(162.91)	162.76	(162.76)
Komfort Universe Products and Services Private Limited	8.50%	On demand	412.15	(412.15)	81.40	(81.40)
Sirar Solar Energies Private Ltd (refer note (e))	8.50%	On demand	98.71	-	74.59	(74.59)
Sirar Dhotre Solar Private Ltd (refer note (e))	8.50%	On demand	81.78	-	68.81	(68.81)
Sevalal Solar Private Limited (refer note (e))	8.50%	On demand	22.08	-	30.53	(30.53)
Belvedere International Limited	8.50%	On demand	13.31	-	13.01	-
Total			3,189.64	(2,973.75)	3,032.44	(418.08)

(b) The Company has granted various loans to its subsidiary companies to meet their working capital requirements which has been approved by the Board of Directors. The aforesaid loans are repayable on demand along with interest and management believes that these terms are not prejudicial to the Company's interests. The Company has not demanded the aforesaid loans along with interest during the year.

(c) Considering the financial position of these subsidiaries, the Company has provided loss allowance on the aforesaid outstanding loan amount and same has been disclosed as exceptional item (Refer note 33A).

(d) Except as disclosed above, there are no loans to Directors or other officers of the Company or any of them either severally or jointly with any other person or loans to any firm in which director is a partner.

(e) As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party receivables/payables as applicable and hence Rs 173.93 lakhs provided earlier has been reversed.

9. Other financial assets (₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Considered good unless otherwise stated				
Unsecured, at amortised cost				
Interest accrued on fixed deposits	-	-	6.38	84.44
Security deposits #	567.74	665.71	15,548.70	74.35
Insurance Receivable *	2,022.29	-	-	-
Interest accrued on loans given to subsidiaries	-	-	13.66	-
	2,590.03	665.71	15,568.74	158.79

Notes to the standalone financial statements for the year ended March 31, 2023

9. Other financial assets (₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, credit impaired				
Interest accrued on loan given to subsidiaries	-	-	42.12	16.82
Less : Loss allowance (Refer Note 36 and below)	-	-	(42.12)	(16.82)
	2,590.03	665.71	15,568.74	158.79

Pertains to interest on loan given to subsidiaries which are payable on demand along with respective principal amounts. Considering the financial position of these subsidiaries, the Company has provided loss allowance on the interest accrued on loan given to subsidiaries on outstanding interest amount as of March 31, 2023. Refer Note 8(a) for details.

*During the year, there is fire accident occurred at one of the Company's factory located at Jhagadia. In such fire accident, various assets including inventories, property, plant & equipment were damaged/burnt against which the Company has filed claim with the insurer for Rs 4,177.98 lakhs of which, the Company has received interim claim of Rs 465 lakhs. Insurance receivable of Rs 2,022.29 lakhs as of 31 March 2023 represents book of value of damaged/burn assets including inventories. The Company is confident of realising the aforesaid claim in near future.

Includes lease deposit amount of Rs 15,300 lakhs paid by the Company to Kanara Consumer Products Limited during the year 2022-23, towards various premises taken on lease from Kanara Consumer Products Limited basis renegotiation of terms and conditions of on-going lease arrangements. As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party receivables/payables as applicable. Hence, the carrying value is considered recoverable.

10. Income tax assets (net) (₹ in Lakh)

	March 31, 2023	March 31, 2022
Advance income tax including tax deducted at source	6,197.81	10,449.88
Provision for current tax	(4,701.76)	(9,003.90)
	1,496.05	1,445.98

11. Other assets (₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, considered good				
Capital advances (Refer Note (i) below)	1,510.85	2,149.04	-	-
Advances recoverable in cash or kind				
- Related parties (Refer Note 36)	-	-	7,713.74	4,715.56
- Others	-	-	1,583.37	698.39
Advance to employees	-	-	70.20	50.23
Prepaid expenses	-	-	504.77	285.69
Leave encashment fund	-	-	-	7.23
Balances with statutory/government authorities	-	-	308.05	299.61
	1,510.85	2,149.04	10,180.13	6,056.71
Unsecured, credit impaired				
Advances recoverable in cash or kind				
- Others	-	-	24.92	24.92
Less : Provision for doubtful advances	-	-	(24.92)	(24.92)
	-	-	-	-
Total	1,510.85	2,149.04	10,180.13	6,056.71

(i) Capital advances includes the following :

(a) During the year 2013-2014, the Kanara Consumer Products Limited (formerly known as "Kulron Limited" or "Holding Company") had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited (MRACL) (a related party) for purchase of land. In an earlier year, the Honorable

Notes to the standalone financial statements for the year ended March 31, 2023

Karnataka High Court (The court) had vide its order dated October 08, 2004 had stated that sale of land can be carried out only with its permission. Subsequently, the court vide its order dated April 20, 2012 accorded its consent for the sale of land to Kanara Consumer Products Limited. During the financial year 2014-2015, the advance was transferred by Holding Company to the Company and has been carried in the books till date.

As detailed in note 48 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company and conditions precedent mentioned there in, the Company is required to recover/settle all the related party receivables/payables as applicable. Hence, the carrying value is considered recoverable.

(b) Out of Capital advances as of March 31, 2022, Rs 622.07 lakhs has been adjusted against security deposit towards modified lease agreement entered with the Holding Company.

12. Inventories (valued at lower of cost and net realizable value) (₹ in Lakh)

	March 31, 2023	March 31, 2022
Raw materials (includes goods in transit Rs. Nil (March 31, 2022 - Rs. 657.89))	2,962.94	5,242.40
Work in progress	987.57	1,836.54
Finished goods (includes in transit Rs. Nil (March 31, 2022 - Rs. Nil))	3,068.02	3,536.69
Spares and consumables	488.28	546.30
Traded goods	384.13	378.43
	7,890.94	11,540.36

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 619.84 lakhs (March 31, 2022 : Rs. 706.79 lakhs).

13. Trade receivables (₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Financial assets, at amortised cost		
Unsecured, considered good	5,868.23	5,446.95
Unsecured, credit impaired	1,666.42	1,592.89
	7,534.65	7,039.84
Provision for doubtful receivables	(1,666.42)	(1,592.89)
	5,868.23	5,446.95

Notes :

- Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.
- For balances with related parties, refer Note 36.
- Trade Receivables ageing schedule:.

	Outstanding for following periods from the due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	
March 31, 2023							
Undisputed trade receivables - considered good	3,931.86	1,336.37	372.51	12.67	214.82	-	5,868.23
Undisputed trade receivables - credit impaired	-	-	181.29	208.73	514.78	475.90	1,380.70
Disputed trade receivables - credit impaired	-	0.87	7.04	17.70	16.60	243.51	285.72
	3,931.86	1,337.24	560.84	239.10	746.20	719.41	7,534.65

Notes to the standalone financial statements for the year ended March 31, 2023

Trade receivable (contd.) (₹ in Lakh)

	Outstanding for following periods from the due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	
March 31, 2022							
Undisputed trade receivables - considered good	571.63	4,673.51	185.51	13.65	1.83	0.82	5,446.95
Undisputed trade receivables - credit impaired	-	-	-	872.50	227.37	151.86	1,251.73
Disputed trade receivables - credit impaired	-	-	-	76.28	104.38	160.50	341.16
	571.63	4,673.51	185.51	962.43	333.58	313.18	7,039.84

14. Cash and bank balances (₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cash and cash equivalents				
Cash in hand	-	-	4.53	3.13
Balances with banks :				
In current accounts	-	-	209.48	144.37
	-	-	214.01	147.50
Other bank balances				
Deposits with remaining maturity for less than 12 months	-	-	0.05	4,090.00
Earmarked balances with banks *	-	-	134.25	141.79
Unclaimed dividend account	-	-	15.01	15.71
	-	-	149.31	4,247.50
	-	-	363.32	4,395.00

* Deposits receipts pledged with banks for obtaining letter of credit & bank guarantee facilities.

15. Equity share capital (₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Authorised shares				
Equity shares of Rs. 5/- each with voting rights	15,06,00,000	7,530.00	15,06,00,000	7,530.00
	15,06,00,000	7,530.00	15,06,00,000	7,530.00
Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 5/- each with voting rights	3,65,52,261	1,827.62	3,65,52,261	1,827.62
	3,65,52,261	1,827.62	3,65,52,261	1,827.62

Notes to the standalone financial statements for the year ended March 31, 2023

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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.

c. Shares held by Holding Company

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)				
Equity shares of Rs. 5/- each	3,23,38,830	88.47%	3,09,24,115	84.60%
	3,23,38,830	88.47%	3,09,24,115	84.60%

d. Details of shareholders holding more than 5% shares in the Company

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Equity shares of Rs. 5/- each				
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)*	3,23,38,830	88.47%	3,09,24,115	84.60%
Kurlon Trading and Invest management Private Limited	22,63,545	6.19%	-	-
Indian Business Excellence Fund II A	-	-	23,54,086	6.44%

* Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

e. Details of shares issued for consideration other than cash during the preceding five years

(₹ in Lakh)

	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Equity shares of Rs. 5/- each with voting rights	-	-	-	-	85,95,013
Fully paid up bonus shares	-	-	-	-	85,95,013

Notes to the standalone financial statements for the year ended March 31, 2023

f. Details of shares held by promoters

As at March 31, 2023

(₹ in Lakh)

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)	3,09,24,115	14,14,715	3,23,38,830	88.47%	4.57%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	2,300	2,647	0.01%	663%
	3,09,24,809	14,17,015	3,23,41,824	88.48%	4.58%

15. Equity share capital (contd.)

As at March 31, 2023

(₹ in Lakh)

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)	3,09,49,615	(25,500)	3,09,24,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	-	347	0.00%	-
	3,09,50,309	(25,500)	3,09,24,809	84.60%	-0.08%

g. Dividend made and proposed

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Dividend/Share	Rs.	Dividend/Share	Rs.
Dividend on equity shares declared and paid				
Final dividend for the year ended March 31, 2022 paid in financial year 2022-23: Rs. 182.76 lakhs (for the year ended March 31, 2021 paid in financial year 2021-22: Rs. 1,827.61 lakhs)	0.50	182.76	5.00	1,827.61
Proposed dividend on equity shares				
Proposed dividend for the year ended March 31, 2023 : Rs. 731.04 Lakhs (for the year ended March 31, 2022: Rs. 182.76 lakhs)	2.00	731.04	0.50	182.76

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

Notes to the standalone financial statements for the year ended March 31, 2023

16. Other equity		(₹ in Lakh)	
	March 31, 2023	March 31, 2022	
Securities premium account			
Balance at the beginning of the year	14,860.49	14,860.49	
Add : Premium on issue of shares	-		
Balance as at end of the year	14,860.49	14,860.49	
General reserve			
Balance at the beginning of the year	1,286.11	1,286.11	
Add : Transfer from surplus in the statement of profit and loss	-		
Balance as at end of the year	1,286.11	1,286.11	
Retained earnings			
Balance at the beginning of the year	31,367.87	32,949.52	
Add : Profit/(Loss) for the year	(1,317.45)	357.96	
Add : Other comprehensive income/(loss) for the year	(31.47)	(112.00)	
Less : Dividend paid	(183.21)	(1,827.61)	
Balance as at end of the year	29,835.74	31,367.87	
Total	45,982.34	47,514.47	

17. Lease liabilities		(₹ in Lakh)			
	Non - Current		Current		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Lease liabilities	921.21	547.88	413.24	454.78	
	921.21	547.88	413.24	454.78	

The movement of lease liabilities during the year is as below : (₹ in Lakh)

	March 31, 2023	March 31, 2022
At the beginning of the year	1,002.66	446.12
Additions	979.49	961.79
Interest expense	102.91	82.30
Payments	(586.86)	(477.65)
Termination of leases	(163.75)	(9.90)
At the end of the year	1,334.45	1,002.66

The maturity analysis of lease liabilities are disclosed in Note 43.

18. Other financial liabilities		(₹ in Lakh)			
	Non - Current		Current		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Unsecured, at amortised cost					
Security deposits	5,781.90	5,361.77	-	-	
Employee related liabilities	-	-	897.40	918.57	
Payable for capital goods	-	-	4.84	150.93	
Unpaid dividend account	-	-	15.14	15.71	
	5,781.90	5,361.77	917.38	1,085.21	

Notes to the standalone financial statements for the year ended March 31, 2023

19. Provisions		(₹ in Lakh)			
	Non - Current		Current		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Provision for warranty*	332.57	374.32	486.27	444.52	
Provision for employee benefits					
Gratuity (Refer Note 41)	44.46	126.47	74.45	86.69	
Leave Encashment	-	-	71.96	-	
	377.03	500.79	632.68	531.21	

* Provision for warranty :

The Company provides warranties on its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at year end represent the amount of the expected cost based on past experience of meeting such obligations. The table below gives information about movement in warranty provisions.

		(₹ in Lakh)	
	March 31, 2022	March 31, 2021	
Balance as at beginning of the year	818.84	798.84	
Provisions created during the year	361.79	328.64	
Amounts utilised during the year	(361.79)	(308.64)	
Balance as at end of the year	818.84	818.84	
Current	486.27	444.52	
Non-current	332.57	374.32	

20. Deferred tax liabilities (net) (₹ in Lakh)

		Non - current	
	March 31, 2022	March 31, 2021	
Deferred tax liabilities	2,414.33	2,609.66	
Deferred tax assets	(1,775.49)	(911.12)	
	638.84	1,698.54	

Refer Note 44 for further details.

21. Borrowings (₹ in Lakh)

		As at March 31, 2022	As at March 31, 2021
Secured borrowings			
Loans from banks		1,010.91	11.26
Unsecured borrowings			
Loans from related parties (Refer Note 36)		650.00	676.30
		1,660.91	687.56

(a) Loan from banks of Rs. 1010.91 lakhs (March 31, 2022 : Rs. 11.26 lakhs)

(i) The Company has obtained various facilities from Axis Bank and Kotak Bank. The loan is secured by first pari passu charge on entire current assets of the Company. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.2% p.a. and 1 year MCLR + 0.1% p.a. on the cash credit and working capital loan facilities respectively. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,001.71 (March 31, 2022 : Rs. Nil).

Notes to the standalone financial statements for the year ended March 31, 2023

(ii) The Company has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2023 is Rs. 9.20 lakhs (March 31, 2022 : Rs. 11.26 lakhs).

(b) Loan from related parties of Rs. 650 lakhs (March 31, 2022 : Rs. 676.30 lakhs)

The Company has obtained a loan from Mrs. Jaya S Pai, Director. The loan is unsecured and is repayable on demand and carries interest rate of 10% p.a.

The table below depicts changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes :

Reconciliation of liabilities arising from financing activities (₹ in Lakh)

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2023				
Loans from banks	11.26	999.65	-	1,010.91
Loans from related parties	676.30	(26.30)	-	650.00
Lease liabilities	1,002.66	(483.95)	815.74	1,334.45
	1,690.22	489.40	815.74	2,995.36
March 31, 2022				
Loans from banks	510.94	(499.68)	-	11.26
Loans from related parties	676.30	-	-	676.30
Lease liabilities	446.12	(395.35)	951.89	1,002.66
	1,633.36	(895.03)	951.89	1,690.22

22. Trade payables (₹ in Lakh)

	March 31, 2023	March 31, 2022
At amortised cost		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 37)	313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,714.21	11,314.77
	12,027.30	11,670.22

Ageing of trade payables (₹ in Lakh)

	Outstanding for following periods from the date of transaction					Total
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
March 31, 2023						
Undisputed trade payables - MSME	264.06	17.48	22.59	8.96	-	313.09
"Undisputed trade payables - Non MSME"	10,443.35	1,233.47	25.27	7.70	4.42	11,714.21
Total	10,707.41	1,250.95	47.86	16.66	4.42	12,027.30
March 31, 2022						
Undisputed trade payables - MSME	31.54	323.91	-	-	-	355.45
"Undisputed trade payables - Non MSME"	4,861.25	6,356.19	65.68	10.29	21.36	11,314.77
Total	4,892.79	6,680.10	65.68	10.29	21.36	11,670.22

Notes to the standalone financial statements for the year ended March 31, 2023

23. Other current liabilities (₹ in Lakh)

	March 31, 2023	March 31, 2022
Contract liabilities - Advance from customers	393.60	436.82
Statutory dues payables	274.58	232.52
	668.18	669.34

Contract liabilities are recognised as revenues when the Company performs under the contract (i.e. transfer of control of the related goods).

24. Liabilities for current tax (net) (₹ in Lakh)

	March 31, 2023	March 31, 2022
Current tax liabilities	512.99	-
	512.99	-

25. Revenue from operations (₹ in Lakh)

	March 31, 2023	March 31, 2022
Revenue from contracts with customers		
Sale of products		
Finished goods	93,612.02	73,182.76
Traded goods	828.80	12,677.06
Less : Schemes & rebates	(10,402.42)	(8,858.68)
Other operating revenue		
Scrap sales	248.82	224.44
Revenue from operations	84,287.22	77,225.58

(a) Timing of revenue from operations (₹ in Lakh)

	March 31, 2023	March 31, 2022
Goods transferred at a point in time	84,287.22	77,225.58
	84,287.22	77,225.58

(b) Reconciliation of amount of revenue recognised with contract price (₹ in Lakh)

	March 31, 2023	March 31, 2022
Revenue as per contract price	94,689.64	86,084.26
Less : Discounts	(10,402.42)	(8,858.68)
	84,287.22	77,225.58

(c) Movement in contract liabilities during the year * (₹ in Lakh)

	March 31, 2023	March 31, 2022
Opening balance	436.82	574.52
Less : Revenue recognised during the year	(436.82)	(574.52)
Add : Amount of consideration received during the year	393.60	436.82
	393.60	436.82

* Contract liabilities consists of advances received from customers towards supply of products.

Notes to the standalone financial statements for the year ended March 31, 2023

26. Other income (₹ in Lakh)

	March 31, 2023	March 31, 2022
Gain on sale of investments in mutual funds	491.04	355.41
Fair value gain on mutual fund at fair value through profit or loss	-	125.48
Interest income		
- On fixed deposits	65.24	235.17
- On security deposits	24.84	20.74
- On Others	15.02	7.69
Liabilities no longer required written back	16.82	40.48
Gain on early termination of lease	11.18	0.92
Miscellaneous income	41.53	180.90
	665.67	966.79

27. Cost of raw materials consumed (₹ in Lakh)

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year	5,242.40	4,487.83
Add: Purchases	35,651.46	37,092.04
Less: Inventories at the end of the year	(2,962.94)	(5,242.40)
Cost of raw materials consumed	37,930.92	36,337.47

28. Purchase of traded goods (₹ in Lakh)

	March 31, 2023	March 31, 2022
Purchase of traded goods	9,079.51	8,749.41
	9,079.51	8,749.41

29. Changes in inventories of finished goods, work-in-progress and traded goods (₹ in Lakh)

	March 31, 2023	March 31, 2022
Inventories at the end of the year		
Finished goods	3,068.02	3,536.69
Work in progress	987.57	1,836.54
Traded goods	384.13	378.43
	4,439.72	5,751.66
Inventories at the beginning of the year		
Finished goods	3,536.69	3722.45
Work in progress	1,836.54	1786.97
Traded goods	378.43	584.06
	5,751.66	6,093.48
	1,311.94	341.82

Notes to the standalone financial statements for the year ended March 31, 2023

30. Employee benefit expenses (₹ in Lakh)

	March 31, 2023	March 31, 2022
Salaries, wages and bonus	4,772.52	4,660.38
Gratuity expenses (Refer Note 41)	65.37	58.10
Contribution to provident and other funds (Refer Note 41)	221.77	244.97
Staff welfare expenses	200.89	180.85
	5,260.55	5,144.30

31. Finance costs (₹ in Lakh)

	March 31, 2023	March 31, 2022
Interest expenses		
- On borrowings	87.09	87.00
- On lease liabilities	102.91	82.30
Customer financing costs	157.23	89.79
Other	29.17	27.87
	376.40	286.96

32. Depreciation and amortisation expense (₹ in Lakh)

	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment *	1,839.67	1,900.91
Amortisation of intangible assets	133.98	136.96
Amortisation of right to use assets	558.87	474.11
	2,532.52	2,511.98

* Net of depreciation cross charged to group companies amounting to Rs. 122.77 lakhs (March 31, 2022 : Rs.130.81 lakhs)

33. Other expenses (₹ in Lakh)

	March 31, 2023	March 31, 2022
Consumption of stores, spares and consumables	374.74	324.71
Power and fuel	1,055.11	861.72
Freight outward	7,252.09	6,574.02
Rent	2,186.26	58.96
Repairs and maintenance		
Buildings	162.24	81.83
Plant and machinery	112.03	147.73
Others	277.94	289.02
Tailoring and fabrication	3,235.48	3,093.63
Rates and taxes	295.89	126.46
Expenditure on corporate social responsibility	135.46	202.99
Insurance expenses	423.47	305.62
Foreign currency exchange loss (net)	9.46	16.51
Fair value loss on mutual fund at fair value through profit or loss	511.3	-

Notes to the standalone financial statements for the year ended March 31, 2023

33. Other expenses (contd.)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Security expenses	595.53	565.34
Warehouse charges	983.81	974.47
Postage and telephone expenses	97.12	134.42
Payment to auditors *	66.50	55.00
Advertisement, promotion and selling expenses	3,268.71	3,852.45
Travelling and conveyance expenses	932.10	916.95
Legal and consultancy charges	4,697.35	4,423.34
Director's sitting fees	3.75	1.67
Loss on sale of property, plant and equipment	291.72	152.21
Advance to suppliers written off	0.10	-
Bad debts written off	123.08	130.90
Deposits written off	-	-
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	-	24.92
Provision for warranty	363.07	328.80
Miscellaneous expenditure	152.27	145.36
	27,680.34	24,383.71
* Payment to auditors (excluding goods and service tax)		
Audit services :		
Statutory audit	65.00	55.00
Tax audit	-	-
Out of pocket expenses	1.50	-
	66.50	55.00

33(A) Exceptional Item

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Provision for loans to related parties [Refer Note 8(a)]	2,555.67	418.08
	2,555.67	418.08

34. Earnings per share (EPS)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Profit / (Loss) for the year	(1,317.45)	357.96
Weighted average number of equity shares outstanding (Basic and diluted)	3,65,52,261	3,65,52,261
Earnings per share (Basic and diluted)	(3.60)	0.98

35. Segment reporting

The Company primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. The Company does not distinguish revenues and expenses between different businesses in its internal reporting and reports costs and expenses by nature as a whole. The CODM reviews the results when making decision about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one reportable segment. The Company operates and manages its business as a single

Notes to the standalone financial statements for the year ended March 31, 2023

segment. As the Company's assets are all located in India and the Company's revenues are derived from India, no geographical information is presented.

35. Related party disclosure

Names of related parties and related party relationships	
Names of related parties where control exists irrespective of whether transactions have occurred or not	
Holding Company	Kanara Consumer Products Limited (Formerly known as Kurlon Limited)
Other related parties with whom transactions have taken place during the year	
Wholly Owned Subsidiaries	Kurlon Retail Limited Komfort Universe Products & Services Limited Belvedere International Limited Kanvas Concepts Private Limited Starship Value Chain and Manufacturing Private Limited Home Komfort Retail LLP (Acquired by Belvedere International Limited w.e.f September 01, 2022) Starship Global VCT LLP
Subsidiary Entities	Sevalal Solar Private Limited Sirar Solar Energies Private Limited Sirar Dhotre Solar Private Limited
Fellow subsidiaries	Manipal Software & E-Commerce Private Limited Manipal Natural Extracts Private Limited
Enterprises owned or significantly influenced by key management personnel / Directors and their relatives	Maha Rashtra Apex Corporation Limited Jayamahar Trade and Investments Private Limited Manipal Advertising Services Private Limited Metropolis Builders Private Limited Jai Bharath Mills Private Limited Manipal Travels Private Limited
Directors and Key Management Personnel (KMP)	Mr. T. Sudhakar Pai, Managing Director Ms. Jaya S. Pai, Director Ms. Jyothi Pradhan, Chief Executive Officer Mr. H. N. Shrinivas, Non-Executive Director (w.e.f May 07, 2021) Mr. Nagarajan S, Non-Executive Director (w.e.f May 07, 2021) Mr. Nitin G. Khot, Non-Executive Director (up to May,07,2021) Mr. S Ananthanarayanan, Non-Executive Director (up to May, 07,2021) Mr. Jamsheed Minoo Panday, Non-Executive Director (w.e.f September 01, 2022) Mr. Abhilash Kamti, Chief Financial Officer (w.e.f. June 01, 2022) Mr. Ritesh Shroff, Chief Financial Officer (up to December 07, 2021) Mr. Monu Kumar, Company Secretary

36. Related party disclosure (Contd)

The transactions that have been entered into with related parties during the year are as follows:

	March 31, 2023	March 31, 2022
Sale of products		
Kurlon Retail Limited	1,193.32	945.39
Belvedere International Limited	578.91	-
Home Komfort Retail LLP	391.84	988.94
Komfort Universe Products & Services Limited	76.56	4,990.85
Manipal Advertising Services Private Limited	0.05	0.30
	2,240.68	6,925.48

Notes to the standalone financial statements for the year ended March 31, 2023

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Scheme expenses		
Kurlon Retail Limited	190.21	226.28
Komfort Universe Products & Services Limited	23.98	1,236.92
Home Komfort Retail LLP	-	0.05
	214.19	1,463.25
Interest income on loan given		
Komfort Universe Products and Services Limited	27.17	-
Kanvas Concepts Private Limited	13.85	-
Sirar Solar Energies Private Limited	7.13	3.63
Sirar Dhotre Solar Private Limited	6.41	6.37
Belvedere International Limited	1.11	-
Sevalal Solar Private Limited	0.12	6.82
	55.79	16.82
Provision for doubtful recovery of interest income on loans		
Komfort Universe Products and Services Limited	27.17	-
Kanvas Concepts Private Limited	13.85	-
Sirar Solar Energies Private Limited	-	3.63
Sirar Dhotre Solar Private Limited	-	6.37
Belvedere International Limited	1.11	-
Sevalal Solar Private Limited	-	6.82
	42.13	16.82
Rental income		
Starship Value Chain and Manufacturing Private Limited	4.11	-
Starship Global VCT LLP	-	4.31
	4.11	4.31
Purchases		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	9,079.51	8,749.41
Komfort Universe Products & Services Limited	43.86	8.81
Belvedere International Limited	35.61	-
	9,158.98	8,758.22
Managerial remuneration		
T Sudhakar Pai	75.92	75.92
Jyothi Pradhan	73.89	79.07
Ritesh Shroff	-	41.83
Abhilash Kamti	18.00	-
Monu Kumar	13.63	12.77
	181.44	209.59
Repair & Maintenance - Others		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	71.50	-
Kurlon Retail Limited	0.10	-
	71.60	-
Interest paid on unsecured loan		
Jaya S Pai	62.63	52.88
	62.63	52.88

Notes to the standalone financial statements for the year ended March 31, 2023

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
36. Related party disclosure (Contd)		
Freight outward		
Starship Global VCT LLP	-	4,436.18
Starship Value Chain and Manufacturing Private Limited	6,585.84	1,290.94
	6,585.84	5,727.12
Warehouse charges		
Starship Global VCT LLP	-	799.94
Starship Value Chain and Manufacturing Private Limited	983.81	174.53
	983.81	974.47
Legal and consultancy charges		
Starship Value Chain and Manufacturing Private Limited	2,825.26	560.59
Starship Global VCT LLP	-	2,282.90
Manipal Software & E-Commerce Private Limited	403.30	344.38
Komfort Universe Products & Services Limited	55.53	-
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	50.66	-
Kanvas Concepts Private Limited	-	33.34
	3,334.75	3,221.21
Advertisement and sales promotion expenses		
Komfort Universe Products & Services Limited	211.74	10.00
Manipal Advertising Services Private Limited	668.26	1,301.93
Kurlon Retail Limited	2.92	47.75
Belvedere International Limited	39.13	-
Kanvas Concepts Private Limited	-	18.75
	922.05	1,378.43
Travelling and conveyance expenses		
Manipal Travels (India) Private Limited	247.28	134.31
Komfort Universe Products & Services Limited	9.72	-
	257.00	134.31
Sitting fees		
H N Shrinivas	1.17	0.39
S Nagarajan	1.17	0.39
Jaya S Pai	1.02	0.64
Jamsheed Minoo Panday	0.39	-
Nitin G Khot	-	0.13
S Ananthanarayanan	-	0.13
	3.75	1.68
Dividend paid		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	162.09	1,546.24
	162.09	1,546.24
Reimbursement of expenses to related parties		
Komfort Universe Products & Services Limited	298.73	13.23
Home Komfort Retail LLP	123.48	180.74
Starship Value Chain and Manufacturing Private Limited	0.34	-
Kurlon Retail Limited	-	99.09
Kanvas Concepts Private Limited	-	18.75
	422.55	311.81
Lease Rentals to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	2,209.00	18.00
Metropolis Builders Private Limited	29.78	28.25
Jai Bharath Mills Private Limited	6.00	6.00
Jayamahal Trade and Investments Private Limited	22.94	20.85
	2,267.72	73.10

Notes to the standalone financial statements for the year ended March 31, 2023

36. Related party disclosure (Contd)

The balances receivable from and payable to related parties as at year end are as follows :

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Investment in subsidiaries		
Kurlon Retail Limited	1,760.00	1,760.00
Sevalal Solar Private Limited	4.69	4.69
Sirar Dhotre Solar Private Limited	4.69	4.69
Sirar Solar Energies Private Limited	4.69	4.69
Komfort Universe Products & Services Limited	5.00	5.00
Belvedere International Limited	5.00	5.00
Kanvas Concepts Private Limited	1.00	0.50
Starship Manufacturing and Services Private Limited	0.50	1.00
	1,785.57	1,785.57
Capital advances		
Maha Rashtra Apex Corporation Limited	1,222.76	1,222.76
	1,222.76	1,222.76
Security deposit		
Jayamahal Trade and Investments Private Limited	9.00	9.00
Metropolis Builders Private Limited	30.00	30.00
Jai Bharath Mills Private Limited	30.00	30.00
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	15,300.00	-
	15,369.00	69.00
Trade receivables		
Belvedere International Limited	175.68	-
Komfort Universe Products & Services Limited	474.63	218.14
Starship Value Chain and Manufacturing Private Limited	0.74	-
Home Komfort Retail LLP	41.09	-
Manipal Advertising Services Private Limited	0.06	-
	692.19	218.14
Loan to related parties (Gross)		
Kurlon Retail Limited	2,398.69	2,601.34
Kanvas Concepts Private Limited	162.91	162.76
Komfort Universe Products & Services Limited	412.15	81.40
Sirar Solar Energies Private Limited	98.71	74.59
Sirar Dhotre Solar Private Limited	81.78	68.81
Sevalal Solar Private Limited	22.08	30.53
Belvedere International Limited	13.01	13.01
	3,189.33	3,032.44
Loss allowance on loans given to related parties		
Kurlon Retail Limited	2,398.69	-
Kanvas Concepts Private Limited	162.91	162.76
Komfort Universe Products & Services Limited	412.15	81.40
Sirar Solar Energies Private Limited	-	74.59

Notes to the standalone financial statements for the year ended March 31, 2023

36. Related party disclosure (Contd)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Sirar Dhotre Solar Private Limited	-	68.81
Sevalal Solar Private Limited	-	30.53
	2,973.75	418.08
Interest income receivable		
Sevalal Solar Private Limited	0.12	6.82
Sirar Dhotre Solar Private Limited	6.41	6.37
Sirar Solar Energies Private Limited	7.13	3.63
	13.66	16.82
Advance against supply of goods and services to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	7,433.58	4,295.19
Starship Global VCT LLP	280.37	280.37
	7,713.95	4,575.56
Unsecured loans payable		
Jaya S Pai	650.00	676.30
	650.00	676.30

35. Related party disclosure (contd.)

(₹ in Lakh)

	March 31, 2023	March 31, 2022
Trade payables		
Komfort Universe Products and Services Private Limited	732.90	-
Belvedere International Limited	40.67	-
Jai Bharath Mills Private Limited	5.40	0.45
Manipal Advertising Services Private Limited	3.03	-
Manipal Software & E-Commerce Private Limited	32.86	45.38
Manipal Travels Private Limited	-	10.73
Starship Value Chain and Manufacturing Private Limited	781.81	1,131.93
	1,596.67	1,188.49
Advance from customers		
Home Komfort Retail LLP	0.38	22.19
	0.38	22.19
Lease liabilities		
Jayamahal Trade and Investments Private Limited	153.70	163.90
Metropolis Builders Private Limited	86.67	108.55
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	96.24
Jai Bharath Mills Private Limited	-	5.75
	240.37	374.44

Notes to the standalone financial statements for the year ended March 31, 2023

37. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	279.97	323.91
Interest due on above	33.12	31.54
	313.09	355.45
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	1.58	21.32
The amount of interest accrued and remaining unpaid at the end of each accounting year	33.12	31.54
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	31.54	-

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

38. Leases

Short-term leases and lease of low-value assets

The Company also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 2,186.26 lakhs (March 31, 2022: Rs. 58.96 lakhs) have been recognised in the statement of profit and loss.

39. Contingent liabilities and capital commitments

(a) Contingent liabilities

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debts		
Disputed demands under appeal not provided		
- Income tax	1,072.45	1,072.45
- Sales tax	4,293.80	4,394.26
- Excise duty	2,212.13	2,212.13
- GST	636.97	-

The Company is contesting these demands and the management, based on the advise from its tax consultants, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised as of March 31, 2023. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(b) Capital commitments

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Capital commitments (net of advances)	21.04	35.21

Notes to the standalone financial statements for the year ended March 31, 2023

40. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR policies focus on enhancing the quality of life and economic well being of the communities in accordance with the Schedule VII of the Companies Act, 2013.

The Company has spent towards various schemes of corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013, as approved by the Board of Directors of the Company.

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Gross amount required to be spent by the Company during the year	142.94	217.01

Amount spent during the year ended March 31, 2023

	(₹ in Lakh)		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	135.46	-	135.46

Amount spent during the year ended March 31, 2022

	(₹ in Lakh)		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	202.99	-	202.99

In case of Section 135(5) (Other than ongoing projects)

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Opening balance	7.98	22.00
Amount required to be spent during the year	142.94	217.01
Amount spent during the year	135.46	202.99
Closing balance *	0.50	7.98

* Represents excess amount spent on the corporate social responsibility which will be utilised in subsequent period.

The Company does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

41. Employee benefits

Defined contribution plans

The Company makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. During the year, the Company recognised Rs. 213.58 lakhs (March 31, 2022 : Rs 230.18 lakhs) towards Provident fund contributions, Rs 8.13 lakhs (March 31, 2022 : Rs 14.66 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.06 (March 31, 2022 : Rs 0.13 lakhs) lakhs towards Labour Welfare fund.

Post-employment obligation - Gratuity

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act') under which an employee who has completed five years of service is entitled to specific benefit. The amount of benefit provided depends on the employee's length of service and salary at retirement/termination date. The plan is funded by the company.

The following tables summarises the amounts recognised in the standalone financial statements :

Notes to the standalone financial statements for the year ended March 31, 2023

Balance Sheet	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Defined benefit obligation	731.30	673.94
Plan assets	612.39	460.78
Net liability	118.91	213.16
Current	74.45	86.68
Non-current	44.46	126.47

Changes in the present value of defined benefit obligation	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	673.94	523.48
Service cost	57.36	57.36
Interest cost	44.94	30.09
Remeasurements - Actuarial loss/(gain)	42.39	187.02
Benefit paid	(87.33)	(124.01)
Balance at end of the year	731.30	673.94

Changes in the fair value of plan assets	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	460.78	506.26
Contributions made	201.67	11.85
Interest income	36.93	29.35
Payments	(87.33)	(124.01)
Return on plan assets	0.34	37.33
Balance at end of the year	612.39	460.78

Statement of profit and loss	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Service cost	57.36	57.36
Interest cost net of income	8.01	0.74
Total	65.37	58.10

Other comprehensive (income)/loss	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Remeasurements - Actuarial loss/(gain)	42.39	187.02
Return on plan assets	(0.34)	(37.33)
Total	42.05	149.69

Notes to the standalone financial statements for the year ended March 31, 2023

Principal assumptions used in determining defined benefit obligation	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Discount rate	7.50%	7.13%
Expected return on plan assets	7.13%	6.52%
Salary escalation	5.00%	5.00%
Employee turnover	10.00%	10.00%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows : (₹ in Lakh)

	March 31, 2023	March 31, 2022
Investment with insurance companies	100.00%	100.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

40. Employee benefits- (Continued)

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Discount rate		
1% increase	(43.27)	(43.67)
1% decrease	48.87	49.56
Salary escalation		
1% increase	45.59	46.90
1% decrease	(41.89)	(42.27)
Employee turnover		
1% increase	5.54	4.51
1% decrease	(6.17)	(5.05)

Maturity profile of defined benefit obligation (₹ in Lakh)

	March 31, 2023	March 31, 2022
Within 1 year	78.52	50.67
1 - 2 year	72.77	63.75
2 - 3 year	78.48	57.15
3 - 4 year	77.43	65.81
4 - 5 year	32.98	54.16
5 - 10 year	219.11	192.20
10 years onwards	172.02	190.19

The average duration of the defined benefit obligation at the end of the reporting year is 9.12 years (March 31, 2022: 9.73 years).

Notes to the standalone financial statements for the year ended March 31, 2023

42. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in these standalone financial statements are categorised within the fair value hierarchy as below, based on the lowest level input that is significant to the fair value measurement as a whole :

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values and fair value measurement hierarchy of the Company's financial assets and financial liabilities are as below :

	March 31, 2023		March 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
(₹ in Lakh)				
Financial assets measured at fair value through profit and loss				
Current assets				
Investments	1,602.30	1,602.30	10,710.91	10,710.91
	1,602.30	1,602.30	10,710.91	10,710.91
Financial assets measured at amortised cost				
Non-current assets				
Investments	1,785.57	1,785.57	1,785.57	1,785.57
Loans	215.89	215.89	2,614.36	2,614.36
Other financial assets	2,590.03	2,590.03	665.71	665.71
Current assets				
Trade receivables	5,868.23	5,868.23	5,446.95	5,446.95
Cash and cash equivalents	214.01	214.01	147.50	147.50
Other bank balances	149.31	149.31	4,247.50	4,247.50
Loans	10.00	10.00	56.74	56.74
Other financial assets	15,568.74	15,568.74	158.79	158.79
	26,401.78	26,401.78	15,123.12	15,123.12
Financial liabilities measured at amortised cost				
Non-current liabilities				
Lease liabilities	921.21	921.21	547.88	547.88
Other financial liabilities	5,781.90	5,781.90	5,361.77	5,361.77
Current liabilities				
Borrowings	1,660.91	1,660.91	687.56	687.56
Lease liabilities	413.24	413.24	454.78	454.78
Trade payables	12,027.30	12,027.30	11,670.22	11,670.22
Other financial liabilities	917.38	917.38	1,085.21	1,085.21
	21,721.94	21,721.94	19,807.42	19,807.42

Notes to the standalone financial statements for the year ended March 31, 2023

43. Financial risk management objectives and policies

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Board of Directors is assisted in its oversight role by the internal audit who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(a) Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates which will affect the Company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

43. Financial risk management objectives and policies (contd.)

i. Currency risk

The Company's exposure to currency risk as at year end is as below :

	March 31, 2023			March 31, 2022		
	Currency	Foreign Currency	Rs. Lakhs	Currency	Foreign Currency	Rs. Lakhs
Trade payables	USD	1,19,988	99.59	USD	3,60,732	272.58
	EUR	31,113	27.03	EUR	40,529	34.89
Advances from customers	USD	-	-	USD	2,242	1.70
Advance to suppliers	USD	-	-	USD	53,257	40.81
	EUR	-	-	EUR	6,223	5.42
Trade receivables	USD	27,732	22.39	USD	24,859	18.70

	March 31, 2023		March 31, 2022	
	Effect on profit before tax			
Basis point				
+5%	(5.21)		(12.21)	
-5%	5.21		12.21	

ii. Interest rate risk

Interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's borrowings are at fixed and floating interest rate and are carried at amortised cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows :

Notes to the standalone financial statements for the year ended March 31, 2023

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Basis point	Effect on profit before tax	
+1%	(10.11)	-
-1%	10.11	-

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables, loans and other assets.

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 credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The loans to subsidiaries are unsecured loans. The management makes an assessment, of the credit risk on the loans based on the evaluation of the subsidiary's ability to repay the loans, as at date of reporting. The Company uses expected credit loss model to assess the impairment loss. Based on an evaluation of the credit risk of the subsidiaries, loss allowance on the loans and on interest accrued thereon have been recognised.

Cash and cash equivalents, investments and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

The movement in respect of allowance for expected credit losses is as follows :

	(₹ in Lakh)					
	Trade receivables		Loans & other financial assets		Other assets	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2024
At the beginning of the year	1,592.89	1,045.17	434.90	-	24.92	-
Allowance created/(reversed) during the year	73.53	547.72	2,580.97	434.90	-	24.92
At the end of the year	1,666.42	1,592.89	3,015.87	434.90	24.92	24.92

43. Financial risk management objectives and policies (contd.)

(c) Liquidity risk

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

The table below provides details regarding the undiscounted contractual maturities of financial liabilities :

Notes to the standalone financial statements for the year ended March 31, 2023

	(₹ in Lakh)			
	Less than 1 year	1 - 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	1,660.91	-	-	1,660.91
Lease liabilities	430.23	1,073.13	100.94	1,604.30
Trade payables	12,027.30	-	-	12,027.30
Other financial liabilities	917.38	5,781.90	-	6,699.28
Total	15,035.82	6,855.03	100.94	21,991.79
March 31, 2022				
Borrowings	687.56	-	-	687.56
Lease liabilities	474.40	554.08	162.18	1,190.66
Trade payables	11,670.22	-	-	11,670.22
Other financial liabilities	1,085.21	5,361.77	-	6,446.98
Total	13,917.39	5,915.85	162.18	19,995.42

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no significant liquidity risk is perceived.

44. Income tax

Income tax expense in the statement of profit and loss consists of :

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Statement of profit or loss		
Current tax	647.68	475.96
Deferred tax charge / (credit)	(1,059.70)	(685.08)
Income tax expense / (credit)	(412.02)	(209.12)
Tax relating to earlier years	(45.49)	(130.20)
Income tax expense / (credit) reported in the statement of profit and loss	(457.51)	(339.32)
Income tax recognised in other comprehensive income / (loss)		
- Tax arising on income and expense recognised in other comprehensive income / (loss)	10.58	37.68
Total	10.58	37.68

The reconciliation between the provision for income tax of the Company and amounts computed by applying the Indian income tax rate to profit / (loss) before taxes is as follows :

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Profit / (Loss) before tax	(1,774.96)	18.64
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense / (credit)	(446.76)	4.69
Effect of :		
(Reversal) / Creation of deferred tax liability on goodwill	-	(297.74)
Reversal of provision for current tax relating to earlier year	(45.49)	(130.20)
Tax charge on disallowance of corporate social responsibility expenditure	34.10	51.09
Others	0.64	32.84
Total income tax expense	(457.51)	(339.32)

Notes to the standalone financial statements for the year ended March 31, 2023

Deferred tax

Deferred tax relates to the following :

(₹ in Lakh)

	Balance Sheet		Statement of Profit and Loss	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Property, plant and equipment	(1,588.11)	(1,718.31)	(130.20)	(56.64)
Right of use assets	(594.64)	(516.30)	78.34	131.40
Goodwill	(231.58)	(231.58)	-	(297.79)
Marked to market on mutual fund investment	-	(143.47)	(143.47)	52.92
Gross deferred tax liability	(2,414.33)	(2,609.66)	(195.33)	(170.11)
Deferred tax asset				
Temporary differences arising on account of disallowance under section 36(1)(vii)	1,185.98	524.21	(661.77)	(261.14)
Section 43B disallowance	72.45	69.65	(2.80)	(69.65)
Section 35DD disallowance on amalgamation expenses	4.45	12.62	8.17	8.17
Lease liabilities	335.89	252.35	(83.54)	(140.06)
Provision for gratuity	29.93	52.29	22.36	(52.29)
Provision for leave encashment	18.11	-	(18.11)	-
Marked to market on mutual fund investment	128.68	-	(128.68)	-
Net deferred tax assets (net)	(638.84)	(1,698.54)	(1,059.70)	(685.08)
Net deferred tax credit/(charge)			(1,059.70)	(685.08)

45. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	2.46	2.54	-3%	
Debt equity ratio	Total debt	Shareholder's equity	0.03	0.01	149%	Due to increase in borrowings & incurring loss in current year leading to the deterioration of the ratio.
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating expenses	Debt service = Interest and lease payments + Principal repayments	-8.38	3.35	-350%	
Return on equity ratio	Net profits after taxes - Preference dividend	Average shareholder's equity	-0.03	0.01	-480%	Due to increase in loss in current year leading to the deterioration of the ratio.
Inventory turnover ratio	Cost of goods sold	Average inventory	4.97	4.01	24%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	14.90	14.14	5%	

Notes to the standalone financial statements for the year ended March 31, 2023

45. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.11	6.95	-12%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.42	3.32	3%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	-0.02	0.00	-437%	Due to increase in loss in current year leading to the deterioration of the ratio.
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + Deferred tax liability	-0.03	0.01	-572%	Due to increase in loss in current year leading to the deterioration of the ratio.
Return on investment	Interest (Finance income) + profit on sale of investment	Investment	0.06	0.04	57%	Due to sale of investments in current year leading to the improvement of the ratio.

46. Other statutory information

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

(ii) The Company does not have any transactions with companies struck off except as follows:

Name of the Struck off Company	Nature of transaction with struck off company	Amount Receivable
Marz Furniture Center Private Limited	Sale of Furniture	2.70

(iii) The Company do not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.

(iv) The Company have not traded or invested in crypto currency or virtual currency during the financial year.

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

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

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

(vi) The Company have 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) The Company have 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 period in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

Notes to the standalone financial statements for the year ended March 31, 2023

47. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Company includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Borrowings	1,660.91	687.56
Lease liabilities	1,334.45	1,002.66
Net debt (A)	2,632.04	(2,704.78)
Equity	47,809.96	49,342.09
Total equity capital (B)	47,809.96	49,342.09
Total debt and equity (C)=(A)+(B)	49,107.55	45,634.65
Gearing ratio (A)/(C)	5%	-6%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

48. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company ("SPA"). The aforesaid transaction is subject to fulfillment of prescribed conditions as mentioned in SPA.

49. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kulron Limited) and Kurlon Trading and Invest management Private Limited in the company. Below are the key conditions among others precedent to aforesaid transaction which needs to be completed on or before long stop date i.e November 30, 2023:

- i) The company needs to divest its investments in Solar entities and recover all the loans receivable from Solar entities (refer note 8(a));
- ii) Solar equipment leased to solar entities having a written down value of Rs. 1,305.36 lakhs are to be recovered and settle all transactions with such entities;
- iii) Capital advance given to Maharashtra Apex Corporation Limited (refer Note 11(i)(a)) to be recovered from Kanara Consumer Products Limited;
- iv) Company is expected to settle transactions with Kanara Consumer Products Limited which includes security deposit towards leased premises (refer note (9)) and advances recoverable in cash or kind (refer note (11))."

50. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2022.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Per Rajeev Kumar
Partner
Membership No.: 213803
Place : Bengaluru
Date : August 29, 2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai Managing Director DIN : 00043298	H. N. Shrinivas Director DIN - 07178853	
Jyothi Ashish Pradhan Chief Executive Officer Place : Bengaluru Date : August 29, 2023	Abhilash Padmanabh Kamti Chief Financial Officer	Monu Kumar Company Secretary

Opinion

We have audited the accompanying consolidated financial statements of Kurlon Enterprise Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including the statement of Other Comprehensive income/(loss), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (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 and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income/(loss), their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled

our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income/(loss) and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended. 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

of 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Board of 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.

Those respective Board of Directors of the Companies included in the Group are also 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)(l) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 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 of which we are the

Report on the Audit of the CONSOLIDATED financial statements

independent auditors, 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 entities included in the consolidated financial statements of which we are the independent auditors. For the other entities 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 and such other entities included in the consolidated financial statements of which we are 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.

Other Matter

We did not audit the financial statements and other financial information, in respect of eight subsidiaries, whose financial statements include total assets of Rs. 6,470.09 lakhs as on March 31, 2023, and total revenues of Rs. 12,816.49 lakhs and net cash outflows of Rs 245.78 lakhs (without giving effect to elimination of intercompany transactions) for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above 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 and the financial statements and other financial information certificate by the management.

Report on Other Legal and Regulatory Requirements

1.As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 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 companies, incorporate in India, as noted in the 'Other Matter paragraph' we give in the "Annexure 1" a statement on the matters specified in paragraphs 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 subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a)We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except that the Company does not have server physically located in India for the daily backup of the books of account and other books and papers maintained in electronic mode

(c)The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of Other Comprehensive Income/(loss), the Consolidated Cash Flow Statement and Consolidated

Report on the Audit of the CONSOLIDATED financial statements

Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Standards) Rules, 2015, as amended;

(e)The Observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;

(f)On the basis of the written representations received from the directors of the Holding Company and one subsidiary Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and such subsidiary Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Holding Company and subsidiary Companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

(g)With respect to the adequacy of the internal financial controls with reference to these consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h)In our opinion and based on the consideration of reports of other statutory auditors of subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with provisions of section 197 read with Schedule V to the Act to the extent applicable; and

(i)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 and based on

the consideration of the report of the other auditors on separate financial statements and other financial information of subsidiaries, as noted in the 'Other Matter' paragraph :

i.The consolidated financial statements disclose the impact of pending litigations on consolidated financial position of the Group- Refer note 39 to the consolidated financial statements;

ii.The Group 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 Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2023;

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively, that to the best of its knowledge and belief, as disclosed in the note 46 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b)The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India and whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively, that to the best of its knowledge and belief, as disclosed in the note 46 to the consolidated financial statements, no funds have been received by the respective Holding Company

Report on the Audit of the CONSOLIDATED financial statements

or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India and whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the

For S. R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Place of Signature: Bangalore Date : August 29, 2023

Per Rajeev Kumar

Partner
Membership No.: 213803
UDIN: 23213803BGXAMM3512

other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. As disclosed in note 15(g) to the consolidated financial statements, the final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 15(g) to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the Consolidated Financial Statements of Kurlon Enterprise Limited

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

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

Sl. No.	Name	CIN	Holding company / subsidiary	Clause number of the CARO report which is qualified
1	Kurlon Enterprise Limited	U36101MH2011PLC222657	Holding Company	None
2	Kurlon Retail Limited	U36104KA2012PLC065664	Subsidiary	3(ix)(d)
3	Belvedere International Limited	U52520KA2020PLC142418	Subsidiary	None
4	Komfort Universe Products and Services Limited	U52520KA2021PLC143244	Subsidiary	None
5	Kanvas Concepts Private Limited	U74999KA2020PTC138867	Subsidiary	None

Report on the Audit of the CONSOLIDATED financial statements

Sl. No.	Name	CIN	Holding company / subsidiary	Clause number of the CARO report which is qualified
6	Sirar Dhotre Solar Private Limited	U40300KA2016PTC097314	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d),(iii)(e),(iii)(f),(vii)(a)
7	Sirar Solar Energies Private Limited	U40106KA2016PTC097367	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d),(iii)(e),(iii)(f),(vii)(a)
8	Sevalal Solar Private Limited	U40106KA2016PTC094328	Subsidiary	3(i)(b),3(iii)(b),(iii)(c),(iii)(d),(iii)(e),(iii)(f),(vii)(a)
9	Starship Value Chain & Manufacturing Private Limited	U36900KA2020PTC139535	Subsidiary	3(i)(b), (vii)(a)

For S. R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Place of Signature: Bangalore Date : August 29, 2023

Per Rajeev Kumar

Partner
Membership No.: 213803
UDIN: 23213803BGXAMM3512

ANNEXURE '2' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KURLON ENTERPRISE LIMITED

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

In Conjunction with our audit of the consolidated financial statements of Kurlon Enterprise Limited ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated 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 with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability

of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the

internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other matters

a) Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to consolidated financial statements insofar as it relates to 7 subsidiaries which are companies incorporated in India, is based on the corresponding report of the auditors of such Companies incorporated in India.

b) Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference

to consolidated financial statements does not cover 1 subsidiary limited liability partnership firms as the internal financial controls over financial reporting is not applicable for this entity.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Place of Signature: Bangalore Date : August 29, 2023

Per Rajeev Kumar

Partner

Membership No.: 213803

UDIN: 23213803BGXAMM3512

FINANCIAL Statements

To the Members of
Kurlon Enterprise Limited

Consolidated Balance sheet as at March 31, 2023

ASSETS	Note No.	As at March 31, 2023		As at March 31, 2022	
		(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)
ASSETS					
Non-current assets					
Property, plant and equipment	4	18,905.74	21,106.61		
Capital work-in-progress	4	98.26	415.16		
Goodwill	5	2,103.16	2,103.16		
Other intangible assets	5	132.34	274.26		
Right of use assets	6	6,063.82	3,489.62		
Financial assets					
Loans	8	2.28	321.92		
Other financial assets	9	2,965.91	1,249.19		
Income tax assets (net)	10	2,382.39	1,702.48		
Other non-current assets	11	1,510.85	2,149.04		
		34,164.75	32,811.44		
Current assets					
Inventories	12	8,049.43	12,014.03		
Financial assets					
Investments	7	1,602.30	10,710.91		
Trade receivables	13	5,529.89	5,606.76		
Cash and cash equivalents	14	345.97	512.98		
Other bank balances	14	152.69	4,250.71		
Loans	8	10.00	56.74		
Other financial assets	9	15,590.09	164.90		
Other current assets	11	10,270.80	6,162.05		
		41,551.17	39,479.08		
Total		75,715.92	72,290.52		
EQUITY AND LIABILITIES					
Equity					
Equity share capital	15	1,827.62	1,827.62		
Other equity	16	45,176.24	44,308.26		
Non-controlling interest		(15.69)	2.54		
		46,988.17	46,138.42		
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	21	59.32	62.87		
Lease liabilities	17	3,911.16	1,853.20		
Other financial liabilities	18	5,835.60	5,361.77		
Provisions	19	446.45	521.89		
Deferred tax liabilities (net)	20	600.83	1,634.45		
		10,853.36	9,434.18		
Current liabilities					
Borrowings	21	1,668.13	693.58		
Lease liabilities	17	1,346.50	831.68		
Trade payables	22				
Total outstanding dues of micro enterprises and small enterprises		313.09	355.45		
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,025.04	11,636.29		
Other financial liabilities	18	1,088.41	1,202.86		
Provisions	19	706.35	602.70		
Other current liabilities	23	1,042.77	1,395.36		
Liabilities for current tax (net)	24	684.10	-		
		17,874.39	16,717.92		
Total		75,715.92	72,290.52		
Summary of significant accounting policies	3				

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

As per our report of even date attached

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Per Rajeev Kumar
Partner
Membership No.: 213803
Place : Bengaluru
Date : August 29,2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN : 00043298
Jyothi Ashish Pradhan
Chief Executive Officer
Place : Bengaluru
Date : August 29,2023

H. N. Shrinivas
Director
DIN - 07178853
Abhilash Padmanabh Kamti
Chief Financial Officer
Monu Kumar
Company Secretary

FINANCIAL Statements

To the Members of
Kurlon Enterprise Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

Particulars	Note No.	Year ended March 31, 2023		Year ended March 31, 2022	
		(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)
Income					
Revenue from operations	25	85,889.51	79,515.38		
Other income	26	842.55	1,364.81		
Total income		86,732.06	80,880.19		
Expenses					
Cost of raw material consumed	27	37,930.92	36,361.81		
Purchase of traded goods	28	9,181.32	8,856.30		
Changes in inventories of finished goods, work-in-progress and traded goods	29	1,627.12	442.82		
Employee benefit expense	30	7,002.44	7,362.27		
Finance costs	31	729.03	572.96		
Depreciation and amortisation expense	32	3,590.98	3,604.62		
Other expenses	33	25,878.54	24,564.27		
Total expenses		85,940.35	81,765.05		
Profit/(Loss) before tax		791.71	(884.86)		
Tax expense	44				
Current tax		824.35	575.12		
Tax relating to earlier years		(45.45)	(154.20)		
Deferred tax (credit)/charge		(1,033.85)	(747.41)		
Total tax expense		(254.95)	(326.49)		
Profit/(Loss) for the year		1,046.66	(558.37)		
Profit/(Loss) for the year attributable to :					
Owners of the Company		1,064.89	(559.81)		
Non-controlling interest		(18.23)	1.44		
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement gains/(losses) on defined benefit plan		(27.77)	(145.01)		
Income tax effect		10.35	37.68		
Total other comprehensive income/(loss) for the year		(17.42)	(107.33)		
Total comprehensive income/(loss) for the year		1,029.24	(665.70)		
Total comprehensive income/(loss) for the year attributable to :					
Owners of the Company		1,047.50	(667.14)		
Non-controlling interest		(18.23)	1.44		
Earnings per equity share (EPS) :					
Basic and Diluted [Nominal value of shares Rs. 5 (March 31, 2022 : Rs. 5)]	34	2.86	(1.53)		
Summary of significant accounting policies	3				

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

As per our report of even date attached

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
Per Rajeev Kumar
Partner
Membership No.: 213803
Place : Bengaluru
Date : August 29,2023

For and on behalf of Board of Directors of Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN : 00043298
Jyothi Ashish Pradhan
Chief Executive Officer
Place : Bengaluru
Date : August 29,2023

H. N. Shrinivas
Director
DIN - 07178853
Abhilash Padmanabh Kamti
Chief Financial Officer
Monu Kumar
Company Secretary

FINANCIAL Statements

To the Members of
Kurlon Enterprise Limited

Consolidated cashflow statements for the year ended March 31, 2023

Particulars	(₹ in Lakh)	
	Year ended March 31, 2023	Year ended March 31, 2022
A. Cash flows from Operating Activities		
Profit/(Loss) before tax	791.72	(884.86)
Non cash adjustment to reconcile profit/(Loss) before tax to net cash flows		
Depreciation and amortisation expense	3,590.98	3,604.62
Loss on sale of property, plant and equipment	304.19	339.09
Advance to suppliers written off	1.42	-
Bad debts written off	25.44	0.09
Deposits written off	-	31.46
Gain on modification/termination of lease	(72.93)	(363.83)
Provision for bad and doubtful debts	73.78	594.68
Provision for doubtful advances	276.68	45.31
Provision for warranty	363.07	328.80
Fair value loss/(gain) on mutual fund at fair value through profit or loss	511.28	(125.48)
Gain on sale of investments in mutual funds	(491.04)	(355.41)
Liabilities no longer required written back	(59.50)	(40.48)
Interest expenses	527.01	438.73
Interest income	(149.59)	(297.97)
Operating cash flow before working capital changes	5,692.51	3,314.75
Movements in working capital :		
Increase/(decrease) in trade payables	(657.35)	3,206.47
Increase/(decrease) in other financial liabilities	506.04	294.29
Increase/(decrease) in other liabilities	(293.09)	539.36
Increase/(decrease) in provisions	(362.63)	(174.55)
Decrease/(increase) in inventories	3,964.60	(334.28)
Decrease/(increase) in trade receivables	23.14	(716.99)
Decrease/(increase) in loans	366.38	16.33
Decrease/(increase) in other financial assets	(17,776.30)	28.81
Decrease/(increase) in other assets	(4,386.85)	128.59
Cash generated from (used in) operations	(12,923.53)	6,302.78
Direct taxes paid (net of refunds)	(774.71)	(1,479.52)
Net cash flow from (used in) operating activities (A)	(13,698.24)	4,823.26
B. Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(611.22)	(2,302.01)
Investment in bank deposits	-	(3,785.50)
Redemption of bank deposits	4,078.38	3,563.05
Purchase of investments	(7,806.00)	(8,999.58)
Sale of investments	16,892.00	9,901.28
Proceeds from sale of property, plant and equipment	1,319.18	86.82
Movement in earmarked balances, net	7.37	(1.76)
Interest received	190.09	270.95
Net cash flow (used in) investing activities (B)	14,069.80	(1,266.75)
C. Cash flows from financing activities		
Net (repayment of)/proceeds from short-term borrowings	971.01	(485.38)
Repayment of principle portion of lease liabilities	(790.87)	(881.65)
Interest paid	(529.65)	(418.96)
Dividend paid	(183.08)	(1,827.61)
Net cash flow from/(used in) financing activities (C)	(532.59)	(3,613.60)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(161.03)	(57.09)
Cash and cash equivalents at the beginning of the year	507.00	564.09
Cash and cash equivalents at the end of the year	345.97	507.00
Components of cash and cash equivalents as at end of the year		
Cash in hand	6.23	6.78
Balances with banks :		
In current accounts	339.74	500.22
Total cash and cash equivalents (Refer Note 14)	345.97	507.00
Non-cash investing and financing activities		
Acquisitions to right-of-use assets (Refer Note 6)	4,316.94	1,547.16
Refer Note 21 for change in liabilities arising from financing activities		
Summary of significant accounting policies	3	
The accompanying notes are an integral part of the consolidated financial statements.		

As per our report of even date attached

For S. R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner
Membership No.: 213803

Place : Bengaluru
Date: August 29,2023

For and on behalf of Board of Directors of

Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
DIN : 00043298

Jyothi Ashish Pradhan
Chief Executive Officer

Place : Bengaluru
Date: August 29,2023

H. N. Shrinivas
Director
DIN - 07178853

Abhilash Padmanabh Kamti
Chief Financial Officer

Monu Kumar
Company Secretary

To the Members of
Kurlon Enterprise Limited

FINANCIAL Statements

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

(a) Equity share capital

Equity share of Rs. 5 each (March 31, 2022: Rs. 5) issued, subscribed and fully paid

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	36,552,261	1,827.62	36,552,261	1,827.62
Changes during the year	-	-	-	-
At the end of the year	36,552,261	1,827.62	36,552,261	1,827.62

b. Other Equity

(₹ in Lakh)

	Attributable to the equity holders of the Holding Company					Non-controlling interests	Total equity
	Capital reserve	Securities premium	General reserve	Retained earnings	Total		
Balance as at April 01, 2021	312.24	14,860.48	1,286.11	30,344.18	46,803.01	1.10	46,804.11
Profit/(Loss) for the year	-	-	-	(558.37)	(558.37)	-	(558.37)
Other comprehensive income/(Loss)	-	-	-	(107.33)	(107.33)	-	(107.33)
Transfer to non-controlling interest	-	-	-	(1.44)	(1.44)	1.44	-
Dividend paid	-	-	-	(1,827.61)	(1,827.61)	-	(1,827.61)
Balance as at March 31, 2022	312.24	14,860.48	1,286.11	27,849.43	44,308.26	2.54	44,310.80
Profit/(Loss) for the year	-	-	-	1,046.66	1,046.66	-	1,046.66
Other comprehensive income/(Loss)	-	-	-	(17.42)	(17.42)	-	(17.42)
Transfer to non-controlling interest	-	-	-	18.23	18.23	(18.23)	-
(refer note 16(a))	3.71	-	-	-	3.71	-	3.71
Transfer to capital reserve	-	-	-	-	-	-	-
Dividend paid	-	-	-	(183.21)	(183.21)	-	(183.21)
Balance as at March 31, 2023	315.95	14,860.48	1,286.11	28,713.69	45,176.24	(15.69)	45,160.56

Securities premium - This reserve is used to record premium on issue of shares and can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained earnings - Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

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

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar

Partner
Membership No.: 213803

Place : Bengaluru
Date: August 29,2023

For and on behalf of Board of Directors of

Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai
Managing Director
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Chief Executive Officer

Place : Bengaluru
Date: August 29,2023

H. N. Shrinivas
Director
DIN - 07178853

Abhilash Padmanabh Kamti
Chief Financial Officer

Monu Kumar
Company Secretary

Notes to the Consolidated financial statements for the year ended March 31, 2023

1. Corporate information

Kurlon Enterprise Limited (referred to as “the Holding Company”) together with its subsidiaries (collectively referred to as the “Group”). The Holding Company was incorporated in Mumbai, India on October 03, 2011, as a public limited company under the Companies Act. The Holding Company is a subsidiary of Kanara Consumer Products Limited (formerly known as “Kurlon Limited”) and is engaged in the business of manufacturing/trading in diverse areas such as rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.

The Group in addition to the Holding Company comprises the following consolidated entities:

Sl. No.	Name	Country of incorporation	Relationship	% Ownership interest as at March 31, 2023	% Ownership interest as at March 31, 2022
1	Kurlon Retail Limited	India	Subsidiary	100%	100%
2	Sevalal Solar Private Limited	India	Subsidiary	93.8%	93.8%
3	Sirar Dhotre Private Limited	India	Subsidiary	93.8%	93.8%
4	Sirar Solar Private Limited	India	Subsidiary	93.8%	93.8%
5	Belvedere International Limited*	India	Subsidiary	100%	100%
6	Komfort Universe Products and Services Limited	India	Subsidiary	100%	100%
7	Starship Value Chain and Manufacturing Private Limited #	India	Subsidiary	100%	100%
8	Kanvas Concepts Private Limited	India	Subsidiary	100%	100%
9	Home Komfort Retail LLP *	India	Subsidiary	100%	100%
10	Starship Global VCT LLP#	India	Subsidiary	-	100%

* During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedere International Limited has acquired business from Home Komfort Retail LLP vide Business transfer agreement dated September 08, 2022. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method (refer note 48).

During the year ended March 31, 2022, the Holding Company's subsidiary, Starship Value Chain and Manufacturing Private Limited has acquired business from Starship Global VCT LLP vide Business transfer agreement dated March 01, 2022, which was carrying on

business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method (refer note 48).

The Group's consolidated financial statements for the year ended March 31, 2023, were approved by Board of Directors on August 2, 2023.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from

Notes to the Consolidated financial statements for the year ended March 31, 2023

time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

-Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

These consolidated financial statements are presented in Indian Rupees (Rs.), which is also functional currency of the Group. All the values are rounded off to the nearest lakhs, unless otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

(a) Measurement of fair values

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

-In the principal market for the asset or liability, or

-In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

-Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading

- Expected to be realized within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,

Notes to the Consolidated financial statements for the year ended March 31, 2023

- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(c) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3.1 - Business combination: Whether the Group has de facto control over an investee;
- Note 3.2 and Note 3.3 - Useful life of property, plant and

equipment and intangible assets;

- Note 3.8 - Measurement of defined benefit obligations: key actuarial assumptions.

- Note 3.9 - Provision for income tax and valuation of deferred tax assets/liabilities.

- Note 3.14 - Valuation of financial instrument; and

- Note 3.15 - Lease classification and determination of lease term;

Assumption and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Note 2(a) - Fair value measurement

- Note 3.3 - Impairment of financial assets

- Note 3.3 - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;

- Note 3.9 - Recognition of deferred tax assets: based upon likely timing and the level of future taxable profits together with future tax planning strategies;

- Note 3.11 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

3. Summary of significant accounting policies

3.1. Business combination:

In accordance with Ind AS 103, the Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in Other Comprehensive Income ("OCI") and accumulated in equity as capital reserve if there exist clear evidence of the underlying reason for classifying the business combination as resulting in bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction cost are expensed as

Notes to the Consolidated financial statements for the year ended March 31, 2023

incurred, except to the extent related to debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the consolidated statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently, and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If business combination is achieved in stages, any previous held equity interest in the acquiree is re-measured to its acquisition date fair value and any resulting gain or loss is recognised in consolidated statement of profit and loss or OCI, as appropriate.

Business combinations (common control business combinations)

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative presented period or, if later, at the date that the common control was established; for this purpose comparatives are revised.

The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

Basis of consolidation

Subsidiaries and controlled trust

Subsidiaries and controlled trust are entities controlled by the Group. The Group controls an entity when it is

exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries and controlled trust are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of the subsidiaries and controlled trust are consolidated on a line by line basis. Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired ("net assets") exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

Loss of control

When the Group loses control over a subsidiary or a controlled trust, it derecognizes the assets and liabilities of the subsidiary or the controlled trust, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the consolidated statement of profit and loss.

Equity accounted investee

The Group's interest in equity accounted investees

comprise interests in associate. An associate is an entity in which Group has significant influence, but no control or joint control over the financial and operating policies. Interest in associate are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit and loss and OCI of equity-accounted investees until the date on which significant influence ceases.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

3.2. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of

being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Subsequent costs related to an item of property, plant and equipment are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Asset description	Useful life in years as per Schedule II	Useful life as per Company
Buildings	30	30
Plant and equipment	15	10 and 15
Furniture and fixtures	10	10
Office equipment	5	5
Vehicles	8	8
Computers	3 and 6	3 and 6

The useful lives have been determined based on managements' internal technical assessment, which in certain instances are different from those specified by Schedule II to the Act, in order to reflect the actual usage of the assets.

The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.3. Goodwill and other intangible assets

Recognition and measurement

Goodwill

Goodwill being the excess of the aggregate consideration transferred over the net identifiable assets acquired and liabilities assumed, is stated at cost, less impairment, if any. Any goodwill that arises from business combination is tested for impairment annually.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset description	Useful life in years
Computer software	6

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

3.4. Impairment

Impairment of financial assets

In accordance with Ind AS - 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance
- Trade receivables or any contractual right to receive

cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables or contract revenue receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is

considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment

loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.5. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.6. Foreign currency transactions

i) Functional and presentation currency:

Items included in the consolidated financial statements of the group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The group financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Group.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

3.7. Revenue recognition

Revenue from contracts with customer is recognised upon transfer of control of promised goods/services to customers at an amount that reflects the consideration to which the Group expect to be entitled for those goods/services.

To recognize revenues, the Group applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Others

- The Group accounts for variable consideration like volume discounts, rebates, returns and pricing incentives to customers as reduction of revenue on a systematic and rationale basis over the period of the contract. The Group estimates an amount of such variable consideration using expected value method or the single most likely amount in a range possible consideration depending on which method better predicts the amount of consideration to which the Group may be entitled.
- Revenues are shown net of allowances /returns, goods and service tax and applicable discounts and allowances.
- The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance- type warranties are accounted under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is

required before payment of the consideration is due). Refer to accounting policies of financial assets.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

3.8. Interest expense

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

3.9. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Other long-term employee benefit obligations

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plans - gratuity, and
- (b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity

and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan

Retirement benefit in the form of provident fund scheme, ESI, Superannuation, are the defined contribution plans. The Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

3.10. Income taxes

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

-When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

-In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

-When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

-In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other

comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.11. Earnings/(loss) per share

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

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

3.12. Provision and contingent liabilities

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related cost are recognized when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses it in the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.13. Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.14. Cash flow statement

Cash flows are reported using the indirect method, whereby net (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

3.15. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

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

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount

of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at FVTOCI

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.16. Leases

The Group has lease contracts for various buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.3 for policy on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination option

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

3.17. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.18. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Group has identified one reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group has only one reportable business segment, which is manufacture, purchase and sale of coir, foam and related products which constitutes a single business segment. Accordingly, the amounts appearing in the consolidated financial statements relate to the Group's single business segment. Refer Note 35 for segment information and segment reporting.

3.19. Use of judgements, estimates and assumptions

The preparation of the consolidated financial statements

requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

(i) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates.

Further details about the gratuity obligations are given in Note 41.

(ii) Deferred taxes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences, carry forward of unused tax credits and unused tax losses, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. In the absence of reasonable certainty over recoverability of deferred taxes on carry forward losses no deferred tax assets have been recognised up to the reporting date.

(iii) Impairment of financial and non-financial assets:

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. In case of non-financial assets group estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

3.20. Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and and it is certain to expect ultimate collection.

3.21. Changes in accounting policies and disclosures – New and amended standards

The Group applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after April 1, 2022, as per the Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 notified by the Ministry of Corporate Affairs:

(a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of other costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(b) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements. The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. It has been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

(c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

(d) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The aforesaid standards and amendments did not have any material impact on the consolidated financial statements of the Holding Company.

3.22. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies

(Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS

which are effective from April 1, 2023:

(a) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(b) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The aforesaid amendments are not expected to have any material impact on the Holding Company's consolidated financial statements.

Notes to the Consolidated financial statements for the year ended March 31, 2023

4. Property, plant and equipment and Capital working in progress (₹ in Lakh)

	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total	Capital Work in Progress
Cost									
At April 01, 2021	991.42	8,453.90	19,927.50	3,936.63	640.08	575.77	350.32	34,875.62	703.33
Additions	-	1,071.33	700.53	441.30	170.13	131.22	65.31	2,579.82	354.11
Disposals	-	(63.25)	(36.35)	(607.14)	(12.39)	(20.98)	(24.25)	(764.36)	(642.28)
Adjustments *	-	-	126.92	94.65	17.64	25.19	49.52	313.92	-
At March 31, 2022	991.42	9,461.98	20,718.60	3,865.44	815.46	711.19	440.90	37,005.00	415.16
Additions	-	389.16	573.96	271.51	79.17	43.04	60.57	1,417.41	342.28
Disposals	-	(981.95)	(1,036.20)	(800.50)	(18.42)	(24.03)	(46.14)	(2,907.25)	(659.18)
At March 31, 2023	991.42	8,869.19	20,256.36	3,336.45	876.21	730.20	455.33	35,515.16	98.26
Depreciation									
At April 01, 2021	-	1,012.74	9,922.42	1,622.18	447.03	474.24	80.56	13,559.17	-
Charge for the year	-	280.04	1,366.43	536.07	78.27	63.30	44.67	2,368.78	-
Disposals	-	(17.15)	(20.36)	(279.73)	(8.01)	(12.72)	(5.51)	(343.48)	-
Adjustments *	-	-	51.20	165.01	23.04	25.16	49.51	313.92	-
At March 31, 2022	-	1,275.63	11,319.69	2,043.53	540.33	549.98	169.23	15,898.39	-
Charge for the year	-	282.87	1,289.50	248.78	79.51	64.28	47.01	2,011.95	-
Disposals**	-	(230.60)	(479.70)	(538.70)	(16.68)	(18.52)	(16.72)	(1,300.92)	-
At March 31, 2023	-	1,327.90	12,129.49	1,753.61	603.16	595.74	199.52	16,609.42	-
Net block									
At March 31, 2022	991.42	8,186.35	9,398.91	1,821.92	275.13	161.21	271.67	21,106.61	415.16
At March 31, 2023	991.42	7,541.29	8,126.87	1,582.84	273.05	134.46	255.81	18,905.74	98.26

* Represents reclass adjustments between gross block and accumulated depreciation.

** Includes, deletion of assets on account of fire accident occurred at one of the Holding Company's factory located at Jhagadia which were damaged/burnt in such fire accident, as below:

Asset block	Gross block	Accumulated depreciation	Net block
Buildings	981.95	230.60	751.35
Plant & Equipment	1,018.10	470.87	547.23
Furniture & Fixtures	73.23	64.05	9.18
Office Equipment	4.68	4.22	0.46
Computers	4.43	4.21	0.22
Total	2,082.39	773.95	1,308.44

Capital work-in-progress (CWIP) ageing schedule

	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As at March 31, 2023					
Projects in progress	20.86	29.25	37.31	10.84	98.26
Projects temporarily suspended	-	-	-	-	-
Total	20.86	29.25	37.31	10.84	98.26

Notes to the Consolidated financial statements for the year ended March 31, 2023

As at March 31, 2022

Projects in progress	354.11	39.46	2.08	19.51	415.16
Projects temporarily suspended	-	-	-	-	-
Total	354.11	39.46	2.08	19.51	415.16

The Group does not have any projects under capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

5. Intangible assets

	Goodwill*	Computer Software	Total
Cost			
At April 01, 2021	2,103.16	1,089.53	3,192.69
Additions	-	13.68	13.68
Disposals	-	(5.34)	(5.34)
At March 31, 2022	2,103.16	1,097.87	3,201.03
Additions	-	0.99	0.99
Disposals	-	(10.78)	(10.78)
At March 31, 2023	2,103.16	1,088.08	3,191.24
Amortisation			
At April 01, 2021	-	684.34	684.34
Charge for the year	-	139.62	139.62
Disposals	-	(0.35)	(0.35)
At March 31, 2022	-	823.61	823.61
Charge for the year	-	133.98	133.98
Disposals	-	(1.85)	(1.85)
At March 31, 2023	-	955.74	955.74
Net block			
At March 31, 2022	2,103.16	274.26	2,377.42
At March 31, 2023	2,103.16	132.34	2,235.50

*Goodwill of Rs. 2,103.16 lakhs was recognised upon amalgamation of Spring Air Bedding Company India Limited ('SABCIL') with the Company pursuant to the scheme of amalgamation approved by National Company Law Tribunal ('NCLT'), Mumbai and NCLT, Delhi vide their orders dated March 12, 2020 and May 05, 2020 respectively with an appointed date of April 01, 2018 ('Effective Date').

In view of the synergies, the Holding Company including SABCIL has been considered as a single cash generating unit. The Holding Company tests whether goodwill has suffered any impairment on an annual basis. There is no impairment as per the assessment performed by the management at the year end. Management has performed sensitivity analysis around the basic assumption and have concluded that no reasonable/possible change in key assumptions would cause the recoverable amount lower than the carrying amount of goodwill. In estimating the value in use, the management of Holding Company considered terminal growth rate of 5% and discount rate of 10.19% as assumptions.

6. Right to use assets

	Leasehold Land	Buildings	Total
Cost			
At April 01, 2021	1,145.27	5,321.61	6,466.88
Additions	-	1,547.16	1,547.16
Disposals	-	(3,063.54)	(3,063.54)
Adjustments *	-	(84.38)	(84.38)
At March 31, 2022	1,145.27	3,720.85	4,866.12
Additions	-	4,316.61	4,316.61
Disposals	-	(827.28)	(827.28)
At March 31, 2023	1,145.27	7,210.51	8,355.78
Depreciation			
At April 01, 2021	38.90	2,040.02	2,078.92
Charge for the year	19.45	1,075.50	1,094.95
Disposals	-	(1,712.99)	(1,712.99)
Adjustments *	-	(84.38)	(84.38)

Notes to the Consolidated financial statements for the year ended March 31, 2023

At March 31, 2022	58.35	1,318.15	1,376.50
Charge for the year	19.45	1,425.60	1,445.05
Disposals	-	(529.59)	(529.59)
At March 31, 2023	77.80	2,214.16	2,291.96
Net block			
At March 31, 2022	1,086.92	2,402.70	3,489.62
At March 31, 2023	1,067.47	4,996.35	6,063.82

* Represents reclass adjustments between gross block and accumulated depreciation.

7. Investment

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Measured at fair value through profit and loss				
Current investments, quoted				
Investments in mutual funds				
Nippon Money Market Fund - D G	2,847	100.99	-	-
Kotak Banking & PSU Debt Fund Direct Growth	-	-	2,033,681	1,103.94
Axis Short Term Plan-D-G	-	-	3,596,142	959.55
DSP Banking and PSU Debt Fund-Direct Growth	-	-	4,232,783	845.36
IDFC Corporate Bond Fund Regular Plan-Growth	-	-	4,534,078	713.42
ICICI Prudential Banking & PSU Debt Fund	-	-	2,200,468	592.37
Kotak Bond Short Term Fund - Direct Growth	-	-	1,256,924	574.36
Kotak Corporate Bond Fund - Direct Growth	-	-	17,573	550.54
Mirae Asset Corporate Bond Fund-R G	-	-	4,846,475	505.80
LIC MF PSU Banking Fund Direct Growth	-	-	1,642,874	493.42
HSBC Corporate Bond Fund Direct Growth	-	-	3,927,087	419.78
Trust MF Banking & PSU Debt Fund - Direct Plan - Growth	-	-	29,009	306.34
ICICI Prudential Ultra short term Fund -D G	-	-	1,271,606	304.05
JM Low Duration Fund - R G	-	-	996,504	301.12
Canara Robeco Corporate Bond Fund - Direct Growth	-	-	1,109,397	209.37
PGIM India Low Duration Fund D G	-	-	796,144	203.30
Mahindra Manulife Short Term Fund D G	-	-	1,922,171	203.04
Trust MF Short Term Fund D G	-	-	19,695	202.27
Tata Corporate Bond Fund D G	-	-	1,999,900	202.26
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2026 R G	-	-	1,883,463	201.97
Axis CPSE Plus SDL 2025 Debt Index Fund D G	-	-	1,999,900	201.65
Canara Robeco Short Term Duration Fund -D G	-	-	898,208	201.47
Trust MF Banking & PSU Debt Fund - Regular - Growth	-	-	19,076	200.28
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	-	-	415,282	102.10
Nippon Short Term Fund - D G	-	-	223,873	101.92
ABSL Floating Rate Fund -Dg	-	-	35,907	101.81
Tata Banking & PSU Debt Fund D G	-	-	856,480	101.73
Invesco India Corporate Bond Fund - D G	-	-	3,716	101.63
Edelweiss Nifty PSU Bond Plus Sdl Index Fund D G	-	-	993,561	101.41
Edelweiss Nifty PSU Bond Plus Sdl Index Fund 2027 R G	-	-	993,996	101.38
Invesco India Medium Duration Fund- D G	-	-	9,826	101.33
L & T Low Duration Fund Direct Growth	-	-	421,328	100.53
Nippon India Corporate Bond Fund - D G	-	-	202,851	100.51
DSP Short Term Fund-D G	-	-	247,808	100.47
ABSL Crisil Aaa Jun 2023 Index Fund D G	-	-	1,000,263	100.43

Notes to the Consolidated financial statements for the year ended March 31, 2023

(₹ in Lakh)

	March 31, 2022		March 31, 2021	
	Nos.	Amount	Nos.	Amount
Axis Money Market Fund - D G	8,277	100.79	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	400,849	100.10	-	-
DSP Savings Fund - D G	435,394	200.23	-	-
Kotak Liquid Fund D G	4,400	200.12	-	-
Axis Liquid Fund D G	8,002	200.10	-	-
Edelweiss Money Market Fund D G	753,258	199.99	-	-
LIC MF Saving Fund -D G	552,000	199.99	-	-
ICICI Prudential Corporate Bond Fund - Direct Plan - Growth	400,425	100.00	-	-
Bandhan Ultra short term fund D G	1,528,743	199.99	-	-
Total	4,094,194	1,602.30	46,638,047	10,710.91
Aggregate book value of quoted investments		1,602.30		10,710.91
Aggregate market value of quoted investments		1,602.30		10,710.91

8. Loans

(₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost				
Loans				
- Related parties (Refer Note 36)	-	276.68	-	-
- Others	2.28	45.24	10.00	56.74
	2.28	321.92	10.00	56.74
Loans				
- Related parties (Refer Note 36)	276.68	-	-	-
Less : Loss allowance	(276.68)	-	-	-
	2.28	321.92	10.00	56.74

The Group has provided loans to one of its erstwhile director of subsidiaries and to the entity in which such director holds substantial interest amounting to Rs. 276.68 lakhs (March 31, 2022 : Rs. 276.68 lakhs). The Group has taken legal action against aforesaid director and entity for recovering the aforesaid loan amount. Considering the uncertainty in recoverability of above loans, management has provided for the loan receivable during financial year ending March 31, 2023.

Except as disclosed above, there are no loans to Directors or other officers of the Holding Company or any of them either severally or jointly with any other person or loans to any firm in which director is a partner.

9. Other financial assets

(₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Considered good unless otherwise stated				
Unsecured, at amortised cost				
Interest accrued on fixed deposits	-	-	6.38	84.44
Insurance Receivable*	2,022.29	-	-	-
Security deposits#	932.05	1,249.19	15,583.71	80.46
Other bank balance	-	-	-	-
Deposits with remaining maturity for more than 12 months (Refer note 14)	11.57	-	-	-
	2,965.91	1,249.19	15,590.09	164.90

Notes to the Consolidated financial statements for the year ended March 31, 2023

* During the year, there is fire accident occurred at one of the Holding Company's factory located at Jhagadia. In such fire accident, various assets including inventories, property, plant & equipment were damaged/burnt against which the Holding Company has filed claim with the insurer for Rs 41,77.98 lakhs of which, the Company has received interim claim of Rs 465 lakhs. Insurance receivable of Rs 2022.29 lakhs as of March 31, 2023 represents book of value of damaged/burn assets including inventories. The Holding Company is confident of realising the aforesaid claim in near future.

Includes lease deposit amount of Rs 15,300 lakhs paid by the Holding Company to Kanara Consumer Products Limited (formerly known as "Kurlon Limited") during the year 2022-23, towards various premises taken on lease from Kanara Consumer Products Limited. As detailed in note 50 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited and Kurlon Trading and Invest management Private Limited in the Holding company and conditions precedent mentioned there in, the Holding Company is required to recover/settle all the related party receivables/payables as applicable. Hence, the carrying value is considered recoverable.

10. Income tax assets (net)

	(₹ in Lakh)	
	March 31, 2023	March 31, 2022
Advance income tax including tax deducted at source	2,381.88	1,701.97
MAT credit entitlement	0.51	0.51
	2,382.39	1,702.48

11. Other assets

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, considered good				
Capital advances (Refer Note (i) below)	1,510.85	2,149.04	-	-
Advances recoverable in cash or kind				
- Related parties (Refer Note 36)	-	-	7,430.62	4,435.19
- Others	-	-	1,703.38	732.82
Unbilled Revenue	-	-	39.42	-
Advance to employees	-	-	75.16	65.70
Prepaid expenses	-	-	525.09	298.99
Balances with statutory/government authorities	-	-	497.13	629.35
	1,510.85	2,149.04	10,270.80	6,162.05
Unsecured, credit impaired				
Advances recoverable in cash or kind				
- Others	-	-	24.92	43.23
- Employees	-	-	-	2.08
Less : Provision for doubtful advances	-	-	(24.92)	(45.31)
Total	1,510.85	2,149.04	10,270.80	6,162.05

(i) Capital advances includes the following :

(a) "During the year 2013-2014, the Kanara Consumer Products Limited (formerly known as "Kurlon Limited" or "Ultimate Holding Company") had paid an advance of Rs. 1,222.76 lakhs to Maharashtra Apex Corporation Limited (MRACL) (a related party) for purchase of land. In an earlier year, the Honourable Karnataka High Court (The court) had vide its order dated October 08, 2004 had stated that sale of land can be carried out only with its permission. Subsequently, the court vide its order dated April 20, 2012 accorded its consent for the sale of land to Kanara Consumer Products Limited. During the financial year 2014-2015, the advance was transferred by Ultimate Holding Company to the Holding Company and has been carried in the books till date.

As detailed in note 50 with respect to Share purchase agreement dated July 17, 2023 entered by Sheela Foam Limited for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kurlon Limited) and Kurlon Trading and Invest management Private Limited in the Holding company and conditions precedent mentioned there in, the Holding Company is required to recover/settle all the related party receivables/payables as applicable. Hence, the carrying value is considered recoverable."

Notes to the Consolidated financial statements for the year ended March 31, 2023

b) Out of Capital advances as of March 31, 2022, Rs 622.07 lakhs has been adjusted against security deposit towards modified lease agreement entered with Ultimate Holding Company.

12. Inventories (valued at lower of cost and net realizable value)

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Raw materials (includes goods in transit Rs. Nil (March 31, 2022 - Rs. 657.89))	2,962.94	5,242.40
Work in progress	987.57	1,875.96
Finished goods (includes in transit Rs. Nil (March 31, 2022 - Rs. Nil))	3,068.02	3,536.69
Spares and consumables	488.28	546.30
Traded goods	542.62	812.68
	8,049.43	12,014.03

The carrying value of inventories as reflected above is net of provision for aged/slow moving stock of Rs. 635.92 lakhs (March 31, 2022 : Rs. 752.67 lakhs).

13. Trade receivables

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Financial assets, at amortised cost		
Unsecured, considered good	5,529.89	5,606.76
Unsecured, credit impaired	1,666.42	1,592.89
	7,196.31	7,199.65
Provision for doubtful receivables	(1,666.42)	(1,592.89)
	5,529.89	5,606.76

Notes:

(i) Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.

(ii) For balances with related parties, refer Note 36.

13. Trade Receivable (Cont...)

	Outstanding for following periods from the due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	
March 31, 2023							
Undisputed trade receivables - considered good	2,457.78	2,370.63	438.98	47.49	215.01	-	5,529.89
Undisputed trade receivables - credit impaired	-	-	181.29	208.73	514.78	475.90	1,380.70
Disputed trade receivables - credit impaired	-	0.87	7.04	17.70	16.60	243.51	285.72
	2,457.78	2,371.50	627.31	273.92	746.39	719.41	7,196.31

Notes to the Consolidated financial statements for the year ended March 31, 2023

	(₹ in Lakh)						
March 31, 2022							
Undisputed trade receivables							
- considered good	571.64	4,756.29	261.62	14.56	1.83	0.82	5,606.76
Undisputed trade receivables							
- credit impaired	-	-	-	872.50	227.37	151.86	1,251.73
Disputed trade receivables							
- credit impaired	-	-	-	76.28	104.38	160.50	341.16
	571.64	4,756.29	261.62	963.34	333.58	313.18	7,199.65

14. Cash and bank balances (₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cash and cash equivalents				
Cash in hand	-	-	6.23	6.78
Balances with banks :				
In current accounts	-	-	339.74	500.22
Deposits with original maturity for less than 3 months	-	-	-	5.98
	-	-	345.97	512.98
Other bank balances				
Deposits with remaining maturity for less than 12 months	-	-	0.05	4,090.00
Earmarked balances with banks *	-	-	137.63	145.00
Unclaimed dividend account	-	-	15.01	15.71
	-	-	152.69	4,250.71
	-	-	498.66	4,763.69

* Deposits receipts pledged with banks for obtaining letter of credit & bank guarantee facilities.

15. Equity share capital (₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
Authorised shares				
Equity shares of Rs. 5/- each with voting rights	15,06,00,000	7,530.00	15,06,00,000	7,530.00
	15,06,00,000	7,530.00	15,06,00,000	7,530.00
Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 5/- each with voting rights	3,65,52,261	1,827.62	3,65,52,261	1,827.62
	3,65,52,261	1,827.62	3,65,52,261	1,827.62

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year (₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,65,52,261	1,827.62	36,552,261	1,827.62
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,65,52,261	1,827.62	3,65,52,261	1,827.62

Notes to the Consolidated financial statements for the year ended March 31, 2023

b. Terms and rights attached to equity shares

The Holding Company has only one class of equity shares having par value of Rs. 5 per share. Each holder of equity share is entitled to one vote per share. The Holding Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by Holding Company (₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)				
Equity shares of Rs. 5/- each with voting rights	32,338,830	88.47%	30,924,115	84.60%
	32,338,830	88.47%	30,924,115	84.60%

d. Details of shareholders holding more than 5% shares in the Company (₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Nos.	%	Nos.	%
Equity shares of Rs. 5/- each				
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)*	32,338,830	88.47%	30,924,115	84.60%
Kurlon Trading and Invest management Private Limited	2,263,545	6.19%	-	-
Indian Business Excellence Fund II A	-	-	2,354,086	6.44%

Includes the beneficial interest in 100 shares, which are registered in the name of the Managing Director.

e. Details of shares issued for consideration other than cash during the preceding five years (₹ in Lakh)

	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Equity shares of Rs. 5/- each with voting rights					
Fully paid up bonus shares	-	-	-	-	8,595,013
	-	-	-	-	8,595,013

f. Details of shares held by promoters

As at March 31, 2023	(₹ in Lakh)				
	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)	3,09,24,115	14,14,715	3,23,38,830	88.47%	4.57%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	2,300	2,647	0.01%	662.82%
	30,924,809	1,417,015	32,341,824	88.48%	4.58%

Notes to the Consolidated financial statements for the year ended March 31, 2023

15. Equity share capital (contd.)

As at March 31, 2022

(₹ in Lakh)

	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Kanara Consumer Products Limited (formerly known as "Kurlon Limited", the Holding Company)	30,949,615	(25,500)	30,924,115	84.60%	-0.08%
Tonse Sudhakar Pai	347	-	347	0.00%	-
Jaya Sudhakar Pai	347	-	347	0.00%	-
	30,950,309	(25,500)	30,924,809	84.60%	-0.08%

g. Dividend made and proposed

(₹ in Lakh)

	March 31, 2023		March 31, 2022	
	Dividend/Share	Rs.	Dividend/Share	Rs.
Dividend on equity shares declared and paid				
Final dividend for the year ended March 31, 2022 paid in financial year 2022-23: Rs 182.76 lakhs (for the year ended March 31, 2021 paid in financial year 2021-22: Rs 1,827.61 lakhs)	0.50	182.76	5.00	1,827.61
Proposed dividend on equity shares				
Proposed dividend for the year ended March 31, 2023 : Rs 731.04 Lakhs (for the year ended March 31, 2022: Rs 182.76 lakhs)	2.0	731.04	0.50	182.76

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

16. Other equity

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Capital Reserves		
Balance at the beginning of the year	312.24	312.24
Add : Capital reserve arising on acquisition (Refer Note (a) below and 48)	3.71	-
Balance as at end of the year	315.95	312.24
Securities premium account		
Balance at the beginning of the year	14,860.48	14,860.48
Add : Premium on issue of shares	-	-
Balance as at end of the year	14,860.48	14,860.48
General reserve		
Balance at the beginning of the year	1,286.11	1,286.11
Add : Transfer from surplus in the statement of profit and loss	-	-
Balance as at end of the year	1,286.11	1,286.11
Retained earnings		
Balance at the beginning of the year	27,849.43	30,344.18
Add : Profit/(Loss) for the year	1,046.66	(558.37)
Add : Other comprehensive income/(loss) for the year	(17.42)	(107.33)
Less : Non-controlling interest	18.23	(1.44)
Less : Dividend paid	(183.21)	(1,827.61)
Balance as at end of the year	28,713.69	27,849.43
Total	45,176.24	44,308.26

Notes to the Consolidated financial statements for the year ended March 31, 2023

(a) During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedere International Limited has acquired business from Home Comfort Retail LLP which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method (refer note 48)

17. Lease liabilities

(₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Lease liabilities	3,911.16	1,853.20	1,346.50	831.68
	3,911.16	1,853.20	1,346.50	831.68

The movement of lease liabilities during the year is as below:

(₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
At the beginning of the year	2,684.88	3,883.43
Additions	3,734.28	1,396.95
Interest expense	231.35	346.73
Payments	(1,022.22)	(1,228.38)
Termination of leases	(370.62)	(1,713.85)
At the end of the year	5,257.67	2,684.88

The maturity analysis of lease liabilities are disclosed in Note 43.

18. Other financial liabilities

(₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, at amortised cost				
Security deposits	5,835.60	5,361.77	85.65	18.00
Employee related liabilities	-	-	982.78	1,018.22
Payable for capital goods	-	-	4.84	150.93
Unpaid dividend account	-	-	15.14	15.71
	5,835.60	5,361.77	1,088.41	1,202.86

19. Provisions

(₹ in Lakh)

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Provision for warranty*	332.57	374.32	486.27	444.52
Provision for employee benefits				
Gratuity (Refer Note 42)	113.88	147.57	79.95	123.57
Compensated absences	-	-	140.14	34.61
	446.45	521.89	706.35	602.70

* Provision for warranty :

The Company provides warranties on its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at year end represent the amount of the expected cost based on past experience of meeting such obligations. The table below gives information about movement in warranty provisions.

Notes to the Consolidated financial statements for the year ended March 31, 2023

	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	818.84	798.84
Provisions created during the year	361.79	328.64
Amounts utilised during the year	(361.79)	(308.64)
Balance as at end of the year	818.84	818.84
Current	486.27	444.52
Non-current	332.57	374.32

20. Deferred tax liabilities (net) (₹ in Lakh)

	Non - Current	
	March 31, 2023	March 31, 2022
Deferred tax liabilities	2,415.06	2,613.78
Deferred tax assets	(1,814.23)	(979.33)
600.83	1,634.45	

21. Borrowings

	Non - Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Secured borrowings				
Loans from banks	-	-	1,014.75	17.28
Unsecured borrowings				
Loans from related parties (Refer Note 36)	59.32	62.87	653.38	676.30
	59.32	62.87	1,668.13	693.58

(a) Loan from banks of Rs. 1014.75 lakhs (March 31, 2022 : Rs. 17.28 lakhs)

(i) The Group has obtained various facilities from Axis Bank, Kotak Mahindra Bank and IDBI Bank. The loan is secured by first pari passu charge on entire current assets of the Holding Company. The loan is repayable on demand and carries interest rate of 3 months MCLR + 0.2% p.a., 6 months MCLR + 0.2% p.a., and 1 year MCLR + 0.15% p.a. on the cash credit and working capital loan facilities respectively. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 1,001.71 Lakhs. (March 31, 2022 - Nil).

(ii) The group has obtained corporate credit cards from banks and the outstanding balance as of March 31, 2023 is Rs. 13.04 lakhs (March 31, 2022 : Rs. 17.28 lakhs).

(b) Loan from related parties of Rs. 712.70 lakhs (March 31, 2022 : Rs. 739.19 lakhs)

(i) The Group has obtained a loan from Mrs. Jaya S Pai, Director. The loan is unsecured and is repayable on demand and carries interest rate of 10% during the year. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 650 lakhs (March 31, 2022 : Rs. 676.30 lakhs).

(ii) The Group has obtained a loan from Kanara Consumer Products Limited (formerly known as Kurlon Limited). The loan is unsecured and is repayable on demand and carries interest rate of 8% p.a. The outstanding balance against the aforesaid facility as of March 31, 2023 is Rs. 62.70 lakhs (March 31, 2022 : Rs. 62.87 lakhs).

The table below depicts changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes :

Notes to the Consolidated financial statements for the year ended March 31, 2023

Reconciliation of liabilities arising from financing activities (₹ in Lakh)

	Beginning of the year	Cash flows (net)	Non cash adjustments	End of the year
March 31, 2023				
Loans from banks	17.28	997.47	-	1,014.75
Loans from related parties	739.17	(26.47)	-	712.70
Lease liabilities	2,684.88	(790.87)	3,363.66	5,257.67
	3,441.33	180.13	3,363.66	6,985.12
March 31, 2022				
Loans from banks	520.57	(503.29)	-	17.28
Loans from related parties	721.26	17.91	-	739.17
Lease liabilities	3,883.43	(881.65)	(316.90)	2,684.88
	5,125.26	(1,367.03)	(316.90)	3,441.33

22. Trade payables (₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 36)	313.09	355.45
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,025.04	11,636.31
	11,338.13	11,991.76

Ageing of trade payables (₹ in Lakh)

	Outstanding for following periods from the date of transaction					
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2023						
Undisputed trade payables - MSME	264.06	17.48	22.59	8.96	-	313.09
Undisputed trade payables - Non MSME	9,695.04	1,147.45	160.85	7.72	13.98	11,025.04
Total	9,959.10	1,164.93	183.44	16.68	13.98	11,338.13
March 31, 2022						
Undisputed trade payables - MSME	31.54	323.91	-	-	-	355.45
Undisputed trade payables - Non MSME	6,048.39	5,479.40	65.68	12.41	30.43	11,636.31
Total	6,079.93	5,803.31	65.68	12.41	30.43	11,991.76

23. Other current liabilities (₹ in Lakh)

	As at March 31, 2023	As at March 31, 2022
Contract liabilities - Advance from customers	447.70	616.83
Statutory dues payables	491.16	560.64
Payable to Related Parties	36.13	98.11
Other Liabilities	67.78	119.78
	1,042.77	1,395.36

Contract liabilities are recognised as revenues when the Company performs under the contract (i.e. transfer of control of the related goods).

Notes to the Consolidated financial statements for the year ended March 31, 2023

24. Liabilities for current tax (net)	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Current tax liabilities	684.10	-
	684.10	-

25. Revenue from operations	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Revenue from contracts with customers		
Sale of products		
Finished goods	91,784.91	70,847.88
Traded goods	3,899.12	15,658.69
Less : Schemes & rebates	(10,297.42)	(7,486.13)
Sale of Services	92.35	13.56
Other operating revenue		
Scrap sales	251.76	224.73
Others	158.79	256.65
Revenue from operations	85,889.51	79,515.38

(a) Timing of revenue from operations	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Goods transferred at a point in time	85,797.16	79,501.82
Services transferred over time	92.35	13.56

(b) Reconciliation of amount of revenue recognised with contract price	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Revenue as per contract price	96,186.93	87,001.51
Less : Discounts	(10,297.42)	(7,486.13)
	85,889.51	79,515.38

(c) Movement in contract liabilities during the year*	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Opening balance	616.83	615.62
Less : Revenue recognised during the year	(616.83)	(615.62)
Add : Amount of consideration received during the year	447.70	616.83
	447.70	
	616.83	

Notes to the Consolidated financial statements for the year ended March 31, 2023

26. Other income	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Interest income		
- On fixed deposits	110.49	269.45
- On security deposits	37.56	20.74
- On Others	1.54	7.78
Gain on sale of investments in mutual funds	491.04	355.41
Fair value gain on mutual fund at fair value through profit or loss	-	125.48
Liabilities no longer required written back	59.50	40.48
Gain on early termination of lease	72.93	363.83
Miscellaneous income	69.49	181.64
	842.55	1,364.81

27. Cost of raw materials consumed	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Inventories at the beginning of the year	5,242.40	4,487.83
Add: Purchases	35,651.46	37,116.38
Less: Inventories at the end of the year	(2,962.94)	(5,242.40)
Cost of raw materials consumed	37,930.92	36,361.81

28. Purchase of traded goods	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Purchase of traded goods	9,181.32	8,856.30
	9,181.32	

29. Changes in inventories of finished goods, work-in-progress and traded goods	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Inventories at the end of the year		
Finished goods	3,068.02	3,536.69
Work in progress	987.57	1,875.96
Traded goods	542.62	812.68
(A)		4,598.21
6,225.33		
Inventories at the beginning of the year		
Finished goods	3,536.69	3,722.45
Work in progress	1,875.96	1,804.89
Traded goods	812.68	1,140.81
(B)	6,225.33	6,668.15

Notes to the Consolidated financial statements for the year ended March 31, 2023

30. Employee benefit expenses			(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022	
Salaries, wages and bonus	6,333.57	6,668.09	
Gratuity expenses (Refer Note 41)	95.13	111.49	
Contribution to provident and other funds (Refer Note 41)	318.28	364.24	
Staff welfare expenses	255.46	218.45	
	7,002.44	7,362.27	
31. Finance costs			(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022	
Interest expenses			
- On borrowings	105.76	91.99	
- On lease liabilities	421.26	346.73	
Customer financing costs	157.23	89.79	
Other	44.78	44.45	
	729.03	572.96	
32. Depreciation and amortisation expense			(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022	
Depreciation of property, plant and equipment	2,011.95	2,372.25	
Amortisation of intangible assets	133.98	138.05	
Amortisation of right to use assets	1,445.05	1,094.32	
	3,590.98	3,604.62	
33. Other expenses			(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022	
Consumption of stores, spares and consumables	375.01	324.71	
Power and fuel	1,133.14	941.94	
Freight outward	7,588.65	8,088.67	
Rent	2,290.36	409.08	
Repairs and maintenance			
- Buildings	162.24	81.83	
- Plant and machinery	113.95	150.76	
- Others	459.64	421.10	
Tailoring and fabrication	3,235.48	3,094.72	
Manpower Charges	634.63	519.21	
Office Expenses	57.85	132.11	
Rates and taxes	293.76	197.14	
Expenditure on corporate social responsibility (refer note 40)	135.46	202.99	
Insurance expenses	464.25	311.07	
Foreign currency exchange loss (net)	10.41	16.51	
Fair value loss on mutual funds at fair value through profit or loss	511.28	-	
Security expenses	595.53	565.34	

Notes to the Consolidated financial statements for the year ended March 31, 2023

			(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022	
Postage and telephone expenses	162.98	138.32	
Payment to auditors *	78.50	65.00	
Advertisement, promotion and selling expenses	3,302.59	4,453.40	
Travelling and conveyance expenses	1,051.11	1,066.53	
Legal and consultancy charges	1,956.02	1,697.16	
Director's sitting fees	3.75	1.67	
Loss on sale of property, plant and equipment	304.19	339.09	
Advance to suppliers written off	1.42	-	
Bad debts written off	25.44	0.09	
Deposits written off	-	31.46	
Provision for bad and doubtful debts	73.53	594.68	
Provision for doubtful advances	276.68	45.31	
Provision for warranty	363.07	328.80	
Royalty expenses	37.71	-	
Miscellaneous expenditure	179.91	345.57	
	25,878.52	24,564.27	
* Payment to auditors (excluding goods and service tax)			
Audit services :			
Statutory audit	77.00	65.00	
Tax audit	-	-	
Out of pocket expenses	1.50	-	
	78.50	65.00	
34. Earnings per share (EPS)			(₹ in Lakh)
	As at March 31, 2023	As at March 31, 2022	
Profit for the year	1,046.66	(558.37)	
Weighted average number of equity shares outstanding (Basic and diluted)	36,552,261	36,552,261	
Earnings per share (Basic and diluted)	2.86	(1.53)	
35. Segment reporting			
The Group primarily is in the business of manufacture, purchase and sale of mattress, foam and related products. In addition, certain subsidiaries of the Holding Company are engaged in the generation of solar power which is not material at Group level. Considering the size of solar operations, the Group does not distinguish revenues and expenses between different businesses in its internal reporting and reports costs and expenses by nature as a whole. The CODM reviews the results when making decision about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group operates and manages its business as a single segment. As the Group's long-lived assets are all located in India and the Group's revenues are derived from India, no geographical information is presented.			

Notes to the Consolidated financial statements for the year ended March 31, 2023

36. Related party disclosure

Names of related parties and related party relationships

Names of related parties where control exists irrespective of whether transactions have occurred or not

Holding Company	Kanara Consumer Products Limited (Formerly known as Kurlon Limited)
Other related parties with whom transactions have taken place during the year	
Owned Subsidiaries	Kurlon Retail Limited Komfort Universe Products & Services Limited Belvedere International Limited Kanvas Concepts Private Limited Starship Value Chain and Manufacturing Private (Formerly known as Starship Manufacturing & Services Private Limited) Home Komfort Retail LLP Starship Global VCT LLP Sevalal Solar Private Limited Sirar Solar Energies Private Limited Sirar Dhotre Solar Private Limited
Fellow subsidiaries	Manipal Software & E-Commerce Private Limited Manipal Natural Extracts Private Limited Kurlon Trading and Invest Management Private Limited
Enterprises owned or significantly influenced by key management personnel /Directors and their relatives	Maha Rashtra Apex Corporation Limited Jayamahar Trade and Investments Private Limited Manipal Advertising Services Private Limited Metropolis Builders Private Limited Jai Bharath Mills Private Limited Manipal Travels Private Limited Anant Solar Energy Private Limited
Directors and Key Management Personnel (KMP)	Mr. T. Sudhakar Pai, Managing Director Ms. Jaya S Pai, Director Ms. Jyothi Pradhan, Chief Executive Officer Mr. H N Shrinivas, Non-Executive Director (w.e.f May 07,2021) Mr. Nagarajan S, Non-Executive Director (w.e.f May 07,2021) Mr. Nitin G Khot, Non- Executive Director (up to May,07,2021) Mr. S Ananthanarayanan, Non- Executive Director (up to May,07,2021) Mr. Jamsheed Minoo Panday, Non- Executive Director (w.e.f September 01, 2022) Mr. Abhilash Kamti, Chief Financial Officer (w.e.f. June 01, 2022) Mr. Ritesh Shroff, Chief Financial Officer (up to December 07, 2021) Mr. Monu Kumar, Company Secretary Mr. Ashoka Bhima Dhotre, Director of subsidiary Ms. Savitha Ashok Dhotre, Director of subsidiary Mr. Basaka Bhima Dhotre, Director of subsidiary Ms. Shakuntala Naik, Director of subsidiary Mr. Sunil Roopsingh Rathod, Director subsidiary Mr. Sham Sunder, Director of subsidiary

Notes to the Consolidated financial statements for the year ended March 31, 2023

The transactions that have been entered into with related parties during the year are as follows:

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Sale of products		
Manipal Advertising Services Private Limited	0.05	0.30
	0.05	0.30
Purchases		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	9,189.29	8,749.41
	9,189.29	8,749.41
Managerial remuneration		
T Sudhakar Pai	75.92	75.92
Jyothi Pradhan	73.89	79.07
Abhilash Kamti	18.00	-
Monu Kumar	13.63	12.77
Ritesh Shroff	-	41.83
Vivek Kumar Bajpai	56.30	-
	237.74	209.59
Repair & Maintenance Charges		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	71.50	-
	71.50	-
Legal and Consultancy Charges		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	50.66	-
Manipal Software & E-Commerce Private Limited	424.18	344.38
Praveen Rathod	6.00	-
Savitha Ashok Dhotre	-	6.08
Basaka Bhima Dhotre	-	1.50
	480.84	351.96
Advertisement and sales promotion expenses		
Manipal Advertising Services Private Limited	709.13	1,302.21
	709.13	1,302.21
Lease Rentals to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	2,234.08	4.37
Savitha Ashok Dhotre	9.68	6.98
Ashoka Bhima Dhotre	9.68	15.75
Basaka Bhima Dhotre	6.45	-
Sharada Bhimu Naik	11.22	-
Motilal Demmanna Naik	11.22	-
Shakuntala Naik	21.30	56.15
Metropolis Builders Private Limited	29.78	28.25
Sunil Roopsingh Rathod	-	18.00
Jai Bharath Mills Private Limited	6.00	6.00
Jayamahar Trade and Investments Private Limited	22.94	20.85
	2,362.35	156.35
Reimbursement of Expenses		
Shakuntala Naik	17.35	-
	17.35	-

FINANCIAL Statements

To the Members of
Kurlon Enterprise Limited

Notes to the Consolidated financial statements for the year ended March 31, 2023

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Interest paid on unsecured loan		
Jaya S Pai	62.63	52.88
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	4.87
	62.63	57.75
Travelling and conveyance expenses		
Manipal Travels (India) Private Limited	276.76	166.69
	276.76	166.69
Sitting fees		
H N Shrinivas	1.17	0.39
Nagarajan S	1.17	0.39
Jaya S Pai	1.02	0.64
Jamsheed Minoo Panday	0.39	-
Nitin G Khot	-	0.13
S Ananthanarayanan	-	0.13
	3.75	1.67
Dividend paid		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	162.09	1,546.24
	162.09	1546.24
The balances receivable from and payable to related parties as at year end are as follows :		
Capital advances		
Maha Rashtra Apex Corporation Limited	1,222.76	1,222.76
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	622.00
	1,222.76	1,844.76
Security deposit given		
Jayamahal Trade and Investments Private Limited	9.00	9.00
Metropolis Builders Private Limited	30.00	30.00
Jai Bharath Mills Private Limited	30.00	30.00
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	15,300.00	-
Maha Rashtra Apex Corporation Limited	-	15.00
	15,369.00	84.00
Borrowings		
Jaya S Pai	650.00	676.30
Ashish Pradhan	1.65	-
T Sudhakar Pai	1.65	-
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	62.87	62.87
	716.17	739.17
Loan to related parties		
Anant Solar Systems	250.36	250.36
Sham Sunder	26.33	26.33
	276.69	276.69
Loss allowance on loans given to related parties		
Anant Solar Systems	250.36	-
Sham Sunder	26.33	-
	276.69	-

FINANCIAL Statements

To the Members of
Kurlon Enterprise Limited

Notes to the Consolidated financial statements for the year ended March 31, 2023

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Advance to related parties		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	7,433.58	4,295.08
Manipal Advertising Services Private Limited	-	140.00
	7,433.58	4,435.08
Interest Payable on borrowings		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	4.87
	-	4.87
Managerial remuneration payable		
Savitha Ashok Dhotre	0.68	1.35
Ashoka Bhima Dhotre	0.68	1.30
Basaka Bhima Dhotre	0.45	1.00
	1.81	3.65
Trade payables		
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	132.93	0
Jai Bharath Mills Private Limited	5.40	0.45
Manipal Advertising Services Private Limited	21.72	-
Manipal Software & E-Commerce Private Limited	32.86	45.38
Sharada Bhimu Naik	0.96	-
Motilal Demmanna Naik	0.96	-
Shakuntala Naik	14.23	56.15
Manipal Travels (India) Private Limited	-	11.17
Basaka Bhima Dhotre	-	1.00
	209.06	114.15
Lease liabilities		
Metropolis Builders Private Limited	86.67	108.55
Kanara Consumer Products Limited (formerly known as Kurlon Limited)	-	96.24
Jai Bharath Mills Private Limited	-	5.75
Jayamahal Trade and Investments Private Limited	153.70	163.90
Ashok Bhima Dhotre	231.32	173.79
Sunil Roopsingh Rathod	170.13	173.79
	641.82	722.02

37. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	279.97	323.91
Interest due on above	33.12	31.54
	313.09	355.45

Notes to the Consolidated financial statements for the year ended March 31, 2023

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	1.58	21.32
The amount of interest accrued and remaining unpaid at the end of each accounting year	33.12	31.54
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	31.54	-
The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.		

38. Leases

Short-term leases and lease of low-value assets

The Group also has certain leases with lease terms of 12 months or less and leases of properties with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Rental expenses of Rs. 2,290.36 lakhs (March 31, 2022: Rs. 409.08 lakhs) have been recognised in the statement of profit and loss.

39. Contingent liabilities and capital commitments

(a) Contingent liabilities

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as debts		
Disputed demands under appeal not provided		
- Income tax	1,072.45	1,072.45
- Sales tax	4,293.80	4,394.26
- Excise duty	2,212.13	2,212.13
- GST	636.97	-

The Company is contesting these demands and the management, based on the advise from its tax consultants, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised as of March 31, 2023. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Capital commitments

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Capital commitments (net of advances)	21.04	35.21

Notes to the Consolidated financial statements for the year ended March 31, 2023

40. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Holding Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR policies focus on enhancing the quality of life and economic well being of the communities in accordance with the Schedule VII of the Companies Act, 2013. The Group has spent towards various schemes of corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013, as approved by the Board of Directors of the Holding Company.

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Gross amount required to be spent by the Company during the year	142.94	217.01

Amount spent during the year ended March 31, 2023

	(₹ in Lakh)		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	135.46	-	135.46

Amount spent during the year ended March 31, 2022

	(₹ in Lakh)		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of assets	-	-	-
On purpose other than above	202.99	-	202.99

In case of Section 135(5) (Other than ongoing projects)

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Opening balance	7.98	22.00
Amount required to be spent during the year	142.94	217.01
Amount spent during the year	135.46	202.99
Closing balance *	0.50	7.98

* Represents excess amount spent on the corporate social responsibility which will be utilised in subsequent period.

The Company does not have any ongoing project as per section 135(6) of the Companies Act, 2013.

41. Employee benefits

Defined contribution plans

The Group makes contributions for qualifying employees to Provident Fund, Employee state insurance and labour welfare fund. During the year, the Group recognised Rs. 309.08 lakhs (March 31, 2022 : Rs 345.67 lakhs) towards Provident fund contributions, Rs 9.14 lakhs (March 31, 2022 : Rs 18.44 lakhs) towards Employee State Insurance scheme contributions and Rs. 0.06 (March 31, 2022 : Rs 0.13 lakhs) lakhs towards Labour Welfare fund.

Post-employment obligation - Gratuity

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act') under which an employee who has completed five years of service is entitled to specific benefit. The amount of benefit provided depends on the employee's length of service and salary at retirement/termination date. The plan is funded by the company.

The following tables summarises the amounts recognised in the standalone financial statements :

Notes to the Consolidated financial statements for the year ended March 31, 2023

Balance Sheet	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	809.37	735.43
Plan assets	615.56	464.29
Net liability	193.83	271.14
Current	79.95	123.57
Non-current	113.88	147.57

Changes in the present value of defined benefit obligation	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	735.43	536.26
Service cost	82.77	109.83
Interest cost	49.54	31.00
Remeasurements - Actuarial loss/(gain)	29.50	182.35
Benefit paid	(87.85)	(124.01)
Balance at end of the year	809.39	735.43

Changes in the fair value of plan assets	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	464.29	509.77
Contributions made	201.86	11.85
Interest income	37.18	29.60
Payments	(87.85)	(124.01)
Expenses on plan assets	-	(0.26)
Actuarial loss	(0.25)	-
Return on plan assets	0.34	37.34
Balance at end of the year	615.56	464.29

Statement of profit and loss	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Service cost	82.77	109.83
Interest cost net of income	12.36	1.40
Expenses on plan assets	-	0.26
Total	95.13	111.49

Other comprehensive (income)/loss	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Remeasurements - Actuarial loss/(gain)	27.86	182.35
Return on plan assets	(0.09)	(37.34)
Total	27.77	145.01

Notes to the Consolidated financial statements for the year ended March 31, 2023

Principal assumptions used in determining defined benefit obligation	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Discount rate	7.50%-7.53%	7.13% to 7.52%
Expected return on plan assets	7.13%- 7.51%	6.52% to 7.12%
Salary escalation	5%-10%	5% to 8%
Employee turnover	5% to 10%	5% to 10%

The categories of plan assets as a percentage of the fair value of total plan assets are as follows :

Other comprehensive (income)/loss	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Investment with insurance companies	100.00%	100.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumptions, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

Principal assumptions used in determining defined benefit obligation	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Discount rate		
1% increase	(48.64)	(49.55)
1% decrease	55.27	56.53
Salary escalation		
1% increase	51.28	53.66
1% decrease	(46.75)	(48.06)
Employee turnover		
1% increase	4.68	3.85
1% decrease	(5.13)	(4.40)

The following payments are expected contributions to the defined benefit plan in future years: (₹ in Lakh)

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Within 1 year	80.40	50.86
1-2 year	74.51	63.93
2-3 year	80.08	57.45
3-4 year	78.91	66.03
4-5 year	34.34	54.68
5-10 year	226.39	193.84
10 years onwards	205.87	228.49

The average duration of the defined benefit obligation at the end of the reporting year is 9.12 to 15.28 years (March 31, 2022: 9.73 to 15.48 years).

Notes to the Consolidated financial statements for the year ended March 31, 2023

42. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in these standalone financial statements are categorised within the fair value hierarchy as below, based on the lowest level input that is significant to the fair value measurement as a whole :

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values and fair value measurement hierarchy of the Company's financial assets and financial liabilities are as below :

	March 31, 2022		March 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
(₹ in Lakh)				
Financial assets measured at fair value through profit and loss				
Current assets				
Investments	1,602.30	1,602.30	10,710.91	10,710.91
	1,602.30	1,602.30	10,710.91	10,710.91
Financial assets measured at amortised cost				
Non-current assets				
Loans	2.28	2.28	321.92	321.92
Other financial assets	2,965.91	2,965.91	1,249.19	1,249.19
Current assets				
Trade receivables	5,529.89	5,529.89	5,606.76	5,606.76
Cash and cash equivalents	345.97	345.97	512.98	512.98
Other bank balances	152.69	152.69	4,250.71	4,250.71
Loans	10.00	10.00	56.74	56.74
Other financial assets	15,590.09	15,590.09	164.90	164.90
	24,596.82	24,596.82	12,163.21	12,163.21
Financial liabilities measured at amortised cost				
Non-current liabilities				
Borrowings	59.32	59.32	62.87	62.87
Lease liabilities	3,911.16	3,911.16	1,853.20	1,853.20
Other financial liabilities	5,835.60	5,835.60	5,361.77	5,361.77
Current liabilities				
Borrowings	1,668.13	1,668.13	693.58	693.58
Lease liabilities	1,346.50	1,346.50	831.68	831.68
Trade payables	11,338.13	11,338.13	11,991.74	11,991.74
Other financial liabilities	1,088.41	1,088.41	1,202.86	1,202.86
	25,247.26	25,247.26	21,997.70	21,997.70

43. Financial risk management objectives and policies

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Holding Company's Board of Directors is assisted in its oversight role by the internal audit who undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(a). Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates which will affect the Company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

Notes to the Consolidated financial statements for the year ended March 31, 2023

I. Currency risk

The Company's exposure to currency risk as at year end is as below :

(₹ in Lakh)

	March 31, 2023			March 31, 2022		
	Currency	Foreign Currency	Rs. Lakhs	Currency	Foreign Currency	Rs. Lakhs
Trade payables	USD	119,988	99.59	USD	360,732	272.58
	EUR	31,113	27.03	EUR	40,529	34.89
Advances from customers	USD	-	-	USD	2,242	1.70
Advance to suppliers	USD	-	-	USD	53,257	40.81
	EUR	-	-	EUR	6,223	5.42
Trade receivables	USD	27,732	22.39	USD	24,859	18.70

(₹ in Lakh)

Basis point	As at March 31, 2023	As at March 31, 2022
	Effect on profit before tax	
+5%		(5.21)
(12.21)		

ii. Interest rate risk

Interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's borrowings are at fixed and floating interest rate and are carried at amortised cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows :

(₹ in Lakh)

Basis point	As at March 31, 2023	As at March 31, 2022
	Effect on profit before tax	
+1%		
(10.15) -		

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables, loans and other assets.

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 credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Cash and cash equivalents, investments and other bank balances are neither past due nor impaired. Cash and cash equivalents include short-term highly liquid fixed deposits with banks which having maturity less than three months.

The movement in respect of allowance for expected credit losses is as follows :

Notes to the Consolidated financial statements for the year ended March 31, 2023

	(₹ in Lakh)					
	Trade receivables		Loans & other financial assets		Other assets	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
At the beginning of the year	1,592.89	1,045.17	-	-	45.31	-
Allowance created/(reversed) during the year	73.53	547.72	276.68	-	(20.39)	45.31
At the end of the year	1,666.42	1,592.89	276.68	-	24.92	45.31

(c) Liquidity risk

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

The table below provides details regarding the undiscounted contractual maturities of financial liabilities :

	(₹ in Lakh)				
	On Demand	Less than 1 year	1 - 5 years	More than 5 years	Total
March 31, 2023					
Borrowings	775.40	892.73	59.32	-	1,727.45
Lease liabilities	-	1,234.04	3,146.74	442.72	4,823.50
Trade payables	-	11,337.13	-	-	11,337.13
Other financial liabilities	-	1,088.41	5,835.60	-	6,924.01
Total	775.40	14,552.31	9,041.66	442.72	24,813.09
March 31, 2022					
Borrowings	-	693.58	62.87	-	756.45
Lease liabilities	-	896.25	1,796.15	742.01	3,434.41
Trade payables	-	11,991.74	-	-	11,991.74
Other financial liabilities	-	1,202.86	5,361.77	-	6,564.63
Total	-	14,784.43	7,220.79	742.01	22,747.23

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no significant liquidity risk is perceived.

44. Income tax

Income tax expense in the statement of profit and loss consists of :

Statement of Profit or loss.	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Current tax	824.35	575.12
Deferred tax charge/(credit)	(1,033.85)	(747.41)
Income tax expense/(credit)	(209.50)	(172.29)
Tax relating to earlier years	(45.45)	(154.20)
Income tax expense reported in the statement of profit and loss	(254.95)	(326.49)
Income tax recognised in other comprehensive income/(loss)		
- Tax arising on income and expense recognised in other comprehensive income/(loss)	10.35	37.68
Total	10.35	37.68

Notes to the Consolidated financial statements for the year ended March 31, 2023

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian income tax rate to profit before taxes is as follows :

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Profit before tax	791.74	(884.86)
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense/(credit)	199.27	(222.72)
Effect of :		
(Reversal)/Creation of deferred tax liability on goodwill	-	(297.74)
Reversal of deferred tax asset on warranty provision provided in earlier year	-	0.00
Reversal of provision for current tax relating to earlier year	(45.45)	(154.20)
Tax charge on disallowance of corporate social responsibility expenditure	34.10	51.09
Others	(442.87)	297.08
Total income tax expense	(254.95)	(326.49)

Deferred tax

Deferred tax relates to the following :

	Balance Sheet		Statement of Profit and Loss	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Property, plant and equipment	(1,599.01)	(1,718.31)	(119.30)	(56.64)
Right of use assets	(688.61)	(516.30)	172.31	131.40
Goodwill	(231.58)	(231.58)	-	(297.79)
Marked to market on mutual fund investment	-	(143.47)	(143.47)	52.92
Gross deferred tax liability	(2,519.20)	(2,609.66)	(90.46)	(170.11)
Deferred tax asset				
Temporary differences arising on account of disallowance under section 36(1)(vii)	1,185.98	524.21	(661.77)	(261.14)
Section 43B disallowance	72.45	69.65	(2.80)	(69.65)
Section 35DD disallowance on amalgamation expenses	4.45	12.62	7.94	8.17
Lease liabilities	457.37	252.35	(205.02)	(140.06)
Provision for gratuity	39.20	56.47	17.27	(56.47)
Provision for Leave Encashment	29.86	4.95	(24.91)	(4.95)
Marked to market on mutual fund investment	128.68	-	(128.68)	-
Disallowance under Sec 40a(ia)	0.38	54.97	54.59	(53.21)
Net deferred tax assets (net)	(600.83)	(1,634.45)	(1,033.85)	(747.41)
Net deferred tax credit/(charge)			(1,033.85)	(747.41)

Notes to the Consolidated financial statements for the year ended March 31, 2023

45. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current assets	Current liabilities	2.32	2.36	-2%	
Debt equity ratio	Total debt	Shareholder's equity	0.04	0.02	124%	Due to increase in borrowings in current year leading to the deterioration of the ratio.
Debt service coverage ratio	Earnings for debt service = Net profits after taxes + Non cash operating expenses	Debt service = Interest and lease payments + Principal repayments	4.50	2.04	121%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on equity ratio	Net profits after taxes – Preference dividend	Average shareholder's equity	0.02	-0.01	295%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Inventory turnover ratio	Cost of goods sold	Average inventory	4.86	3.95	23%	
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	15.42	14.35	7%	
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	6.06	6.87	-12%	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.63	3.49	4%	
Net profit ratio	Net profit	Net sales = Total sales - Sales return	0.01	-0.01	271%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + Deferred tax liability	0.03	-0.01	578%	Due to increase in Profit during the current year leading to the improvement of the ratio.
Return on investment	Interest (Finance income) + profit on sale of investment	Investment	0.07	0.04	85%	Due to increase in Profit during the current year leading to the improvement of the ratio.

Notes to the Consolidated financial statements for the year ended March 31, 2023

46. Other statutory information

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

(ii) The Group does not have any transactions with companies struck off except as follows:

Name of the Struck off Company	Nature of transaction with struck off company	Amount Receivable
Marz Furniture Center Private Limited	Sale of Furniture	2.70

(iii) The Group does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.

(iv) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

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

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

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

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

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

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

(vii) The Group 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 period in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

47. Statutory Group Information

A. Contribution of net assets/(liability) in the consolidated financial statements:

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	47,809.96	102%	49,342.09	107%
Subsidiaries				
Kurlon Retail Limited	(1,894.56)	-4%	(1,832.37)	-4%
Sirar Dhotre Private Limited	(75.47)	0%	41.22	0%
Sevelal Solar Private Limited	(80.80)	0%	(37.47)	0%
Sirar Solar Energies Private Limited	(96.87)	0%	37.21	0%
Belvedere International Limited	(132.74)	0%	(36.61)	0%
Komfort Universe Products and Services Limited	(381.48)	-1%	(388.84)	-1%
Starship Value Chain and Manufacturing Private Limited	789.20	2%	546.24	1%
Kanvas Concepts Private Limited	(112.84)	0%	(112.19)	0%
Home Komfort Retail LLP	0.08	0%	(2.39)	0%
Total	45,824.47	98%	47,556.88	103%
Adjustments arising out of consolidation	1,163.70	2%	(1,418.46)	-3%
Total	46,988.17	100%	46,138.42	100%

Notes to the Consolidated financial statements for the year ended March 31, 2023

B. Contribution of profit/(loss) in the consolidated financial statements:

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	(1,317.45)	-126%	357.96	-64%
Subsidiaries				
Kurlon Retail Limited	(59.21)	-6%	(1,238.84)	222%
Sirar Dhotre Private Limited	(116.70)	-11%	19.69	-4%
Sirar Solar Private Limited	(43.32)	-4%	(13.99)	3%
Sevalal Solar Private Limited	(134.07)	-13%	17.58	-3%
Belvedere International Limited	(99.85)	-10%	(41.45)	7%
Komfort Universe Products and Services Limited	(9.08)	-1%	(393.86)	71%
Starship Value Chain and Manufacturing Private Limited	242.37	23%	293.47	-53%
Kanvas Concepts Private Limited	(0.65)	0%	(92.68)	17%
Home Komfort Retail LLP	(0.88)	0%	(2.39)	0%
Total	(1,538.84)	-147%	(1,094.48)	196%
Adjustments arising out of consolidation	2,585.50	247%	536.12	-96%
Total	1,046.66	100%	(558.37)	100%

C. Share in other comprehensive income/(loss):

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	(31.47)	181%	(112.00)	104%
Subsidiaries				
Kurlon Retail Limited	(2.98)	17%	4.67	-4%
Sirar Dhotre Private Limited	-	0%	-	0%
Sirar Solar Private Limited	-	0%	-	0%
Sevalal Solar Private Limited	-	0%	-	0%
Belvedere International Limited	-	0%	-	0%
Komfort Universe Products and Services Limited	16.44	-94%	-	0%
Starship Value Chain and Manufacturing Private Limited	0.59	-3%	-	0%
Kanvas Concepts Private Limited	-	0%	-	0%
Home Komfort Retail LLP	-	0%	-	0%
Total	(17.42)	100%	(107.33)	100%
Adjustments arising out of consolidation	-	0%	-	0%
Total	(17.42)	100%	(107.33)	100%

Notes to the Consolidated financial statements for the year ended March 31, 2023

D. Share in total comprehensive income/(loss):

	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Holding Company				
Kurlon Enterprise Limited	(1,348.92)	-131%	245.96	-37%
Subsidiaries				
Kurlon Retail Limited	(62.19)	-6%	(1,234.17)	185%
Sirar Dhotre Private Limited	(116.70)	-11%	19.69	-3%
Sirar Solar Private Limited	(43.32)	-4%	(13.99)	2%
Sevalal Solar Private Limited	(134.07)	-13%	17.58	-3%
Belvedere International Limited	(99.85)	-10%	(41.45)	6%
Komfort Universe Products and Services Limited	7.36	1%	(393.86)	59%
Starship Value Chain and Manufacturing Private Limited	242.96	24%	293.47	-44%
Kanvas Concepts Private Limited	(0.65)	0%	(92.68)	14%
Home Komfort Retail LLP	(0.88)	0%	(2.39)	0%
Total	(1,556.26)	-151%	(1,201.81)	181%
Adjustments arising out of consolidation	2,585.50	251%	536.12	-81%
Total	1,029.24	100%	(665.70)	100%

48. Business combinations

(a). Acquisition of Home Komfort Retail LLP under common control during the year ended March 31, 2023

During the year ended March 31, 2023, the Holding Company's subsidiary, Belvedere International Limited has acquired business from Home Komfort Retail LLP which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method. The subsidiary company has entered into Business Transfer agreement dated September 08, 2022 with Home Komfort Retail LLP to sell its assets and liabilities that constitute a business for a consideration of Rs. 0.11 lakhs and has recorded Rs. 3.71 lakhs as 'Capital Reserve'.

The following table presents the purchase consideration, fair value of asset acquired and Capital Reserve recognised on April 01, 2022.

Fair value recognised on acquisition	Amount
Total Assets	247.39
Total Liabilities	(243.57)
Total fair value of net assets acquired (A)	3.82
Purchase consideration (B)	0.11
Capital Reserve arising on acquisition (A-B)	3.71

Notes to the Consolidated financial statements for the year ended March 31, 2023

(b) Acquisition of Starship Global VCT LLP under common control during the year ended March 31, 2022

During the year ended March 31, 2022, the Holding Company's subsidiary, Starship Value Chain and Manufacturing Private Limited has acquired business from Starship Global VCT LLP which was carrying on business on behalf of the Holding Company. Pursuant to the Appendix C of Ind AS 103 - Business Combinations, the subsidiary company has accounted the acquired business under the common control method. The subsidiary company has entered into Business Transfer agreement dated March 01, 2022 with Starship Global VCT to sell its assets and liabilities that constitute a business for a consideration of Rs. 0.5 lakhs and has recorded Rs. 251.27 lakhs as 'Capital Reserve'.

The following table presents the purchase consideration, fair value of asset acquired and Capital Reserve recognised on April 01, 2021.

Fair value recognised on acquisition	Amount
Property, plant and equipment	3.95
Capital Work In Progress	2.15
Other financial assets	228.58
Other assets	123.14
Trade receivables	429.45
Cash and cash equivalents	482.80
Financial liabilities - borrowings	(0.18)
Trade payables	(208.05)
Other current liabilities	(670.07)
Short term provisions	(140.00)
Total fair value of net assets acquired (A)	251.77
Purchase consideration (B)	0.50
Capital Reserve arising on acquisition (A-B)	251.27

49. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Group's capital management is to maximize the shareholders value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or may issue new shares. The Group includes within net debt, borrowings net of cash and cash equivalents and other bank balances.

Notes to the Consolidated financial statements for the year ended March 31, 2023

	(₹ in Lakh)	
	As at March 31, 2023	As at March 31, 2022
Borrowings	1,727.45	756.45
Lease liabilities	5,257.67	2,684.88
Less: Cash and cash equivalents and other bank balances	498.66	4,763.69
Net debt (A)	6,486.47	(1,322.36)
Equity	46,988.17	46,138.42
Total equity capital (B)	46,988.17	46,138.42
Total debt and equity (C)=(A)+(B)	53,474.65	44,816.06
Gearing ratio (A)/©	12%	-3%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

50. Subsequent to the Balance sheet date, on July 17, 2023, Sheela Foam Limited has entered into Share purchase agreement for acquiring shares held by Kanara Consumer Products Limited (formerly known as Kurlon Limited) and Kurlon Trading and Invest management Private Limited in the Holding company ("SPA"). The aforesaid transaction is subject to fulfillment of prescribed conditions as mentioned in SPA.

51. The comparative figures have been regrouped/reclassified, where necessary, to confine to this period's classification as per the amendments in Schedule III to the Companies Act, 2013, which are effective April 1, 2022.

As per our report of even date attached

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Per Rajeev Kumar
Partner
Membership No.: 213803

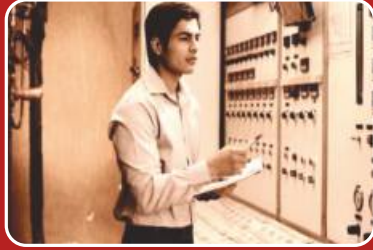
Place : Bengaluru
Date: August 29, 2023

For and on behalf of Board of Directors of
Kurlon Enterprise Limited CIN: U36101MH2011PLC222657

Tonse Sudhakar Pai **H. N. Shrinivas**
Managing Director Director
DIN : 00043298 DIN - 07178853

Jyothi Ashish Pradhan **Abhilash Padmanabh Kamti** **Monu Kumar**
Chief Executive Officer Chief Financial Officer Company Secretary

Place : Bengaluru
Date: August 29, 2023



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Yeshwanthpur, Bangalore - 560 022.

Tel. : +91 80 40313131, Fax : +91 80 25587189

E-mail : secretary@kurlon.com



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